

DOES CORRUPTION HAVE IMPACT ON FDI AND POVERTY? EVIDENCE FROM SELECTED SUB-SAHARAN AFRICAN COUNTRIES

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Abstract

The study on the effects of corruption has attracted attention of many scholars in the world today. This study focus on corruption and its impacts on FDI inflow and poverty. It is argued that corruption does not only reduce FDI inflows in a country, but also cause poverty in the host country by negatively affecting and weakening social, economic and political institutions at different levels. Using data from World Bank group, 2016, the result of the cross-sectional setting showed that corruption negatively affect FDI inflow and it is significant. The investigation was started by using a cross-sectional data analysis on 34 countries for 11 years to confirm the former findings of authors. Therefore, a benchmark FDI theoretical model and equation in the methodology was constructed to test corruption and its effects on attraction of FDI. While, the link between corruption and poverty was confirmed and validated by the previous studies. Hence corruption must not only be controlled for political reasons but also for economic growth and prosperity for those host countries.

Keywords: FDI inflow, Poverty, Corruption, OLS, Sub-Saharan African countries.

1. Introduction

Corruption has become a global concern and discourse, both corruption and poverty have taken the same footsteps in developing nations, the level of FDI Inflows is also influenced by corruption in many sectors, the worse form of corruption include stealing of funds meant for public projects and diversion of public programs. The burden of corruption rest entirely on the poor people because they cannot make financial coordination and connections.

Many developing nations are relaying on FDI inflows as the major source of foreign finances in order to implement their development goals, nevertheless FDI also contributes in these countries more than a mere source of finance but also as a direct transfer of technology from the advanced countries, improved labor and skills, creation of efficient markets and investment in climate. today in Sub-Saharan African countries, the increased inflow of FDI is witnessed (IMF, 1993) but some countries still records low FDI inflow due to couple of reasons varying from one to the other, "corruption" being the pivot for all the reasons.

The poverty level in Africa depend on country to countries, most countries in Sub-Saharan Africa live in extreme poverty, over 314 Million persons live on less than \$1 per day almost twice as large population as in 1981. Africa is home to 34 poor nations out of 48 world's poorest countries and 24 out of 32 nations ranked lowest in HDI. Poverty prevail more in rural than urban. South Africa 86%, and CAR 77% record the highest population in extreme poverty (World Bank, 2005) most poor people are found in Sub-Saharan Africa and South Asian region, (World Bank, 2013), recorded that 40.99% of the poor population are found in Sub-Saharan African region, South Asia (15.09%), South America, Caribbean (5.40%), East Asia (3.54%) and Europe (2.15%). (Jeffery Sachs, SDGs 2012), estimated that about 70% of the world population in extreme poverty comes from these regions. Half of the world poor population lives in lower middle-income countries like China, Indonesia, Sri Lanka, India and Nigeria.

Motivated by these issues; economic stagnation, corruption and poverty are the chronic sickness in African societies yet less attention is put to identify the prominent causes, corruption as major cause is sometimes not talk about when forging ways of reducing poverty. This paper empirically examined the consequences of corruption on FDI inflow by using panel data from 34 countries from Africa, from 2005 to 2015. More so, the researcher want to answer this question: what are impact of corruption on FDI inflows and poverty?

Originality and contributions

This is a distinctive paper, it used a panel data analysis and what makes it unique is its strength to study the effects of corruption on both FDI inflow and poverty simultaneously, the variables used were from governance indicators which are policy oriented unlike the previous studies that focus only on corruption and its impacts on FDI inflow or poverty levels. This paper contributed to the existing studies on the impacts of corruption on FDI

inflow and poverty, and to the finding that corruption affects FDI inflow in at least 34 Sub-Saharan African countries. I have acknowledged that this study had contributed and added knowledge to the global discourse. The results and findings in this paper significantly contributed to the areas for future study, the future researchers will pick up from the identified gaps. I believe that the limitations in this paper will be a potential for the future researchers to find out the direct effects of corruption on poverty. The desire to fill up this identified gap is the most warranted.

Claims

The money from FDI is cash money injecting into the economy has immediate impact on elevating poverty. More so, FDI inflow will lead to employment opportunity, improved health services, improved education services and increase in GDP per capita of developing countries, corruption increases the FDI cost by demanding for bribes during registration processes and the revenue that goes into the national treasury ended up in individual pockets. In some cases company are forced to pay an extra charges without official rates (Dahlström and Johnson 2007).

2. Literature Reviews

The impacts of corruption on FDI inflow

According to Dahlström and Johnson (2007), corruption increases the cost of FDI by forcing the investors to pay bribes to the concern authority during registration process. In some countries the long and delayed operational license cost companies a lot in term of time loss. Ali Al-Sadiq (2009) put related argument, analyzing the cost of operating business because investors are forced to pay high bribes for getting operational licenses or state permit to operate in the country of investment.

Toby Kendall and Ying Zhou (2009) explained that corruption could increase or reduce FDI in flow. Corruption reduces the profit from FDI and increase additional fixed cost. Therefore reducing the profitable margin of FDI related to exporting. More so, the increased costs linked with corruption do affect the market structure. Marcos Hilding Ohlsson, (2007) urged that corruption have positive effects on inflow of FDI. Through payment of bribes, corruption reduces the time spent on bureaucratic paper work and long period of inspections, this is positive for FDI inflow. The corrupt government officials presumably issued fake receipts for the items that were not purchased and delivered. (Skanska group, Argentina 2007).

Aidt T (2003), compared corruption in a country with grabbing hand that exponentially cost business activities to be very high. Similarly in the study of Kaufmann (1997) explained that investing in highly corrupted countries is 20% higher than less corrupt nations. This shows that high cost of investment in such corrupted countries thus, discouraging FDI. This view is also consistent with the argument of Wei (2000a, 2000b). Contrarily, Lui (1985) and Saha (2001) stated that corruption is a helpful tool in any economic sector. They show that corruption is not harmful to business but rather a motivating factor for unchangeable economic regulations. Houston (2007), in the study on corruption of a country's performances discovered corruption to be positively contributing the economic growth in a country with weak laws while it's otherwise for the country with strong laws, both Swaleheen and Stansel (2007) expressed similar views.

Hakkala, Norback and Svaleryd, (2008) stated that corruption is harmful to the firms that have the opportunity to put investments in the particular country, but has a positive effect on investments that have different motives. Meanwhile both Wheeler and Mody (1992) failed to find any negative risk associated with corruption on inflow of FDI. Both Egger and Winner (2005) shows corruption as a helping tool to increase FDI inflow in a corrupt host country. (Bardhan 1997). More so, corruption is associated with high risk because its illegal, Mauro.T (1995) shows negative effects of corruption on development. Thus, foreign investors are attracted by the low state of corruption than highly corrupted ones. However, (Bardhan 1997) supported corruption as helping FDI inflow where there is weak bureaucracy, it may speed up the decision making, but this view was rejected by Kaufman and Wei (1999) whose finding shows firms spending longer time in negotiating kickbacks with bureaucrats than following normal procedures.

Eric C, Frances. C and B. Spector (2003) stressed that Corruption increases investing risk and cause fears of sustainability, limit incentives of foreign and domestic investors, making uncertainties of investments a real dream. They also argued that corruption creates a good breed for bribes and decreases taxes that help to build and improve country's economy. Corrupt politicians and bureaucrats can create situation for their own benefit and establish regulations for firms to pay bribes for them by controlling key state organs that are influential in terms of decision making (Breen and Gillander 2010). Mauro (2002) in his corruption analysis, used corruption indices and multiple regression to analyses 106 countries the result showed the link that corruption reduce investments (Lambsdorff) support with evidence that corruption have negative impact on capital accumulation by discouraging capital imports.

The impact of corruption on poverty

Eric C. Frances. C and B. Spector (2003) explains that increase in corruption reduces government ability to deliver services, this led to increase in poverty levels. They argued that corruption disorganizes governance practices, destroy government institutions, limit government services, led to lack of respect for judicial system, and reduces people's respect for government institutions. Furthermore, they argued that corruption reduces public trust in government. In most cases citizens relax to take part in state building when they discover corruption in the state institutions. (Andreev 2008) supported this argument. Johnston (2000), corruption paralyzes state institutions making it weak and reduce public interest in the government. He said effective public participation is related to less corruption, this finding was confirmed even when controlled by GDP to examine the relationship over time.

The World Bank study (2000a) show that governance has great impact on corruption and poverty. Fragility of the country is accompanied by rapid increase in corruption and poverty, government capacity tend to be limited, and the reduced government capacity increase the chances for corruption and poverty. There is association between good governance and poverty reduction. Kaufmann et al. (1999) he conducted studies on the impact of governance on per capita income for 173 countries and found that good governance is related to high development. He concluded that good governance led to increase in per capita income from 2.5 to 4.

Huguette Labelle (2014), Corruption and poverty are like a child and the mother unfortunately go hand-in-hand, destroying the lives of many poor people especially in countries where people are deliberately to pay kickbacks in order to get the necessary services. Like health, education and water. Although the effects of corruption are personal, they are destructive; it leaves children without parental care, families without healthcare, citizens without food, the elderly people without social security, and businesses men without capital for investment. Mauro (2002) shows that corruption has negative relation to education and health expenditures. He found that raise in the 10-point score on corruption, from 6 to 8, will led to raise in education expenditure by 1% of the GDP.

Corruption has rooted deep in the poor nations than in the rich nations. Where the dead and killers cannot be differentiated, the financial institutions are weak and not trustworthy, those in power develop plans to loot from the national treasury inform of borrowing money without repay, the import is much intended to serve the rich, employment is based on tribalism and other social affliction, Not forgetting that those in power considerably avoid tax payments, to create social differences they normally send their children to good schools abroad and use oversea medical services all this created poverty trap for many poor nations while driving far away the rich nations (Herbert Werlin, 2012). Such devastating effect of corruption can decrease economic growth and development.

Gupta et al. (1998) in his study to analyze corruption for 56 nations, argued through corruption income inequality is increased and reduces growth and thus widen poverty. Corruption exacerbate poverty through increasing inequality since lower income households are forced to pay high bribes to have basic services. He concluded that corruption destroy economic growth, increase income inequality and increase poverty. Meon and Sekkat (2005) justified that corruption is economically vital since it help to bypass the inefficient regulations by removing bureaucratic barriers and allowing companies to enter at lower costs.

3. Methodology

In order to satisfy this study an economic model was constructed, which represents the macroeconomic variables that have effects on FDI inflow. I used both quantitative and qualitative methods to analysis collected information. In some cases direct theoretical discussion were employed to discuss the views of the previous literatures. Furthermore, the sample of countries and the years in comparison were utilized.

Data source and collection

This study used panel data for 34 nations (*see appendix Table 5*) from 2005 to 2015 for selected countries from Sub-Saharan Africa with available data. Primary income on FDI, payments (current US\$) was the dependent variable, while corruption index With respect to other control variables, "Government Effectiveness: Estimate, Regulatory Quality: Estimate, Rule of Law: Estimate, Voice and Accountability estimate, GNI per capita, PPP (current international \$)", The data on Poverty ratio at \$1.90 per day (2011 PPP) (% of population) used as a raw form to draw analysis on the effects of corruption on inflow of FDI and poverty. (Modeled ILO estimate) gives clear relationship between FDI in-flow and prevalence of poverty.

Econometric Model Specification

This paper identified corruption and its effects on inflow of FDI. So, the dependent variable was each country's FDI inflow (current US\$) while other independent variables were corruption index, Voice and Accountability estimates, Regulatory Quality Estimates, Government Effectiveness estimates, Rule of Law estimates, Gross

National Income (GNI) in log form and battle related death as a dummy variable were the explanatory variables. The data were based on the World Bank data, 2016, Journals, Seminar Papers, and the Internet as the major sources. Therefore, the multiple regressions model can be specified as below;

Panel data specification

$$Y_{it} = \alpha_i + \beta_1 D_{it} + \beta_2 X_{it} + Z_{it}'\gamma + \epsilon_{it}$$

Where;

Y_{it} = FDI inflow for country i at time t. Primary income on FDI, payments (current US\$) as dependent variable covering payments for direct investment's money, all data are in US dollars.

α_i = Corruption for country i at time t. corruption in the government departments scoring (1=low to 6=high) high index means least corrupt, low index means otherwise.

D_{it} = Dummy variable for country i at time t. Battle-related deaths is death caused by war between warring parties. The dummy variable Battle-related deaths (number of people) representing the binary independent variable. Therefore it takes two values: '1' if the Battle related deaths (number of people) greater than ($> =$) 1000 reduces FDI inflow and 0 if otherwise. Thus, this dummy variable represents a variable with two levels, Yes or No.

X_{it} = Country i; fixed effect. The levels of corruption in each host country at specific period.

Z_{it}' = Vectors of control factors for country i at time t. lack of Voice and Accountability estimates, Regulatory Quality Estimates, Government Effectiveness estimates, Rule of Law estimates, Gross National Income (GNI) in log form.

ϵ_{it} = Error terms.

The ordinary least squares OLS regression help to explain the variables that constantly get dropped in the Fixed Effect regression these variables may be of great interest to explaining the variation that may affect the dependent variable.

In the equation, it was anticipated that corruption level to have positive relationship with host nation's FDI inflow. However, the coefficients of corruption (CI), lack of voice and accountability were anticipated to be negative. While other coefficients like for government effectiveness (GVEF), Regulatory quality (REG), Rule of law (ROL) and Gross National Income (GNI) are expected to be positive

OLS regression;

$$R Y_{it} = \alpha_i + \beta_1 D_{it} + \beta_2 X_{it} + Z_{it}'\gamma + \epsilon_{it}$$

Fig 1: Scattered plot

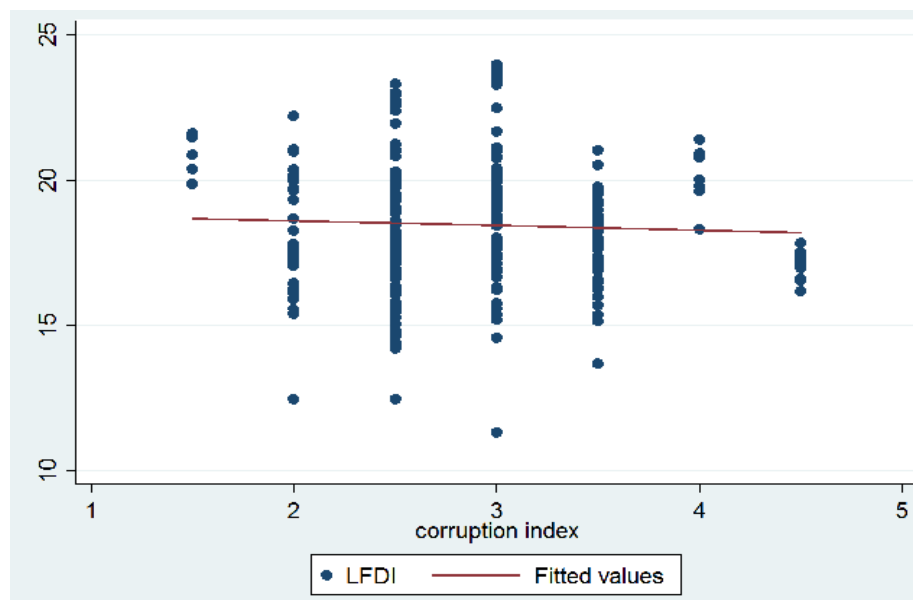


Figure 1: Corruption and inward FDI with fitted line

Figure 1 has provided visual evidence to the claim that corruption have effects on inflow of FDI. First, the above graph showed that most sample countries are corrupt ranging from 1 to 3 on corruption index. Furthermore, many of the sample countries received less FDI inflow as evidenced by more FDI figure below the fitted line.

Method of Estimation

Hausman test was used to give appropriate model to be employed, result obtained from fixed effect R^2 (within) was 0.0953, and random effect R^2 (within) was 0.923 while OLS recorded R^2 of 0.4462. According to this Hausman test, the large test statistic indicated errors-in-variables (EIV) or wrong specification. So OLS with smaller test statistic is the specified appropriate model for this study. The OLS is desirable due to its popularity and simplicity (Gujarati, 2006). Additionally, I assume that the errors are distributed equally.

4. Data Analysis and Interpretation

Test of hypothesis

Factor analysis was used to check if the proposed methods were valid, a total of 34 groups were used for 11 factors, and this study applied linear regression analysis. Table 1 showing the result of multiple regression for the effects of corruption on inflow of FDI.

Table 1: The impact of corruption on FDI inflow.

Factor (LFDI)	OLS Coef (Std error)	RE Coef (Std. Error)	FE Coef (Std. Error)
Corruption Index	-.84842 (.176)***	-.10988 (.246)	.04831 (.261)
Lack of Voice and accountability	-.00416 (.001)***	.00006 (.001)	.00111 (.001)
Regulatory quality	.00193 (.001)	.00145 (.000)	.00156 (.000)
Government effectiveness	-.00243 (.002)	-.00058 (.001)	-.00042 (.000)
Rule of law	-.00249 (.001)	-.00009 (.001)	.00032 (.001)
Gross National Income (LGNI)	2.8300 (.224)***	1.9826 (.337)	1.9528 (.862)

P < 0.05; *** Significant.

A linear regression was run to utilize FDI inflow as the dependent variable being affected by corruption and other variables as predictors to determine whether FDI inflow can be affected by corruption and its predictors.

The linear regression result showed corruption affect FDI inflow negatively and with a significant result, with $F(6,262) = 30.03$ and $R^2 = 0.4462$. The result found was negative and significant on corruption index. Meaning that, 1 point raise in corruption in concern nation will decrease FDI inflow by -0.848% . The finding in this study is consistent and relevant with the findings of Mohsin and Leon (2009); and Al-Sadiq (2009) who found that corruption increases investment cost and hence discourage FDI inflow. This study found out that corruption and Lack of voice and accountability affect FDI inflow negatively, they all showed significant relationship towards FDI inflow. Additionally, the study found that the GNI per capita could increase the FDI inflow and shows a significant relationship with FDI inflow. The Regulatory quality has positive relations with FDI inflow but there was insignificant relationship with the FDI inflow. Contrary, the study found that Government effectiveness and Rule of law have negative effect on FDI inflow but there was no significant relationship with FDI inflow. This discovery is consistent with Houston's finding which stressed corruption as helpful for nations with weak institutions (Houston. D, 2007)

Estimation improvements

Dummy variable was created to show how the results can be improved. In order to give clear difference between the different treatment groups, this dummy variable represented an attribute of the different categories towards FDI inflow. During the Linear regression, FDI inflow was treated as a dependent variable. The dummy variable Battle-related deaths (number of people) representing the binary independent variable. Therefore it takes two values: '1' if the Battle related deaths (number of people) greater than (\geq) 1000 reduces FDI inflow and 0 if the battle related deaths (number of people) greater than (\geq) 1000 increases FDI inflow. Thus, this dummy variable represents a variable with two levels, Yes or No.

The figure ‘1000’ was taken because it is easy to represent population in thousands than in hundred or tens. Thus, it’s best for representing population.

Table 2. Observations

Battle related deaths	Freq.	Percentage	Cum.
Yes (1)	304	81.28	81.28
No (0)	70	18.72	100.00
Total	374	100.00	

Note:

(a) “Yes or 1” is assigned if the Battle related deaths (number of people) greater than ($> =$) 1000 reduces FDI inflow.

(b) “No or 0” is assigned if the battle related deaths (number of people) greater than ($> =$) 1000 increases FDI inflow.

Table 3. Fixed-effect regression on the dummy variable

LFDI	Coef.	Std. Err.	t	Sign. P>
Corruption Index (CI)	-.0590	.2783	-0.21	0.832
Voice and accountability(VAA)	.0007	.0015	0.45	0.652
Regulatory Quality(REG)	.0015	.0010	1.56	0.120
Government effectiveness(GEF)	-.0006	.0011	-0.54	0.592
Rule of law(RoL)	.0001	.0001	0.09	0.925
Gross National Income(GNI)	1.938	.4235	4.58	0.000***
Battle related deaths(D)	-.3643	.1843	-1.98	0.049***
Cons_	4.418	3.430	1.29	0.199

Significant $P > = 0.5$

The fixed-effect regression on predicted dummy variable gave the following model;

Predicted result: $-.0590 + .0007*VAA + .0015*REG + -.0006*GEF + .0001*RoL + 1.938*GNI + -.3643*D$.

Where, VAA is voice and accountability, REG is Regulatory quality, GEF is the government effectiveness, GNI is Gross National Income and D stands for dummy.

The interception value at $-.0590$ indicates that corruption affect FDI negatively irrespective of the type of corruption, the year and the country where it’s commonly practiced, 1% increase in corruption negatively affect FDI inflow by $-.0590$. Same view is represented at coefficient of Government effectiveness (GEF). However, other coefficients of Voice and accountability (VAA), Regulatory quality (REG), and Rule of law (RoL) increases FDI inflow.

The dummy coefficient of $-.3643$ mean that if the Battle-related deaths (number of people) is greater than 1000, it negatively affect the FDI inflow by $-.3643$ and it showed a significant relationship at $0.049***$ ($P < 0.5$) otherwise the coefficient will read positive if the battle related death number of people greater than 1000 can increase FDI inflow.

Additional analysis

The study found that highly corrupted countries do received low FDI inflow for example, Central African Republic = 2.5: 138771.451, Congo, Dem. Rep. = 2: 5050000, Djibouti 2.5: 5495651.224, Guinea-Bissau 2.3: 3215523.51, Zimbabwe 1.4: 12165833.99, Madagascar 2.8:57523121.78. The figures of the above selected countries shows that high corruption level tend to discourage and reduce FDI inflow. Therefore this finding is agreement with the view of (Skanska group, Argentina 2007) which concluded that corruption have negative effects to FDI inflow. Kaufmann (1997) explained the high investment cost in corrupted nations is 20% higher than that in less corrupt nations. Contrarily, Sudan 1.7: 763134264.7 is one of the highly corrupted country in Africa but it received high FDI inflow compared to some of the least corrupted country like Rwanda 3.4: 6489583.056. This contradiction is pointing at the views of Toby Kendall and Ying Zhou (2009) who explained that corruption could increase FDI in flow, Marcos Hilding Ohlsson, (2007) urged that it has positive effects on FDI. Saha (2001) argue that corruption is a helpful tool in the economy. They show that corruption is not harmful to business but rather a motivating factor for unchangeable economic regulations. we show that highly corrupted countries have larger population living in poverty for example; Burundi 2.8: 80.96%, Central African Republic 2.5: 71.76%, Congo, Dem. Rep. 2: 85.56%, Madagascar 2.8: 71.67%, Mozambique 2.9:78.15%. There is evidence that corrupted countries ended into corruption trap, this argument is supported by many previous authors like; Gupta (1998) agreed with the view that government capacity is reduced by corruption to spend on

health and education. Highly corrupted countries tend to have less expenditures on social services that is meant to elevate poverty; Huguette Labelle (2014) explained corruption and poverty as a child and the mother unfortunately go hand-in-hand, destroying the lives of many poor people especially in countries where people are to pay bribes to get necessary government services like health, education and water. Although the effects of corruption are personal, they are destructive; it leaves children without parental care, families without healthcare and citizens without food. Jong-sung and Khagram (2005) stressed that corruption can make the poor more vulnerable because they cannot hold the rich accountable, this is likely to create permanent circle of corruption-inequality-poverty. Hence, as inequality increases, more people are trapped into poverty.

5. Conclusion

Today policy-makers and world leaders takes much time to discuss about corruption and its effects on different economic activities. The institutional quality in the host countries matters a lot in the real choose of FDI inflow and the living conditions of the citizens. In this paper, the main objective was to establish the effect of corruption on FDI inflow and poverty, this objective was achieved. I based my arguments and conclusion on the evidence gathered through cross-section data analysis which the result showed that corruption affect FDI inflow negatively. 1% increase of corruption affects FDI inflow by $-.848$ and it has significant relationship with FDI inflow, hence validating the finding of Mauro. T (1995) and Eric C, Frances. C and B. Spector (2003) however, my findings based on empirical evidence rendered the arguments of previous scholars like Saha (2001), Bardhan (1997) and Houston (2007) who all argued positive effects of corruption on FDI inflow and economic development null and void.

Furthermore, corrupt countries tend to receive less FDI inflow and have larger population living in poverty for example, DRC, Burundi, CAR, and Madagascar. However, Sudan and Zimbabwe are corrupt countries but have relatively high FDI inflow compare to the least corrupt countries, this FDI inflow could be due to attractiveness of natural resources in those host countries. But if these countries (Sudan and Zimbabwe) which are highly corrupt and received remarkable FDI at the same time could even receive this FDI twice as much they received if the level of corruption could be reduced. Therefore, I conclude corruption to be significantly a problem for FDI inflow and poverty reduction in Sub-Saharan African countries because corruption obstruct FDI inflow by increasing economic risks and uncertainties, thereby Killing and destroying investors' confidence in investing in the existing market and depriving citizens from participating in profit from foreign investors.

Policy implications.

The governments should introduce appropriate legislation measures to deal with corruption and provide all the required ways to make sure that right steps are taken to establish a trusted and consistent rule of law in order to attract more FDI. Among the Sub-Saharan African countries, Rwanda and Botswana demonstrated an appropriate way of fighting against corruption, the established trusted and independent Anti-corruption bodies, and reaffirmed the politician's commitment to combat corruption at all levels. In line with establishment of proper legislation to minimize corruption, there is need to involve the citizens in building integrity and confidence in the existing institutions. The government should take the responsibility for cracking down the top government officials and other stakeholders who encourage bribery in order to give favor over others. Furthermore, the government should create politically stable situation to attract foreign investors. It's obvious that the politicians are taking unstable situation to encourage corruption as the country's institutions are weaken by civil wars, regional conflicts, and tribal conflicts.

Limitation of the study

This study has limitations which can be filled by the future researchers on the same theme. First, the study did not focus much on the relations between corruption and poverty. The result of this study was concerned with the effects of corruption on FDI inflow. So, stating conclusion that corruption have effects on poverty without empirical evidence is bias and unfair. Secondly, there was limitation in getting all the data for the Sub-Saharan countries for long period, most of the data for required variables were lacking. Thus it was not possible for the researcher to cover all the countries in the region for a long period.

Future research areas

I admitted that more research is required in this field because the result in this paper gave scientific evidence only on corruption and FDI inflow while the link between corruption and poverty was not proof scientifically, the theoretical explanation remains suggestions to the policy-makers. I believe that a potential for the future research to find out the direct effects of corruption on poverty is warranted.

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APPENDIX

Table 4: Data analysis to establish the linkages between corruption, FDI inflow and poverty ratio.

COUNTRIES	Corruption Index(Average)	Primary income on FDI, payments (current US\$)(average)	“Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of population)”(average)
Angola	2.5	3593878131	31.20
Benin	3.5	27826069.77	50.98
Burkina Faso	3.4	33594736.24	64.19
Burundi	2.8	2938768.173	80.96
Cameroon	2.5	160281712	31.11
Cabo Verde	4.5	13364320.52	12.04
Central African Republic	2.5	138771.451	71.76
Chad	2.9	431997.34	50.68
Comoros	2.5	957864.435	13.47
Congo, Rep.	2.3	299229479	43.58
Congo, Dem. Rep.	2	5050000	85.56
Cote d'Ivoire	2.5	3094677084.4	23.79
Djibouti	2.5	5495651.224	20.49
Ethiopia	2.7	9841634.938	47.91
Gambia, The	2.4	8742663.391	57.87
Ghana	3.8	313833437.4	35.47
Guinea	2.3	32835925.13	59.48
Guinea-Bissau	2.3	3215523.51	56.98
Kenya	3	71019690.01	24.25
Liberia	3	54457434.08	68.64
Madagascar	2.8	57523121.78	71.67
Malawi	2.8	79983613.2	69.39
Mozambique	2.9	117557792.8	78.15
Niger	2.95	26802971.44	67.09
Nigeria	3	765566132	56.87
Rwanda	3.4	6489583.056	66.41
Senegal	3.22	110840250.1	50.314
Sierra Leone	2.8	63277097.47	55.4
Sudan	1.7	763134264.7	14.92
Tanzania	3	216777533.7	63.62
Togo	2.2	46678409.82	54.86
Uganda	2.5	149965621.1	54.76
Zambia	2.9	397936356.8	52.93
Zimbabwe	1.4	12165833.99	21.4

Source: world Bank development indicators, 2016.

Descriptions: corruption index (1 to 6 scale, 1 highly corrupt and 6 least corrupt), FDI inflow (low figure represents less inflow), Poverty (in 100%, 1% means low poverty ratio and 100% high poverty ratio)

Table 5: Sample countries.

Table 6: SAMPLE COUNTRIES			
Country	Code	Country	Code
Angola	AGO	Guinea-Bissau	GNB
Benin	BEN	Kenya	KEN
Burkina Faso	BFA	Liberia	LBR
Burundi	BDI	Madagascar	MDG
Cameroon	CMR	Malawi	MWI
Cabo Verde	CPV	Mozambique	MOZ
Central African Republic	CAF	Niger	NER
Chad	TCD	Nigeria	NGA
Comoros	COM	Rwanda	RWA
Congo, Rep.	COG	Senegal	SEN
Congo, Dem. Rep.	COD	Sierra Leone	SLE
Cote d'Ivoire	CIV	Sudan	SDN
Djibouti	DJI	Tanzania	TZA
Ethiopia	ETH	Togo	TGO
Gambia, The	GAB	Uganda	UGA
Ghana	GHA	Zambia	ZMB
Guinea	GIN	Zimbabwe	ZWE