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The Impact of International Trade on Economic Development in Conflict-Affected countries- A Case Study of the Trade for Peace Program

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Master in Business Administration

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Iscte – Instituto Universitário de Lisboa

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BUSINESS
SCHOOL

Department of Marketing, Operations and General
Management

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Dedication

To the soul of my dear father - may God have mercy on him - whose kind words still echo in my mind, and whose wisdom continues to guide me.

To the dearest person to my heart, my wife, my partner, and the essence of my journey, and to my little boy, whose existence has lent this success a greater meaning.

To my loving mother, an image of sacrifice, joy, and endless prayers...

To my beloved brother, the invisible strength behind my resolve.

To my extended family...

and to my loyal friends...

I dedicate this work in all sincerity, as a modest reminder of love, respect, and remembrance for all of you who shared this passage.

Acknowledgements

With deep appreciation and heartfelt gratitude, I would like to begin with saying my sincerest thanks to my academic supervisor, Professor Renato Pereira, whose direction, advice, and constant encouragement were behind me instrumental in eventually producing this study.

I am profoundly grateful to my beautiful wife, whose strength, patience, and unwavering encouragement carried me through the all-nighters, pressure. As much as this win is mine, it is hers as well. To my little boy, whose smiles I had to forego in seeking this dream—I hope someday you'll be proud of me.

My deepest thanks also go to my dear mother, whose love and prayers were my anchor, and to my brother, who recognized and accepted my distance and absence, believing in my dreams even from the distance.

My dear parents-in-law, I am honored by your support.

I thank all the persons who stood by me in my academic pursuit and wish all the best to all.

Resumo

A literatura e os estudos económicos comprovam que o comércio internacional entre países é uma força motriz para o desenvolvimento económico e auxilia na promoção do desenvolvimento económico sustentável. O objetivo desta investigação é auxiliar na explicação do impacto do comércio internacional no desenvolvimento económico dos países afetados, especialmente na revisão do programa Comércio para a Paz, lançado pela Organização Mundial do Comércio (OMC) como mecanismo de promoção da paz e do desenvolvimento sustentável em Estados frágeis.

Para atingir os objetivos do estudo e confirmar a sua hipótese, foi empregue uma abordagem analítica comparativa, com foco na análise e estudos de caso de três países em recuperação de conflitos extensivos: Libéria, Somália e Sudão do Sul.

Este estudo baseia-se numa revisão bibliográfica de estudos recentes, bem como na análise de relatórios globais e de dados qualitativos e quantitativos publicados por organizações globais como o Banco Mundial, o Fundo Monetário Internacional e a Organização Mundial do Comércio.

Os resultados indicam que o comércio pode desempenhar um papel significativo no apoio ao desenvolvimento económico, à reconstrução institucional e à construção de uma estabilidade duradoura, especialmente se combinado com ajustamentos estruturais e algum nível mínimo de estabilidade política. O estudo identifica ainda as barreiras que impedem tal contributo em contextos pós-conflito e propõe a reformulação dos programas de apoio ao comércio para ter em conta as condições adversas das nações em pós-conflito.

Palavras-chave:

Comércio internacional, desenvolvimento económico, países afetados por conflitos, consolidação da paz, Organização Mundial do Comércio, Comércio pela Paz.

Classificação JEL:

F13 – Política Comercial e Organizações Internacionais de Comércio

O10 – Desenvolvimento Económico: Geral

O19 – Ligações Internacionais com o Desenvolvimento; Papel das Organizações Internacionais

F02 – Ordem Económica Internacional

Abstract

Literature and economic studies have proved that international trade among countries is a driving force for economic development and assists in promoting sustainable economic development. The aim of this research is to assist in explaining the impact of international trade on economic development in affected countries, especially in reviewing the Trade for Peace program launched by the World Trade Organization (WTO) as a mechanism in promoting peace and sustainable development in fragile states.

To achieve the objectives of the study and confirm its hypothesis, a comparative analytical approach was employed, focusing on the analysis and case studies of three countries recovering from extensive conflicts: Liberia, Somalia, and South Sudan.

This study is based on a literature review of recent studies, as well as an examination of global reports and qualitative and quantitative data published by global organizations such as the World Bank, the International Monetary Fund, and the World Trade Organization.

The results indicates that trade can have a significant role to play in supporting economic development, institutional reconstruction, and building durable stability, especially if combined with structural adjustment and some minimum level of political stability. The study also discerns the barriers that hinder such a contribution in post-conflict contexts, and proposes rewriting trade support programs to take into account the heightened conditions of post-conflict nations.

Keywords:

International trade, economic development, conflict-affected countries, peacebuilding, World Trade Organization, Trade for Peace.

JEL Classification:

F13 – Trade Policy and International Trade Organizations

O10 – Economic Development: General

O19 – International Linkages to Development; Role of International Organizations

F02 – International Economic Order

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CHAPTER 1

Introduction

1.1 Introduction and Contextualization

International trade is one of the pillars of social and economic development that brings about increased standards of living, additional investment, and jobs. International trade is viewed by all countries as one of the most influential promoters towards integrating with other countries. Being the base of our global economy, it has the ability to push as well as challenge countries. (Chatterjee, T. (ed.), 2024).

With increased conflict in the past decades, particularly among developing countries, the stage of development has reduced and challenges have accumulated. It is from this aspect that the contribution of international trade features as one of the most potent motivators of potential economic turnaround among these countries regardless of their overwhelming issues like instability, weak economic infrastructure, and capital flow withdrawal. The study investigates how international trade contributes to economic development in post-conflict countries and uses the Trade for Peace program as its case study. The study looks at the trajectories of three countries emerging from conflict and with the desire to become part of the world trading community: Liberia, Somalia, and South Sudan.

Because the connection between trade, economic development, and the Sustainable Development Goals is extremely close, because SDGs reflect a global commitment by nations, because these reflect a vision of a sustainable, equitable, and just future (Chatterjee, T. (ed.) 2024), trade and sustainable development in poor countries is an extremely difficult task, particularly in reviving economic growth and delivering economic justice (Thirlwall, A., Pacheco-López, B. 2017). This study bridges the agenda of various international institutions, the most notable being the World Trade Organization (WTO), which recently launched the Trade for Peace program in 2017. This program is centered on raising awareness on how trade and economic integration has contributed to the creation of peace and security. It takes combined efforts by peace, trade, and humanitarian societies to reach maximum potential to use the multilateral trade system in the pursuit of stability and peace. This study is based on a

geographical situation involving three troubled countries (South Sudan, Somalia, and Liberia) for a period 2017-2024 that was a time of great progress regarding joining the World Trade Organization and institutional reform.

1.2 Research Problem:

Despite all the global efforts towards integrating conflict-affected fragile states into the international trade system, there remains a shortage of knowledge and application in the performance of global trade as a means towards economic development in fragile environments. While other studies confirm that increased trade openness and prosperity could be leveraged into increased economics, on-the-ground realities confirm that poor institutions, persistent security issues, weak infrastructure, and political instability can readily halt the process. Thus, it is a research question posed as to whether trade at an international level can be favorable for economic growth in the conflict-end states with limited state capacity, and how successful it is dependent on intermediate variables such as institutional quality and political stability. Research problem also requires the determination of the effectiveness of foreign programs, such as that of the Trade for Peace program, in channeling tangible realities onto the ground as there as yet is not much direct knowledge of its effectiveness.

1.3 Relevance of the Study:

The relevance of this study is its combination of economic and political dimensions, its focus on the combination of development, trade, and peace—a highly significant combination under a growing conflict global environment. It also attempts to keep an eye on recovery mechanisms in post-conflict nations from the international trade perspective. It does not merely view economic relations, but it also assigns institutionally as a highly relevant indicator of whether the trade policies are effective or not.

It is also among the rare few studies that measure the impact of the Trade for Peace program using a comparison study in three conflict-affected countries, both academically and in practice. It is also supported by the fact that it offers policy recommendations to policymakers in international organizations and governments at national levels with a mandate for reconstruction.

1.4 Research Questions:

The study is based on the following set of central questions:

1. How does international trade contribute to improving the economic situation in post-conflict countries?
2. Can trade alone achieve development and stability in the absence of institutions?
3. How effective is the Trade for Peace program in improving economic conditions and promoting sustainable development in fragile states?
4. What is the role of institutions and political stability in strengthening the relationship between trade and economic development?

1.5 Research Objectives

This study aims to understand the complex relationship between international trade and sustainable economic development in countries affected by conflict and war. Accordingly, the study's objectives are:

1. Analyze the relationship between international trade and economic development in countries emerging from conflict.
2. Evaluate the role of institutions and governance quality in activating the impact of trade on development.
3. Examine the effectiveness of the Trade for Peace program in supporting fragile states.
4. Present a conceptual model linking key variables (trade, development, institutions, and stability).
5. Formulate practical recommendations for international policymakers in the field of trade and development.

1.6 Structure of the Study:

This study comprises five chapters, each of which explains the other to offer a coherent and comprehensive examination of the impact of international trade on economic development in conflict-affected countries. The structure seeks to take the reader from the theory basis,

empirical findings, and policy implications of the study. Chapter One presents the research topic, articulates the problem statement, states the research questions and objectives, and provides a study rationale. It also provides the conceptual significance and relevance of the study within the broader context of international trade and development studies. While Chapter Two presents a detailed review of the relevant literature, encompassing theoretical frameworks and empirical findings from prior studies. It describes influential concepts such as trade-led growth, institutional fragility, post-conflict reconstruction, and Commercial Peace Theory. The chapter also establishes the conceptual model and research hypotheses guiding the empirical testing. Whereas Chapter Three provides country background on the selected countries—Liberia, Somalia, and South Sudan—highlighting their economic and political trends, trade profiles, and the singular challenge set they present as conflict-affected countries. Chapter Three also introduces the Trade for Peace program as the focal policy framework guiding the research. This chapter also describes research methodology, i.e., research design, data sources, definition of variables, and techniques used in analysis. It justifies the selection of indicators and outlines the quantitative and comparative methods applied to examine the relationships between trade, institutional quality, and economic development. Chapter Four presents and discusses the empirical results. It has hypothesis testing, data analysis, and comparative evaluation across the three case studies. The chapter also indicates the effect of the Trade for Peace program and conducts within-case analysis in depth in order to ascertain contextual variation. Tables, and figures are used within the discussion to ensure transparency in result presentation. Chapter Five provides closure to the study by summarizing main findings, deriving theoretical and practical implications, recognizing limitations, and suggesting avenues for future research. It also considers the wider implications of consolidating trade and peacebuilding initiatives in fragile environments. This format guarantees a consistent analysis progression from conceptual foundation to empirical findings, providing a solid grasp of how international trade can contribute to sustainable development and peace in conflict-affected countries.

CHAPTER 2

Literature Review

2.1. The Relationship Between International Trade and Economic Development in Conflict-Affected Countries

2.1.1 International trade as a driving force for development:

The concept of international trade is no longer limited to the exchange of goods between countries or the exchange of capital only, but it is also a major driver of economic development, especially in countries affected by conflicts, where trade plays an important role in facilitating economic development, helping in the entry of foreign investors, which is necessary to rebuild the economy that was destroyed by years of conflicts, as well as reconstruction, which contributes to improving infrastructure and raising the standard of living (Chatterjee, T. (Ed.). 2024).

Initially, international trade and economic development were considered as divergent lines that at the same time have an impact on the economy. Trade was evaluated as a tool to increase markets and improve economic growth, while economic development was linked to the development of infrastructure, education and health sectors. As for fragile states affected by conflicts, the obstacles were greater due to the lack of political stability, the destruction of infrastructure and the poor conditions, which weakened the role of trade and economic development and made them completely unachievable.

Many previous studies dealt with international trade and development as separate methods and praised the role of trade in contributing exclusively to the growth and development of the economy through improving production and increasing income. (Van den Berg, H., & Lewer, J. J. 2015). But this approach largely ignored the importance of the role of trade in conflict-affected countries, where economic growth is impossible to develop in light of conflicts and crises. Over time, recent studies have begun to confirm the link between international trade and economic development, particularly in conflict-affected countries. They point to the role international trade can play in the economic recovery process in these fragile states through new avenues for economic growth. Trade-led growth theory emphasizes that trade represents the primary engine of economic growth, through openness to global markets, increased productivity, and the attraction of foreign investment. In the specific context of fragile states

emerging from conflict, trade is an important tool for reintegrating these economies into the global system and accelerating development processes (Thirlwall, A., Pacheco-López, B., 2017).

In modern theories, trade has also been considered an effective tool for achieving rapid growth by linking technology, supporting the investment environment, and creating a competitive environment. Huang, Q., & Li, Z. (2024) note the importance of institutional engagement in the international trading system, such as joining the WTO, which plays a significant role in de-escalating conflicts and creating a stable institutional environment that supports development.

2.1.2 Trade Is a Real Opportunity for Post-Conflict Countries:

Literature indicates that trade does not come automatically as a development guarantee for troubled post-conflict societies. It is, however, a real opportunity in cases where there exists:

1-A regulatory and institutional framework that is strong enough to enforce and implement contracts effectively

2-Centralization of financial systems and establishing an effective customs agency

3-Political and social stability

Chatterjee, T. (Ed., 2024) explains how fragile post-conflict states that begin with rebuilding institutions and government reform alongside trade liberalization, like Liberia have done, fare better economically than those countries that have only tried outside openness without the development of a strong internal infrastructure. Dragoi, Aurelia (2022) warns against the myth of trade as a panacea, emphasizing that exterior openness under vulnerable and uncontrolled conditions can be a recipe for additional poverty and economic insecurity unless policies are put in place to compensate.

2.1.3 Key Determinants of the Impact of Trade on Development in Fragile Environments:

Literature shows that the effectiveness of trade as a development tool depends on several determinants:

-Institutional Organization and Quality: Effective governance, the supremacy of law, and anti-corruption are the key determinants of a country's ability to take in the gains of trade (Orazalin, N., & Mahmood, M. 2021).

-Transport and Communications Infrastructure: The condition of roads, ports, and transit points is prejudicial to trade movements as well as to their expense (Carment, D., & Samy, Y. (Eds.). 2023).

-Political Stability: Political instability and failure to achieve political stability negatively impact investor moods and domestic market confidence (Pandey, D. K., Lucey, B. M., & Kumar, S. 2023).

-Local Private Sector Capacity: The local production base ought to be strong because growth in trade is associated with having a local production base that can assume a responsive role towards world markets. Chatterjee, T. (Ed.) (2024).

Therefore, the success of trade in stimulating development is not by openness in itself, but by ensuring a complete system that achieves sustainable development, maintains gains, and strengthens social justice in their distribution.

2.1.4 Trade as a Tool for Achieving Development and Sustainable Peace:

Commercial peace is a new concept in post-conflict development literature. The relationship between trade and development in conflict-affected and fragile states is not separable from the peace component, and all three form a triumvirate that succeeds in achieving stability in society. Without peace, there is no stability or economic benefit. This triad serves to decrease political and social tensions, create a new job creation, improve the quality of life, empower individuals economically, thus leading to economic and social stability. However, Huang, Q., & Li, Z. (2024) observe that the role of trade as a tool of achieving development and peace is not spontaneous. It requires time to build, a favorable political environment, and a state policy of reinvesting trade gains in building state institutions and achieving sustainable development. In a case study of South Sudan, experiences showed that the enabling of agricultural exports assisted in bringing relative stability to border areas and decreased armed conflict, leading to better prospects for economic cooperation and security stability.

On the other hand, Distler, W., Stavrevska, E. B., & Vogel, B. (Eds.) (2020) pointed out that trade is not only a tool for peace but also a means to terminate violence and rebuild local economies, especially if it empowers communities.

2.2. Trade for Peace Program and Its Impact on Conflict-Affected Countries

2.2.1 Origins and objectives of the Trade for Peace program:

The World Trade Organization launched the Trade for Peace Program to help conflict-affected countries transition from conflict or fragility to stability and economic prosperity, by promoting regional and international trade and reducing trade barriers, thus achieving sustainable economic growth. The Trade for Peace program was launched at the 11th Ministerial Conference of the World Trade Organization in Buenos Aires in December 2017. The program was put in place to include a group of least developed countries and fragile economies that are looking to reconstruct their economies after suffering conflicts and crises. For this program to be capable of achieving its goals, it needed to have basic pillars on which it is established: (i) political engagement and partnerships, (ii) outreach and public debate, (iii) research, and (iv) training and capacity building (World Trade Organization, n.d.)

Based on official WTO documents (WTO, 2024), the program is based on four main axes:

- Building the institutional capacity required to manage trade relations
- Supporting legal and customs reforms
- Strengthening regional private sector engagement
- Enabling countries to negotiate meaningfully and join the WTO

Literature has identified that trade can have a more effective role if it is combined with political outcomes that strive to promote stability and peace. Trade alone is not enough, but when combined with political and economic reform agendas in conflicted countries, trade is more beneficial and assists in creating political and economic stability, reducing the effects of conflict, and lowering future disputes. (Wolff, A. W. 2023).

2.2.2 Program impact in real cases: Somalia, Liberia, South Sudan:

The literature indicates that the success of a program such as the Trade for Peace program depends largely on confronting the challenges of bribery, corruption, and security chaos. However, there are some successful experiences that prove how trade can contribute to enhancing confidence between conflicting parties, As happened in some countries such as Somalia, Liberia and South Sudan, where Trade contributed to supporting cooperation between different governments representing opposing groups (Boussard, J., Castrovillari, C., Mineyama, T., Spinella, M., Tabti, B., Tuuli, M. 2024).

Studies show that more than eight post-conflict countries have applied for or completed accession to the World Trade Organization (WTO) through the Trade for Peace program, most notably Liberia (accession in 2016) and Somalia (still in the negotiation phase).

The Somalia case study, as reported by World Trade Organization (2025). *Trade for Peace: Pathways to Sustainable Trade and Peace*, shows that Somalia's participation in the Trade for Peace initiative led to structural reforms in customs policies, improved coordination between the Ministry of Trade and the Central Bank, and the introduction of investor protection laws. In Liberia, agricultural exports increased by 22% between 2017 and 2019 as a result of facilitations provided through the program's technical assistance, as confirmed by Wolff, A. W. (2023). *Revitalizing the World Trading System*. (n.p.) which indicates that Liberia's engagement in global trade marked a turning point in improving the institutional environment and strengthening its regional standing. Although South Sudan did not complete accession, initial participation in the program helped standardize official economic discourse and encourage the development of a national trade development strategy. Boussard, J., Castrovillari, C., Miniama, T., Spinella, M., Tabti, B., Tuuli, M. (2024)

2.2.3 Trade for Peace Programme as a Tool for Post-Conflict Reconstruction:

Trade for peace is not limited to facilitating the movement of goods and services between markets, but rather it must focus on developing infrastructure and creating conditions that help conflict-affected countries integrate into the global market and activate regional partnerships that contribute to stability, security, peace and economic partnership. (Drăgoi, Aurelia. 2022). Any program or initiative seeking to promote peace must take into account that trade policies do not stop at supporting the economy only, but also work to improve social culture and build institutional frameworks that promote peace, reduce conflicts and alleviate tension Wolff, A. W. (2023).

Recent studies confirm that such programs help establish the foundations that enhance economic growth in fragile, conflict-affected states. (Distler, W., Stavrevska, E. B., & Vogel, B. (Eds.). 2020).

Theoretically, the program supports what is known in the literature as the trade-peace model, which assumes that economic integration reduces incentives for conflict by creating mutual interests linked to a market economy. This is what post-conflict economic reconstruction theory emphasizes, emphasizing the use of economic tools, including trade, to support

reconstruction efforts. Trade contributes to job creation, rebuilding trust, and stimulating the local economy, which contributes to supporting economic stability. (Distler, W., Stavrevska, E. B., & Vogel, B. (Eds.). 2020).

2.2.4 Challenges facing the program and evaluation of its effectiveness:

The research part suggests that the Trade for Peace program is quite effective because fragile states that participated in this program got better in some metrics like GDP and economic stability (Huang, Q., & Li, Z. 2024).

Despite the program's ambition, it faces numerous challenges that bar it from being actualized in its entirety. According to international reviews, one of the major challenges revealed by them is:

- The inadequacy of national institutions, which are unable to accommodate the complexity of the membership criteria
- Lack of coordination among government institutions
- The difficulty in domesticating international trade norms in terms of legal frameworks
- The disparity between domestic development agendas and trade liberalization needs

Pandey, D. K., Lucey, B. M., & Kumar, S. (2023)

Other research has indicated that the Trade for Peace program is indeed effective since fragile states that enrolled in this program experienced some positive changes in some of the indicators such as GDP and economic stability (Huang, Q., & Li, Z. 2024).

To this effect, Chatterjee, T. (Ed.). (2024) suggests that the programme be reframed to take into account the political and social trajectories of every country, prioritizing incremental steps towards reform but safeguarding vulnerable groups against the effect of the economic shock.

Despite all this, Huang, Q., & Li, Z. (2024) argue that the program is a strategic step towards achieving peace with non-military tools, as trade drives growth forces which affect overall stability, especially if accompanied by full reforms in governance.

It has been shown through research that the integration of conflict-affected weak states into the global market through this initiative will accelerate economic stabilization and reduce escalation and tension. (Vuong, Q. H., & Nguyen, M. H. 2024).

Whereas the experiments show incremental progress in specific contexts, applying the results to other contexts requires a nuanced examination of diverse political and social conditions,

which future policies of the program and also the advice currently being formulated in this research must take into account.

2.3. The challenges faced by conflict-affected countries in benefiting from international trade

2.3.1 Fragility of infrastructure and logistical capabilities:

Conflicted countries are countries that undergo political crises or armed conflicts affecting their political and economic stability. Therefore, such countries undergo several challenges that prevent their integration into the world trading system, such as infrastructure destroyed during conflict, political and security instability, bad governments' institutions, the corruption and chaos epidemic, as well as the economic sanctions by the conflict parties. It is therefore hard for these countries to reach the global trade system, thereby diluting economic growth. (Boussard, J., Castrovillari, C., Mineyama, T., Spinella, M., Tabti, B., Tuuli, M. 2024).

Poor infrastructure is a major obstacle to the development of international trade in post-conflict countries. Wars have demolished road links and railways, increasing land trade expenses by 30% to 60%. Boussard, J., Castrovillari, C., Mineyama, T., Spinella, M., Tabti, B., Tuuli, M. (2024)

2.3.2 Weak Institutional and Administrative Capacity and Tax Accountability:

The literature focused on how countries suffering from conflicts can restore their ability to re-develop trade, as the literature confirmed that trade is largely linked to the local governments of these countries and to the laws and regulatory legislation of institutions that ensure economic stability and support the development process and these countries need structural reforms in their internal system of institutions in order to restore their ability to attract investments and improve economic growth. (Luiz, J. M., Ganson, B., & Wennmann, A. 2019).

Weak institutions pose obstacles to the implementation of trade agreements and customs protocols. Judicial efficiency and anti-corruption are also among the most important determinants in predicting the likelihood of internal conflict, even in the presence of active trade. Studies indicate that the weakness of these institutions actually reduces the ability of trade to support economic stability. Working to develop technology in customs agencies and

activating the role of financial institutions plays a fundamental role in restoring confidence and attracting sustainable trade. Rizvi, S. M. A. E. R., & Véganzonès-Varoudakis, M. A. (2023)

Fragile states theory has pointed to the challenges facing countries with weak institutions and deteriorating legal structures in taking advantage of trade opportunities. Fragile governance leads to a failure to translate trade revenues into tangible development (Luiz, J. M., Ganson, B., & Wennmann, A. (2019).

The relationship between the effectiveness of government institutions in tax collection and the revenues of the trade system must also be linked. This relationship is inseparable. The higher the levels of trust and transparency in tax administration, the lower the level of corruption by 15%, and the corresponding increase in business investment. Gebrihet, H. G., Gebresilassie, Y. H., & Woldu, G. T. (2023)

2.3.3 Lack of coordination between economic and social policies:

The literature indicates that the lack of coherence between economic and social policies leads to unsustainable trade benefits. Therefore, using trade as a growth tool without considering profit redistribution leads to wealth concentration and increased inequality. Drăgoi, Aurelia (2022)

Fragile states must also engage with all stakeholders to achieve economic openness and ensure the participation of women and youth in the economic process. Distler, W., Stavrevska, E. B., & Vogel, B. (Eds.). (2020)

For decades, the prevailing idea has been that trade can mitigate conflicts and enhance trade cooperation between countries, but this theory is extremely difficult to apply effectively in fragile states affected by conflicts, as political, economic and social instability, the spread of corruption, and destroyed infrastructure are sufficient to prevent attracting foreign investments or even entering into global trade. According to the literature, conflicts in fragile states are sufficient to prevent these countries from integrating into international trade, and experiences have confirmed that countries living in long-term conflict are not an area that attracts foreign investments due to the loss of stability in all its aspects. (Thirlwall, A., Pacheco-López, P. 2017).

On the other hand, research today confirms that the longer the conflicts continue in these countries, the more difficult it is to enter and cooperate with other commercial parties, and the

continuation of conflicts may lead to the isolation of these countries from their surroundings and from global markets (Abdel-Latif et al., 2024).

So, in order for conflict-affected countries to be able to return to the international trade system, several indicators must be activated to assess the situation after the conflict, confirming the improvement of infrastructure, the security level and the reduction of attacks, the development of institutional work and the elimination of corruption. All of these indicators indicate the ability of these countries to attract foreign investment and benefit from international trade to achieve economic development. (Pandey, D. K., Lucey, B. M., & Kumar, S. 2023).

2.4. The Role of Trade in Enhancing Political and Social Stability in Conflict-Affected Countries

2.4.1 The Trade Peace Theory: How Does Trade Contribute to Reducing Conflict?

Countries with effective governments and institutional regulatory structures have enough economic and political stability for their citizens to live in a stable and secure environment free from crises and conflicts. However, in fragile countries experiencing conflicts and violence, economic and political stability is almost non-existent. Here, international trade can play a role in achieving economic stability and providing citizens of these countries with some social justice by integrating the common interests of the conflicting parties within the country and between surrounding countries to provide economic opportunities and thus mitigate the severity of conflicts, which contributes to providing job opportunities, improving living conditions, and reducing poverty, which is one of the most prominent catalysts for conflict (Huang, Q., & Li, Z. 2024).

The trade peace theory is based on the premise that international trade establishes mutual trade ties and interests that reduce the drivers of conflict between countries and support internal stability through development. This theory demonstrates that trade not only reduces the likelihood of conflict and war, but also creates internal mechanisms for political stability by stimulating economic institutions, strengthening the middle class, and creating cross-cutting economic interests among different groups within a country.

2.4.2 The impact of trade on reducing social tensions:

The concept of international trade was only related to the economic impact, and studies linked trade to its role in economic development only, and no attention was given to trade in

supporting social and political stability. Studies clarified the role of trade in improving the standard of living, but its impact on political and social stability was not clear.

The role of trade began to increase in supporting social stability by taking care of institutions that work to develop the economy, which helped in enhancing economic growth. Trade played a greater role in activating trust between societies and reducing tensions by enhancing understanding between conflicting parties and reducing the intensity of the existing conflict. (Huang, Q., & Li, Z. 2024).

Trade has also contributed to mitigating conflicts through regional and international cooperation by contributing to creating new links to regional and international environments and thus reducing escalation. Trade agreements have contributed to achieving political and social stability and consolidating frameworks between neighboring countries, which has established the foundations for peaceful cooperation (Chatterjee, T. (Ed.). 2024).

Countries affected by conflict can benefit from trade in achieving political and social stability by adopting open trade policies that enhance the internal security of countries and activating government systems to attract investments and raise income levels. (Drăgoi, Aurelia. 2022).

2.4.3 Trade as a Tool to Restore Trust in the State and Its Institutions:

Reshaping the social contract after conflict requires non-security tools, such as trade, which rehabilitates the state's role as a regulator and promoter of the economy rather than a party to the conflict. It also focuses on supporting small and medium-sized enterprises (SMEs) linked to regional supply chains, which represent a means of restoring legitimacy to state institutions by providing real economic services to citizens.

Luiz, J. M., Ganson, B., & Wennmann, A. (2019)

For example, in Somalia, the experience of TradeMark East Africa (2022) showed that the development of customs-free zones contributed to improving the relationship between traders and government authorities, increasing local tax revenues, which in turn led to improved public services and the creation of a new form of institutional trust.

The literature suggests that trade today can restore peace to fragile and conflict-affected states by improving governance, creating jobs, and finding ways to connect divided communities in these states, stimulating cooperation among members of society and improving trust between citizens and their governments.)Boussard, J., Castrovillari, C., Mineyama, T., Spinella, M., Tabti, B., Tuuli, M. 2024).

2.5. Institutional and legal challenges in conflict-affected countries and their role in promoting international trade

2.5.1 Weak Institutional Framework:

Legal and regulatory bodies that contribute to the management of trade in countries, such as the General Authority of Customs, Chambers of Commerce, etc., are all included under the name of institutions, which also includes the legal systems that regulate the business environment. However, the business environment in fragile states lacks regulatory laws and is plagued by corruption and legal instability.

Political reform before economic reform These are the general ideas that existed and remained inherited until recently, when there was no interest in international trade from a development perspective. On the contrary, most countries were working on the idea of economic independence, while the existence of institutions was only to protect the stability of the state. With the development of globalization, institutions have played a prominent role in creating a suitable environment for international trade. With the formation of global organizations such as the World Trade Organization and the initiation of international agreements, it has become clear that governmental and legal institutions in countries play a crucial role in full integration into the global trading system. The literature has confirmed that weak governmental institutions in fragile states affected by conflicts may increase the spread of corruption and hinder international agreements and international engagement, while strengthening legal and regulatory institutions contributes to improving the ability of fragile states to benefit from trade and economic growth (Nagar, D. 2021).

2.5.2 Economic Governance: Corruption, Nepotism, and Lack of Transparency:

The literature shows that one of the most important obstacles to the development of international trade in fragile conflict-affected countries is the weakness of the government and institutions of these countries due to the repercussions of the conflict and the destruction of regulatory and judicial infrastructure, which leads to multiple challenges, including:

(i) Weak judicial institutions, commercial contracts cannot be implemented in fragile conflict-affected countries due to the weakness of the judiciary, and thus they become unattractive countries for investors (Boussard, J., Castrovillari, C., Mineyama, T., Spinella, M., Tabti, B., Tuuli, M. 2024).

(ii) The spread of corruption, as conflict-affected countries lack anti-corruption systems that limit the high costs of doing business (Luiz, J. M., Ganson, B., & Wennmann, A. 2019).

(iii) Weak governance, leads to the loss of competence in business institutions and organizations, and limits integration with the changes in the international market (Orazalin, N., & Mahmood, M. 2021).

(iv) Weak infrastructure, as a result of conflicts, the infrastructure necessary for trade is damaged, such as ports, roads, etc., and without them, export and import procedures become more burdensome and costly. (Distler, W., Stavrevska, E. B., & Vogel, B. (Eds.). 2020).

(v) Instability of trade regulations, sudden and continuous changes in trade regulations and organizations lead to an insecure trade environment, which increases the risks of concluding long-term trade agreements (Chatterjee, T. (Ed.). 2024).

Theoretically, new institutionalism highlights the critical role played by the quality of institutions in determining the outcomes of economic policies, including trade. Without a transparent legal and regulatory environment, trade may not achieve the desired growth. Acemoglu, D., & Robinson, J. A. (2019).

When these challenges and obstacles are overcome, or part of them, fragile states affected by conflicts can benefit more from international trade and open up an attractive environment for investors. (Bhattacharyya, R., & Mazumdar, D. (Eds.). 2024).

CHAPTER 3

Conceptual Model and Methodology

3.1 Introduction

This chapter is about combining both the conceptual framework and methodology to describe the theoretical frameworks and methodological design behind the study. The combination of these two subsections reveals not just how current theories work in fragile and conflict-affected states, but also how they inform empirical research. The chapter begins by presenting the theoretical framework and conceptual model that form the foundations for the research hypotheses. It then goes on to describe the methodology, followed by data collection methods, variables, and analytical instruments.

3.2 Theoretical Framework

The conceptual foundation of this study is grounded on a set of interrelated theories that define the interaction among international trade, political stability, institutional capacity, and economic development in fragile states. Every theory adds a specific perspective that makes the entire analytical framework inclusive:

Trade-Led Growth Theory posits that trade is a key determinant of economic growth as it leads to efficiency, capital and technology access, and market opportunity access. It concurs with classical and neoclassical schools which contend that openness is the key driver towards long-term prosperity (Thirlwall & Pacheco-López, 2017). Its relevance to this research is in its implicit argument that countries engaging more actively in international commerce are certain to achieve more rapid economic growth, if certain requirements are met. Following from there, Commercial Peace Theory introduces a political element to the trade-development relationship. It argues that not only does commerce expand the size of the economy but that it is also a way of achieving peace by enhancing interdependencies and lowering trading partners' incentives for war (Huang & Li, 2024). This is especially true with regards to post-conflict countries like Liberia, Somalia, and South Sudan, where access to the world market can also guarantee regional and internal stability.

On the other hand, though, the Fragile States Framework also draws attention to the boundaries of low institutional capacity states. In this case, trade gains are not a straight-line function; they

are mediated by the state's capacity for effective governance, rule enforcement, and regulation of economic activity in equitable and fair terms. In the absence of this capacity, trade can lead to inequality deepening, deepen elite capture, or even rekindle conflict (Luiz, Ganson, & Wennmann, 2019).

This leads us to the New Institutional Economics theory that places institutions' quality in the focal point of economic performance. Institutional and informal institutions are the rules of the game that influence incentives and results. Trade, as this theory posits, will only bring developmental dividends if it is contained within a good architecture of governance, transparency, and accountability (Acemoglu & Robinson, 2019).

Finally, Post-Conflict Reconstruction Theory offers a temporal and transitory perspective, emphasizing the reality that trade can be a major instrument for rebuilding economies ruined by war. It is emphasizing international assistance, targeted trade initiatives, and institutional reform in rebuilding economic institutions and reconstructing legitimacy (Distler et al., 2020). Together, these theories form the analytical lens for the research, allowing the study to take into account not only the immediate economic effect of trade but also institutions and political stability as mediating and moderating variables.

3.3 Conceptual Model

The synthesis of the theories generates a conceptual model that is bounded by four principal variables: international trade (independent), economic development (dependent), institutional quality (mediating), and political/social stability (moderating). The variables are all operationalized via specific indicators, based on feasible global databases and guided by the above-stated theories.

International trade is measured by the ratio of exports and imports to GDP, participation in trade agreements, and participation in global programs such as the Trade for Peace program. It reflects the degree of openness and integration into the world economy.

Economic growth, the final result of interest, is measured in terms of GDP per capita, economic growth rates, and more general measures of human development where relevant. It indicates both material achievement and structural change.

Institutional quality mediates, representing the degree to which governance institutions facilitate or impede the benefits from trade. Government effectiveness measures, rule of law, and control of corruption are considered under this category.

Political and social stability is hypothesized to be a moderating variable influencing the direction and magnitude of the development-trade relationship. Indicators are the lack of violence/terrorism, political stability measures, and measures of social trust.

The model presumes a direct link between trade and development, a mediating effect of institutions, and a moderating effect of stability.

3.4 Research Hypotheses

According to the above theoretical and conceptual building blocks, the study hypothesizes as follows:

H1: International trade positively correlates with economic development in conflict-affected countries.

H2: The quality of institutions mediates the relationship between trade and development.

H3: Political and social stability moderates the trade-development relationship.

H4: Participation in the Trade for Peace program enhances developmental outcomes in fragile states.

They are the empirical hypotheses that are going to be tested through comparative case study analysis, using secondary data of international organizations.

3.5 Research Methodology

The following chapter presents a clear description of the research process undertaken to conduct the present study, which focuses on the contribution of international trade to economic development in war-torn countries via the specific case study of the Trade for Peace program. The chapter pinpoints the philosophical underpinnings, study design, variables, sampling strategy, data collection, and analysis in an attempt to lay out a rational order that is responsive to the study objectives and the conceptual framework articulated in the early chapters. The research uses a deductive research approach. It begins with a known theory and draws testable hypotheses concerning the effect of international trade on war-torn regions' development.

These assumptions are subsequently tested based on qualitative evidence elicited from specially chosen case studies

3.6 Methodological Approach

Although more literature today exists regarding trade and economic development, research focused on this connection in post-conflict country is not abundant. Most research targets the general impact of trade or the role of institutions, not a lot of investigation into the connection among certain programs such as the Trade for Peace and Sustainable Development Program in fragility. It also lacks comparative studies across countries that have the program implemented, this being the focus of this research. In answer to these research needs, the following were created as research questions:

1. How does international trade contribute to improving the economic situation in post-conflict countries?
2. Can trade alone achieve development and stability in the absence of institutions?
3. How effective is the Trade for Peace program in improving economic conditions and promoting sustainable development in fragile states?
4. What is the role of institutions and political stability in strengthening the relationship between trade and economic development?

3.7 Research Philosophy and Methodology

This study uses a pragmatic philosophy, with qualitative and quantitative analysis tools for the purpose of gaining profound knowledge of the phenomenon, with consideration of the political and social context of the study countries. The study utilized a deductive method using a priori theoretical models (trade, reconstruction, and institution theories) to be applied to three real-case studies (South Sudan, Liberia, and Somalia).

A comparative case study research design was used, complemented with a comprehensive documentary analysis of reports and indicators from across the world, without resorting to primary data collection tools such as questionnaires or interviews

3.8 Research Design

A descriptive-analytical research design using the multiple case study method was utilized. It is most appropriately used to study multidimensional phenomena in contexts of change, especially where the aim is to create a picture of the interdependence between trade and development in intricate political and institutional environments.

This structure also allows connecting theory with practice and explaining differences in results between real cases. Temporal context is cross-sectional, i.e., from 2017 to 2024, which synchronizes with the duration of Trade for Peace implementation.

3.9 Sample:

The population in question consists of nations participating in the Trade for Peace program and are undertaking post-conflict trade reform. Three cases were selected via a purposive sampling strategy: South Sudan, Liberia, and Somalia. Which have varied institutional capacities and conflict recovery paths. These countries were chosen based on participation in the Trade for Peace program, accessible data, and policy relevance to allow for an extended comparison between variance in outcomes and the extent to which the conceptual model's hypotheses are met:

1. Liberia—a model of a country that was able to join and fairly prospered through trade.
2. Somalia – a country continuing to join and experiencing institutional weakness, but having joined the program.
3. South Sudan – a case of limited trade impact due to political instability.

Table 3.1 – for the 1St table of Chapter 3 Case Study Information

Country	Conflict Stage	Stability Level	WTO Membership Status
Liberia	Post-conflict	Medium	Full Member
Somalia	Ongoing conflict	Low	In Accession
South Sudan	Uncontrolled conflict	Very Low	Not a Member

3.10 Data Sources

Secondary data based on official sources were utilized in this study, collected from the following sources:

- 1-World Trade Organization (WTO) Reports on Trade for Peace.

2-International Monetary Fund (IMF) Reports on post-conflict countries.

3-World Bank databases, i.e., the Governance and Development Indicators.

4-Reports and statistics on official websites such as UNCTAD, UNDP, and the Peacebuilding Commission.

5-Peer-reviewed academic journal articles of recent publication (2019–2024).

They were selected because they reveal the case studies in depth, in reality, and in entirety and react to real indications which are susceptible to comparative examination. There is no utilization of primary data (e.g., survey or interviews), in line with the study design and scope.

3.11 Data Analysis and Collection Tools

Qualitative analysis tools were used, in line with the nature of data, for instance:

1. Document Analysis: Drawing facts from official documents and analyzing them in form and content, e.g., content analysis of Liberia and Somalia WTO entry reports.

2. Within-case analysis: observing how the trade policy of each country is linked with development outcomes.

3. Comparative Case Analysis: Comparison of the three cases with indicators: size of bilateral trade, type of political and economic reforms, GDP growth, development, and governance quality.

4. Testing the relationship between variables as posited in the conceptual model: By testing hypotheses theoretically and comparatively, with empirical results generated by the cases.

3.12 Credibility and Validity

To enhance the methodological validity and soundness of the research, various qualitative research trustworthiness underpinning principles are employed. First, credibility is maintained through triangulation, whereby a pool of secondary sources such as academic writings, international reports, and organizational facts are cross-checked across for substantiating conclusions. Second, consistency checks are implemented during data analysis to enhance internal validity. Transferability is achieved by means of detailed, qualitative contextual description of each case study, in which generalization to other nations outside the countries researched is possible. Thick description in this manner allows readers and researchers to make their own conclusions about the validity of findings in similar conflict environments.

Reliability is established through open recording of data collection, coding schemes, and analysis procedures. Through audit trail, the study makes the process replicable and well-structured systematically.

Ultimately, confirmability is attained through objectivity in the research process. Clarity in methodology and use of the same analysis criteria limit the power of subjectivity, conclusions being directly derived from the data.

3.13 Ethical Considerations

Although this study does not involve direct human subject interaction, it observes ethical standards throughout the research undertaking. At the top of these is citing all research material properly and maintaining vigorous adherence to academic honesty and intellectual property standards. The research also upholds honesty in reporting dataset shortfalls, identifying in particular gaps or inconsistencies in the available datasets, in order to prevent misinterpretation and maintain scholarship integrity.

3.14 Limitations of the Study

Even as significant as this study adds to knowledge about international trade and its impact on post-conflict development, it has to be stated with a caveat. To start with, the absence of primary field data, i.e., interviews or questionnaires, can restrict the scope of localized opinion. The study relies only on secondary and documentary analysis. Second, consistency in completeness or secondary data quality may not be present, especially for nations with weak statistical bureaus or weak transparency. Lack of consistency may invalidate cross-country analysis. Last, the study acknowledges that defining causal links directly is difficult since economic development in post-conflict situations is multi-layered and intricate. There are numerous variables with interaction—political, institutional, social, and economic—potentially influencing outcomes, and it may be problematic to isolate the contribution of international trade alone.

3.15 Justification for Methodology

The selected methodology is highly suited for the research issue and questions. The selected methodology is highly suitable for the research issue and question. The deductive, theory-guided approach facilitates systematic testing of hypotheses, and the case study approach facilitates contextual depth. Qualitative interpretation and empirical data together yield analytical rigor and applicability, and the method is hence ideally suited for studying trade development contribution in fragile states.

CHAPTER 4

Discussion of Results

4.1 Introduction:

This chapter primarily tries to present and analyze the findings of the study in the context of the conceptual framework and the research hypotheses. This chapter presents a comparison of the three post-conflict countries participating in the Trade for Peace initiative (Liberia, Somalia, and South Sudan). This analysis cross-compares indicators of international trade, economic growth, institutional quality, and political and social stability, and cross-compares them in the context of the theoretical framework, conceptual model, research questions, and hypotheses. Data collected for 2017-2024 were used to calculate precise findings that will assist in meeting the study's goals.

4.2 Data Analysis

Analysis of data in this study is based on an integrated approach that combines descriptive quantitative data analysis with in-depth qualitative analysis. This is aimed at understanding and comparing the evolving trends of each of the post-conflict countries (Liberia, Somalia, and South Sudan). This study is based on reliable data in supporting its arguments.

This study is grounded on cross-country data comparison and analysis because it is a case study of three countries. Descriptive and comparative analysis were the methodologies utilized in this case. To achieve this, time-series data were acquired for the selected indicators for each country from 2017 to 2024. The application of this approach allowed one to view trends and fluctuations for all indicators over time. To present this data in an ordered and compact manner, statistical tables were used as the primary tool, with data ordered by year for each indicator, in order to permit early interpretation of trends.

In addition, graphs were used to visually represent the results. Graphs were used to show quantitative indicators' changes for all the countries during the period, highlighting rising, falling, or stable trends. After the data was presented, the analysis went into two major sections: descriptive analysis and comparative analysis. Descriptive analysis deals with describing the trends and patterns to be observed in tables and graphs, such as finding the highest and lowest numbers and observing rising and falling patterns. Comparative analysis will then be conducted

after analyzing each country individually, to compare similarities and differences in the development trajectories, trade, and institutions of Liberia, Somalia, and South Sudan, and comment on why these differences are bound to occur.

4.2.1 Data Processing and Collection

Data collection and processing were done in stages to achieve accuracy and validity in the context of the case study. First, quantitative operational measurements of independent, dependent, mediating, and moderating variables were chosen with consideration to data availability and the context of weak states. These included:

- International trade: Total exports and imports as a proportion of GDP.
- Economic development: GDP per capita, rate of economic growth.
- Institutional quality: World governance indicators such as the rule of law and government effectiveness.
- Political and social stability: Political stability no violence/terrorism and absence of violence/terrorism indicators of the World Governance Indicators.

Second, data were sourced from reliable and verified global institutions, such as the World Bank, providing comprehensive data on global governance indicators, trade, and GDP; the International Monetary Fund (IMF) for macroeconomic indicators; and the United Nations Development Programme (UNDP) for human and economic development indicators. Data from institutions such as the Uppsala Peace Research Institute (UCDP) for conflict data and humanitarian and UN reports were used to secure qualitative background.

Finally, data were cleaned and standardized to be uniform and error-free. Timescales were organized in tidy tables. Missing or incomplete data for some years were treated with the due clarity by indicating the deficiency.

4.3 Results Presentation

This analysis is based on some economic and institutional indicators trailed from the time frame 2017 through until the year 2024 in three war-affected countries: Liberia, Somalia, and South Sudan. These indicators were selected to monitor the impact of global trade on economic development and explore the relationship between economic performance, institutional quality, and political stability in these fragile settings. Seven key indicators were embarked on to provide a quantitative analytical platform on which subsequent testing hypotheses and

responding to the research questions could be grounded. An overall descriptive summary of the seven indicators is provided below:

4.3.1 Exports as a percentage of GDP (Table 4.1)

The statistics reflect enormous disparities and steep fluctuations in the export performance of the three countries as a proportion of GDP from World Development Indicators, indicating the fragility of their economic systems and dependence on few exports of primary products or agriculture. It is clear particularly in South Sudan, with a number of years of negative rates due to political instability and diminishing oil production.

Liberia's exports also registered certain growth from 2018 to 2021 but the fall in 2023–2024 indicates apocalyptic economic instability with perhaps political or environmental influences at play. Somalia has registered consistent and comparatively robust growth, from 13% in 2017 to 20% in 2024, which indicates relative trade performance strengthening in response to institutional weakness and relative success in the efforts to re-integrate global trade. The below table (4.1) show the trend of international trade indicators of the three countries. Exports as a Percentage of GDP (2017–2024)

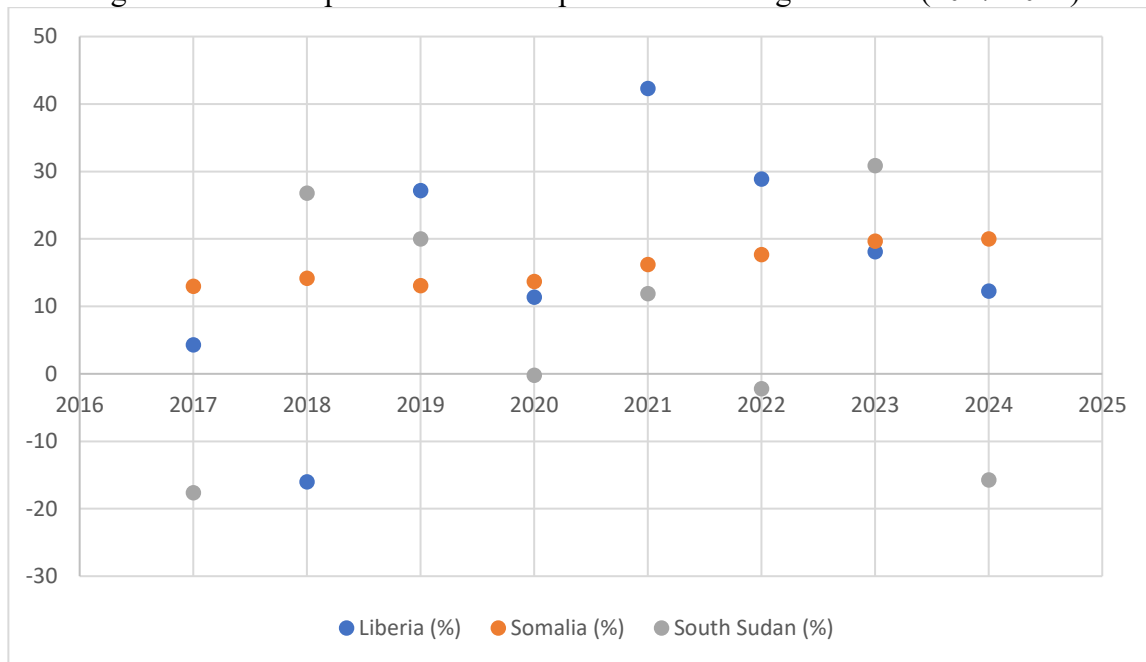
Table 4.1: for the 1st table of Chapter 4 Total Exports as Percentage of GDP (2017-2024)

Year	Liberia (%)	Somalia (%)	South Sudan (%)
2017	4.3	13	-17.6
2018	-16	14.2	26.8
2019	27.2	13.1	20
2020	11.4	13.7	-0.2
2021	42.3	16.2	11.9
2022	28.9	17.7	-2.2
2023	18.1	19.7	30.9
2024	12.3	20	-15.7

Source: World Bank Data, prepared by the researcher based on data accessed on July 21, 2025.

The figures indicate that export performance in the three countries is subject to external and internal determinants, including conflict, economic structure, and trade policies, demonstrating the importance of institutions in transforming trade into a development tool. This is illustrated in Figure 4.1 below:

Figure 4.1: Development of Total Exports as Percentage of GDP (2017-2024)



Source: World Bank Data, prepared by the researcher based on data accessed on July 21, 2025.

4.3.2 Imports as a Percentage of GDP (Table 4.2)

The figures indicate varying dependence on imports, the greatest being South Sudan (40.4% in 2023), and a country that has relied on imports for decades, as well as inferior productive infrastructure. The figures were irregular and non-trended, indicating persistent disruptions to foreign trade, which may be related to restrictions, sanctions, or trade barriers due to conflict. Liberia also oscillated, and the statistics show that imports registered negative values in 2017 to 2019, indicating a comparative trade surplus, and had colossal increases in 2021 and 2023, confirming an increase in local demand or reliance on imports because of the absence of sufficient domestic production. Equally so, for Somalia, the rise in the ratio of imports can be observed here too, particularly in 2022 (30.2%), and this may be an overreliance on overseas goods, perhaps because of underdeveloped productive economies or the absence of a national industrial strategy. The table below shows the trend in international trade indicators for the three countries. the import-to-GDP ratio (2017–2024)

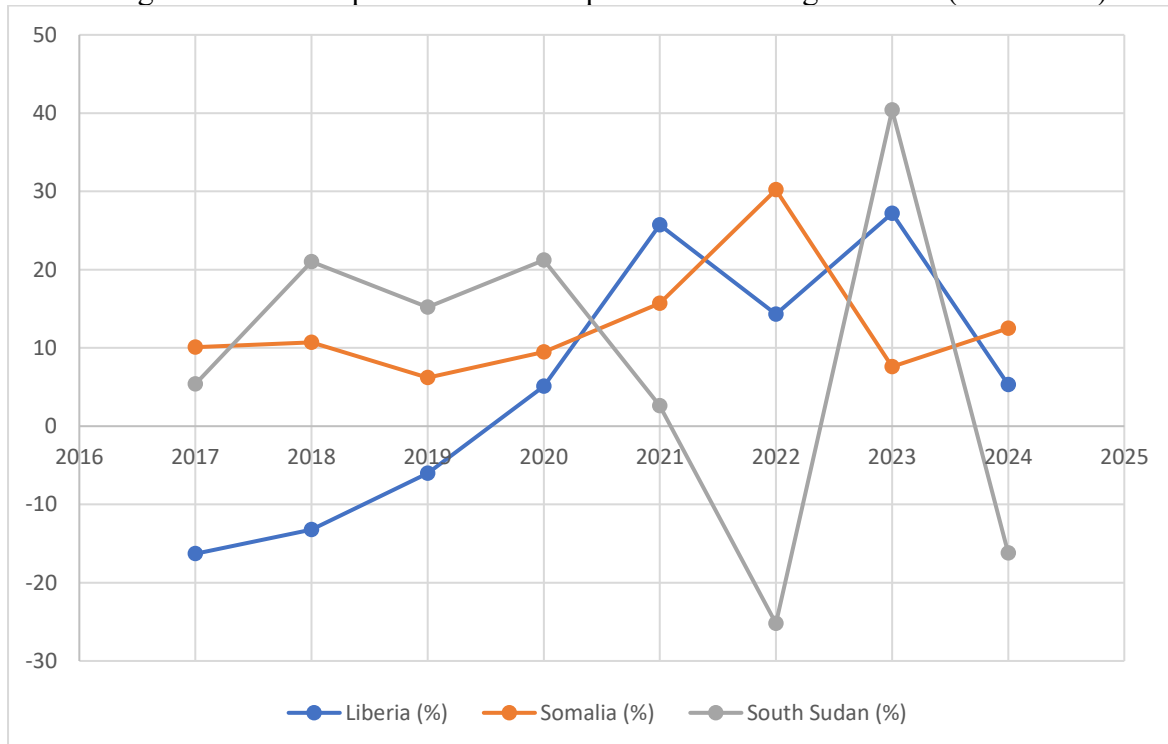
Table 4.2: Total Imports as Percentage of GDP (2017-2024)

Year	Liberia (%)	Somalia (%)	South Sudan (%)
2017	-16.3	10.1	5.4
2018	-13.2	10.7	21
2019	-6	6.2	15.2
2020	5.1	9.5	21.2
2021	25.7	15.7	2.6
2022	14.3	30.2	-25.2
2023	27.2	7.6	40.4
2024	5.3	12.5	-16.2

Source: World Bank Data, prepared by the researcher based on data accessed on July 21, 2025.

All of these negative percentages indicate weak data or specific instances of contraction. A country's high import rate does not necessarily indicate economic growth, but may indicate a weak production base, as is evident in South Sudan. Figure 4.2

Figure 4.2: Development of Total Imports as Percentage of GDP (2017-2024)



Source: World Bank Data, prepared by the researcher based on data accessed on July 21, 2025.

4.3.3 GDP per capita (Table 4.3)

The performance within this index indicates a conspicuous positive trend in per capita GDP, confirming a remarkable improvement in the economic performance of the three nations, despite the obvious disparities with regards to performance among them. This is because of disparities in the ability of each nation to benefit from international trade and economic policies. Liberia had posted continuous growth since 2020, as per capita income grew from \$616.8 to \$846.3 in 2024. The increase shows relative calm and gradual enhancement in economic performance, resulting from relative changes by the government and export and infrastructure investment. Somalia, however, had gradual but steady growth from \$569.6 for 2017 to \$745.9 for 2024. Such growth indicates relative stability and betterment in foreign trade, particularly with support to the services industry and remittances. Meanwhile, South Sudan witnessed fluctuating performance despite occasional hikes in some of the years. Despite a modest start and massive progress in 2023 (\$634.6), South Sudan per capita income declined in 2024 to \$543.9 because of economic fragility and political instability. This decline comes from declining oil production and bad institutions. Economic performance in development by the three countries (2017–2024) is illustrated in the tables below.

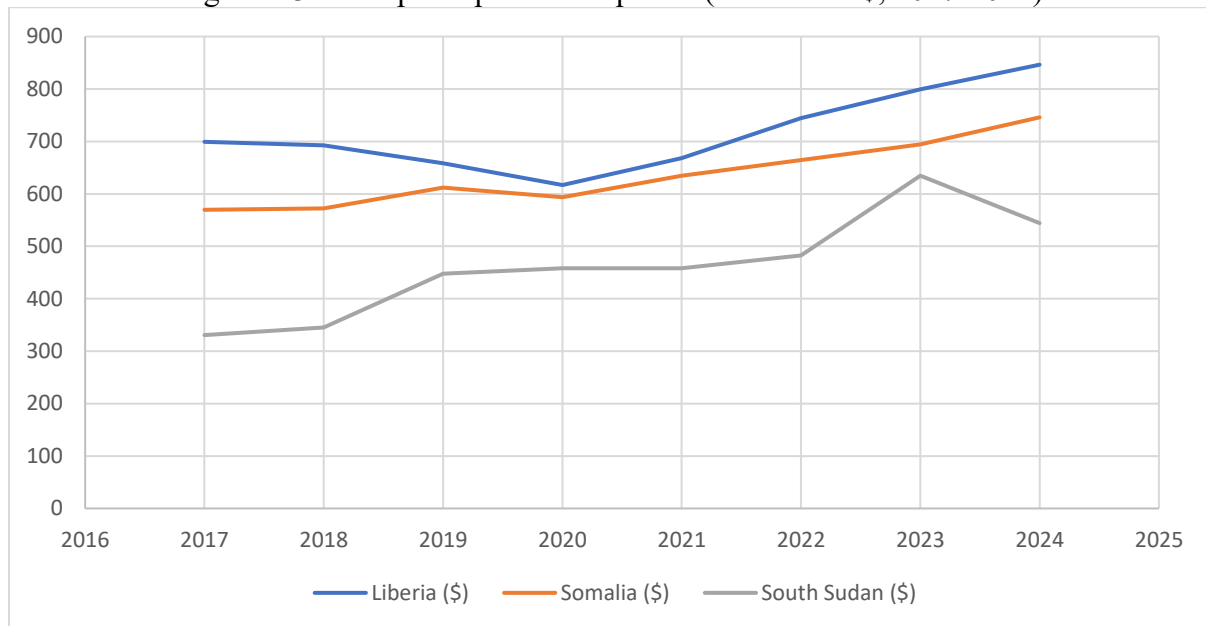
Table 4.3: GDP per Capita (Current US\$, 2017-2024)

Year	Liberia (\$)	Somalia (\$)	South Sudan (\$)
2017	699.3	569.6	330.6
2018	692.2	572.4	344.9
2019	658.2	612.1	447.6
2020	616.8	593.6	458
2021	668	634.7	458
2022	744.6	664.2	482.4
2023	799.2	694.6	634.6
2024	846.3	745.9	543.9

Source: World Bank Data, prepared by the researcher based on data accessed on July 21, 2025.

An increase in per capita GDP may be an indicator of the beginning of economic stability, but that is true only if there are good institutions and balanced development policies.

Figure 4.3: GDP per capita development (Current US\$, 2017-2024)



Source: World Bank Data, prepared by the researcher based on data accessed on July 21, 2025.

4.3.4 Growth rate of economy annually GDP (Table 4.4)

This key indicator reflects the ability of every country to leverage resources and trade opening. Liberian statistics register a downturn in the economy in 2019-20 and later vigorous expansion, far exceeding 4.5% per annum. This indicates the impact of trade and government policies and reflects an investment-friendly environment. On the other hand, in Somalia, while beginning very strongly in 2017 (14.7%), driven by rising domestic demand and remittances, growth declined to stable rates between 2% and 4%. This is reflective that the Somali economy is weak yet resilient, increasingly reliant on increasing trade and transitional government. In South Sudan, the indicator suggests too much volatility with alternating waves of robust growth (9.5% in 2020) and dire contractions, down to -7.2% in 2024. This pattern signals severe economic vulnerability correlated with oil dependence, lack of diversification of the economy, and continuous erosion of stability. The following table 4.4 summarize the Annual economic growth rate GDP.

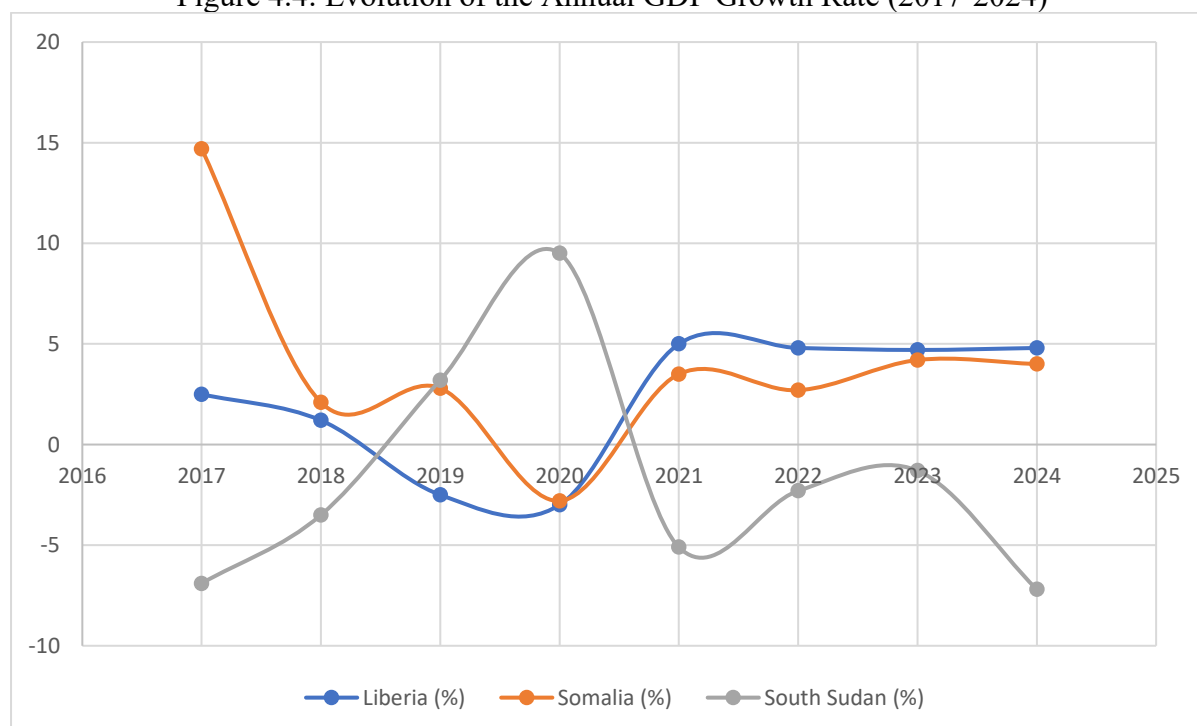
Table 4.4: Annual GDP Growth Rate (% , 2017-2024)

Year	Liberia (%)	Somalia (%)	South Sudan (%)
2017	2.5	14.7	-6.9
2018	1.2	2.1	-3.5
2019	-2.5	2.8	3.2
2020	-3	-2.8	9.5
2021	5	3.5	-5.1
2022	4.8	2.7	-2.3
2023	4.7	4.2	-1.3
2024	4.8	4	-7.2

Source: World Bank Data, prepared by the researcher based on data accessed on July 21, 2025.

This index demonstrates the role that trade and aid can play in stimulating growth even in weak institutions, but without institutional stability, growth remains fragile.

Figure 4.4: Evolution of the Annual GDP Growth Rate (2017-2024)



Source: World Bank Data, prepared by the researcher based on data accessed on July 21, 2025.

4.3.5 Government Effectiveness (Table 4.5)

Government Effectiveness Index is one of the leading institutional quality indicators. The results demonstrated the remarkable increase in Liberia with a score of 8.96 in 2023,

indicating how much development is contributed by governance. Somalia's performance is getting worse but at a slow rate, while that of South Sudan consistently remained unchanged at close-to-zero levels, demonstrating the absence of institutional roles and loss of trust by the people. This table depicts indicators of institutional quality the values of which should rise when the governance quality increases. The research horizon is 2017-2023 due to the unavailability of data regarding 2024 in official sources such as the World Bank and international databases relevant to the topic at the time the data are gathered.

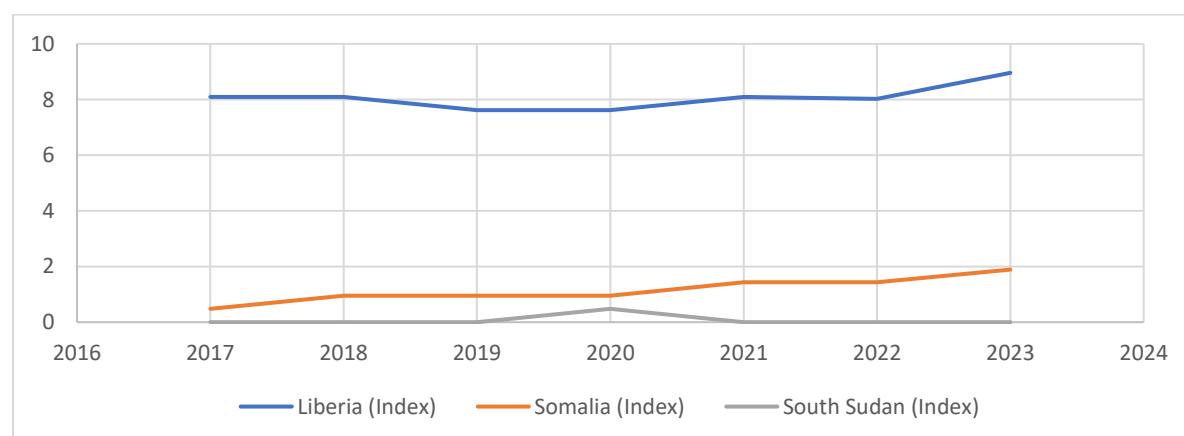
Table 4.5: Government Effectiveness (2017-2023)

Year	Liberia (Index)	Somalia (Index)	South Sudan (Index)
2017	8.1	0.48	0
2018	8.1	0.95	0
2019	7.62	0.95	0
2020	7.62	0.95	0.48
2021	8.1	1.43	0
2022	8.02	1.43	0
2023	8.96	1.89	0

Source: World Bank Data, prepared by the researcher based on data accessed on July 21, 2025.

This index is one of the most important mediating factors in the relationship between trade and development, and is supported by the theory of new institutional economics.

Figure 4.5: Government Effectiveness Evolution (2017-2023)



* Percentile Rank (0-100) indicates rank of country among all countries in the world. 0 corresponds to lowest rank and 100 corresponds to highest rank.

Note: Data for 2024 was unavailable from official sources at the time of data collection

4.3.6 Rule of Law (Table 4.6)

The rule of law index is a principal institutional quality indicator and is central to long-term growth. The measure assesses the ability of a government to apply and enforce the law impartially and independently, and this is important to the promotion of a stable and secure economic environment. Statistics indicated that Liberia is comparatively developed, though showing some weakening in 2023. Somalia is still very far away from satisfactory levels, though there have been some short-lived improvements. South Sudan has severe institutional backsliding, which accounts for the economy's poor reaction to trade policies. This study covers the period 2017–2023 due to the unavailability of access to 2024 data in reliable sources such as the World Bank and proper international databases at the time data were collected. The following is the table showing the Rule of Law (2017–2023)

Table 4.6: Rule of Law (2017-2023)

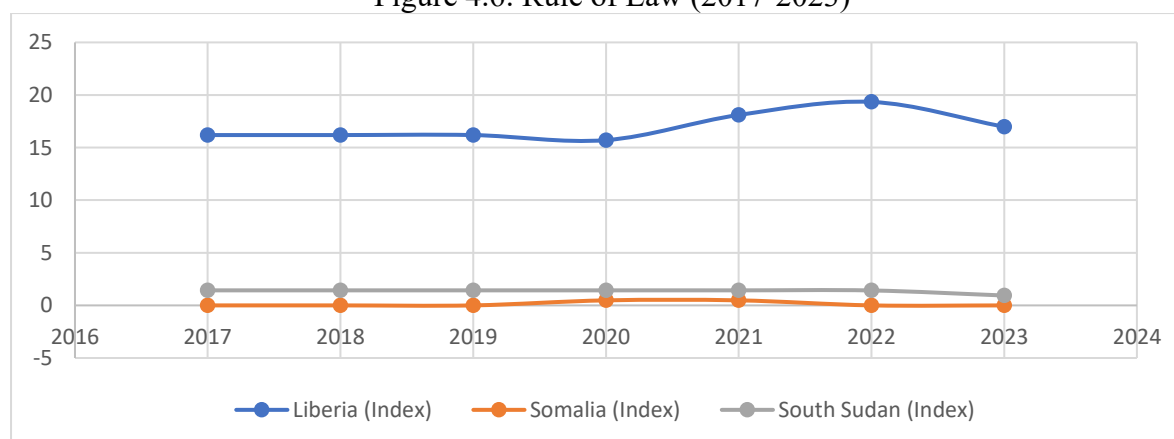
Year	Liberia (Index)	Somalia (Index)	South Sudan (Index)
2017	16.19	0	1.43
2018	16.19	0	1.43
2019	16.19	0	1.43
2020	15.71	0.48	1.43
2021	18.1	0.48	1.43
2022	19.34	0	1.42
2023	16.98	0	0.94

Source: World Bank Data, prepared by the researcher based on data accessed on July 21, 2025.

Note: Data for 2024 was unavailable from official sources at the time of data collection

The absence of the rule of law significantly discourages the ability of trade to cause development, particularly investment attraction and protection of property.

Figure 4.6: Rule of Law (2017-2023)



Source: World Bank Data, prepared by the researcher based on data accessed on July 21, 2025.

Note: Data for 2024 was unavailable from official sources at the time of data collection

4.3.7 Political Stability and No Violence (Table 4.7)

This is an important moderator of the trade-development nexus because trade cannot be in a position to sustainably support economic growth in the case of continuous internal warfare or terrorist bombings. The data indicate that Liberia is experiencing a gradual increase in the Political Stability Index according to the comparatively optimistic performances in the growth and development indicators, while in South Sudan, things are improving. Somalia remains at its lowest level and recorded 0 in 2021. These figures clearly depict political stability as a necessity for enhancing the impact of trade.

This study encompasses the period from 2017 to 2023 due to the reason that official documents such as the World Bank and international databases did not have the data for the year 2024 available at the time of data gathering. The subsequent table reveals the Political Stability and Absence of Violence (2017–2023)

Table 4.7: Political Stability and Absence of Violence/Terrorism (2017-2023)

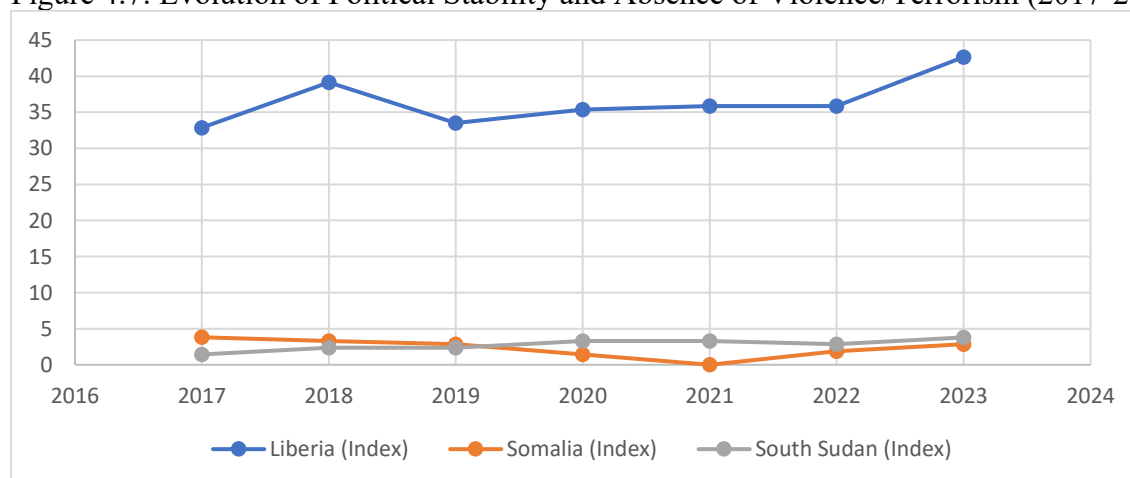
Year	Liberia (Index)	Somalia (Index)	South Sudan (Index)
2017	32.86	3.81	1.43
2018	39.15	3.3	2.36
2019	33.49	2.83	2.36
2020	35.38	1.42	3.3
2021	35.85	0	3.3
2022	35.85	1.89	2.83
2023	42.65	2.84	3.79

Source: World Bank Data, prepared by the researcher based on data accessed on July 21, 2025.

Note: Data for 2024 was unavailable from official sources at the time of data collection

The above measure confirms the fact that stability is a pre-requisite for effective trade impact on development and indicates the importance of the Trade for Peace program.

Figure 4.7: Evolution of Political Stability and Absence of Violence/Terrorism (2017-2023)



Source: World Bank Data, prepared by the researcher based on data accessed on July 21, 2025.

4.3.8 In-Depth Within-Case Analysis

The study analyzes each case individually to identify the nuanced differences that influence the relationship between international trade and economic development in fragile post-conflict states. The results revealed the extent of the disparity in performance between these countries: Liberia, Somalia, and South Sudan, despite their reliance on trade as a primary source of economic recovery. To understand this disparity in performance, it is necessary to review the underlying internal institutional, political, and legal factors and analyze each case through economic data:

- Liberia Case Analysis:

Liberia offers a model of a country on a path of gradual recovery. After joining the World Trade Organization, it sought to enter the organization's Trade for Peace program. The results of economic performance during the period (2017–2024) indicate a remarkable development path. Despite the fluctuations in its economic performance in the ratios of exports and imports (Tables 4.1 and 4.2), the Liberian economy witnessed clear growth in GDP per capita and reasonable growth rates from \$699.3 in 2017 to \$846.3 in 2024 (Tables 4.3 and 4.4), confirming the gradual development of its economic activity. This was accompanied by good performance in the levels of governance and the rule of law (Tables 4.5, 4.6) and a better level of political stability (Table 4.7), which provided a more attractive environment for investment. Liberia has sought international support to complete the path of trade reform and has established partnerships with international organizations, including the World Trade Organization and the World Bank, which has contributed to Strengthening Liberia's ability to gradually integrate itself into the global trading system, with a focus on governance as a prerequisite for development.

- Somalia Case Analysis:

Somalia represents a special case in terms of the apparent contradiction between state fragility and the achievement of remarkable economic growth rates in some years. GDP growth in 2017 reached approximately 14.7%, despite continued weak governance indicators and a virtual absence of indicators of the rule of law and political stability. This is described as fragile growth driven by informal trade, remittances, and foreign aid. The weak institutional structure results in a failure to translate economic opportunities into comprehensive development. It can be argued that Somalia provides an example of the possibility of achieving economic growth in

the absence of strong institutions, but it is unsustainable growth and does not directly reflect on quality of life or human development indicators.

- South Sudan Case Analysis:

South Sudan is the most striking example of the failure of the positive interaction between trade and development in the context of institutional collapse. Data indicate a sharp decline in economic development indicators, with GDP growth falling to -7.2% in 2024. The economy is experiencing sharp fluctuations in its trade and economic indicators (Tables 4.1-4.4). Meanwhile, indicators of institutional quality and political stability remain at very low levels throughout the period under study, with the lowest scores recorded in the rule of law and political stability indicators (Tables 4.5-4.7). Without a minimum of political stability and institutional capacity to manage the economy and implement reforms, the benefits of trade remain limited and highly volatile.

4.4 Discussion of Results

4.4.1 Interpreting the Relationship between Trade and Economic Development

The evidence from the research identifies cross-cutting trends between the performance of the three nations—Liberia, Somalia, and South Sudan—in relation to the relationship between international trade variables and economic development in the context of fragile, institutionally and politically unstable settings. Quantitative analysis based on 2017–2024 data indicates that international trade participation, one of the best tools in development policy, does not necessarily translate into equivalent economic performance under circumstances. Rather, it is conditioned by a variety of structural considerations unique to the surrounding environment of each country.

First, the GDP per capita values indicate consistent and even development in Liberia from \$699.3 in 2017 to \$846.3 in 2024. This rise indicates an economic recovery path that reflects the country's ability to maximize its trade and finance opportunities under relatively more secure political conditions. On the other hand, Somalia also recorded slow increments, albeit at slower rates, while South Sudan recorded enormous fluctuations, an indication of a fragile economic system with political instability and chaos. On export-to-GDP ratio basis, Somalia's record has been relatively stable, a sign of slow growth in the past few years. This implies that

there is widespread reliance on openness to trade and foreign economic activity as drivers of growth, despite ongoing security and institutional problems. For Liberia, the indicators were marked by excessive volatility with a peak growth of 42.3% in 2021, which may be due to injections of foreign finance or exceptional single exports, and therefore deserving of qualitative investigation into the composition of this trade activity. Where imports as a proportion of GDP are taken into account, South Sudan had high import reliance and poor export performance, indicating overall imbalance in the trade to the detriment of its overall economic balance and escalating reliance on foreign aid. Liberia was linked with great improvement in curbing its trade deficit; this indicates relative improvement in the import-export balance. The comparison of economic growth rates for a particular year indicates that there is a sharp contrast in performance among the three countries. Somalia has recorded relatively high growth rates in some years due to the reactivation of economic activity after decline or war. Liberia has had more steady growth, and South Sudan is in an era of serial recession, a testament to the fact that one does not just need trade activity but also political stability and the capacity to steer investment into productive sectors if one is to experience growth. With regard to the institutional variables of government effectiveness and rule of law, Liberia stood out compared to South Sudan and Somalia, illustrating the presence of effective but still underfinanced institutions. This suggests that public sector reform and government capacity building are the drivers in pro-growth promotion as well as channeling trade incomes into long-term development. The index of political stability and absence of violence reflects profound inequalities between national contexts. Liberia has been in a relatively better state, which facilitated stable economic policies and investor confidence restoration. South Sudan, nonetheless, was exposed to ongoing political instability that negatively impacted its economic performance, while Somalia continues to be afflicted with an unfavorable security environment that harms the potential for stable economic outcomes. The most significant implication of this fact is that international trade is not carried out in a void but is reliant upon a peaceful political and institutional environment. International opening in itself also will not work to build countries coming out of war; there has to be policy opening markets and institutions to enhance stability and trust in society.

4.4.2 Analyzing the Relationship between the Variables

It is important to establish the interaction of the key variables in this study—international trade as the independent variable, economic development as the dependent variable, institutional quality as the mediating variable, and political stability as the moderating variable—is important in defining the interaction of these variables in conflict environments. In exploring the relationship, it is important to start with the statistical findings and date-stamped data gathered and relate them with the concepts accepted within the study framework. Evidence from Liberia and Somalia suggests—to varying degree—that greater involvement in international trade, as quantified by a greater percentage of imports and exports of GDP, has been associated with a rising rate of GDP per capita, as well as a relative increase in growth rates. For example, Liberia has seen a real per capita GDP growth from \$699.3 in 2017 to \$846.3 in 2024. The real growth was complemented by a rise in the export-to-GDP ratio that peaked at 42.3% in 2021. Liberia's economic growth, however, has remained pretty stable with the growth rate varying between 4.7% and 4.8% over the past three years, indicating a structural link between trade openness and long-term growth.

Nevertheless, this interaction has not been a two-way affair in every instance, which takes us back again to the necessity of thinking about mediating and moderating variables., for instance, has seen some degree of positive trade activity—such as a boost to exports in 2023 to 30.9% of GDP—but this has not translated into much in the way of actual economic improvement. Alternatively, the country experienced its per capita GDP decline as it suffered through a harsh economic downturn of -7.2% in 2024. The paradox has the influence of setting forth that the impact of trade cannot be separated from structural forces within a country's setting.

Institutional quality is applicable. Liberia did considerably better on the government effectiveness (8.96 in 2023) than South Sudan and Somalia, indicating a system of rules and enforcement capacity to convert revenues from trade into development expenditure that delivers. The rule of law index also played an important part in accounting for Liberia's relative success in generating stable outcomes.

Despite its bad institutions, Somalia had good economic growth rates for some years, which implies other sources—whether foreign aid or the shadow economy—bridged the gap of no institutional arrangement but without a sustained or lasting impact. Political stability likewise appears to be a robust determinant which affects the trade-development nexus. Liberia recorded the highest stability levels between the two of them with a score of 42.65 in Political Indices

in 2023, thus qualifying as a suitable destination to trade and invest. Somalia and South Sudan continued to experience intermittent episodes of instability, which impacted on trade performance, institutional effectiveness, and capturing returns into real development. Hence, it is possible to state that the interaction between these variables is uncovenanted but non-linear and dependent on numerous conditions. Trade may be a stimulus for growth but would only do so with a proper infrastructure of institutions, political stability that brings about continuity of policy, and prudent control of trade resources. This complex interdependence is daunting for policymakers in weak states yet also provides the hope for institution reform-driven economic reconstruction and the creation of safe environments for investment.

These findings confirm is that trade in itself, as important as it may be, cannot bring about change radical in character without levers of support. which emphasized the point that success with trade in countries emerging from conflict requires an integrated strategy with the inclusion of institutional reform, improved governance, and trust between societies.

4.4.3 Hypothesis Testing

Hypothesis testing in the study is a crucial step towards ascertaining conformity of empirical results with theoretical hypotheses on which the current study was based. The four hypotheses were developed after analyzing recent literature, conceptual frameworks, and the logical underpinnings assuming there to be substantial interdependent correlations among economic development and international trade, and political stability and institutions. Both the hypotheses are separately tested based on quantitative data collected for Liberia, Somalia, and South Sudan between 2017-2024.

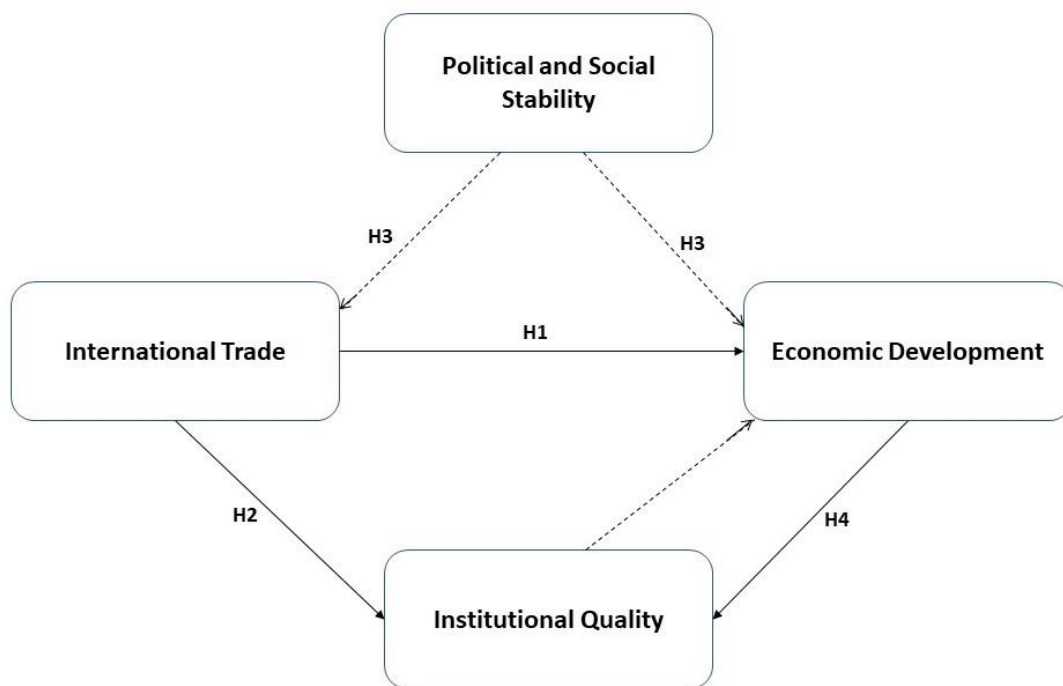


Figure 4-8 Conceptual model and hypotheses

In accordance with this, the first hypothesis is:

First: Hypothesis H1

(H1) There is a positive relationship between international trade and economic development in post-conflict countries.

The result identified a clear, but mixed, association between the performance of international trade (the ratio of exports and imports to GDP) and economic development indicators (e.g., rate of economic growth and GDP per capita). In Liberia, the data indicate that expansion in the proportion of exports to GDP (a historic 42.3% in 2021) was accompanied by sustained expansion in per capita GDP, from \$699.3 in 2017 to \$846.3 in 2024, and by rising growth rates over the last three years. This link confirms the hypothesis and suggests that trade can play a major role in reconstructing war-affected economies. Such correspondence was less strong in the case of South Sudan, however, where favorable export performance during some years failed to get translated into sustained economic growth, hence necessitating the role of the supporting political and institutional framework. Therefore, it can be said that the first hypothesis is half-true, and its validity is based on the presence of supporting factors.

Second: Hypothesis H2

(H2) Institutional quality mediates the relationship between international trade and economic development.

The strongest evidence in favor of the hypothesis comes from the Liberian case, which shows that government effectiveness indicators rose from 8.1 in 2017 to 8.96 in 2023 while the rule of law index also rose sharply. The turnaround was accompanied by improvement in economic performance, further in favor of the argument that institutional quality is a key mechanism for the impact of trade on development. In Somalia, although there were modest positive changes in some trade policies, weak institutional performance contained the positive impact within limits, demonstrating that weak institutions do not allow trade openness to be transformed into actual development. These findings therefore confirm the second hypothesis

Third: Hypothesis H3

(H3) Political and social stability is a moderating factor which increases or decreases the effect of trade on development.

Its results demonstrate the way in which political stability was a key to supporting the power of trade. Liberia, where there was significant improvement in its Political Stability Index (32.86 in 2017 to 42.65 in 2023), better utilized investment and had stable economic performance. On the contrary, South Sudan had persistent instability, and it demobilized the strength of trade and even led to negative impacts on growth and development. These findings strongly support Hypothesis 3, reiterating that stability and security are prerequisites to convert economic potential into success at development. Statistical information indicates that trade's relationship with development significantly diminishes when there is a lack of such stability despite indications of trade appearing higher.

Fourth: Hypothesis H4

(H4) The Trade for Peace program positively influences development in fragile states.

By observing the impact of the Trade for Peace program, one can see that the participation of Liberia and Somalia in activities covering this program assisted in creating indicators through institutional support and enhancing access to international markets. South Sudan, through its lack of action within the program as well as its inability to push forward accession to the World Trade Organization, remains behind the majority of economic measures. National commitment supports the performance of the program and where it is complemented by reforms in institutions and legislation. Program mechanisms, for example, were applied in the case of Liberia to augment the national trade infrastructure of the country and improve the regulatory

environment, as confirmed by improved economic performance indicators. Somewhat improved performance was also seen in Somalia, though the gap remained in South Sudan. The fourth hypothesis therefore holds, pending the degree of take-up and commitment by the beneficiary country to utilizing the program's recommendations.

4.4.4 Answering the Research Questions

The four research questions provide the study structure. They were responded to in statistical data and empirical research, theoretical research and the primary reference program, Trade for Peace. The following is an academic response to each research question and answers based on evidence provided.

Question 1: How does international trade contribute to improving the economic situation in post-conflict countries?

Quantitative data on GDP per capita (Table 4.3) and growth rates in economics (Table 4.4) indicate that the trade with the outside world has been a main driver in supporting some of the markers of economic recovery, especially in a country like Liberia, where relative growth has been observed in its export and macroeconomic statistics, as well as regional and global trade openness. This effect can be seen by linking increasing export growth with per capita GDP and economic growth enhancement in 2019-2024.

However, the efficiency of this effect is still subject to other variables, namely the institutional quality and political stability. A country like South Sudan, where exports grew (Table 4.1), could not convert this expansion in trade into real development benefits because it was surpassed by instability and the erosion of institution effectiveness. Therefore, studies show that international trade sometimes makes economic conditions improve, but it never ever leads to an independent and singular cause to improve to economic conditions. A basic institutional framework is required to transform it into a true engine of development.

Question 2: Can trade alone achieve development and stability in the absence of institutions?

Numbers merely assert the trade-econ development link is not self-operating but merely through a complex institutional mechanism. As is evident from the Government Effectiveness (Table 4.5) and Rule of Law (Table 4.6) indicators, countries with weak institutional frameworks struggle to take the benefits of trade and convert them into development. For

example, despite Somalia having recorded good figures of imports and exports, per capita GDP measures of development have not improved in actuality. This is a pointer to the absence of institutional arrangements that provide the possibility for translating trade into actual economic and social outcomes. New Institutional Economics theory, theoretically, assumes that trade does not occur in a vacuum, and its success in triggering development is dependent on the ability of institutions to distribute resources, share benefits, and provide economic justice. The answer to this is no: in itself, institutional or not, trade cannot be able to contribute towards development or stability.

Question 3: How effective has the Trade for Peace program been in improving economic conditions and promoting sustainable development in fragile states?

From World Trade Organization data, latest available data and facts, and the organization's latest release this year, Trade for Peace: Pathways to Sustainable Trade and Peace, a key point of reference to critique the Trade for Peace program, and also compare the performance of the three countries, it is possible to conclude that the program has recorded mixed success depending on the different contexts in each place. In Liberia, at a period of political and institutional stability, the below trade relationships forged through the program helped develop domestic economy and regional economy integration, as observed through indicators such as per capita growth of GDP and improved institutional performance. In Somalia, program effectiveness was less strong as its goal was to strengthen the overall political framework and provide some technical support, but not affecting macroeconomic aggregates. Program effectiveness in South Sudan was greatly affected by civil war and the perpetually-readiness of the administrative machinery to be taken apart. This inconsistency suggests that the program works best where there are limited institutional frameworks and political stability, and therefore its effectiveness is conditioned rather than absolute.

Question 4: What is the role of institutions and political stability in strengthening the relationship between trade and economic development?

This is probably one of the most fundamental questions throughout this study, given that it illustrates the structural similarity between the variables of most significance. Data from Tables 4.5 to 4.7 illustrate a strongly significant relationship between improved institutional quality and political stability measures and the ability to translate trade into development. For example,

Liberia's government effectiveness and political stability scores have been improving with consistent economic growth since 2019. Though, in countries where the governance scores are yet to be ideal—South Sudan, for example—the impact of trade on development has been restricted. This supports Hypotheses H2 and H3 and corroborates

4.4.5 Cross-Case Comparison

Cross-case analysis among the three cases of Liberia, Somalia, and South Sudan is a key aspect of evaluating how international trade and outcomes of economic growth vary in post-conflict situations. Comparison highlights the commonalities and differences among the three countries, both arising from economic metrics, as well as from the complex interplay between trade, institutions, and political stability. This comparison employs the analysis tables provided in the Results section previously, which tracked significant indicators for 2017–2024 years. Liberia indicated fairly balanced performance for most of the indicators. It has witnessed consistent progress in GDP per capita, with favorable economic growth from 2020 onward, and outstanding progress in the quality of government institutions and the rule of law index. This increase is the result of a combination of foreign contributions, domestic reform policy adoption, and the opening of a few development barter agreements under the Trade for Peace program. What makes the Liberian case interesting is that political stability provided the right environment for commerce to become a development instrument, but not as the primary driver, but as part of a broader system functioning in harmony within institutional cohesiveness.

There is a different case in Somalia, with tremendous economic potential under very weak institutional setups. Despite the poor governance and poor rule of law metrics, the country possessed relatively good and stable levels of export and import volumes and was experiencing rising economic growth, particularly during 2020–2024. This has been possible due to the presence of a thriving informal economy, extensive network of trade supported by diaspora remittances, and also civil society organizing and some good foreign interventions. However, the absence of a stable institutional environment questions the sustainability of this growth and whether or not it will be converted into equitable and inclusive development.

South Sudan, on the other hand, was the weakest case and ranked lowest on the majority of indicators. Economic growth rates saw no improvement at all; indeed, most of the years of the period were characterized by negative growth rates. Per capita GDP remained low, but political stability and rule of law measures dropped to dangerous levels. This indicates that trade, as

wide open as it is, cannot have a development impact in the actual world in the face of ongoing civil war, institutional distrust, and a flawed political and legal system. This observation supports the theoretical argument that the presence of an institutional environment is a prerequisite for trade to begin to have an impact on development.

The comparative examination categorically confirms that trade alone cannot set off an economic or development transformation. Rather, political stability, quality of institutions, and state capacity to absorb investment and direct economic benefit are all requirements for maximum benefits of the trade opportunity. Liberia can be said to be the slow change model, Somalia is an unusual model underpinned by a thriving informal economy, and South Sudan is the failed state model to make trade a development instrument with the absence of institutional and political pillars.

4.4.6 Highlighting the Effectiveness of the Trade for Peace Program

Trade for Peace Program is the initial international program undertaken by the World Trade Organization (WTO) in collaboration with other international institutions, whose mandate is to support the application of trade as a tool of development and peacebuilding among fragile and conflict-affected nations. Of late, it has been a center of focus in the area of nexus of trade policy, sustainable development, and peace. In this research, the program is used as a practical and intellectual benchmark in a survey of its success in achieving economic development and stability in post-conflict countries, such as Liberia, Somalia, and South Sudan.

A comparison of the economic as well as institutional indicators of the three countries shows that the effect of the program is widely diverse depending on the situation and institutional capacity of the country. In Liberia, economic and institutional indicators have captured unequivocal and increasing improvement in recent years, such as an increase in per capita GDP, an increase in the government effectiveness index, and gradual political stability. Liberia's engagement in multilateral frameworks and its close relationship with global institutions, including implementation of initiatives like Trade for Peace, has assisted in creating a better climate for transforming trade into a growth and stability tool.

In Somalia, even though good governance and rule of law measures appear so weak, there are indeed serious efforts at further integrating trade, especially in developing Trade for Peace program, which already focus on strengthening institutional capacities, in addition to promoting regional trade activities. But its implementation in Somalia is also hampered by

security issues and the inability of the central government to exercise its power over the whole country, and its actual influence is thus restricted to regions of the country or dependent upon the presence of active foreign partners.

However, South Sudan is a case in point, where the Trade for Peace program has so far failed to make any tangible progress due to weak institutional structures, the current state of war in much of the country, and the lack of even the most basic stability necessary for development programs to take off. The latest World Trade Organization report in the Trade for Peace series indicates that, as it attempts to integrate into the multilateral trading system, South Sudan is constrained by structural factors that restrain it from realizing the full potential of the program instruments, such as a lack of proper transparency, undermining institutions' trust, and insufficient cooperation by national and international actors.

These differences among the three cases show that the success or otherwise of the Trade for Peace program is not just a question of the quality of its design or global aspirations, but also importantly, of the domestic politics and commitment of the state to seize the potential it represents. It is no silver bullet, but one piece of a development kit on which success hinges the resilience of institutions, political stability, and a willingness to go into trade and economic reform. Including the program as part of reconstruction planning in general, as was tried in Liberia half-heartedly, can maximize its impact and get it more likely to deliver real results. Therefore, in accordance with this analysis, it will be recommended that this program would do better in fostering contribution with an integrated and comprehensive approach that would encompass the support of institution-building, transitional justice, and the business climate but not as an end in itself to enable trade. Furthermore, the program interventions must be customized to every country and not be a one-fits-all approach.

4.4.7 Theoretical and Practical Contributions

The study has a number of theoretical and practical implications from its linkage of economic and trade processes with conflict and poor institutional conditions. This is based on case studies of three post-conflict countries and on a sequence of modern economic and political theories which form the conceptual framework of the study.

At the theoretical level, the research findings are an empirical and comparative validation of Trade-Led Growth Theory that claims that openness to international markets by nations enhances efficiency in production and increases investment and export opportunities and,

indirectly, helps in higher economic growth. Experience in Somalia and Liberia illustrates adherence to this hypothesis, whereby greater international trade is linked with greater per capita GDP and growth rate, especially where relative political stability prevails. However, the South Sudan case illustrates that the impact of trade openness is not necessarily automatic but one wherein an environment conducive by way of stability and organizational institutions is necessitated. In this instance, the findings validate the theory that trade is a driving factor of growth but not independent enough to spur sustainable development when there are not favorable circumstances.

The findings also provide direct application of Commercial Peace Theory, used in the argument that trade serves to make peace more practical by bridging economic interests between actors and making interdependence between societies and countries more resilient. This is seen with the case of Somalia in particular, where it is true that globalization of trade practices has had a comparatively big role in the enhancement of internal war and enhancing some types of economic stability without the institutions being strong enough. This connection can be seen in the case of Liberia, which had outward economic relations and multilateral endeavors under the Trade for Peace program that helped it improve its internal stability and to aid post-war reconstruction activities.

This study also verifies the Fragile States Framework because it invariably means that these findings put it on record that weak states with inefficient institutional arrangements are also faced with inadequate capacity to benefit adequately from trade possibilities. Although the nation has managed to broaden its exports, it has not been successful in making such openness translate into tangible development gains in the long run due to the fragility of state institutions and weak rule of law. The Republic of South Sudan, which is one of the most vulnerable nations globally, is a clear indication of how institutions deficits constrain the conversion of trade benefits into economic stability or sustainable development. This brings to the fore the importance of institutional structure as a pre-requisite for successful participation in the global economy.

Therefore, the evidence always militates in favor of the New Institutional Economics lines that emphasize institutional quality, including transparency, rule of law, and governance quality, dictating the degree to which countries benefit from global trade. In the Liberian example specifically, the increase over the long term in government effectiveness and rule of law indicators has seamlessly spilled over into redirecting trade into real outcomes in the form of

productivity and growth. This is an example of the resistance of the institutional framework to withstand the shock of conflict and translate trade openness into development goals.

This study also adds to the development of post-conflict theory application of economic rebuilding with a focus on the trade dimension of rebuilding activity. The study recognizes that the incorporation of post-conflict countries into the global trade arena, under an environment of international support and capacity development activities, such as the Trade for Peace program, has helped certain countries, such as Liberia, in accelerating the transition from fragility to institutional and economic resilience. From the analysis of experiences of the three countries, this study confirms that reconstruction not only encompasses the injection of funds, but also the establishment of an institutional trade environment that rebuilds society's trust and directs the economy to stability in the long term.

At the operational level, the study provides international institutions and policymakers with explicit guidance on how to ensure trade support programs function in fragile environments. It highlights harmonization of peace building, institution building, and trade policy. It also provides empirical recommendations on the need to gradually increase trade, with it being coupled with institution reform, and employing adaptive policies sensitive to varying endowments of post-conflict countries to capitalize on trade.

Overall, this study not only provides a quantitative explanation of the interaction between variables, but also builds an analytical framework that discerns the structural complexity of the relationship between development and trade in conflict-affected states and contributes more intricately to what is known about the operation of political and economic theory in countries affected by conflict.

4.4.8 Conclusion to Discuss Findings

This work adds to existing knowledge regarding the complex relationship between international trade and economic growth in post-conflict nations through a study of quantitative data in South Sudan, Somalia, and Liberia and combining these with theoretical insight and the international Trade for Peace program. The study demonstrates how international trade can be an agent of economic development and state-formation but not as a panacea. Instead, it is strongly reliant upon institutional quality, good governance, and political stability.

The study also indicates that achieving sustainable development in adverse conditions requires implementing the intermediary function of institutions and a minimum level of stability to

facilitate the possibility of countries getting opportunities of trade into actual structural and economic reforms. The study attests to the dominant hypotheses of the research and vindicates the appropriateness of the theoretical model used and focusing on the significance of coordinating economic policies and institutional changes in post-war areas.

Trade for Peace program is a future model in this sense, but its success is case by case depending on the internal dynamics of each country. This implies that there must be adaptable and tailored methods taking into account the political, social, and economic specifics of the internal dynamics of each country.

In light of such a context, this chapter lays the groundwork for Chapter 5, which will provide concluding findings and policy recommendations to policymakers, and also summarize the study's academic contributions, its own limits, and likely recommendations for likely future studies. Chapter 5 will be the culmination of analysis aggregated over earlier chapters and seek to provide field-conducive conclusions, particularly in attempts at aiding fragile states' pursuit of peace and development through trade.

CHAPTER 5

Conclusion

The objective of this chapter is to present the overall conclusion of the study, recovery of the key findings, representation of the research value added at theoretical and practical levels, determination of the methodological limitations of the research, and articulation of potential future avenues of academic research in this subject.

5.1 Main Findings

The study reveals that foreign trade has the potential to be an engine of economic growth in rising conflict countries but not self-sustaining and automatically. Rather, its impact is largely at the discretion of institutional and political factors, which set the context under which such economic processes occur. In Liberia, for example, improved institutions and increased political stability meant that the positive impact of trade on growth and GDP per capita was enhanced. Somalia, as bad as its institutional setup is, has also been experiencing relative economic betterment owing to external forces such as remittances, aid, and informal trade openness. On the other hand, South Sudan possessed institutional flaws that negated the presumed correlation between trade and development, demonstrating how instability and institutional fragility could slow the impact of trade and even spur inequality and economic dislocation. The study also demonstrated the effectiveness of the Trade for Peace program in opening economic recovery channels in some conditions, most significantly through institutional reform. However, its effectiveness was uneven depending on the detail of each case.

5.2 Added Value of the Study:

Academic Contributions:

- Distinct Theoretical Synthesis: The study brought together five theories (trade-led growth, Commercial Peace, new institutionalism, fragile states, and post-conflict reconstruction) into a single conceptual framework that produced an enriched academic model for analyzing the trade-development nexus in fragile settings.

- Bridging the research gap: The study produced an enriched comparative analysis of three post-conflict states, which is not a common phenomenon in the literature, thus enriching the empirical literature on the topic.

-Theoretical Hitech with Empirical Tact: Thereafter, the theoretical postulates were proven on sound quantitative evidence from 2017–2024, giving it a robust empirical flavor.

Applied and Administrative Contributions:

-Practical insight for policymakers: It was established that trade would be impossible without institutional stability, a great message to policymakers of developing countries and multilateral institutions.

-Assessment of the Trade for Peace Program: The study provided a fact-based assessment of the program's success, and it can guide the WTO and its friends so they could plan and implement the initiative in an effective way.

-Specific Policy Proposals: Harmonization of trade policy with peacebuilding and governance-enhancing strategy was proposed in the study as a mechanism to achieve sustainable impacts.

-International Organizations: The study provides organizations such as the World Bank, the World Trade Organization, and the United Nations with critical insights into the design of programs like Trade for Peace, emphasizing the need to adapt these programs to local contexts, rather than applying a single model to all countries.

-Donors and Investors: The study provides a roadmap for understanding the risks and opportunities in these environments, helping them to direct their investments and assistance more efficiently towards achieving maximum positive impacts.

5.3 Methodological Limitations of the Study

Despite the systematic strategy, this study was faced with a number of limitations that must be taken into account:

-Unavailability of data: Some recent statistics for the year 2024 were not found available on genuine websites such as the World Bank

-Limited qualitative analysis: The study was still restricted to quantitative analysis through economic and institutional indicators without interviews or qualitative data that could contribute to knowledge in terms of the local environment.

-Limited geographic representation: The study limited itself to only three countries among a number of countries involved in conflict in Africa and Asia with resultant limitation of absolute generalizability of findings.

-Temporal limitations: The chosen time period from 2017–2024 is satisfactory, but it might miss some of the longer-term structural change.

5.4 Future Research Prospects

The study offers quite a bit of interesting avenues for future studies:

-Merging qualitative and quantitative method: Its in-depth comprehension will be along with the subsequent studies in mixed methods combining statistical analysis along with comprehensive interviews of local stakeholders and international agencies.

- Expansion of basis of comparison: It would be more appropriate to expand the sample to other post-conflict emerging countries, such as Yemen, Central African Republic, or Ukraine, with the aim of increasing generalizability of research findings.

- Investigating effectiveness of trade instruments: Effectiveness of different trade instruments, e.g., tariff exemptions, export subsidies, or WTO accession facilitations, can be examined while building fragile states.

-Longitudinal measurement: One may use a longitudinal approach in an attempt to measure the overall effect of trade and institutions on development across, say, two decades.

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