



September 2021

What is the Relationship Between US ODA Disbursement Patterns and Corruption in Recipient Countries?

Keagan James

Illinois Wesleyan University, kjames1@iwu.edu

Follow this and additional works at: <https://digitalcommons.iwu.edu/parkplace>

Recommended Citation

James, Keagan (2021) "What is the Relationship Between US ODA Disbursement Patterns and Corruption in Recipient Countries?," *The Park Place Economist: Vol. 28*

Available at: <https://digitalcommons.iwu.edu/parkplace/vol28/iss1/16>

This Article is protected by copyright and/or related rights. It has been brought to you by Digital Commons @ IWU with permission from the rights-holder(s). You are free to use this material in any way that is permitted by the copyright and related rights legislation that applies to your use. For other uses you need to obtain permission from the rights-holder(s) directly, unless additional rights are indicated by a Creative Commons license in the record and/ or on the work itself. This material has been accepted for inclusion by faculty at Illinois Wesleyan University. For more information, please contact digitalcommons@iwu.edu.

©Copyright is owned by the author of this document.

What is the Relationship Between US ODA Disbursement Patterns and Corruption in Recipient Countries?

Abstract

The United States is one of the largest donors of Official Development Aid in the world. Despite its economic nature, political factors have historically played a large part in determining who gets what amount of aid. As a rational actor, the United States is looking to get benefits from their 'investments.' Because of this, this paper is interested in determining whether corruption in recipient countries determines US ODA patterns. In addition, this paper will attempt to determine whether political variables are the main determinants of US aid disbursement policy over time. As found by the use of a random effects estimation using panel data, corruption in recipient countries results in receiving less ODA from the United States. In addition, political factors have a large impact on aid disbursement patterns from the US.

What is the Relationship Between US ODA Disbursement Patterns and Corruption in Recipient Countries?

Keagan James

Abstract: The United States is one of the largest donors of Official Development Aid in the world. Despite its economic nature, political factors have historically played a large part in determining who gets what amount of aid. As a rational actor, the United States is looking to get benefits from their ‘investments.’ Because of this, this paper is interested in determining whether corruption in recipient countries determines US ODA patterns. In addition, this paper will attempt to determine whether political variables are the main determinants of US aid disbursement policy over time. As found by the use of a random effects estimation using panel data, corruption in recipient countries results in receiving less ODA from the United States. In addition, political factors have a large impact on aid disbursement patterns from the US.

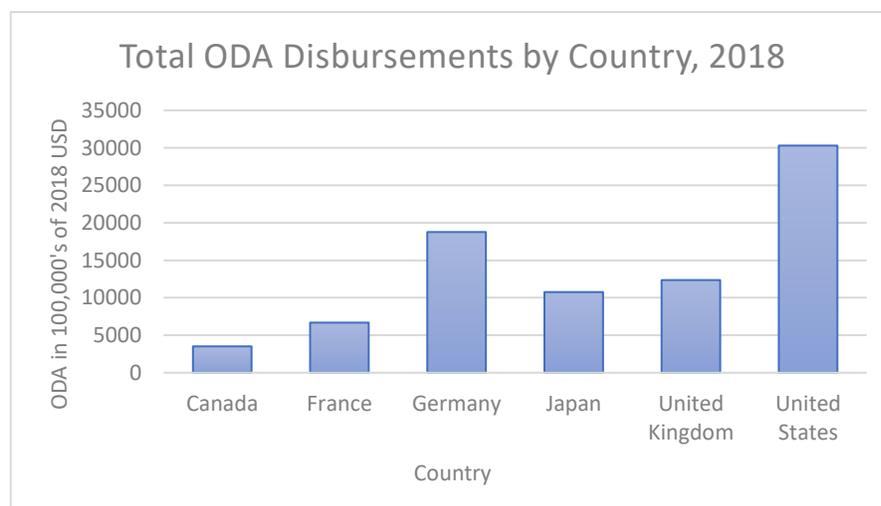
Introduction

The United States is one of the largest donors of foreign aid in the world. In 2018 alone, US Official Development Aid (ODA) disbursements to developing countries surpassed 29 billion dollars. The use of aid to spur economic development is a hotly debated topic - see (Moyo, 2009) and (Easterly, 2006) - but it is still a generally well-respected and heavily utilized tool by more developed countries. The rationale for foreign aid's effectiveness stems from general growth theory: more capital provides opportunities for more productive production. More specifically, Chenerya and Strout (1966) argue that aid is effective in spurring development because it simultaneously closes the savings-investment and export-import gaps. In short, aid is largely given to help developing countries develop faster and largely it succeeds in doing so. For example, Goldsmith (2001) found evidence that economic aid actually spurs development. While critics of aid are loud, many countries have been positively impacted by it.

Likewise, foreign aid has a long history of political use. During the Cold War, for example, the United States' primary priority was to stop the spread of Communist ideals. Thus, government aid disbursements were especially given to countries who promised to forego communist ideologies. Communism was branded as a true threat to American national security and thus aid was delivered on the basis of securing US hegemony (Meernik et al., 1998). Similarly, Hout (2004) demonstrated that emphasizing recipient countries' levels of "good governance" was a priority of the United States to politically justify giving. The United States could substantiate to the public giving aid to developing countries on the basis that the country was seemingly well managed. Maizels and Nissanke (2001) empirically prove political motivations to be a significant determinant of development aid. While aid is hypothetically given to help countries develop, there are other factors deciding who gets how much aid.

Another factor in determining levels of aid is corruption within a recipient country. If the goal is to spur development in a recipient country, corruption is a hindering factor. Data suggests that corruption slows development dramatically and has detrimental effects on future development (Shleifer and Vishny, 1993). This means that when aid is given to corrupt countries, it would go ‘less far’ in spurring their development. Most importantly, corrupt regimes do not have their country’s best interest in front of their own. This can result in corrupt leaders expropriating the monies for their own use. One example of this is the corrupt former President of Zaire, Mobutu Sese Seko, who infamously amassed a huge fortune stealing aid money from the government of Zaire. While aid money was supposed to be going toward building infrastructure and facilitating the government, very few of the dollars did so.

Figure 1 demonstrates the amount of Official Development Aid given in 2018 from some of the top OECD countries. Taking a realist lens (from general International Political Economy theory), if the United States is getting the short end of the stick from giving aid, they would be interested in changing their activity. Because the US gives so much aid in relation to other developed countries, their relative position in the world economy could be negatively impacted by ineffective aid giving strategies. Even on a per capita basis, the US gives aid at a high level.



Obviously, the United States does not give ODA to line the pockets of leaders from developing nations. Rational choice theory substantiates this claim. If the US gives money with the knowledge that it is the best option, corruption would see less returns enjoyed by the United States. Ultimately, this means the United States would be interested in seeing where their money goes and how effective it is in spurring growth. Because of the negative effects of corruption on growth, this paper is concerned with whether US ODA disbursement patterns are actually impacted by universally known levels of corruption. Additionally, if the patterns are not significantly impacted by corruption, what would be the reason for this?

Previous attempts at answering these questions have been relatively inconclusive. Alesina and Weder (2002) find that, in general, corruption does not result in receiving less foreign aid. In fact, their findings suggest that the United States might give more money to more corrupt countries. On the other hand, other studies show that aid is more likely to be given to recipient countries with similar levels of corruption to the giver (Schudel, 2008). These studies do not come to a conclusive answer, especially regarding the United States. In this paper, an OLS regression will be utilized to attempt to uncover an explanatory connection between modern US Official Development Aid disbursement patterns and corruption levels.

An important assumption relevant to this study is that the United States gives ODA primarily to help developing countries spur sustainable development. Through its name (Official Development Aid), it is separate from other types of similar assistance like direct military assistance, humanitarian aid, loans, and food aid. This distinction is maintained in the data. Another key assumption is that the development of global south countries is beneficial to the United States. While this also stems through rational choice theory, it is not economically unfounded. Aside from a feeling of benevolence, development of other countries bolsters the

economy of the United States. It provides more secure opportunities for foreign direct investment and creates a larger reachable market for US companies to supply. These reasons alone are reason for development to benefit the United States.

This paper sits at the intersection of the political and economic highways. Because of this, it will be necessary not only to test the pure effects of corruption on aid patterns but also the impact of political factors on aid patterns. In fact, corruption is positioned as a political variable with economic ramifications. There is no evidence that corruption worsens with increased packages of aid (Goldsmith, 2001). Truly, corruption is political. Because of this, this paper will attempt to also answer whether political factors are primarily those that explain variation in aid patterns. It could be that political factors are those that actually give utility to the United States when it comes to giving aid. The main political factor in question is national security. Will the United States give money to corrupt governments on the basis of improving national security?

Theory

This paper draws upon two theories to substantiate the economic, political, and empirical frameworks. The most important of the two theories is Gary Becker's Rational Choice Theory. Rational Choice Theory is a commonly utilized framework in the field of International Political Economy and serves as a common assumption in classical economic models. RCT assumes that all actors are rational and therefore rank actions in terms of their net marginal benefit to the actor. Then, after ranking all of the options, the actors pick whichever available action has the highest marginal benefit to them. This rational agent is assumed to have weighed all of the costs and benefits and consistently chosen the best choice of action.

Here, the United States is assumed to be a rational actor through RCT. Because of this, they chose to disburse Official Development Aid to each country at a certain amount. In each case, the amount disbursed must have been carefully chosen to receive the best results possible. When the returns are marred by corruption, the rational action for the United States is different than if corruption was not present. Because of the assumption that rational actors have perfect information, this would have already been taken into account. Thus, through rational choice theory, one would clearly expect US ODA disbursements to decrease as levels of corruption increase. If the benefits of corruption are felt through the development of the recipient nation, less utility would come from aid to corrupt regimes.

In this context, it is reasonable to assume the United States is a rational actor. Firstly, the US has an expansive knowledge of the world and the governments of nations. A quick search engine query can relatively accurately provide information on corruption levels in every country in the world. On top of this, the US boasts some of the most robust diplomatic relations and intelligence agencies in the world. The US knows much about the dealings of their potential recipient regimes, and they would adjust aid patterns accordingly. Likewise, careful measures are put in place to determine to whom and how much aid is given. It is rational to assume the United States government does not needlessly waste money internationally.

Rational Choice Theory leaves also room for political justifications to impact decisions on disbursements of ODA. As mentioned before, there can be ulterior motives to giving developing countries aid. National security is a common justification for giving aid to a country. In addition, aid can create goodwill between regimes and strengthen bonds of trust that could ultimately lead to future trade, military assistance, etc. To what extent these reasons are included in the decisions regarding aid remain to be seen. If the US is a rational actor, but ODA patterns

are not significantly impacted by corruption levels, other justifications must be the answer. The United States (as a rational actor) would have a rational justification for giving the certain amount of aid they chose to give. Thus, political implications may be explored.

As mentioned earlier, this paper also draws upon traditional growth model framework to justify why aid is even given. Again, Chenerya and Strout (1966) justify aid's effectiveness through their take on growth theory. It is important to make this assumption because it builds the framework for which the aid is given in the first place. Whereas the United States gives aid because it helps a country develop, it also benefits from Rational Choice Theory because the development of the recipient country also benefits the United States.

Because the US benefits from giving aid and aid is intended to help recipient countries, this paper hypothesizes that when levels of corruption increase, development aid from the US will decrease. This is justified through rational choice theory because if the US' money is going 'less far' because corruption makes aid less effective, the US loses part of its justification for providing aid. However, rational choice theory leaves room for explanation if the data shows that aid does not respond heavily to corruption. Through a realist lens (within IPE), the US might find reason to give aid despite corruption on the basis of national security. If national security still improves regardless of corruption status, it could still be a rational choice for the United States to give ODA to a more corrupt regime. However, this would only be true if the benefit to national security outweighs the lackluster return on economic development in the recipient country.

Empirical Framework and Data

This paper is concerned with uncovering the impact of corruption in recipient countries on US Official Development Aid disbursement patterns. Some other papers have attempted to

answer similar questions. One pivotal paper in establishing the framework for testing the impact of corruption on aid patterns is from Alesina and Dollar (2000). This paper utilizes panel data to estimate the effects of certain variables on aid patterns. Similarly, Alesina and Weder (2002) use an OLS regression method to test whether corrupt governments receive less foreign aid. Ultimately, they find that in many cases there was no evidence to indicate corruption decreased amounts of aid given.

In this paper, an OLS regression will also be used. This type of regression is appropriate for attempting to answer this question because there are some endogeneity concerns with the variables in play. In order to adequately take out other factors that impact amounts of aid disbursed, within the regression there will be other variables to control for these factors. Important control variables include democracy levels, PPP per capita, colonial status, and population. However, because of the nature of panel data, these variables hardly change from year to year. Because of this, these commonly utilized variables were omitted. Instead, this paper will be focusing on controlling for trade openness, FDI and freedom levels, all of which are more variable from year to year. All of these factors are proven to have an impact on inflows of foreign aid both bilaterally and multilaterally (Alesina and Weder, 2002). Finally, another variable for terrorist activity will be included later.

These proven variables come with solid rationale. Trade openness affects aid because openness serves as a proxy for government willingness to interact internationally. One would expect to see more aid for countries with higher levels of openness. In similar ways, levels of FDI proxies for willingness to deal internationally and trustworthiness in the eyes of other nations. The other variables are simultaneously political. One would also expect the United States to give more aid money to countries with higher levels of freedom. Here, the freedom

levels are separated into three separate groups of dummy variables: Free, Not Free, and Partially Free.

Finally, the variable “Terrorism” will proxy for levels of terrorism. By delivering aid to developing countries that have high levels of terrorism, it gives the government the ability to tackle terrorist activity. By doing so, it improves US national security and targets groups that breed instability and violence. This comes from evidence, as aid has been found to actually decrease terrorist activity (Ben-Itzhak, 2015). On the other hand, the United States might give less development aid to countries that have more terrorism on the basis of politics. If a country has lots of terrorist activity, the United States could choose to avoid the country all together. Within the regressions, it will be interesting to see which justification has the most strength. This would further test the implicit hypothesis that political measures impact aid disbursement patterns. However, this would specifically define the potential variable impacting the United States positively. If the terrorism coefficient is high, it might be the case the US actually benefits from increased national security and not primarily development.

This paper will be utilizing data from Africa for the years 2004-2018 to test the research question. This is relevant because it is not the source of any major US conflicts from 2004-2018. These conflicts could confound data and disturb results, especially on high-terrorism areas after 2001. Most importantly, the data will feature African countries because a substantial percentage of US ODA disbursements go to the continent. The data will be included for each African country that has datapoints for each variable over the specified time period.

Two subsequent models will be tested. In the first model, all of the named variables will be controlled for in order to find to what extent corruption affects US aid disbursement patterns. This directly tests the research question. The second model will exclude the economic control

variables in order to test their effects on giving aid. As proven through the theory, the United States has to have some benefit from giving aid. By applying this model, this paper will attempt to answer to what extent political variables determine aid despite corruption. As mentioned before, corruption itself is a political variable. This explains the political factors' impact on aid disbursement patterns. In the second regression, the variables used will be freedom levels, corruption, and terrorism. The two equations are detailed below.

$$(Eq1) AID_i = \beta_0 + \beta_1 Corruption + \beta_2 FDI + \beta_3 Free + \beta_4 PartialFree + \beta_5 NotFree + \beta_6 Terrorism + \beta_7 TradeOpenness + \epsilon_i$$

$$(Eq2) AID_i = \beta_0 + \beta_1 Corruption + \beta_2 Terrorism + \beta_3 Free + \beta_4 PartialFree + \beta_5 NotFree + \delta_i$$

The bulk of the data is from datasets maintained by the World Bank (World Development Indicators). This data is frequently used in economic studies with varying international topics. The data for FDI relative to GDP and trade openness is taken from World Bank databases. Most importantly, the indicators for corruption will be taken from Transparency International's Corruptions Index. Transparency International's work with this index has changed over time, but it has gained much respect from researchers. The index runs from zero to one, with one being completely corrupt and zero being completely noncorrupt (Transparency International). Official Development Aid numbers from the US are coming from OECD datasets (OECD). Democracy will be measured using indices from Freedom House that range on a scale from 1 to 7. They list a country as free, partially free, or not free by compiling its score on their Freedom Index and their

Civil Liberties index for each year (Freedom House). Finally, the terrorism variable used will be Vision of Humanity's Global Terrorism Index (Vision of Humanity). This index scores countries based on terrorist activities within their borders. Here, the higher numbers signify higher levels of terrorism within a country.

Results

As mentioned previously, there are two main regressions looking to estimate results on the determinants of US aid. Most importantly, this paper is looking to find how US aid disbursement patterns respond to levels of corruption. This paper hypothesizes that, through thinking of the US as a rational actor, they will give less ODA to more corrupt nations. Additionally, if a country gets more corrupt over time, they will receive less aid. The first regression model tested these hypotheses and the results are in Table 1. Here, we see that there is a negative, significant relationship between corruption and aid, even when controlling for factors such as levels of freedom, FDI, terrorism, and trade openness. This proves the hypothesis to be correct; as a country gets more corrupt over time aid decreases from the United States. Another important finding is that with higher levels of terror the US seems to give more ODA. This is substantiated by the positive and significant coefficient attached to the terrorism variable. Interestingly, economic factors seem to have less of an effect on ODA patterns. Foreign Direct Investment per capita and trade openness have far less significant effects on disbursement patterns, although there is evidence of trade openness negatively affecting aid.

Table 1: Results of Regression Determining Corruption's Impact

Dependent variable:	
ODA	
FDI	-0.00001 (0.00002)
Corruption	3.675*** (1.212)
FreeYes	-28.310 (32.309)
notfreeYes	-26.837 (37.201)
partialfreeYes	5.386 (34.437)
Terrorism	11.862*** (3.947)
tradeopen	-0.517* (0.312)
Constant	77.479 (58.051)
Observations	611
R2	0.041
Adjusted R2	0.030
F Statistic	25.624***
Note:	*p<0.1; **p<0.05; ***p<0.01

This leads to the next question: Are political factors the most important drivers in US foreign aid policy when considered alone? Table 2 shows the regression results from the model only including political variables. Here, corruption's effect is a little diminished. The relationship, while still significant, is a little less strong. Conversely, the effects of high levels of terrorism on aid became stronger at the same significance level. However, both effects are

virtually unchanged. Interestingly, the dummy variables for levels of freedom do not drive aid in these models. While in the past the United States have operated using freedom and democracy levels as the compass for giving aid, in more recent history this does not seem to be the case. In both models these variables are not significant to any degree. Instead, the United States is now more concerned about corruption and national security. This is not a surprising finding, especially given the post 9/11 wars on terror.

Table 2: Regression of Political Variables Results

Dependent variable:	
ODA	
Corruption	3.543*** (1.205)
FreeYes	-26.376 (32.135)
notfreeYes	-24.348 (36.114)
partialfreeYes	9.788 (33.217)
Terrorism	12.474*** (3.926)
Constant	38.135 (51.893)
Observations	614
R2	0.036
Adjusted R2	0.028
F Statistic	22.944***
Note:	*p<0.1; **p<0.05; ***p<0.01

Thus, the US must find net benefits from giving ODA for each area. In the past, the large non-economic drivers of aid were spreading democracy and preventing the spread of communism. The United States used those rationale for giving aid because it benefitted them the

most, not in terms of economic possibilities, but because of the political impact it had on the world order. Similarly, the main justifications for giving aid recently are not economic, but political. Corruption and fighting terrorism are high upon the United States foreign policy priority list. The evidence suggests the United States believes in using development aid as an avenue through which to fight terrorism. Despite the negative look on giving money to countries with higher levels of terror, the US believes development quells terrorism.

Another way through which this works is that development aid is often tied to specific factors. For example, the US could give aid to a historically terror-ridden country on the basis of not supporting terrorist activity. By doing this, the recipient country is more likely to not negotiate or collaborate with terrorists in order to receive their much-needed aid from the United States. In this way, the US can simultaneously be sure the money is safe from terrorist organizations and that recipient countries are deterred from working with terrorists. The US national security benefits from this must outweigh the negative press of giving money to countries that have large amounts of terrorist activity.

Regardless of the time period, the most interesting takeaway from the results in this paper and in previous studies is that political factors matter in ODA disbursements. The US does not give money benevolently because it wants developing countries to succeed. It gives development aid to serve a specific political purpose. Whether it be giving money on the basis of fighting communism or fighting terrorism, there are always ulterior motives at work. On the other hand, economic variables like changes in FDI over time have little effect on ODA disbursements from the United States to Africa. While Official Development Aid seems like a purely economic factor, with potential economic benefits to the US, it is not used in this fashion. The United States is a rational actor. They would only give aid expecting tangible and concrete results

benefitting them. In the cases of economic potential, the returns can be diffuse. The political ramifications are more reliably predictable, thus the strong impact of politics on aid giving strategies.

This reinforces the strong connection between politics and economics. Despite knowledge on other types of aid being politically charged, Official Development Aid is frequently treated only as an economic object. It is time that development aid is thought of in a similar fashion to military and general aid. While ODA can have huge benefits to a country's development, it also is given with the intent of it having benefits to the giver. While benevolent aid is something frequently advocated for by proponents of developing nations, it is not usually given in this case.

However, this does not mean that US money does not make it to developing countries that need it. Corrupt regimes have much less interest in the development of their country and people than noncorrupt regimes. Because of this, the people of corrupt countries are the ones that need the development aid. This creates a conundrum of sorts. While development aid is needed in corrupt countries, they are less likely to get it in the form of bilateral ODA from the US. However, the money can come from different avenues. The US gives money to NGO's, the United Nations, and other organizations to distribute as aid to developing nations. Additionally, less developed countries need humanitarian aid the most. If a country has high levels of terrorist activity, they would also require more emergency humanitarian aid. Money does make its way from the United States to developing countries.

Conclusion

This paper provides evidence that the United States gives less ODA to more corrupt regimes in Africa. In addition, more aid makes its way to countries with more terrorism in order to fight terrorism through development. Political factors heavily determine ODA flows from the United States. The politics of giving development aid depend on the net expected benefits received by the giver. Whether it is economic or political returns, it emphasizes the research into the marginal political benefits determining who gets what amount of aid. For realists, everything is relative. Thus, there are gains to be made for the United States by helping developing countries to gain ground on developed countries.

Interesting extensions to this research abound. While this paper emphasizes the political nature of development aid, it would be interesting to see how corruption impacts developing countries' reception of humanitarian aid. Unlike with development aid, it would make sense to expect a positive relationship between humanitarian aid and corruption. Corruption stalls development (Shleifer and Vishny, 1993) and expropriates from the people, thus one would expect countries with less development to need more humanitarian aid. Likewise, terrorist activity breeds instability and causes terrible events to occur which would increase the need for humanitarian aid. In this way, one might expect humanitarian aid to be similarly politically motivated, but in a way that is different from development aid.

Another extension is to evaluate how much national security benefit the United States actually reaps from fighting terrorism in Africa. While their expected return drives the amounts of aid they give, whether the returns actually come to fruition is important. The United States demands return from their disbursements of ODA; they would obviously be interested in the actual value of the return. However, through rational choice theory, one would expect them to have nearly perfect information about returns. Because of their consistency in using terrorism

and corruption levels as a guide for disbursement policy, one would expect to find positive real returns on the basis of national security and/or economic opportunity.

The importance of politics in determining aid cannot be understated not only with foreign aid policy, but in economics as a whole. Through Rational Choice Theory, the most important factors for the United States in giving development aid to Africa are political. For regimes looking to get more development aid from the United States, it might be beneficial to increase government transparency in order to gain trust from the US government. If their perception is that there is little corruption, the US government might be more willing to give higher ODA disbursements in order to help spur development. However, corrupt regimes might be able to do this as well. Thus, the US must ensure having the most accurate information possible in order to have accurate expectations on returns from aid.

While the US gives aid on the basis of fighting terrorism and corruption today, their political justifications will likely change in the future. After all, the main initiative used to be stopping the spread of communism. In the future, it is important that political scientists and economists alike work together to identify the new political trends determining the aid policy of the United States.

References

- Alesina, Alberto, and Beatrice Weder. 2002. Do corrupt governments receive less foreign aid? *American Economic Review* 92(4): 1126-1137.
- Alesina, Alberto, and David Dollar. 2000. Who gives foreign aid to whom and why?. *Journal of Economic Growth* 5(1): 33-63.
- Bauhr, M., Charron, N., & Nasiritousi, N. (2013). Does Corruption Cause Aid Fatigue? Public Opinion and the Aid-Corruption Paradox 1. *International Studies Quarterly*, 57(3), 568-579.
- Ben-Itzhak, S., Omelicheva, Mariya, Brown, Marie, Haider-Markel, Don, Joslyn, Mark, & Reich, Gary. (2015). Foreign Aid and Terrorism: When Is Aid Effective in Reducing Terror?, ProQuest Dissertations and Theses.
- Chenery, H., & Strout, A. (1966). Foreign Assistance and Economic Development. *The American Economic Review*, 56(4), 679-733.
- Easterly, W. (2006). *The white man's burden : Why the West's efforts to aid the rest have done so much ill and so little good*. Oxford: Oxford University Press.
- Finn T., Chenery H. (2008) Foreign Aid. In: Palgrave Macmillan (eds) *The New Palgrave Dictionary of Economics*. Palgrave Macmillan, London.
- Goldsmith, A. (2001). Foreign Aid and Statehood in Africa. *International Organization*, 55(1), 123-148.
- Hout, W. (2004). Political regimes and development assistance: The political economy of aid selectivity. *Critical Asian Studies*, 36(4), 591-613.
- Maizels, A., & Nissanke, M. (1984). Motivations for aid to developing countries. *World Development*, 12(9), 879-900.

Meernik, J., Krueger, E., & Poe, S. (1998). Testing Models of U.S. Foreign Policy: Foreign Aid during and after the Cold War. *The Journal of Politics*, 60(1), 63-85.

Moyo, D. (2010). *Dead aid [electronic resource] : Why aid makes things worse and how there is another way for Africa*. London: Penguin.

Organization for Economic Cooperation and Development. (2004). *Aid (ODA) disbursements to countries and regions [DAC2a]*. OECD.

Sachs, J. (2007). The End of Poverty. *Journal of International Development Cooperation*, 2007(1), 7-13.

Shleifer, A., & Vishny, R. (1993). Corruption. *The Quarterly Journal of Economics*, 108(3), 599-617.

Schudel, C. (2008). Corruption and Bilateral Aid: A Dyadic Approach. *Journal of Conflict Resolution*, 52(4), 507-526.

Transparency International. *Corruption Perceptions Index*. transparency.org, 2018 2004.

Vision of Humanity. *Global Terrorism Index*. 2004–2018, Vision of Humanity. visionofhumanity.org

World development indicators. *Washington, D.C.* The World Bank. worldbank.org