Development Economics | Group Project

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Does financial aid exacerbate corruption and hinder economic growth in developing countries?

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Introduction

Excessive reliance on external financial support might discourage local governance reforms and economic development by making governments reliant on external funds instead of internal revenue generation

Research Question

Does financial aid exacerbate corruption and hinder economic growth in developing countries?

Literature Review

Foreign Aid Effectiveness

CRITIQUES

- Aid creates dependency (Gulrajani, 2011)
- Aid fosters corruption (Knack, 2001)
- No link to growth (Vasquez, 1998; Boone, 1996)
- Aid should be driven by local actors, not external planners (Easterly, 2006)
- Aid worsens economic conditions (Moyo, 2009)

CONDITIONS

- Good governance & policy (Burnside & Dollar, 2000)
- Political stability (Islam, 2005)
- **Post-conflict recovery:**
  - Aid supports rebuilding efforts (Collier, 2011)
  - Persistent gains in local public goods and modest improvements in institutions (community-driven development program in Sierra Leone) (Casey et al., 2012, Casey et al., 2023)

New Perspectives

MEASUREMENT

- Traditional measures of aid are inaccurate; new methods are proposed (Chang et al., 1998)
- Shift in development Thinking: Evolution from broad plans to targeted, self-sufficiency projects (Edwards, 2015)

The debate between William Easterly and Dambisa Moyo

Easterly: Aid and Accountability

ACCOUNTABILITY PROBLEM

- Lack of accountability: wasted resources and limited impact on poverty reduction
- Top-down approaches: external solutions without understanding local needs
- Encouraging dependence
- Institutional weakness

SOLUTION

- Easterly emphasizes bottom-up, locally-driven approaches that prioritize institutional accountability and individual empowerment of local actors as more effective alternatives to traditional aid.

Moyo: Dead Aid and Economic Independence

DEPENDENCE PROBLEM

- Aid's role in sustaining corruption: aid funds often end up in the hands of corrupt elites
- Stifling private investment: an artificial reliance on external funding
- Aid creates a cycle of dependency

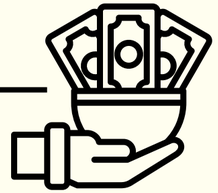
SOLUTION

- Moyo focuses on weaning countries off aid dependency, arguing for a shift toward market-based financing and global economic integration.
- Moyo advocates for trade, microfinance, and accessing international capital markets.

Context

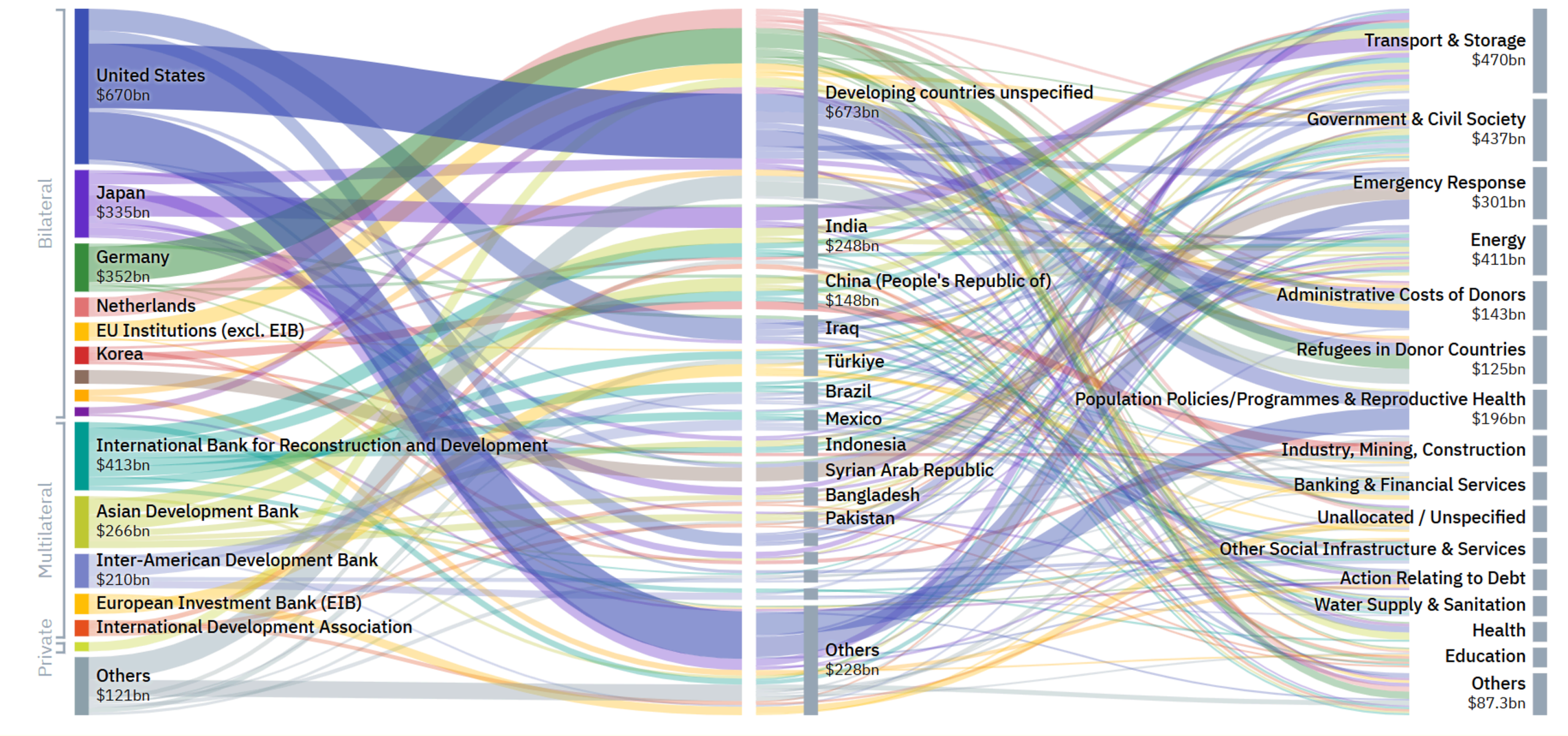
Official Development Assistance (ODA) represents resource flows aimed at promoting economic development and welfare in developing countries, as defined by the OECD's Development Assistance Committee (DAC)

- ODA is provided by official agencies under **concessional terms**, meeting specific grant element thresholds
- **Since 2018**, ODA reporting has transitioned to a grant-equivalent measure, enhancing transparency in donor efforts.



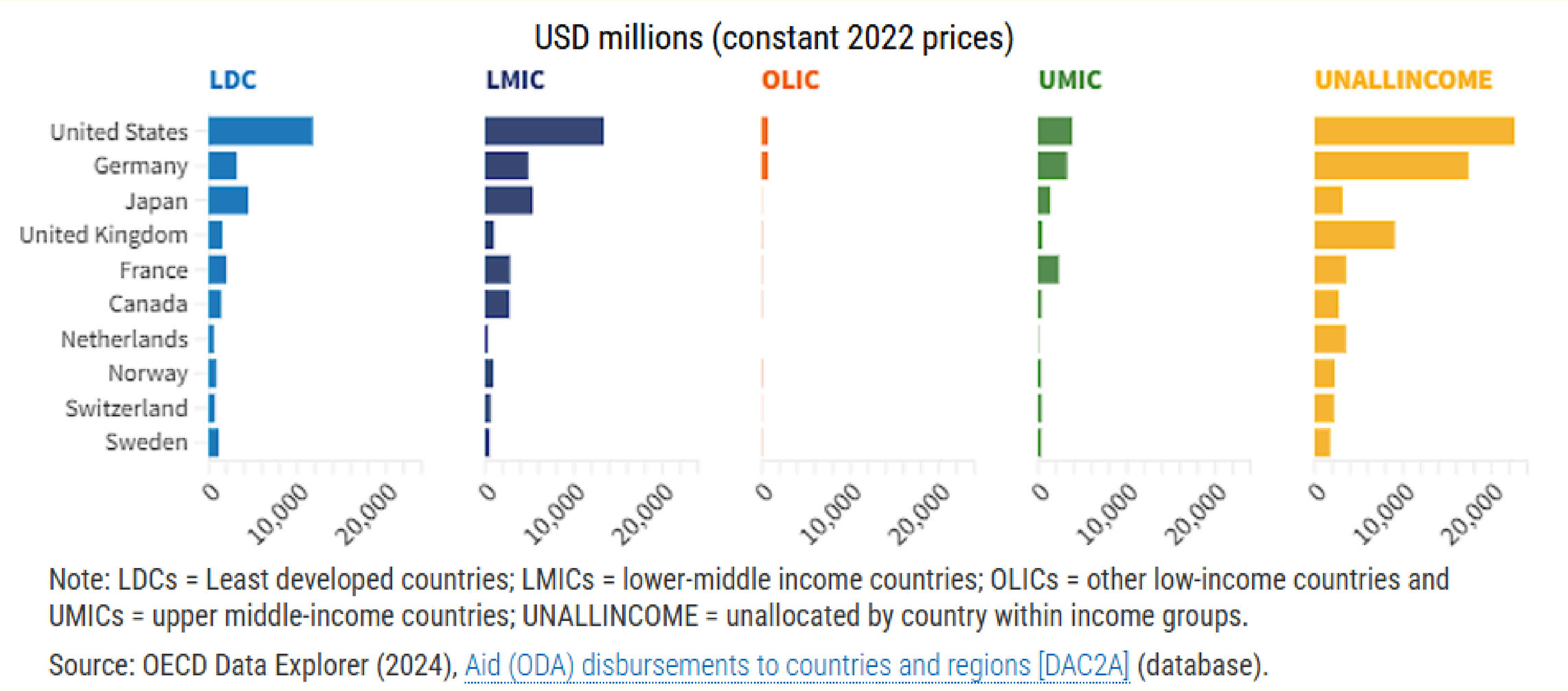
- **Exclusions** include:
  - military aid,
  - anti-terrorism activities, and
  - most peacekeeping costs
- ensuring ODA remains **focused on developmental goals**

All Donors to All Recipients for All sectors & objectives during 2002–2021



Source: Aid Atlas

Net bilateral ODA by income group and by top 10 DAC countries in terms of volume, 2022

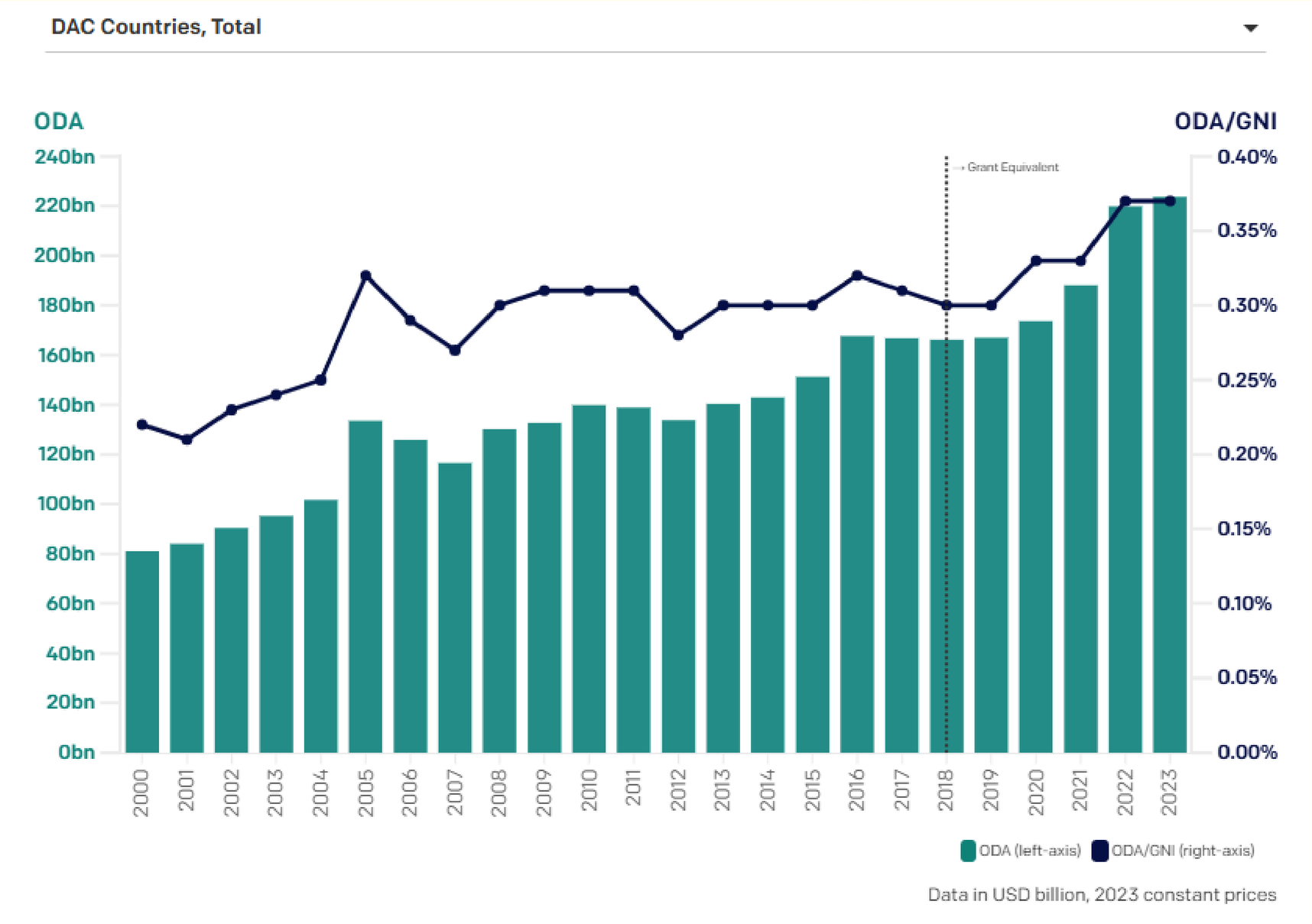


Note: LDCs = Least developed countries; LMICs = lower-middle income countries; OLICs = other low-income countries and UMICs = upper middle-income countries; UNALLINCOME = unallocated by country within income groups.

Source: OECD Data Explorer (2024), Aid (ODA) disbursements to countries and regions [DAC2A] (database).

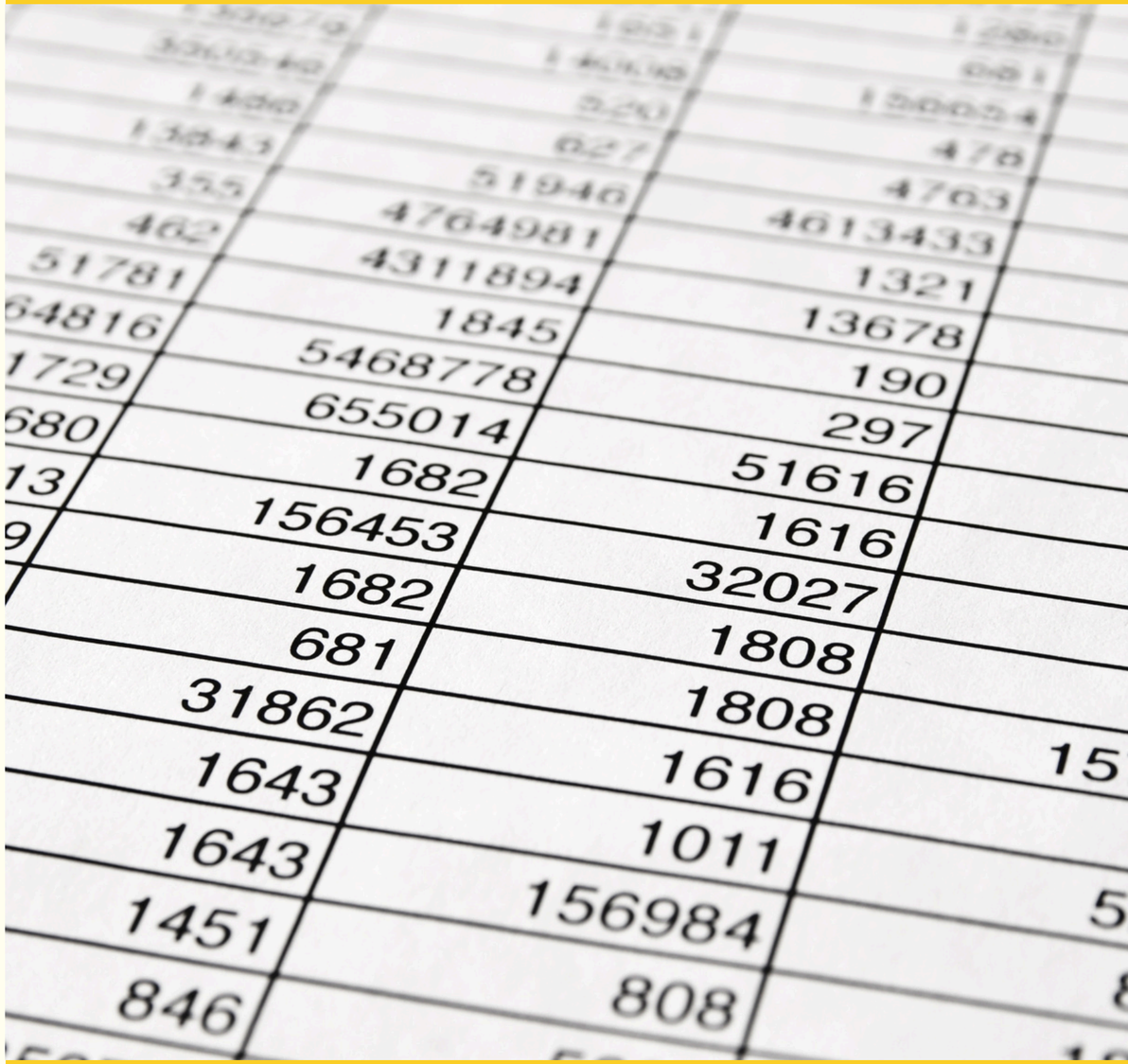
Source: OECD-Library.org

Aid has increased significantly in recent years but is far from meeting needs



Source: data.one.org

Data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1845
5468778
655014
1682
156453
1682
681
31862
1643
1643
1451
846

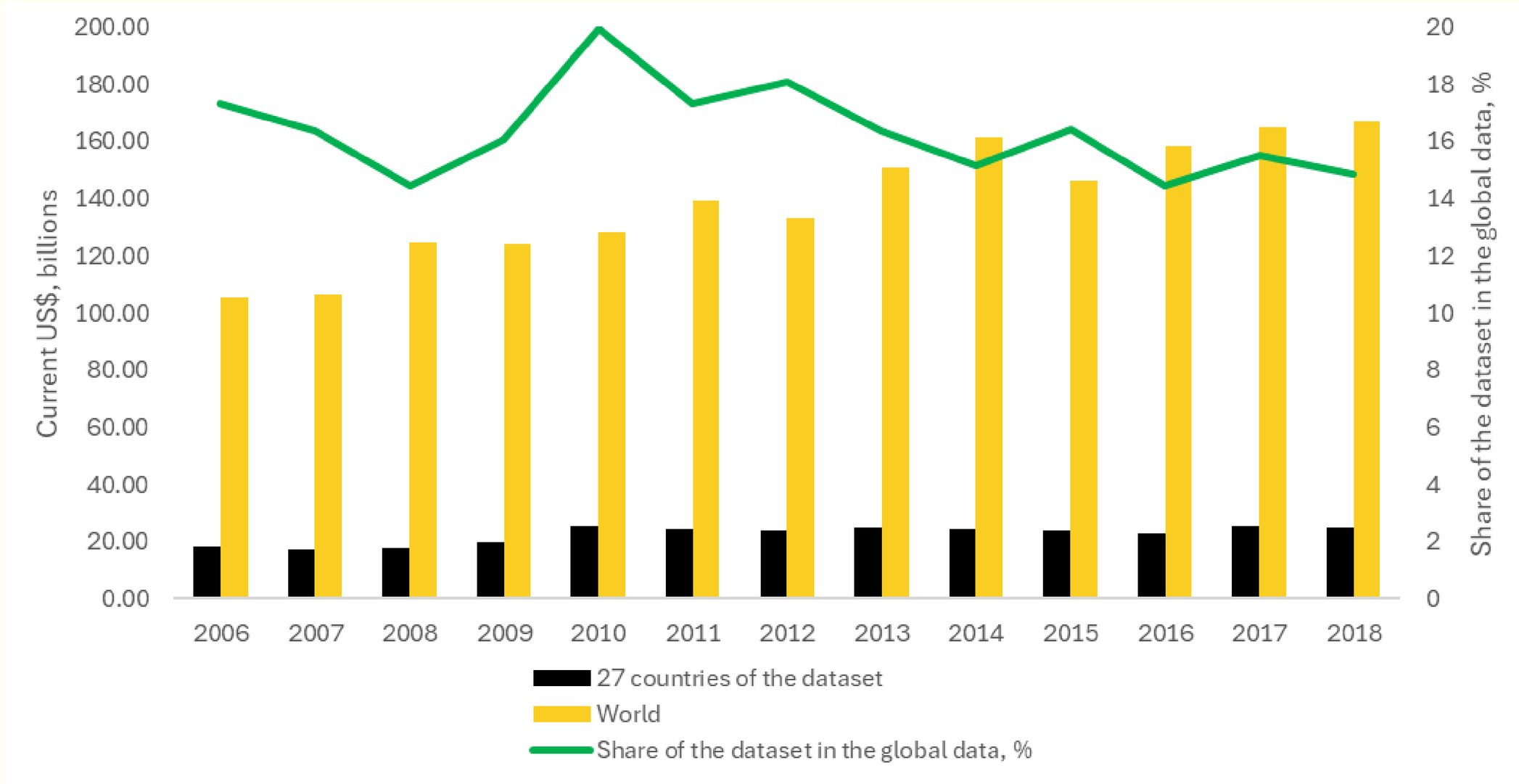
Data

- 27 countries: 2006-2018
- Manually compiled from multiple datasets

World Bank World Development Indicators

World Bank Governance Indicators

27 Countries in Our Dataset Represent an Average of 16% of Global ODA in current US$



Source: Compiled by the authors
from the World Bank dataset, indicator: DT.ODA.ALLD.CD

Model

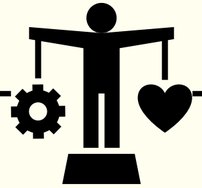
Inspiration

- We draw inspiration from Burnside and Dollar (2001) and adapt their model

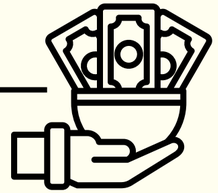
$$(6) \qquad g_{it} = y_{it}\beta_y + a_{it}\beta_a + \mathbf{p}'_{it}\boldsymbol{\beta}_p + a_{it}(\mathbf{p}'_{it}\boldsymbol{\beta}_p)\theta_1 + \mathbf{z}'_{it}\boldsymbol{\beta}_x + \varepsilon^g_{it}.$$

  - Burnside and Dollar use *policies* to study the effect of Aid on growth
  - We use political and governance factors to study the effect of Aid on growth and Corruption
    - Rule of Law; Voice; Political Stability; Corruption, etc...
      - Normalized for each country

Hypothesis: aid impacts growth, but its effectiveness depends on the recipient country's economic policies



- In nations with sound policies, aid amplifies growth by complementing these frameworks



- In economies with significant distortions, aid is often misused in unproductive government spending

Model 1

$$g_{\frac{GDP}{Capita},it}(CurrentUS\$) = \beta_1 \frac{\text{aid}}{\text{GDP}}_{it} + \beta_2 g_{\text{pop},it} + \beta_3 \text{inflation}_{\text{annual},it} + \beta_4 \frac{\text{trade}}{\text{GDP}}_{it} + \beta_5 \frac{\text{GFCF}}{\text{GDP}}_{it} + \beta_6 \frac{\text{M2}}{\text{GDP}}_{it} + \gamma_i + \delta_t + \lambda_{it} + \epsilon_{it}$$

Model 2

$$\text{corruption}_{it} = \beta_1 \frac{\text{aid}}{\text{GDP}}_{it} + \beta_2 g_{\text{pop},it} + \beta_3 \text{inflation}_{\text{annual},it} + \beta_4 \frac{\text{trade}}{\text{GDP}}_{it} + \beta_5 \frac{\text{GFCF}}{\text{GDP}}_{it} + \beta_6 \frac{\text{M2}}{\text{GDP}}_{it} + \gamma_i + \delta_t + \lambda_{it} + \epsilon_{it}$$

- **Gamma**: Country-fixed effects
- **Delta**: Year-fixed effects
- **Lambda**: interaction term

Different regressions

- Starting with most simple possible regression for both models: $g_{\frac{GDP}{Capita},it}(CurrentUS\$) = \beta_1 \frac{\text{aid}}{\text{GDP}}_{it} + \epsilon_{it}$
  - Effect of aid as percentage of GDP on growth of GDP/Capita and Corruption
    - Then adding time and country FE one at a time to see what changes (if anything changes)
- Repeat operation step by step adding independent variables one by one
  - Population growth, Inflation, Trade, etc...
- To end up with “final” regression
- Helps us assess what independent variables and which FEs have more effect on growth

IV

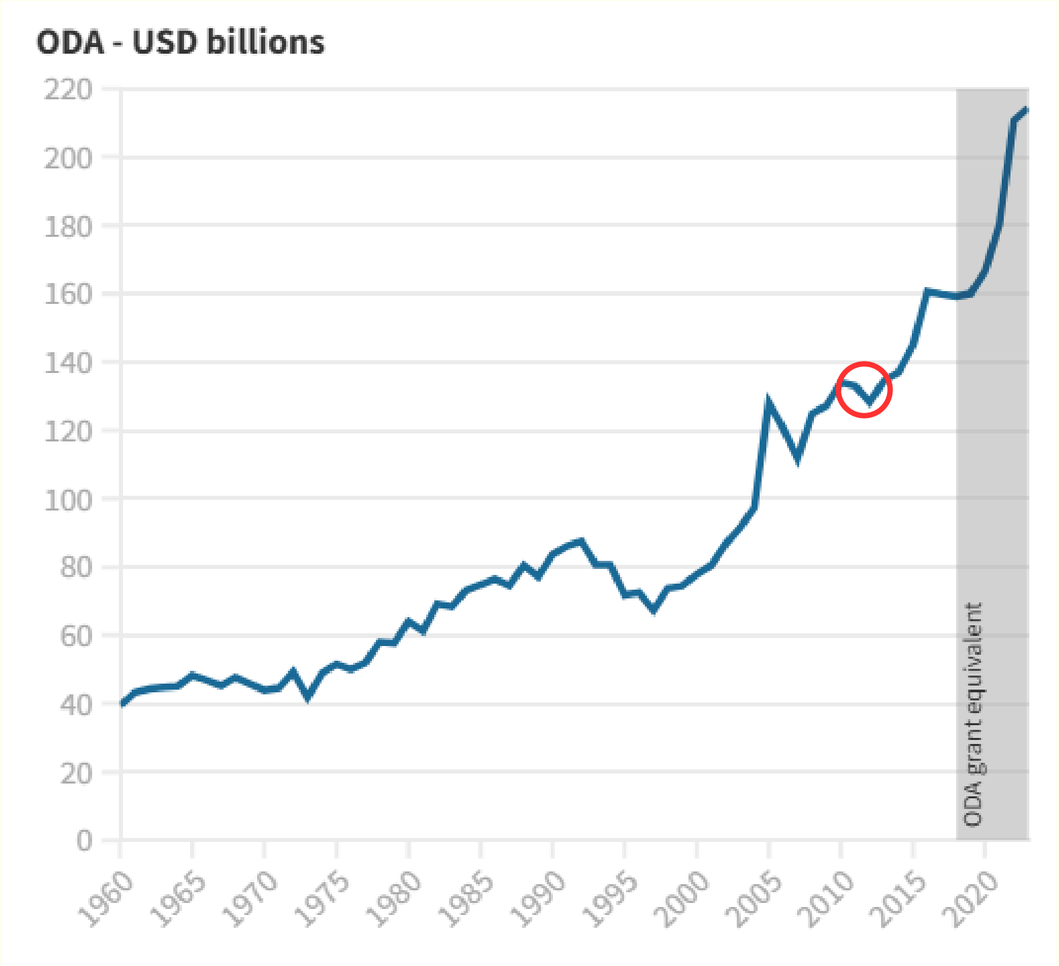
- There are endogeneity concerns, such as reverse causality (e.g., countries with poor economic growth or high corruption levels attract more ODA) or omitted variable bias (e.g., unobserved governance quality affecting both ODA and outcomes).
- Instrument that influences ODA allocation but does not directly affect economic growth or corruption (except through ODA):
  - Historical ties between donor and recipient countries (For example, in 2021, France enacted new legislation on programming of development cooperation which stipulates that it will focus its bilateral development assistance, and particularly grants, on LDCs, and especially those in sub-Saharan Africa)
  - Donor-specific aid policies or priorities that are exogenous to recipient outcomes
- Advantages:
  - Provides causal estimates even in the presence of endogeneity
- Challenges:
  - Results depend heavily on the instrument's validity (relevance and exclusion restriction)

Potential shocks

- The major reallocation of aid that has permitted an increase in aid to low income countries has been the graduation of China.
- In the 1990s, China received just under $2 billion per year in aid.
- A large part of which was funded by Japan
- By 2010/11, it was repaying $1.3 billion a year of its concessional debt to bilateral and multilateral donors.

--> Big donors to China, and especially Japan, were able to reallocate resources, particularly to South-East Asian countries

Sources: MINISTRY OF FOREIGN AFFAIRS OF JAPAN
DONOR TRACKER (Initiative by Seek Development)



Sources: OECD (2024), Flows by donor
Note: ODA on flows and grant equivalent measure by members of OECD Development Assistance Committee (DAC)

Results

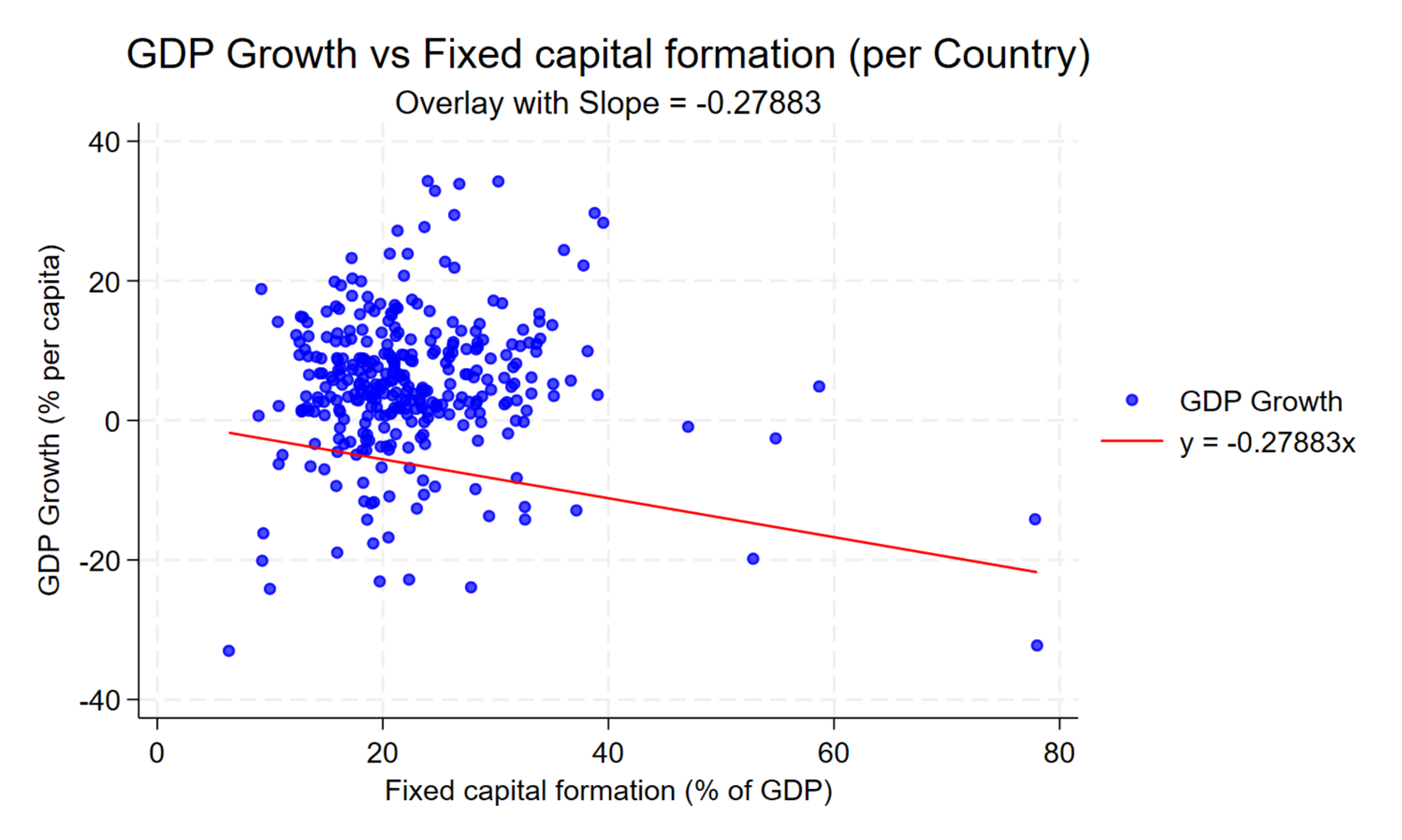
Aid (% of GDP) shows no significant impact on GDP per capita growth, while higher investment in physical capital is linked to lower GDP growth

GDP per capita Growth is the Dependent Variable

(Country × year)

	(1.1.1.) b/p	(1.2.1.) b/p	(1.3.1.) b/p	(1.4.1.) b/p	(1.5.1.) b/p	(1.6.1.) b/p
Aid (% of GDP)	0.08479	0.08817	0.11222	0.10866	0.13731	0.14607
	0.53844	0.52274	0.41742	0.44449	0.32990	0.30006
Population growth, %		1.08646	1.07620	1.06230	1.29861	1.15488
		0.40007	0.40319	0.41219	0.31184	0.36961
Annual inflation, %			-0.16931	-0.16952	-0.19865	-0.19776
			0.10549	0.10573	0.05669	0.05754
Trade (% of GDP)				0.00626	0.04936	0.05901
				0.90928	0.38312	0.30096
Gross fixed capital formation (% of GDP)					-0.27883**	-0.30619**
					0.00650	0.00345
Broad money supply (% of GDP)						-0.06351
						0.20123
Constant	4.46560***	2.01660	2.81276	2.46217	5.35482	6.89821
	0.00011	0.51885	0.37286	0.57676	0.23322	0.13792
P-value	0.53844	0.58067	0.29393	0.44502	0.04804	0.04630
Number of Observations	324.00000	324.00000	324.00000	324.00000	324.00000	324.00000
R-squared	0.48986	0.49113	0.49583	0.49585	0.50899	0.51185
F-statistic	0.37936	0.54461	1.24428	0.93320	2.26747	2.16738

...Potential inefficiencies or diminishing returns



Note: The coefficient for gfcf_gdp (gross fixed capital formation as a percentage of GDP) is negative and statistically significant, with p-value of 0.00650;
the model is statistically significant, with p-value of 0.04804;
R-squared of the model: 0.50899

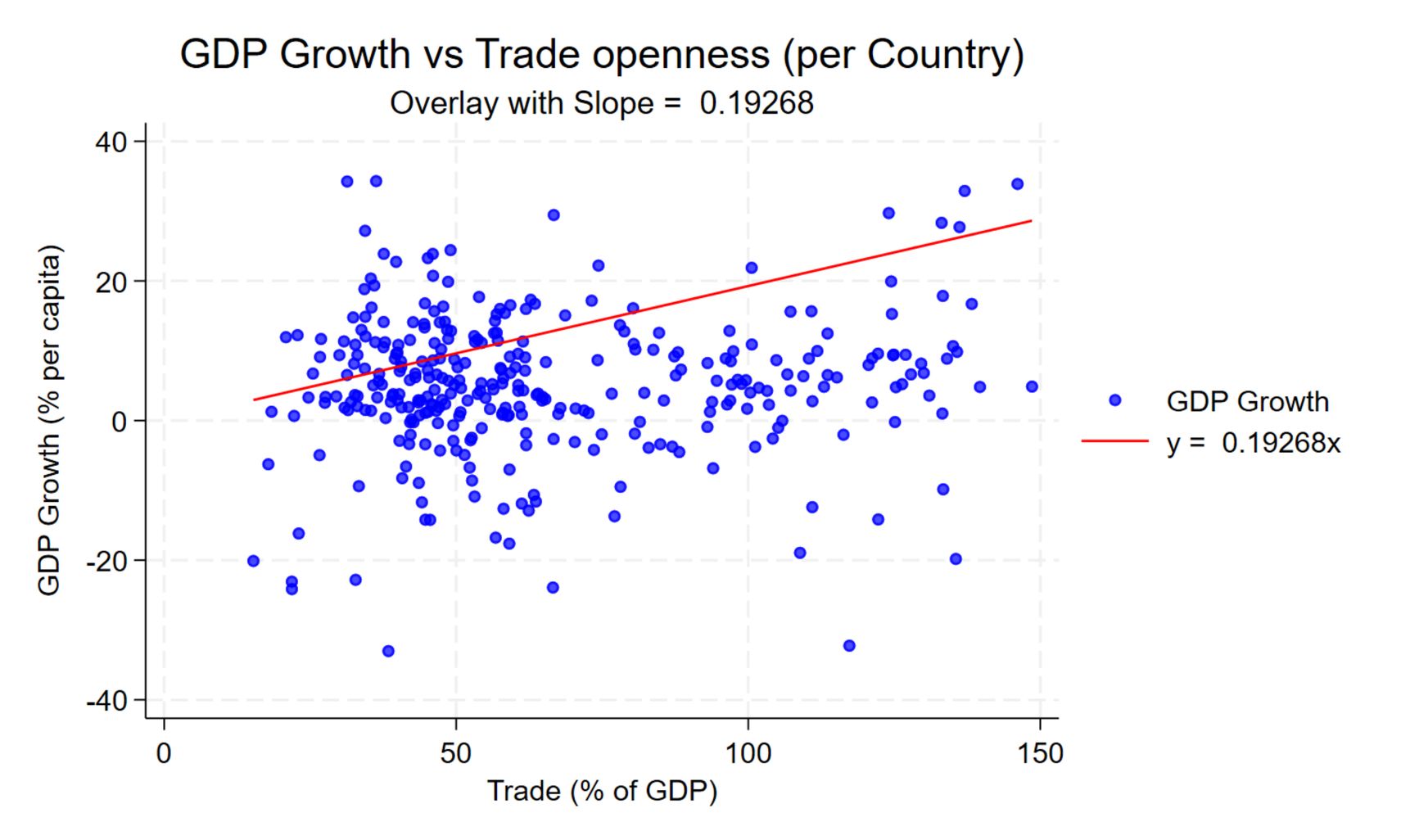
Country-FE regressions: Aid inflows lack robust impact on growth, while trade openness boosts GDP growth

GDP per capita Growth is the Dependent Variable

(Country-Fixed Effects)

	(1.1.2.) b/p	(1.2.2.) b/p	(1.3.2.) b/p	(1.4.2.) b/p	(1.5.2.) b/p	(1.6.2.) b/p
Aid (% of GDP)	0.23459	0.23150	0.19525	0.12887	0.16482	0.17976
	0.18210	0.18669	0.26279	0.46847	0.34556	0.30309
Population growth, %		2.67613	2.56061	2.33687	2.58285	2.34194
		0.10337	0.11606	0.15122	0.10638	0.14372
Annual inflation, %			0.29369*	0.27167*	0.20976	0.20260
			0.01369	0.02278	0.07586	0.08575
Trade (% of GDP)				0.11888	0.18128**	0.19268**
				0.08157	0.00910	0.00573
Gross fixed capital formation (% of GDP)					-0.45200***	-0.49158***
					0.00049	0.00019
Broad money supply (% of GDP)						-0.10099
						0.10983
Constant	3.31419*	-2.63030	-3.75600	-10.40953	-4.76161	-2.06895
	0.02393	0.50264	0.33773	0.05705	0.39417	0.72215
P-value	0.18210	0.10890	0.01459	0.00886	0.00010	0.00008
Number of observations	324.00000	324.00000	324.00000	324.00000	324.00000	324.00000
R-squared	0.00601	0.01492	0.03511	0.04506	0.08409	0.09211
F-statistic	1.78878	2.23406	3.56574	3.45659	5.36143	4.92064

Greater trade openness positively contributes to GDP per capita growth



Note: The coefficient for trade_gdp (trade as a percentage of GDP) is positive and statistically significant, with p-value of 0.00573;
the model is statistically significant, with p-value of 0.00008;
R-squared of the model: 0.09211

Higher levels of capital investment are associated with higher corruption

Corruption Level is the Dependent Variable

(Country × year)

	(2.1.1.) b/p	(2.2.1.) b/p	(2.3.1.) b/p	(2.4.1.) b/p	(2.5.1.) b/p	(2.6.1.) b/p
Aid (% of GDP)	0.00041	0.00138	0.00648	0.00864	0.00184	0.00214
	0.98213	0.93936	0.71973	0.64119	0.91752	0.90477
Population growth, %		0.31194	0.30977	0.31820	0.26214	0.25735
		0.06689	0.06599	0.06045	0.10680	0.11529
Annual inflation, %			-0.03591**	-0.03578**	-0.02887*	-0.02884*
			0.00880	0.00914	0.02862	0.02904
Trade (% of GDP)				-0.00380	-0.01402	-0.01370
				0.59663	0.05067	0.05875
Gross fixed capital formation (% of GDP)					0.06614***	0.06523***
					0.00000	0.00000
Broad money supply (% of GDP)						-0.00212
						0.73635
Constant	-0.00314	-0.70629	-0.53743	-0.32487	-1.01106	-0.95959
	0.98342	0.08657	0.19256	0.57255	0.07544	0.10364
P-value	0.98213	0.18600	0.01659	0.03268	0.00000	0.00000
Number of observations	324.00000	324.00000	324.00000	324.00000	324.00000	324.00000
R-squared	0.01273	0.02435	0.04777	0.04871	0.13062	0.13097
F-statistic	0.00050	1.69202	3.47147	2.66717	7.62130	6.34998

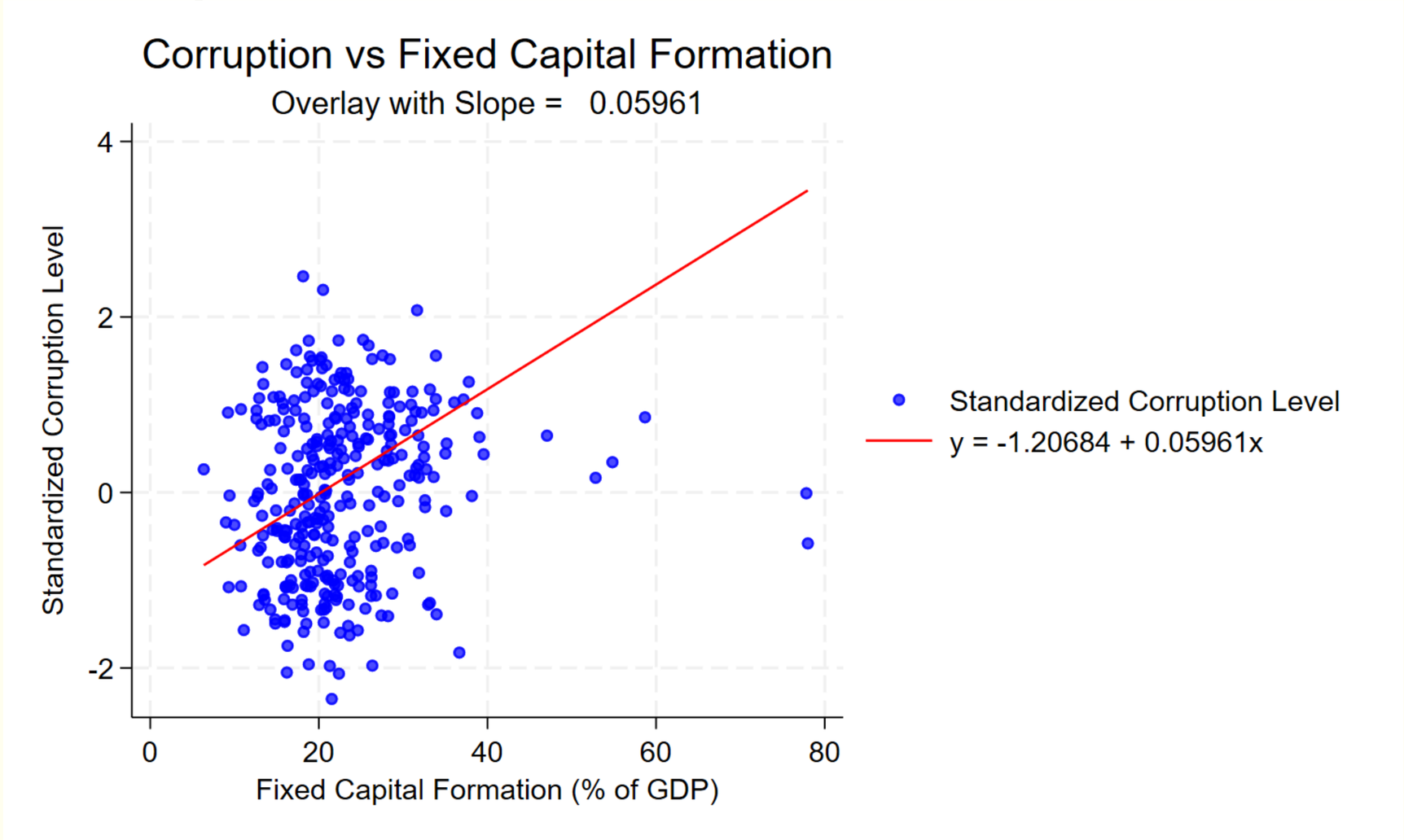
Country-FE regressions: Higher levels of capital investment remain associated with higher corruption

Corruption Level is the Dependent Variable

(Country-Fixed Effects)

	(2.1.2.) b/p	(2.2.2.) b/p	(2.3.2.) b/p	(2.4.2.) b/p	(2.5.2.) b/p	(2.6.2.) b/p
Aid (% of GDP)	0.00362	0.00324	0.00688	0.00801	0.00316	0.00368
	0.83530	0.85170	0.68994	0.65071	0.85327	0.82979
Population growth, %		0.33170*	0.34330*	0.34710*	0.31390*	0.30549
		0.04178	0.03365	0.03255	0.04488	0.05220
Annual inflation, %			-0.02948*	-0.02911*	-0.02076	-0.02101
			0.01245	0.01428	0.07226	0.06943
Trade (% of GDP)				-0.00202	-0.01044	-0.01004
				0.76591	0.12288	0.14030
Gross fixed capital formation (% of GDP)					0.06100***	0.05961***
					0.00000	0.00000
Broad money supply (% of GDP)						-0.00353
						0.56829
Constant	-0.02786	-0.76467*	-0.65166	-0.53876	-1.30091*	-1.20684*
	0.84776	0.04977	0.09352	0.32123	0.01768	0.03515
P-value	0.83530	0.12280	0.01508	0.03245	0.00000	0.00001
Number of observations	324.00000	324.00000	324.00000	324.00000	324.00000	324.00000
R-squared	0.00015	0.01412	0.03488	0.03517	0.10767	0.10867
F-statistic	0.04330	2.11215	3.54131	2.66995	7.04652	5.91293

Higher investment in physical capital is associated with increased corruption



Note: The coefficient for gfcf_gdp (gross fixed capital formation as a percentahge of GDP) is consistently positive and statistically significant, with p-value of 0.00000; the model is statistically significant, with p-value of 0.00001;
R-squared of the model: 0.10867

Limitations

- **Time Frame:** The 2006-2018 period may not capture long-term effects of aid on economic growth or corruption
- **Causal Relationship Ambiguity**: Though ODA has been specified as an independent variable, the causal direction between ODA and corruption or growth might be unclear. Corruption could also influence ODA allocation, creating reverse causality
- **Lagged Effect of Corruption:** Corruption is a systemic issue that evolves slowly, and the short 2006–2018 study period may not adequately capture long-term effects of ODA on corruption levels or economic growth
- **Measurement Challenges with Corruption Index:** Corruption indices are often perception-based, subject to biases, and may not accurately reflect actual corruption levels or local variations

Omitted Variables

- **Human Capital Development:** Education, healthcare access, and skill levels, which drive long-term GDP growth and potentially reduce corruption, are not included in the model.
- **Private Sector and Market Dynamics:** Factors like foreign direct investment (FDI), private sector development, and capital market integration are crucial drivers of growth but are not included.
- **Sector-Specific Aid Allocation:** The impact of ODA may vary depending on whether it is directed toward infrastructure, health, education, or governance reforms, which is not disaggregated in the study.
- **External Shocks and Crises:** Events such as natural disasters, global financial crises, or regional conflicts could have significantly influenced GDP growth and corruption during the study period.

Policy Implications (I)

- **Aid and Economic Growth:**
  - Current aid mechanisms appear insufficient to foster sustained economic growth.
  - Policymakers should conduct rigorous impact assessments to identify inefficiencies in aid distribution and usage.
- **Policy recommendations:**
  - Fostering trade openness and market integration may yield better economic outcomes.
  - Enhance trade partnerships and reduce barriers to facilitate economic diversification and competitiveness.
  - Link aid to specific, measurable outcomes such as education, healthcare improvements, or institutional reforms to enhance its impact.
  - Invest in strengthening public institutions and governance systems to ensure aid is utilized efficiently and transparently.

Policy Implications (II)

- **Corruption and Capital Investments:**
  - The significant positive relationship between gross fixed capital formation and corruption suggests that capital investments might be prone to rent-seeking behaviors and mismanagement
  - Large-scale infrastructure projects and capital-intensive industries, which form a significant portion of GFCF, are particularly susceptible to corruption due to complex procurement processes, lack of transparency, and weak oversight
- **Policy recommendations:**
  - Enhance transparency in investments
  - Strengthen institutional frameworks in investment-heavy sectors by enforcing anti-corruption laws and empowering regulatory agencies

APPENDIX A

GDP per capita Growth is the Dependent Variable (Year-Fixed Effects)

	(1.1.3.) b/p	(1.2.3.) b/p	(1.3.3.) b/p	(1.4.3.) b/p	(1.5.3.) b/p	(1.6.3.) b/p
Aid (% of GDP)	-0.01043	-0.00046	-0.00070	-0.00066	-0.00197	-0.00303
	0.87059	0.99427	0.99111	0.99172	0.97606	0.96302
year=2007	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	.	.	.	.	.	.
year=2008	2.68034	2.66933	3.79508	3.79408	3.79697	3.90014
	0.21364	0.21131	0.08212	0.08326	0.08357	0.07527
year=2009	-18.01413***	-17.97179***	-17.98972***	-17.98918***	-17.98440***	-17.93282***
	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
year=2010	-7.85419***	-7.87421***	-8.05372***	-8.05354***	-8.04694***	-8.02423***
	0.00031	0.00026	0.00018	0.00018	0.00019	0.00019
year=2011	-1.47878	-1.60427	-1.37223	-1.37245	-1.37014	-1.34930
	0.49216	0.45216	0.51791	0.51856	0.51998	0.52572
year=2012	-12.43467***	-12.60395***	-12.35016***	-12.35025***	-12.34678***	-12.30971***
	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
year=2013	-10.53807***	-10.73769***	-10.72459***	-10.72447***	-10.71999***	-10.69243***
	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
year=2014	-9.48471***	-9.68253***	-9.75650***	-9.75623***	-9.74819***	-9.71058***
	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001
year=2015	-19.54639***	-19.75223***	-20.04416***	-20.04341***	-20.03092***	-19.99655***
	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
year=2016	-13.11638***	-13.29147***	-13.54431***	-13.54337***	-13.53066***	-13.48362***
	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
year=2017	-7.94101***	-8.07097***	-8.12164***	-8.12086***	-8.11423***	-8.07602***
	0.00027	0.00019	0.00015	0.00016	0.00017	0.00018
year=2018	-8.93891***	-9.06737***	-9.07584***	-9.07524***	-9.07002***	-9.03779***
	0.00004	0.00003	0.00002	0.00003	0.00003	0.00003
Population growth, %		-1.08867**	-1.14534**	-1.14445**	-1.13663*	-1.19537**
		0.00960	0.00623	0.00857	0.01081	0.00756
Annual inflation, %			-0.15554*	-0.15542*	-0.15574*	-0.16721*
			0.02540	0.02921	0.02937	0.02004
Trade (% of GDP)				0.00011	0.00061	0.00487
				0.99394	0.96948	0.76295
Gross fixed capital formation (% of GDP)					-0.00489	-0.03102
					0.93339	0.61303
Broad money supply (% of GDP)						0.00788
						0.16415
Constant	14.08641***	16.54765***	17.49366***	17.48315***	17.54962***	17.86465***
	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
P-value	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Number of observations	324.00000	324.00000	324.00000	324.00000	324.00000	324.00000
R-squared	0.41007	0.42272	0.43199	0.43199	0.43200	0.43559
F-statistic	18.01505	17.46143	16.78614	15.61636	14.59358	13.89182

APPENDIX B

Corruption Level is the Dependent Variable
(Year-Fixed Effects)

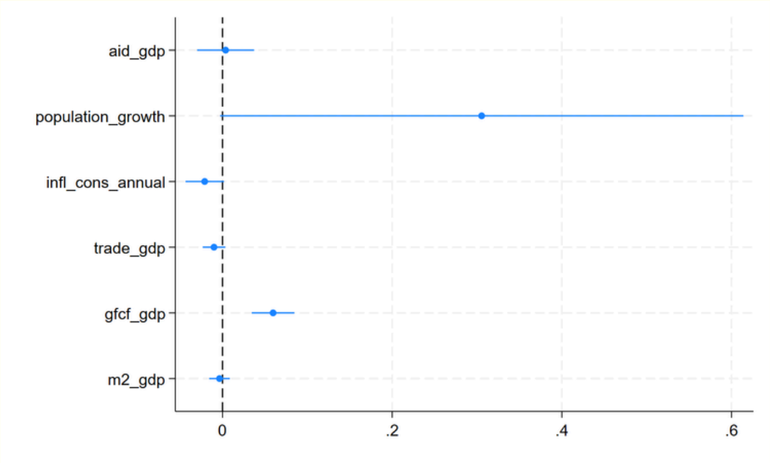
	(2.1.3.) b/p	(2.2.3.) b/p	(2.3.3.) b/p	(2.4.3.) b/p	(2.5.3.) b/p	(2.6.3.) b/p
Aid (% of GDP)	0.00008	-0.00021	-0.00023	-0.00046	0.00501	0.00511
	0.99157	0.97926	0.97676	0.95381	0.53411	0.52614
year=2007	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
	.	.	.	.	.	.
year=2008	-0.10342	-0.10310	0.00599	0.01123	-0.00088	-0.01034
	0.69589	0.69708	0.98239	0.96709	0.99738	0.96936
year=2009	0.04373	0.04251	0.04077	0.03797	0.01799	0.01326
	0.86869	0.87246	0.87723	0.88582	0.94516	0.95956
year=2010	0.04953	0.05011	0.03272	0.03179	0.00416	0.00208
	0.85158	0.85002	0.90149	0.90440	0.98731	0.99365
year=2011	-0.02579	-0.02216	0.00032	0.00151	-0.00817	-0.01008
	0.92233	0.93331	0.99902	0.99544	0.97509	0.96927
year=2012	-0.26036	-0.25547	-0.23088	-0.23042	-0.24494	-0.24834
	0.32554	0.33542	0.38305	0.38469	0.35010	0.34344
year=2013	-0.10984	-0.10407	-0.10280	-0.10343	-0.12218	-0.12470
	0.67812	0.69463	0.69722	0.69591	0.64062	0.63371
year=2014	-0.01934	-0.01363	-0.02079	-0.02223	-0.05587	-0.05932
	0.94173	0.95900	0.93727	0.93307	0.83108	0.82083
year=2015	-0.05711	-0.05116	-0.07945	-0.08339	-0.13567	-0.13882
	0.82920	0.84702	0.76417	0.75345	0.60618	0.59782
year=2016	-0.29222	-0.28716	-0.31166	-0.31656	-0.36976	-0.37407
	0.26982	0.27891	0.23913	0.23331	0.16033	0.15553
year=2017	-0.13720	-0.13344	-0.13835	-0.14243	-0.17016	-0.17366
	0.60440	0.61479	0.60066	0.59094	0.51635	0.50775
year=2018	0.03198	0.03569	0.03487	0.03177	0.00990	0.00695
	0.90385	0.89288	0.89499	0.90449	0.96984	0.97884
Population growth, %		0.03147	0.02598	0.02134	-0.01139	-0.00600
		0.54447	0.61630	0.69224	0.83459	0.91271
Annual inflation, %			-0.01507	-0.01566	-0.01435	-0.01330
			0.08157	0.07725	0.10183	0.13186
Trade (% of GDP)				-0.00058	-0.00266	-0.00305
				0.75034	0.17388	0.12577
Gross fixed capital formation (% of GDP)					0.02045**	0.02285**
					0.00470	0.00266
Broad money supply (% of GDP)						-0.00072
						0.29997
Constant	0.07270	0.00155	0.09322	0.14808	-0.13014	-0.15901
	0.71405	0.99464	0.69267	0.61263	0.66983	0.60386
P-value	0.98258	0.98593	0.91351	0.93895	0.46913	0.46481
Number of observations	324.00000	324.00000	324.00000	324.00000	324.00000	324.00000
R-squared	0.01273	0.01390	0.02355	0.02387	0.04899	0.05233
F-statistic	0.33406	0.33606	0.53221	0.50205	0.98846	0.99396

APPENDIX C

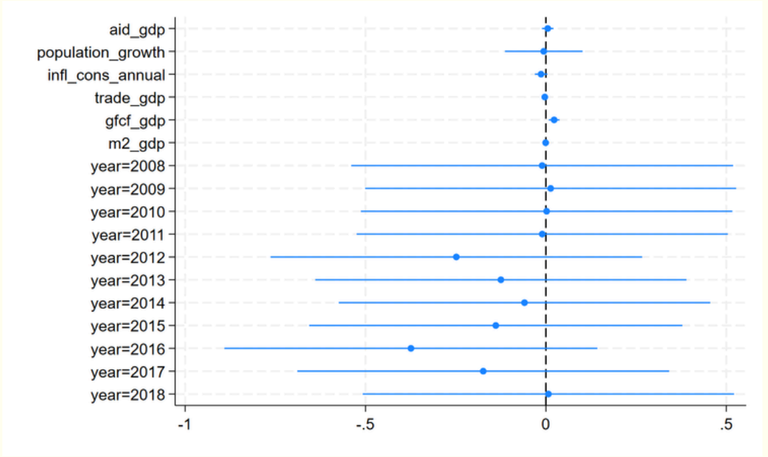
Plots of the coefficients of the selected models

Corruption Level is the Dependent Variable

Model 2.6.2

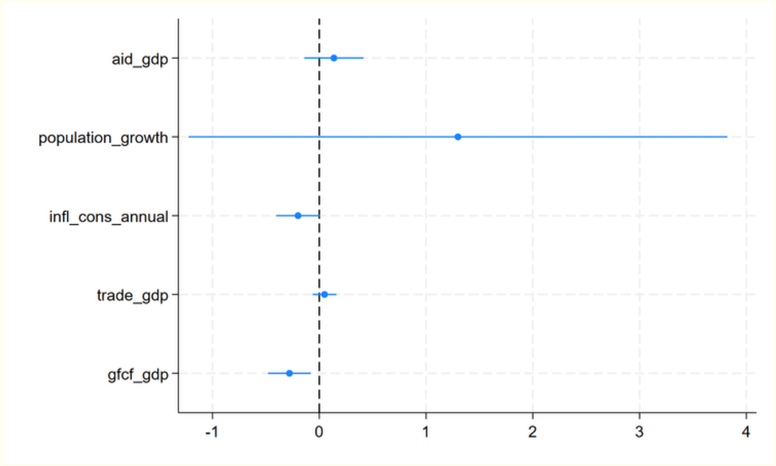


Model 2.6.3

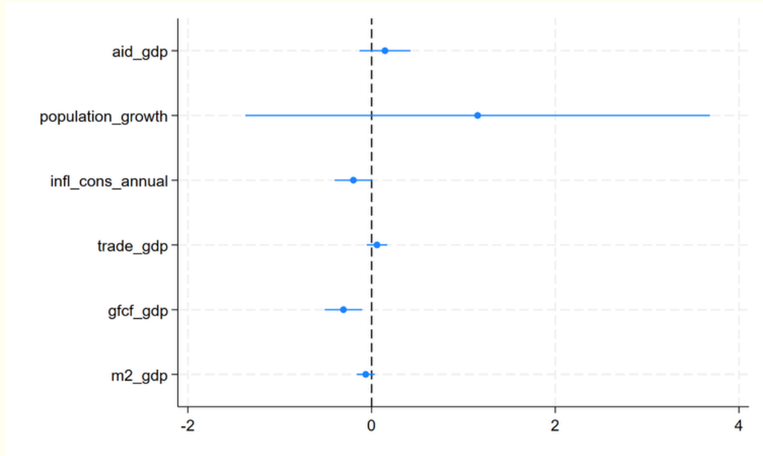


GDP per capita Growth is the Dependent Variable

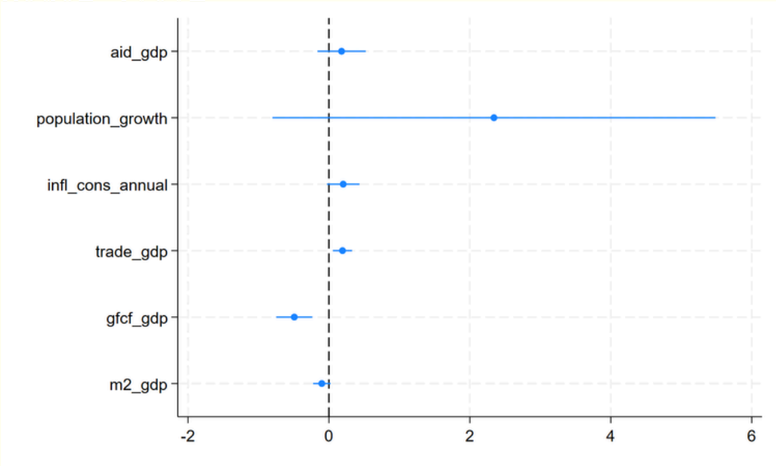
Model 1.5.1



Model 1.6.1



Model 1.6.2



Thank You

for your attention

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