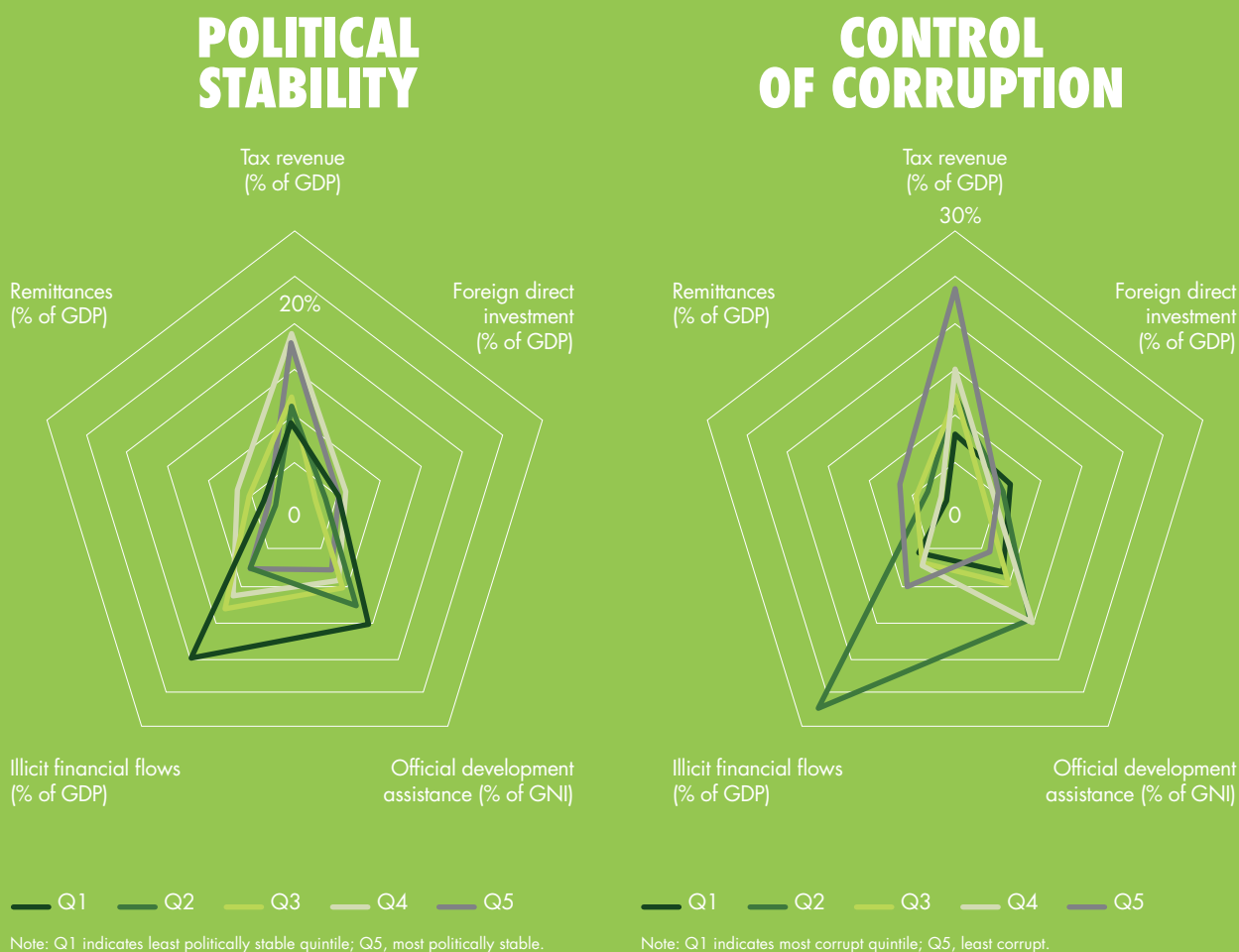


**FIGURE 1.7.**

# FINANCIAL FLOWS AND GOVERNANCE

Recent AGI research has found that good governance has a more significant effect on domestic resource mobilization (tax revenues) than on external financial flows such as FDI, ODA, remittances, and illicit financial flows. The radar charts below indicate that countries with the lowest levels of corruption and highest levels of political stability have the highest tax-to-GDP ratio. Conversely, countries with low political stability scores have a relatively high ODA-to-GDP ratio. In addition, though the differences are subtle, the charts hint that more corrupt countries have higher FDI-to-GDP ratios.



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