

# **The Effect of Foreign aid and Vocational Training on Poverty Reduction Strategy: An Empirical Evidence from Chad Republic**

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## **Abstract**

This study examines the mediation effect of the vocational training on the relationship between foreign aid and poverty reduction strategy in the republic of Chad. The number of the sample involved in this study was 335 as given from Krejcie and Morgan's. Thus, the researcher used both random and nonrandom sampling. First, community leaders and members of independent associations were grouped according to the level that they are serving. Then the sample was selected respectively and used purposive sampling method for the convenience in getting the response from the study respondents. Purposive sampling technique was used as the researcher obtained data from specific group in particular districts. Therefore, a structured questionnaire with a 5-point Likert scale was used as the instrument for data collection. The Partial Least Square Structural Equation Modeling (PLS-SEM) was used to test the hypotheses of this study. The results found that poverty reduction highly influences by foreign aid and vocational training. To this fact, it is highly recommended that the government of Chad to focus on vocational training; for instance, the government can mainly create a training programs on how to successfully execute national development plans in particular (poverty reduction strategy). Also, foreign aid plays an important role in fighting poverty in Chad, thus more effort need to be made on the management of the aid coming to the country.

## **Keywords**

Foreign aid; Vocational Training; Poverty Reduction; Chad Republic

## **1. Introduction**

Among the countries in Sub-Saharan Africa, Republic of Chad socio-economic indicators rank amongst the worst within the region. In the early 2000s, 54% of the population in Chad lives below the poverty line (Apenteng, 2004; United Nations, 2017). Meanwhile, in Chad republic the poverty chart indicates that 46.7% of the country's population of over 14 million people were extremely poor (United Nations, 2017). Although, Chad has come up and executed various national, economic and social development plans since its independence in 1960s. Therefore, these objectives were many focus on improving the live standard of people in Chad as well as reducing the level of poverty (Joseph,

2014). Nevertheless, the population has become poorer over the past three decades (Alkire and Santos, 2010; Olawole et al., 2016). According to Alkire, Jindra, Robles, and Vaz (2016) the percentage of people living below the Multidimensional Poverty Index (MPI) in Chad republic is 87.1 percent in 2014-2015. Therefore, in 2011, the percentage of poor people living with less than USD1.90 a day income was 38.4 percent and USD3.10 a day income was 64.8 percent respectively. The overall percentage of the poor national poverty line was 46.7 percent in 2011 (Oxford, 2017).

The main factors that led to this failure of poverty reduction plans in Chad were due to weak leadership and management as well as the lack of commitment to and ownership of economic activities and social reforms have slowed the implementation of the poverty reduction programs (World Bank, 2009 and IMF, 2010). Likewise, African Development Bank and African Development Fund (2015) stated that the National Development Plan strategies failed to achieve its expected goals due to unclear shift from past strategies and outlines and the lack of strong leadership, poor roads and infrastructure, lack of training programs for teachers as well as poor financial resources in the implementation of the strategies (ADB and ADF, 2015; Mohammed, 2011; and Kanagaratnam, 2018). In addition, the large size of the country associated with the weak road infrastructure was among the biggest challenges to meet during the implementation of the any poverty reduction projects (ADB and ADF (2015).

Montes et al. (2020) Sub-Sahara Africa facing the most serious issues of poverty compare to other third world countries; especially with this ongoing health crisis so called coronavirus or Covid-19. The GDP per capita growth in Sub-Saharan Africa is expected to drastically slow in 2020; About 5 percentage points compared to pre-pandemic forecasts. Montes et al (2020) further stated that an additional 26 million people in Sub-Sahara Africa, and as much as 58 million, may fall into extreme poverty defined by the international poverty line of US\$1.90 per day in 2011 PPP. The poverty rate for Sub-Sahara Africa will likely increase more than two percentage points, setting back poverty reduction in the region by about 5 years (Montes et al., 2020).

Muftau (2018) noted that the high rate of poverty in most of the African countries could be related to the lack of management and misuse of the international aid that many of the African countries received. In poor countries, there is a lack of substantial inflow of financial resources which affect the poverty alleviation plan to be successfully implemented (Kilama, 2013; Pedrosa Garcia, 2017). In addition, Ugwuanyi, Ezeaku, and Ibe (2017) added that aid flows to developing countries is ultimately intended to support recipient countries to attain sustainable development especially in the area of human development, sustained economic growth, poverty reduction as well as in reducing the mortality level. Thus, poor countries are receiving financial aid from international development organization agencies to encourage economic growth, and consequently to reduce poverty and income disparity (Magnon, 2012) for almost more than 5 decades.

However, Alimi Shina (2018) argued that the interaction of foreign aid with public investment reduces the level of poverty in high, low and middle-income countries. Nevertheless, foreign aid has a negative influence on the level of poverty reduction in high-income countries whilst in less or low-income countries, it has a positive effect on the status of the poverty rate. Although the foreign aid has a positive impact on poverty reduction, its impact is not significant (Ugwuanyi et al., 2017). As population growth exerts a negative influence on poverty reduction in the long and short-run (Ugwuanyi et al., 2017). Ugwuanyi et al (2017) suggested that foreign aid should allocate for specific needs and take prudential actions in making sure that recipients' countries utilize the aid for the targeted projects with fact-based appraisals and execution reports (Ugwuanyi et al., 2017). However, studies on the influence of education, health and vocational training factors on poverty reduction strategy implementation or the effect of the foreign aid on the poverty reduction in Chad are either discretely conducted or are completely absent. Although Chad gained a high amount of foreign aid, the country still remains in poverty. In 2016 for instance, the largest foreign aid was received from the European Union institutions in a total of US\$37.8 million, but this aid has not shown it is significance in reduction poverty in the ground (ADB and ADF, 2015).

This paper investigate extent to which vocational training is reduction poverty in Chad. Where millions of financial aid are being received international development organizations such as the United Nations (UN), United Nations Children's Fund (UNICEF), United Nations Development Programme (UNDP) and the World Bank Group (WBG), African Development Bank Group (AfDB), International Fund for Agricultural Development (IFAD), European Union, International Monetary Fund (IMF), and Islamic Development Bank (IDB). Therefore, given this identified gap in the literature, this study hence sought to examine the potential direct and indirect associations between vocational training and poverty reduction strategy throughout the foreign aid as a mediating variable.

## 2. Literature Review

The concept of poverty is being characterized by the World Bank in 1999 and 2002 as the state of living under certain type of conditions such as lack of food and shelter, lack of healthcare assistance, being unemployment and not being able to achieve an acceptable level of education, with non-potable water, poor physical appearance and living with less than 1 dollar per day. Hence, in order to define poverty many factors are to be considered. With respect to deprivation which implies not being capable to meet people's need, poverty involves a shortage of necessary resources to meet people's need. Going further, in 2007, the Asian development bank categorized poverty into two groups: the absolute poverty and human poverty. Where absolute poverty is defined as the line of poverty below the minimum level such as lack of normal necessity (clothe, healthcare and education); and human capital is the degree of poverty in terms of absence in basic human capabilities for instance, food, education and employment (Musakwa, 2008).

Additionally, since 1960s the meaning and the level of measurement of poverty has been changing. As previously, poverty level is economically measured and the standard of living is determined from income per capita. Right after, the concept has shifted to the capability approach, and then it advanced based on today's perspective which refers to a multidimensional view (UNDP, 2009 (b)). Multidimensional poverty states to the idea that poverty is not only inadequate income or lack of material resources, it is also includes lack of opportunity to access an education, clean drinking water, lack of basic healthcare or political procedures influence and other aspects that lead to increase or cause poverty within the country (UNDP, 2009). Moreover, Sumner (2007) note that the most significant principles for a poverty indicators should be cheap, user friendly, and easy to collect and not easily manipulated, can according to an universal view of poverty, and simple, direct and measurable (Sumner, 2007).

United Nations (1995) define poverty as lack of income and productive resources to ensure sustainable livelihoods, lack of access to education, hunger, malnutrition and ill health as well as increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments and social discrimination and exclusion. Lancashire (2016) argued that poverty cannot only define in a variety of ways, but it is a multi-dimensional form that embraces a number of subjects.

### 2.1. Relationship between Foreign aid and Poverty Reduction

Given the importance of foreign aid for poverty reduction strategy implementation effectiveness, it is evident that foreign aid may play direct and indirect roles in influencing poverty reduction strategy variables such as human capital and development, social funding, agriculture, governance policy, road infrastructure and so on. There are several scholars who have studied the effectiveness of foreign aid on poverty reduction strategy. As cited by Mahembe and Odhiambo (2019) earlier theorists like Rosenstein-Rodan (1943); Nurske (1953); Lewis (1954) have suggested that foreign aid provides the necessary capital to enhance developing countries into self-sustaining economic growth. Clunies-Ross, Forsyth, and Huq (2009) argued that big push is needed for the poor countries to free themselves from the constraints of the low-level setup. Thus, foreign aid jump starts economic growth, and initiates a righteous cycle whereby investment generates income and therefore increase the economic return to further investment (Shleifer, 2009; Clunies-Ross *et al.*, 2009). Moreover, Hirano and Otsubo (2014) stated that foreign aid has an indirect effect on poverty and well-being if it is spent on disadvantaged poor people.

Henceforth, based on aforementioned statement foreign aid influence poverty reduction through economic growth. In general, the increase in foreign aid has had a positive impact on investment and growth; this evidence came from numerous empirical studies outcomes (Rajan, and Subramanian, 2008; Arndt, Jones and Tarp, 2010; Clemens, Radelet, Bhavnani, and Bazzi, 2011; Alvi and Senbeta, 2012; Kaya and Gunter, 2013; Arndt, Jones and Tarp, 2015; Appiah-konadu, Shitsi, Abokyi, and Twerefou, 2016 and Odhiambo, 2017; Minasyan, Nunnenkamp and Richert, 2017; Mahembe and Odhiambo, 2019). Although those scholars have agreed that aid promotes either directly or indirectly impact in reducing poverty. However, the impact is depending from one country to another, regions, recipient country policies and the level of aid given by the donors to targeted sectors in the specific country or continent.

For instance, Hirano and Otsubo (2014). Used the conceptual framework of globalization and the poverty-growth-inequality (P-G-I) relationship to examine the effectiveness of aid to development. Their analysis revealed that social aid such as education, health and water and sanitation spending significantly and directly benefits the poorest in the society and economic aid on the other hand, like transportation, energy and communication and financial infrastructure spending increases the income of the poor through growth (Hirano and Otsubo, 2014). Notwithstanding, many scholars concluded that foreign aid or official development assistance (ODA) has direct or indirect influence on reducing

poverty; others state that it does not affect poverty reduction strategy for example, Briggs and Briggs (2015); Appiah-konadu *et al.* (2016); Ugwuanyi, Uche Boniface, Ezeaku, Hillary Chijindu (2017); Chikwede, (2017); Muftau, (2018); Pedro Gil, (2018) and Shitile and Abubakar (2019).

## **2.2. Relationship between Vocational Training and Poverty Reduction**

Vocational Training is a big tool for solving the economic, political, and social crises of any country which are threatening the economic stability and political environment as well as poverty issues (Hayyat and Chughtai, 2015). Hence vocational training is not only important in providing employment opportunities to individuals but also helps in improving the productivity of organizations. Likewise, vocational training is indispensable instruments for improving labor mobility, adaptability and productivity, thus contributing to improvement of the organizations' competitiveness and redressing labor market imbalances (Uddin, 2019). The growing unemployment, shortage of skilled labor and workforce as well as the continuous change in the demographic nature of the labors, raise high education for workforce on the educational reform agenda (Yusuf and Malarvizhi, 2013). In addition, vocational education and training has met great development as it is applied in great extend in developed, mostly industrially, countries, in order to equip their workforce with the new skills that the labor market demands (Mortaki and Historian -Museologist, 2012).

Abdulkarim and Ali (2012) defined vocational training is as the form of education which people are provided with practical skills that will help them to engage in careers involving manual or practical abilities. It can be defined as a form of education or training which prepares trainees for jobs that are based on manual or practical activities, traditionally non-academic, and totally related to a specific trade, occupation, or vocation (Abdulkarim and Ali, 2012). Hence, Kingombe (2011) stressed that vocational training is usually related with improvements in productivity, quality, diversity, occupational safety, health and income benefits. In other words, in terms of connecting skills development to poverty reduction, there is a much narrower focus on individual and biophysical/income related aspects of poverty, and less attention to the multidimensional nature of poverty (Kingombe, 2011).

Traditionally, purpose of vocational training and technical education is to prepare the students for specific skills and technicalities. However, according to environment, today, workers are expected to perform extra duties and their jobs are now more broadly-defined jobs (Hayyat and Chughtai, 2015). Employers are now expecting more rather than what is defined in job descriptions of their employees. Nowadays, in this global village and dynamic environment vocational training is projected for skilled and motivated workforce for the economic development (Hayyat and Chughtai, 2015). Furthermore, the need of vocational training gets more value as it links in preparation of people for specific trades and ultimately results in occupation or employment. Not only in developed nations but also in developing nations, previous studies on the benefits of vocational training has emerged and measures are supported by sound research evidence (Omoniyi, 2013).

Bhurtel (2015) argue that vocational training provides job-specific technical training for work in a specific career or program or position. These programs generally focus on providing workers with hands-on instruction, and can lead to certification, a diploma, or a certificate. Likewise, it contributes to social stratification by providing access to particular career pathways, as well as backing the social reproduction of fields of economic activity. It contributes skills, competences and attitudes required by companies and their work systems, allowing workers to cover the requirements of their given workplace, while workplaces allow the acquisition of skills (Cedefop, 2017).

Bhurtel (2015) developing countries with bigger economies require skill development to maintain growth strategy while developing countries with small economies and underdeveloped nations need skill development for entering new growing industries. Agrawal (2013) vocational training focuses on specific trades and informs the practical skills which allow individuals to engage in a specific occupational activity. Many people are living in poverty and face huge challenges in accessing the skills needed for healthy and productive lives. The development of skills through vocational training is now one of the most often-cited priorities by ministers of education in both developing and developed nations (Nwachukwu, 2014). According to Nwachukwu (2014) education of every citizen is essential in reducing poverty status and improving national development. Vocational training has been recognized in many African countries as tools for reducing poverty and enhancing national development. Ogudo and Nwachukwu (2013) pointed that the development of small-scale industries through vocational training, based on the utilization of available resources in the immediate neighborhood and the level of technology that is appropriate to the level of education and skills of the disadvantage groups can improve job creation, economic growth and poverty reduction (Ogudo and Nwachukwu 2013).

### 2.3. Mediation role of Vocational Training

Vocational and technical training define as the type of education which fits the individuals for gainful employment in recognized position as semi-skilled workers or technicians or sub-professionals. Also, vocational education could be regarded as that aspect of education which provides the recipients with the basic knowledge and practical skills needed for entry into the world of work and employees or as self-employed (Nwachukwu, 2014). Furthermore, vocational training is the education that is focused on building a self-reliant society. It nurtures skill that are necessary for agricultural, industrial, commercial and economic development as well as society development (Nwachukwu, 2014). Hence, vocational Training is an important step towards employment, self-employment, entrepreneurship development, increasing productivity, providing the human capital for economic development and contributing to economic growth. It is further perceived as an important tool towards social and economic development, citizenship and sustainability Wallenborn, (2009). Similarly, vocational and technical is the aspect of education that gives its recipients an opportunity to acquire practical skills as well as some basic scientific knowledge (Uddin, 2019).

According to Oni (2005) vocational and educational training contains technical education while vocational education provides for the training or retraining planned to prepare people to enter into a paid employment in any recognized positions. On the other hand, technical education in common practice, is self-possessed of theoretical and practical instruction such instruction is usually given to people who need to be employed in commerce and industries or in any type of firms which includes the use of tools and other machinery for their service operation (Uddin, 2013; Nwachukwu, 2014).

Uddin (2013) examine on the role of technical and vocational education in the reduction of poverty among youths in Nigeria after university education. He (Uddin) found that technical and vocational training can play a vital role in reducing poverty as well as equipping, building and making our youths self-employed, reliable and employable in an industry or company after university education. Similarly, Ladipo, Akhuenonkhan, and Raimi (2013) concludes that policymakers in the Nigerian polytechnic sector should strengthen vocational training technique with adequate financial resources, manpower resources, state-of the art teaching resources and sincere commitments from the governments at three levels to make vocational training technique a national technology strategy. With these critical resources in place, Nigeria's dream of mainstreaming vocational training technique as a mechanism for sustainable development would become a reality.

In addition, Yusop *et al* (2013) studied on poverty eradication through vocational education (tourism) among indigenous people communities in Malaysia used Pro-Poor Tourism Approach (PPT). The result shows that the indigenous people communities obviously pointed that their ability of leaving the poverty status increases when they acquire the outcome of Pro-Poor Tourism Approach (PPT) activities. To start and perform tourism activities, indigenous people should have specific knowledge and skills in Vocational Education (Tourism) as well as financial support (Yusop et al., 2013). Therefore, Hayyat and Chughtai (2015) examine the relationship between Vocational Training and Poverty Alleviation through moderating role of Foreign Funds. Therefore, the results show that significance result has been extracted from Southern Punjab where these funds are being utilized and moderation has been proved that there is significant role of foreign funds to boost up the vocational training which alleviate the poverty. Previous studies have proven empirically that vocational training has significance positive effect on poverty reduction; thus this paper aims to investigate the mediating role of vocational training on the relationship between foreign aid and poverty reduction strategy.

### 3. Methodology

The data collection methods of a quantitative study rely mostly on random sampling and structured data collection instruments that places the different experiences of respondents into predetermined response categories. Likewise, it involves the use of number to assess information, which can then be evaluated further, using statistical methods or software such as Statistical Package for the Social Sciences (SPSS) and structural equation modelling (SEM) analysis. Therefore, the research used quantitative approach to answer the raised objective of this study. Which to examine the mediating role of the vocational training on the relationship between the foreign aid and poverty reduction strategy.

The measurement items were adopted and adapted from previous study to design the survey questionnaire of this study. The items of the foreign aid were adopted from Mahembe and Odhiambo (2019) Adom (2015) and items of vocational training were adopted from Hilal (2012) and Uddin (2013). Also, the items of the poverty reduction were taken from Anuradha (2015); Anuradha and Fernando (2017). The research also conducted a pilot study to see the reliability of all the items used in the study. Therefore, 50 sets of questionnaires were distributed for the purpose of

the pilot test. The results shown that all the items have value if than 0.7. Thus, the questionnaire was reliable and acceptable.

Sampling unit is defined as the population targeted on individuals who by all means should be considered available during the sampling process (Hair et al., 2008). Based on the total population of 2600 from community leaders and member of independent associations in N'Djamena (Chad) districts, the number of the sample required was 335 as given from Krejcie and Morgan's Sample size table. Thus, the researcher used both random and nonrandom sampling. First, community leaders and members of independent associations were grouped according to the level that they are serving. Then the sample was selected respectively and used purposive sampling method for the convenience in getting the response from the study respondents. Purposive sampling technique was used as the researcher obtained data from specific group in particular districts. Therefore, a structured questionnaire with a 5-point Likert scale was used as the instrument for data collection. The validity and reliability of the measurement and structural models were established. The Partial Least Square Structural Equation Modeling (PLS-SEM) was used to test the hypotheses of this study. Figure 1 illustrate the framework of this research study.

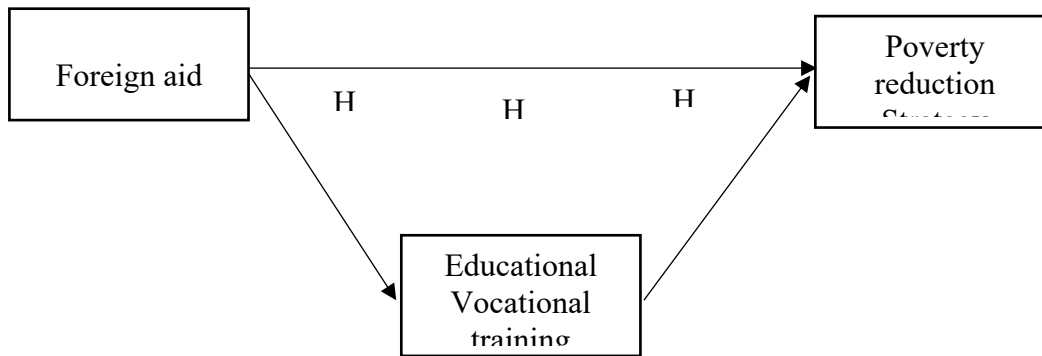


Figure 1. Research framework

H1: Foreign aid positively effects poverty reduction strategy in the republic Chad.

H2: Foreign aid positively effects Vocational training in the republic Chad.

H3: Vocational training effects poverty reduction strategy in the republic Chad.

H4: Vocational training mediates the relationship between foreign aid and poverty reduction strategy.

## 4. Empirical Results of the Study

### 4.1. Demographic Profile of Respondents

Demographics are the quantifiable statistics of a given population. Demographics are also used to identify the study of quantifiable subsets within a given population which characterize that population at a specific point in time. Demographic profiling is essentially an exercise in making generalizations about groups of people. Therefore, demographic characteristics, such as gender, age and education qualifications are also presented in this study.

Table 1. Demographic Profile: gender and age

	Frequency	Percent	Valid Percent	Cumulative Percent
<b>Gender</b>				
Male	201	57.5	57.5	57.5
Female	153	42.5	42.5	100.0
Total	354	100.0	100.0	
<b>Age</b>				
20-25	72	20.0	20.0	20.0
26-30	91	25.3	25.3	45.3
31-35	174	50.0	50.0	95.3
36-40	17	4.7	4.7	100.0
Total	354	100.0	100.0	

There was a total of 201 male and 153 female who participated in this study representing 57.5% male and 42.5.1% female, respectively. Furthermore, regarding the age group of the respondents, those groups between 31 to 35 years old accounting for a 50.0% of the sample. Followed by respondents with age 26 to 30 years old accounted 25.3%. In addition, those between 20 to 25 accounted for 18.8%, while only 4.8% was recorded for respondents with age range between 36 to 40 years old.

Table 2. Demographic Factors: educational qualification

	Frequency	Percent	Valid Percent	Cumulative Percent
High School (A level)	30	8.3	8.3	8.3
Diploma	93	26.7	26.7	35.0
Bachelor degree	184	51.1	51.1	86.1
Master degree	47	13.9	13.9	100.0
Total	354	100.0	100.0	

Another demographic factor studied was the educational qualifications of the respondents to see if level of education. The education level was dominated by people holding bachelor's degrees having 51.1%, followed by those who have diploma constitutes 26.7% of the respondents, while 13.9% of the respondents are master's degree holders, the least number of respondents were those who have a high school certificate constituting 8.3%.

Table 3. Construct Reliability and Validity

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Foreign aid	0.942	0.951	0.658
Poverty Reduction Strategy	0.963	0.968	0.752
Educational Vocational training	0.972	0.976	0.785

The Cronbach's alpha outcomes show that the entire indicators have very good reliability, also, as shown in Table 3 the Composite Reliability of each variable has value of greater than 0.6 as recommended by Hair et al. (2014) composite reliability is considered acceptable when scores are within the range of .60 to .90. Furthermore, all indicates of the Average Variance Extracted (AVE) are within the acceptable range (AVE greater than 0.50).

Table 4. Factor loadings of items on constructs

	Foreign aid	Vocational Training	Poverty Reduction Strategy
FA1	0.811		
FA2	0.801		
FA3	0.790		
FA4	0.800		
FA5	0.801		
FA6	0.836		
FA7	0.800		
FA8	0.848		
FA9	0.799		
FA10	0.824		
VT1		0.839	
VT11		0.868	
VT2		0.871	

	Foreign aid	Vocational Training	Poverty Reduction Strategy
VT3		0.907	
VT4		0.896	
VT5		0.908	
VT6		0.813	
VT7		0.853	
VT8		0.875	
VT9		0.932	
VT10		0.971	
PR1			0.880
PR2			0.800
PR3			0.861
PR4			0.876
PR5			0.885
PR6			0.908
PR7			0.877
PR8			0.857
PR9			0.850
PR10			0.872

Key: FA= Foreign aid; PR= Poverty reduction; VT= Vocational training

Specifically, extreme attention was taken to guarantee that all benchmarks were attained, and that the model estimation was strong. All the items have values above 0.5. Thus, the indicators are valid to use build the measurement and structural models of the study as shows in Figure 2.

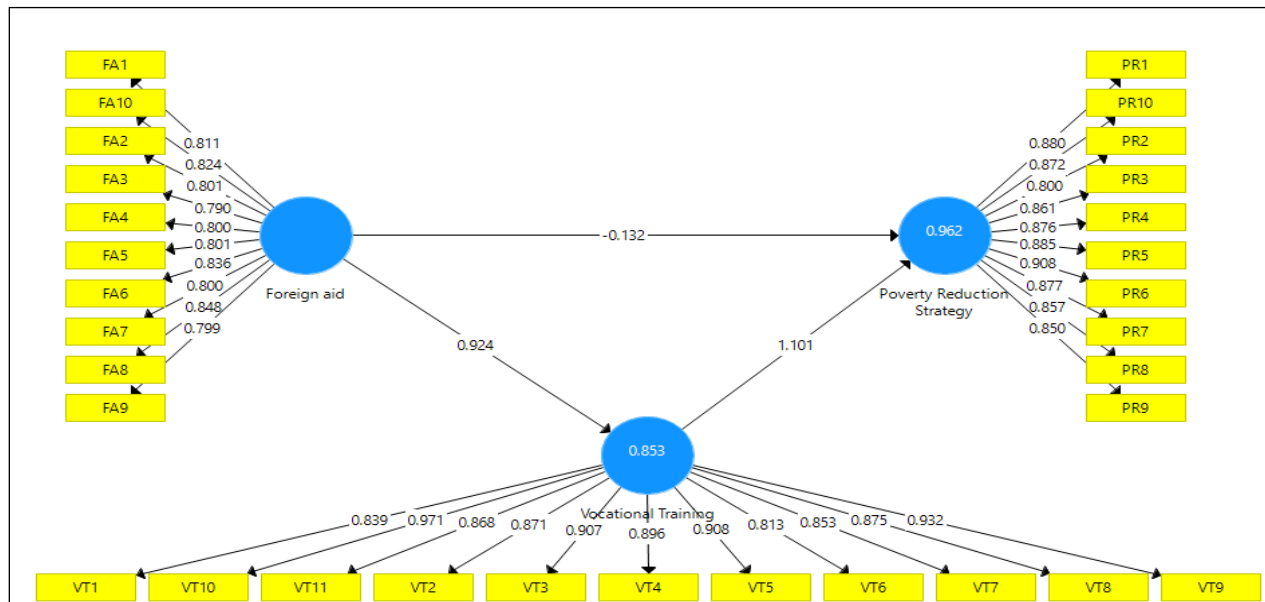


Figure 2. Measurement model of the study

Table 5. Discriminant Validity



	Foreign aid	Poverty Reduction Strategy	Vocational Training
Foreign aid	0.811		
Poverty Reduction Strategy	0.785	0.867	
Vocational training	0.724	0.579	0.786

Discriminant Validity based on Fornell-Lacker criterion was used to further confirm the validation of the data. It was evaluated through comparing the squared inter-constructs correlation estimates with the AVE of the construct (Hair et al., 2010; Ramayah et al., 2016).

Table 6. Heterotrait-Monotrait Ratio (HTMT)

	Foreign aid	Poverty Reduction Strategy	Vocational Training
Foreign aid			
Poverty Reduction Strategy	0.532		
Vocational training	0.461	0.611	

The Heterotrait Monotrait ratio criterion was also used to establish discriminant validity. Table 6 shows the HTMT ratios for the constructs. The highest HTMT ratio was between poverty reduction strategy and vocational training with a value of 0.611. Thus, Discriminant validity is established since all the ratios were below the threshold values of HTMT.85 and .90 as indicated by Kline (2015) and Gold, Malhotra, and Segars (2001) respectively.

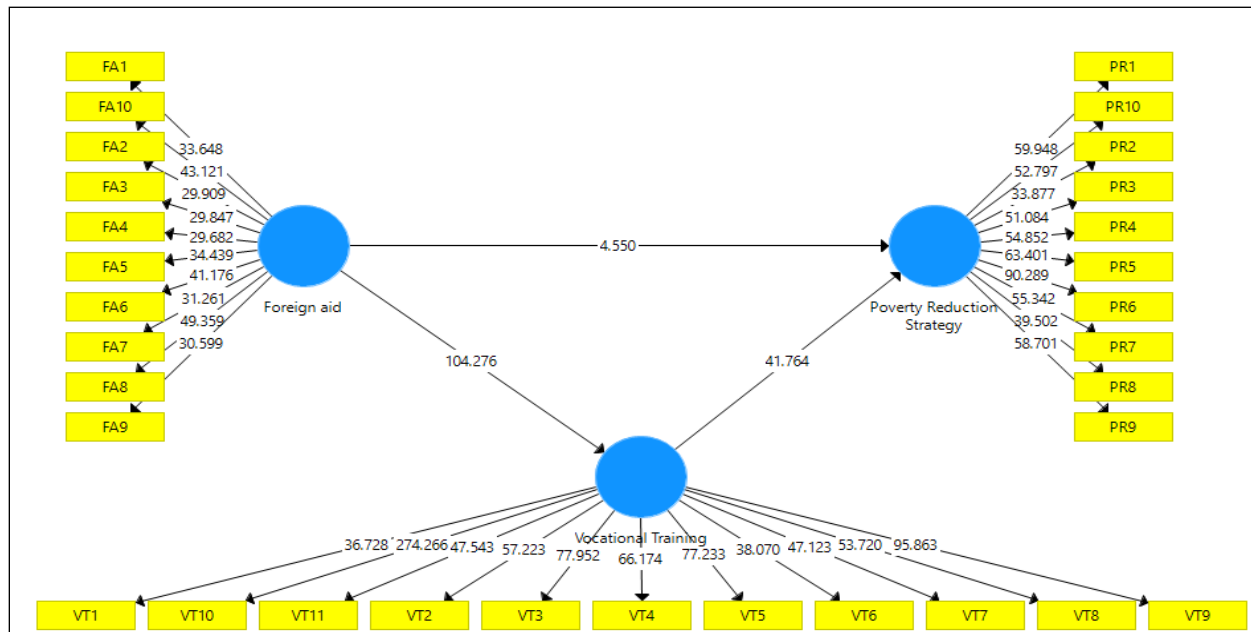


Figure 3. Structural Model

Path coefficients that are close to +1 are considered to represent strong positive relationships while those that tend towards -1 are considered to represent strong negative relationships. According to Hair et al. (2014). The significance of the path estimates is determined through the bootstrapping procedure in the PLS-SEM using the critical t-value for significance testing at 5 percent level of significance.

Table 7. Path coefficients and mediating effect results

	Beta	t-Statistics	P Values	f 2	R-Square	Decision
<b>Direct effect</b>						
Foreign aid -> Poverty Reduction Strategy	-0.132	4.550	0.000	0.067	0.853	Supported
Foreign aid -> Vocational Training	0.924	104.276	0.000	5.802		Supported
Vocational training -> Poverty Reduction Strategy	0.801	41.764	0.000	4.63		Supported
<b>Mediating effect</b>						
Foreign aid -> Vocational training -> Poverty Reduction Strategy	0.617	37.089	0.000	Supported		

Table 7 shows the path coefficients ( $\beta$ ) with their respective t- Statistics, p-values and also the table included the results of f 2 and R-Square. As shown in the table, three direct hypotheses were created to examine the direct relationship between foreign aid and poverty reduction strategy and between foreign aid and vocational training as well as between vocational training and poverty reduction strategy. The results show that Foreign aid and Poverty Reduction Strategy have a value of ( $\beta=-.132$ ,  $t=4.550$ ,  $p<.050$ ) followed by Foreign aid and Vocational Training ( $\beta=.924$ ,  $t=104.276$ ,  $p<.050$ ); also Vocational training and Poverty Reduction Strategy have a value of ( $\beta=.801$ ,  $t=41.764$ ,  $p<.050$ ). Thus, paths show significant positive relationships. This implies that poverty reduction is highly influenced by foreign aid and vocational training. In addition, Table 7 also shows the mediation results, it reveals that vocational training mediates the relationship between foreign aid and poverty reduction strategy with ( $\beta=-.617$ ,  $t=37.089$ ,  $p<.050$ ).

## 5. Discussion and Conclusion

This study examines the mediation effect of vocational training on the relationship between foreign aid and poverty reduction strategy in the Republic of Chad. The three direct hypotheses and the mediation hypothesis (indirect) were achieved. As all the paths were significant and positive (see Table 7). This result supports the study of Hayyat and Chughtai (2015) who examined the relationship between Vocational Training and Poverty Alleviation through the moderating role of Foreign Funds. Therefore, the results show that a significant result has been extracted from Southern Punjab where these funds are being utilized and moderation has been proved that there is a significant role of foreign funds to boost up the vocational training which alleviates poverty. Likewise, Uddin (2013) study on the role of technical and vocational education in the reduction of poverty among youths in Nigeria after university education. The result shows that technical and vocational training can play a vital role in reducing poverty as well as equipping, building and making our youths self-employed, reliable and employable in an industry or company after university education. Similarly, Ladipo, Akhemonkhan, and Raimi (2013) concludes that policymakers in the Nigerian polytechnic sector should strengthen vocational training techniques with adequate financial resources, manpower resources, state-of-the-art teaching resources and sincere commitments from the governments at three levels to make vocational training technique a national technology strategy. With these critical resources in place, Nigeria's dream of mainstreaming vocational training technique as a mechanism for sustainable development would become a reality (Ladipo et al., 2013).

Thus, this study found that poverty reduction is highly influenced by foreign aid and vocational training. To this fact, it is highly recommended that the government of Chad focus on vocational training; for instance, the government can mainly create training programs on how to successfully execute national development plans in particular (poverty reduction strategy). Also, foreign aid plays an important role in fighting poverty in Chad, thus more effort needs to be made on the management of the aid coming to the country.

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