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## Understanding the link between aid and corruption: A causality analysis

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### Highlights

- This paper addresses the causal link between aid and corruption.
- We perform Granger causality tests to evaluate the sign and direction of the causality between aid and corruption.
- We find no significant relation between aid and corruption running in either direction.
- From a policy perspective, our findings suggest that aid and corruption should be disentangle

### Abstract

This paper addresses the direction of the causal link between aid and corruption. We perform Granger causality tests in a dynamic GMM panel framework to evaluate the sign and direction of causality between aid and corruption on a dataset of 71 developing countries over the period 1996-2009. We find no significant causal relation between aid and corruption running in either direction. Our results are robust to various controls.

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