ABSTRACT

Corruption is one of the main challenges faced by countries in Sub-Saharan Africa, South Asia, and ASEAN, with varying impacts on welfare and economic growth. This study aims to analyse the simultaneous effect of corruption on welfare in the three regions using the Two-Stage Least Squares (2SLS) approach. The results of the analysis show that corruption has a significant negative impact on welfare in Sub-Saharan Africa and South Asia, while in ASEAN the impact is more complex, and in some cases shows a positive correlation. The findings support the Sand the Wheels theory, which states that corruption impedes economic growth through legal uncertainty and institutional deterioration. Meanwhile, in some conditions of highly rigid bureaucracy, corruption can serve as an economic catalyst according to the Grease the Wheels theory, although the long-term effects remain detrimental. Institutional and legal variables are shown to have a significant role in reducing corruption levels, while improvements in the Human Development Index (HDI) in South Asia and ASEAN are negatively correlated with corruption levels. Based on these results, policies focusing on strengthening institutions, stricter law enforcement, increased investment in human capital, and regulatory reforms to reduce bureaucratic inefficiencies are recommended. Regional collaboration should also be enhanced to accelerate anti-corruption reforms and improve transparency in governance.

Keywords: *Welfare, Corruption, Sub-Saharan Africa, South-Asia, ASEAN*