The impact of foreign direct investment and regional integration on poverty reduction
Case study: D8 Countries

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ABSTRACT

By the relationship between foreign direct investment and economic growth, many economists believe that foreign direct investment is a powerful force. Positive impact on growth and development through the creation of employment which will lead to increased revenue for the community. Finally, individuals are looking to increase revenues, leading to re-invest in the economy and move towards a system to be developed by FDI and thus, poverty reduction experience. In this study, the effect of FDI and regional integration on poverty Index in D8 countries over the period January 2001 to 2010 using panel data estimation methods and bilateral trade data has been investigated. The main result of this study is the effect of foreign investment on reduction of poverty in these countries. Therefore, countries with economic integration and political stability and institutional reforms can be grounds for an increase in foreign direct investment as the results will ultimately lead to poverty reduction.

Key words: foreign direct investment, regional integration, poverty reduction, D8 member countries, economic growth.

Introduction

The importance of foreign investment in developing countries is well known. These supplements soften associated with technology and management skills that are essential for economic development. The increase in domestic savings. Foreign direct investment can increase growth and reduce poverty, help. Countries, particularly the hope that foreign direct investment in developing countries, to compensate for the lack of domestic capital and the provision of technology, management skills, facilitating access to foreign markets and efficient production and technological spillovers to local firms is. By providing access to foreign markets, technology transfer and capacity building of local firms in general, FDI is expected to improve the global and regional integration, economic growth and poverty reduction will result. Foreign direct investment is defined as the best form of foreign investment.

Indeed, in developing countries, the main channel through which they import substitution industrialization strategy, is It is widely believed that the appropriate policies of the host country and the level of development, the benefits that may Who are of foreign direct investment to create jobs, acquire new knowledge and technology, the working income tax benefit generated by foreign direct investment is increasing. All of the expected benefits that contribute to higher economic growth and employment, the most important and most effective tool to achieve improvements in human welfare is to reduce poverty in developing countries. However, the impact of FDI on many factors including poverty reduction largely depends on the policies and institutions of the host country. The most efficient way to promote foreign direct investment through access to employment opportunities, helping to reduce poverty.

Potential for poverty reduction depends on the flow of resources to foreign investment. Currently, the majority of people in developing countries live below the poverty line. As a result of lower income from investment in less developed economies descriptions, traditional economic models, it is assumed the average consumer orientation and margins are high, low savings and capital formation, new production is limited. For economic progress in developing countries, notably, economic monoculture, high rates of population growth, dependence on imports, political instability, and more. Gap between domestic supply, Savings, foreign exchange, government revenue, and the skills

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and resources necessary to achieve the objective soft he planned development is that will lead to poverty reduction. This takes away the need to strengthen internal resources, external resources in the country. This can take the form of foreign aid and foreign sources or short-term credit loans, public and private sector investment. But it will benefit the country as a passing phase in poverty through foreign direct investment, because foreign direct investment, due rising investment, technical and organizational skills, there sources are available. Economic integration and the rise in foreign direct investment has a positive impact on poverty reduction through three ways:

A) Economic activities with export growth as the most important engine of economic growth.

B) Technological innovation and knowledge-based enterprises and foreign direct investment integration in the member states.

C) Government poverty reduction programs and projects financed by tax revenues collected from companies based in foreign direct investment.

To this end, this paper is divided into four sections. After the introduction, the second part of the research literature related to poverty, foreign direct investment and economic integration. The third section analyzes the data and estimate the model presented in Section IV is devoted to conclusions and recommendations.

Literature study and background research:

Economic Integration:

Expanding trade and economic organizations and regional integration of financial markets, Monetary Union, the liberalization of the exchange of goods and capital transfers are manifestations of economic globalization. Along with globalization and internationalization of markets and economies to survive in a competitive environment is providing efficient. In this regard, many countries due to the inadequacy of domestic resources for investment, have a strong tendency to attract foreign investment. Studies in this field such as Di Mauro [11], Aygr and Fafrmayr (2004), Galga Vskat(2004) show the cause and manner of foreign direct investment to take place, has significant effects on macroeconomic variables. Relationship between economic integration and FDI are the features and characteristics of economic integration and economic integration depends on the characteristics of member countries.

Due to loss of data integrity constraints, and production output is to increase FDI and a complementary relationship between trade and FDI is observed [16]. The impact of economic integration on FDI flows in the theory of customs unions, economic unions and monolithic blocks can be analyzed. In this respect, several different theoretical approaches that are briefly mentioned below: [](Halsys Aghlv, 2001).*

The first study examines the impact Hkchravhlyn theory and according to the predicted increase in commercial rates for non-member countries, leading to trade diversion is a member integration. And the integration of other Member States, together with the reduction of trade tariffs and other trade restrictions are And the resulting increase in the volume of trade between members. We expect the industry to keep pace with rising incomes and increased foreign direct investment.

The second method is based on the theory of international production, since the expansion of economic integration, the volume of non-member countries of the tariff increases these countries are now exporting to EU instead prefer to invest directly in the country and their production. Finally, the method is based on the theory of customs union and the domestic market. The capital investment resulting from non-member countries of the Customs Union as a strategic response to the effects of trade diversion is a multi-national financial institutions (Yanvplvs, 1990).*

Turning to regional economic integration and free trade in the developing countries that are not immediately ready the most effective way for a gradual opening up of national economies of these countries and their integration into the world economy. In such circumstances, the regional economy through the elimination of tariff barriers and other obstacles in the area of customs and production facilities access to wider markets, it is possible Investment and technology transfer barriers are removed and the area in general, wider horizons to be opened manufacturing units and companies [37].

Economic integration has different effects on foreign direct investment, but often increase the investment attractiveness of the regions are merged. Major changes in the form of foreign direct investment and the liberalization of trade and investment in economic integration agreements.

The most important feature of the economy in recent decades, the growing economic integration of countries into the world economy. The process of globalization has introduced the concept of loss of national borders. Gradual integration of national economies and the international economy through the expansion of trade in goods and services and foreign direct investment, the characteristics are considered. Countries, increasingly ready to adopt more open trade and investment relationships with appropriate business partners, Especially in terms of geography that the formation of new regional organizations such as the recent ten-nation Association of South-East Asia and South East Asia And integration of the Central American countries and North America, indicating this is a problem. The graph below, an organized form of foreign direct investment on regional integration gives:
As the environment changes, contains the degree of liberalization of trade and investment liberalization during the formation of the desired economic agreements. This variable type and special conditions of agreement and areas dependent. Move from primary to secondary, weaker indicate the degree of liberalization. The advantage of the spatial degree of interest in a profit-able economic activity in a particular location refers. Furthermore, factors such as the availability and cost off actors of production and the consumer markets as well as the geographical location of a country depends. Moving from the first to the second column, the spatial advantage over other member states, regional integration agreements and the rest of the world becomes weaker. Being a country with four in the charts, Be the impact of FDI in the region of the country are seeing a sustained regional integration is achieved. In practice, the greatest positive effect on investment agreements and regional integration to occur in countries that are located in one area. Degree of spatial integration of these countries benefit immensely strong and fit and can be expected to benefit from increased foreign direct investment, was for them.

It is expected that the area of regional integration agreements on FDI inflows is negative and there will be a real investment, this integration is strong because of region 2, but for a country where there is no advantage. Zone 3 includes those countries that have a strong locational advantage. But the weak regional integration, Thus, the effect on the integrity of the investment process, although positive, but non-significant. Finally, the fourth area of the country where there is no advantage in spatial impact. While regional integration is poor, Regional integration agreements, it will not impact on foreign direct investment. [15]

**Foreign Direct Investment:**

Foreign direct investments, those investments that the investor invested directly in the assets and resources of the country are doing. In this type of investment, foreign investor with investments in physical and financial responsibilities, directly manage the branch in the host country's (behnam, mujtahid, 1373).

However, this type of investment may occur in various forms. Investors may, alone or in partnership with local investors, and investment in all stages of production are incurred. In such cases, investors have purchased not only technical knowledge and the means of production, but the factory buildings and production facilities, such as wages amounts paid to the host country's foreign exchange transfers. In other cases, investors may only apply to the transfer of technology and technology management and financial cost of manufacturing partners and local institutions to provide. In the states, foreign investor or point of sale technology use and monitoring of the technical process, is contributing. Hence, the indirect foreign investment, foreign direct investment as opposed to merely an international transfer of funds is The whole or part of its investment in machinery and equipment, raw materials, patents and the like are transmitted to the host country [23]. Various definitions of FDI are presented. According to UNCTAD, foreign direct investment is the investment that ensures long-term relationships and represents the interests of residents of a country's economic stability and control of the corporation's (mother) Moghim economic unit of the country(parent company subclass) is. FDI according to the International Monetary Fund investment objective is to achieve sustain able gains in the investor's home country but are and investment of the fund, which could be effective in the management of the firm [4].

Foreign direct investment, the internal organization of multinational companies that are expanding 3 form horizontal, vertical and combination of causes. Horizontal foreign direct investment, and multinational companies are associated with horizontal extension in this case, the same goods are produced domestically, are produced in the host country. Vertical foreign direct investment, multinational corporations and the connecting means between the pre-and post-Production Company. In this type of foreign direct investment, foreign direct investment in order to access to raw materials and will be closer to target markets, Investment companies try to sell their final goods through agents(previous relationship) and semi-manufactured goods and raw materials needed to prepare its subsidiaries (between late). FDI consists of a combination of simultaneous horizontal and vertical [29].

Some motives for foreign direct investment, as well as indirect foreign investment in order to earn extra income is to reduce risk, However, foreign direct investment, and other economic goals and objectives will be the following:

- Search the capital market:*Because of the potential benefits of this investment is usually done in the host country market its purpose is primarily host country market access and export orientation does not necessarily consider [44].
- The investment objective search*: The investment of resources by the guest to the host country’s natural resources is extracted.
- Investment and export orientation: Some countries, such as East Asian countries such as Hong Kong, Taiwan and South Korea in the field of manufacturing facilities and equipment and investment in other countries are export oriented.
- Technology investments to achieve: Activity in this field to obtain advanced technology and equipment, investment in developing countries is Activities involving fuel, design and R & D.
laboratories are [30]. It should be noted that multiple target scan also be the target of foreign direct investment.

Due to the complex and multidimensional nature of poverty, there sources available and studies, different definitions of poverty have presented. But some kind of normative Poverty issues, and insists that only the poor can be preset definitions of Non-poor be removed. Poverty is always a compares on between an observed** is a pre determined condition. Ecological conditions, and the like(such Boltvinik and the diverse needs of people who contribute to a new definition of poverty is lack, he said. Human needs in terms of time, location, stage of development and civilization, cultural and technical conditions and levels vary. Looking at the economic literature that poverty can be due to different viewpoints, and the definition of the concept among economists are not fixed, But almost all economists are divided into two groups, general poverty and absolute poverty, relative poverty have accepted [38]. Absolute poverty is defined as the inability of an individual or family resources are in sufficient to meet the basic needs of life (Fields 2001).*Relative poverty is the inability to achieve an average level of people living in a defined population (Ravlnry).*

In general, we can say that the relationship between economic growth, poverty and income in equality are complex and indivisible. Therefore, in recent years several studies on the relationship between growths, inequality has been Poor In these studies, economist shaves ought to answer the question whether the benefits of economic growth are poor. Or that the main effect of pro-poor growth is not absorbed by the rich. Two theories have been proposed to answer this question, the first group of economists are very optimistic that the relationship between growth, poverty and inequality are watching And a growing belief leak down(loss of the rich to the poor)*Believe that economic growth and poverty*And reduces income inequality, so that the average growth in revenues to benefit the poor and reduce inequality. Defined as poor benefit from growth*Also be remembered that if the growth will reduce poverty, no matter how small, to benefit the poor. In this case, however, does not increase poverty but in equality can rise of course you can say the exact growth will benefit the poor while reducing poverty and reduce inequality:

Table 1: The relationship between FDI and economic integration

<table>
<thead>
<tr>
<th>Positive to negative</th>
<th>Locational advantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>2143</td>
<td>Environmental changes</td>
</tr>
<tr>
<td>Strong to weak</td>
<td></td>
</tr>
</tbody>
</table>

Source: Glvbrmnand Aschvnyd(1996)*

Table 2: Growth of the global economy and growth prospects for 2010-2008

<table>
<thead>
<tr>
<th>Resources</th>
<th>Region/economy</th>
<th>(GDP)Percent annual growth rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2008</td>
</tr>
<tr>
<td>IMF</td>
<td>World</td>
<td>3/1</td>
</tr>
<tr>
<td></td>
<td>Developed countries</td>
<td>0/8</td>
</tr>
<tr>
<td></td>
<td>Growing and Developing Countries</td>
<td>6</td>
</tr>
<tr>
<td>World</td>
<td>1/9</td>
<td>-1/7</td>
</tr>
<tr>
<td>World</td>
<td>High-income countries</td>
<td>0/8</td>
</tr>
<tr>
<td></td>
<td>Developing countries</td>
<td>5/8</td>
</tr>
<tr>
<td>World</td>
<td>5/9</td>
<td>2/9</td>
</tr>
<tr>
<td>United Nations</td>
<td>2/5</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Developing countries</td>
<td>1/2</td>
</tr>
<tr>
<td></td>
<td>Developing countries</td>
<td>5/9</td>
</tr>
<tr>
<td>OECD</td>
<td>OECD Countries</td>
<td>0/8</td>
</tr>
</tbody>
</table>


Market prospects of prosperity: the evolution recession(especially in developed countries that have experienced depression worse during World WarII) Companies also tend to develop a greater capacity for investment as well as domestic and international—are international. Latest IMF forecasts a decline in global production in 2009 for the first time in 60 years is assumed. Total production in developed countries in general, in 2009 the rate of 8/3%, which has decreased compared to 2008, Stomat it is was the first time it came into existence in the postwar period, while the rate of growth in emerging economies and developing countries is probably lower yet The 5/1% are positive. Organizations for Economic Cooperation and Development, United Nations and World Bank have indicated similar negative trends.

Impact of economic integration and foreign direct investment in poverty reduction

Although economic integration and attract more foreign direct investment to support economic development (And thus poverty reduction) through the initial macroeconomic stimulus by raising productivity and efficiency of resource use, But the most powerful tool for economic growth and poverty reduction in developing countries is (UNCTAD, 2002).The largest share of foreign direct investment to economic growth and to reduce poverty through technology transfer leads. Any tangible or intangible technology as a source of economic income for the host country that can, for example, improve
productivity, total factor productivity is defined. And managerial skills, knowledge, manufacturing techniques, machinery, information and other forms of intangible capital, multinational companies are. The major transmitter technologies, with each mode of foreign investment (FDI) is a potential channel for technology transfer. Technology transfer to local firms could directly or indirectly involved in joint ventures with MNCS pill over benefits to local businesses as well as residents of the area have a specific religion occurs. Vertical relationships between Affiliates and their suppliers and customers in the host country, horizontal communication between affiliate and local firms in the same industry Work flow affiliate companies of national and international research and development. Economic integration and enhance the ability to attract foreign direct investment and technology transfer to achieve a higher rate of return from the country of origin are expected to attend. Main advantage of increasing technological investment. The matter will often ask, only domestic companies by foreign interests are gaining interest. Sometimes some of these indirect technology transfer takes place in this context, four channels through which spillovers may Increase productivity in the host country include: imitation, skill acquisition, and export competition.

Literature:

Abdullah Mahmoud (2001) in an article entitled "Foreign direct investment, financial markets, local employment and reduce poverty" in order to accurately assess the relationship between foreign direct investment and poverty reduction, the empirical analysis of the relationship between pay. Impact of FDI on poverty reduction varies across international borders. Thus, FDI reduces poverty only under certain conditions. Countries with better financial systems, business environment, healthy, able to exploit FDI more efficiently and reducing poverty are higher. Empirical analysis using panel data over the period 1996 - 2006 shows that foreign direct investment has a favorable effect on poverty reduction.

Najarzadeh and fissures (1385), the study of regional integration and its impact on foreign direct investment in member countries of the MENA (Egypt, Iran, Saudi Arabia, Morocco, Tunisia, Turkey, and Yemen) have attempted. In this paper, with particular emphasis on the work done Hlpmn studies and Krugman (1985) model of gravity And finally, the generalized gravity model to examine the effects of regional integration on FDI have used. The study of the theoretical foundations of the gravity model is very powerful. The gravity model has been used in a way, through mathematical relationships and formulas are fully extracted and explanations. This is a disadvantage because of the 19-member countries of the MENA countries have only 7 reviewsand could also be an important indicator of the integrity of uses.

Tonekabon, NannMvldrz and Kemp (2008) in an article titled "Regional integration and foreign direct investment in emerging markets" suggests that regional integration as a means of improving the attractiveness of Member States for the FDI But regional integration agreements as well as public investment to be integration. Case study research in various aspects of the high expectations of African and Latin American countries have been conducted. The results show the first country-specific factors as fluctuations in FDI has been important to regional integration. Second, regional heavy weights, Brazil, China, India and South Africa during a minor role in promoting regional integration has attracted foreign investment.

Martinez and Bngva (2010) in his paper entitled "Integration of trade barriers: Does European economic integration, foreign direct investment?" The net effect of integration as a measure of variations in the effects of cross-border trade barriers between European countries is analyzed. In this study, data from 18 European countries are in the market for the period 1995 to 2006 has been collected. Using gravity models using 23 sections, an index of economic integration brings on the desire of the host country. The study suggests that a reduction of 50% in attracting FDI in 1995 led to the integration of the member countries. In this study, the economic integration of Europe foreign investment has no effect on resource allocation Moreover, foreign investment incentives and horizontal pattern or a knowledge-based capital allocation is done The U.S. economy is showing characteristics.

Coretta and Kvrvsaky (2007) in a study titled" The dynamic growth, inequality: Panel Data Analysis for the regions of the Philippines and Thailand, " the relationship between growth, poverty and inequality for the period 2004-1985 using panel data regression model in the form of have. Estimation results of its system of three equations including economic growth, poverty and inequality had a positive role in economic growth and income equality has focused on poverty reduction. The results also show that income inequality, economic growth rates in subsequent periods indifferent provinces of the two countries will affect and differences in income inequality across different regions, an explanatory variable for economic differences between the regions are.

Research Model:

Integrity index based on the veranda and colleagues (2006) are derived as follows:

Integration process with a degree of openness to international trade began its scope and range of

The convergence of income and trade openness affect trade between member states of the indicator was on. Therefore, the integration of these two indicator variables for the cross-correlation. When countries enter the global village will depend on the relationship between the intensity of integration between them and therefore the integrity of the index, the integration of evolution or each global village will follow. Indicators of regional and global integration on two levels divided in three parts, each degree of trade openness, economic integration and income convergence becomes operational. Step4 is used to determine the integrity of each of the indicator shave been defined. The first stage deals with the measurement of trade openness the current bilateral relationship between the countries is the result and is calculated using the following formula:

\[ DO_i = \sum_{j \in N} \frac{X_{ij}}{Y_i} \]  

(1)

\( Do_i \): Degree of trade openness at the regional level
\( X_{ij} \): Bilateral exports

The formula of bilateral exports in GDP is used How to calculate the two formulas ( ) is calculated. The GDP of the country of origin and destination countries to total GDP divided. The resulting number is then multiplied by the production Impure country of origin and country of origin of GDP is low. Finally, to obtain the degree of trade openness at the regional level, total bilateral exports from country of origin to each of the above steps can be divided Export Import CDPC-TASS is derived from two-sided Of GDP from the UNCTAD website to calculate the above formula to calculate the first denominator, GDP, total GDP of the country of origin to destination countries is achieved and GDP the country of origin of the product obtained in the previous step in the country's GDP comes from the source. Secondly, we discuss measurement of income convergence in bilateral relations is the same as before. How it is calculated as follows:

\[ DTC_i = \frac{\sum_{j \in N} \alpha_{ij} \beta_{ij}}{\sqrt{\sum_{j \in N} (\alpha_{ij})^2} \sqrt{\sum_{j \in N} (\beta_{ij})^2}} \]  

(2)

The values ??in the above formula ( ) respectively, the following relations are obtained.

\[ B_{ij} = \frac{Y_i}{\sum_{k \in N} Y_i} \]  

(3)

\[ \sum_{k \in N} X_{ij} \]

The formula of bilateral exports in GDP is used How to calculate the two formulas ( ) is calculated. The GDP of the country of origin and destination countries to total GDP divided. The resulting number is then multiplied by the production Impure country of origin and country of origin of GDP is low. Finally, to obtain the degree of trade openness at the regional level, total bilateral exports from country of origin to each of the above steps can be divided Export Import CDPC-TASS is derived from two-sided Of GDP from the UNCTAD website to calculate the above formula to calculate the first denominator, GDP, total GDP of the country of origin to destination countries is achieved and GDP the country of origin of the product obtained in the previous step in the country's GDP comes from the source. Secondly, we discuss measurement of income convergence in bilateral relations is the same as before. How it is calculated as follows:

\[ Di = \frac{\sum_{j \in N} \alpha_{ij} \beta_{ij}}{\sqrt{\sum_{j \in N} (\alpha_{ij})^2} \sqrt{\sum_{j \in N} (\beta_{ij})^2}} \]  

(4)

\[ Di: \] Economic integration at the regional level

\[ DO_i \]: Degree of trade openness at the regional level

\( X_{ij} \): Bilateral exports

The formula of bilateral exports in GDP is used How to calculate the two formulas ( ) is calculated. The GDP of the country of origin and destination countries to total GDP divided. The resulting number is then multiplied by the production Impure country of origin and country of origin of GDP is low. Finally, to obtain the degree of trade openness at the regional level, total bilateral exports from country of origin to each of the above steps can be divided Export Import CDPC-TASS is derived from two-sided Of GDP from the UNCTAD website to calculate the above formula to calculate the first denominator, GDP, total GDP of the country of origin to destination countries is achieved and GDP the country of origin of the product obtained in the previous step in the country's GDP comes from the source. Secondly, we discuss measurement of income convergence in bilateral relations is the same as before. How it is calculated as follows:

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(3)

\[ \sum_{k \in N} X_{ij} \]

Using a gravity model, the model used in this paper can be stated as follows:

\[ \ln Pi = \alpha + \beta_1 \ln GDP_j + \beta_2 \ln Em_j + \beta_3 \ln FDI_j + \beta_4 \ln Di_i + U_{ijkt} \]  

(5)

In which:

\( P_i \): Poverty measure poverty (earning less than a dollar per person per day) is calculated as the number of poor people

\( FDI_{ij} \): Foreign direct investment into the country

\( GDP_j \): GDP

\( J \): Asian indicator of economic growth

\( Em_j \): Employment in

\( Di_i \): Economic integration at the regional level

( research data and application software, PC-Ta Sis extracted from WDI).

**Estimation Model:**

In this study wettest, test and Fisher & Philips Pravn for Pesran and Shin unit root and stat checking of data used. If the variables are panel unit root test, co-integration of dynamic data used Pedrvny to determine whether or not there is a long-term relationship between the variables.

Given that the coefficient of the explanatory power of the model is 69% Watson statistic indicates the absence of auto correlation and the camera is. Due to the negative impact of foreign direct investment on the poverty index in December, D8 countries, we can say Despite the vulner abilities of foreign direct investment and technology, not only can lead to economic growth, But can be reduced by increasing productivity in these countries is poverty. The increase in GDP and employment level in December, D8 countries, reduce poverty Macroeconomic theory is that the literature. Economic integration index used in this study also had a negative effect on poverty indicators in these countries which represents the group of countries
become more integrated, poverty will be eradicated. These results provide useful policy recommendations.

To investigate the relationship between long-term co-integration regression results obtained are used Pedrvny the results are as follows.

Asco-integration test statistic in Pedrvny show, There is along-term relationship between all variables is confirmed. In other words, when a deficiency is identified as the dependent variable, this test demonstrates that long-term co-integration relationship between variables exists. Pedrvny test all hypothesis of none-co-integration relationship between variables is in most cases there search statistics reject the hypothesis.

**Table 3:** summarizes the estimated mode

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Coefficients</th>
<th>Standard deviation</th>
<th>t-statistic</th>
<th>Significant risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>14.66089</td>
<td>0.527826</td>
<td>27.77599</td>
<td>0</td>
</tr>
<tr>
<td>Foreign Investment Index</td>
<td>-0.007947</td>
<td>0.00346</td>
<td>-2.296669</td>
<td>0.0249</td>
</tr>
<tr>
<td>GDP by Country of Origin</td>
<td>0.093617</td>
<td>0.010887</td>
<td>8.598591</td>
<td>0</td>
</tr>
<tr>
<td>GDP Target</td>
<td>-0.188183</td>
<td>0.012645</td>
<td>-14.88232</td>
<td>0</td>
</tr>
<tr>
<td>Occupation</td>
<td>-0.155949</td>
<td>0.004234</td>
<td>-36.83065</td>
<td>0</td>
</tr>
<tr>
<td>Integrity index</td>
<td>-0.036204</td>
<td>0.006288</td>
<td>-5.758037</td>
<td>0</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.968698</td>
<td>Mean dependent var</td>
<td>37.87778</td>
<td></td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.95267</td>
<td>S.D. dependent var</td>
<td>61.0203</td>
<td></td>
</tr>
<tr>
<td>S.E. of regression</td>
<td>0.199113</td>
<td>Sum squared resids</td>
<td>2.53734</td>
<td></td>
</tr>
<tr>
<td>F-statistic</td>
<td>803.4611</td>
<td>Durbin-Watson stat</td>
<td>1.302552</td>
<td></td>
</tr>
<tr>
<td>Probe(F-statistic)</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: research findings

**Table 4:** co-integration test Pedrvny

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Panel v-Statistic</td>
<td>-254.5395</td>
<td>0</td>
<td>-2.464031</td>
<td>0.0192</td>
</tr>
<tr>
<td>Panel rho-Statistic</td>
<td>1.68949</td>
<td>0.0957</td>
<td>1.670288</td>
<td>0.0989</td>
</tr>
<tr>
<td>Panel PP-Statistic</td>
<td>-1.901508</td>
<td>0.0654</td>
<td>-1.436942</td>
<td>0.1421</td>
</tr>
<tr>
<td>Panel ADF-Statistic</td>
<td>2.81382</td>
<td>0.0076</td>
<td>2.338201</td>
<td>0.0259</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Alternative hypothesis: individual AR coefs. (between-dimension)</th>
<th>Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group rho-Statistic</td>
<td>3.264508</td>
<td>0.0019</td>
</tr>
<tr>
<td>Group PP-Statistic</td>
<td>-6.785526</td>
<td>0</td>
</tr>
<tr>
<td>Group ADF-Statistic</td>
<td>2.44281</td>
<td>0.0202</td>
</tr>
</tbody>
</table>

Source: research findings

**Conclusions and Recommendations:**

Given the significant negative impact of economic growth on poverty, the most important policy recommendation based on the politics of economic growth and social security instruments, along with the economic growth.

- The negative effects of FDI on poverty indicator sin the country study group D8, recommended it states that an increase in foreign investment to reduce poverty, in addition to economic goals, steps.
- Given the significant negative impact of economic integration on poverty indicators in the countries under study can be recommended, Policy convergence between the economic integration of theD8 and the result can be one of the most important policies is to curb poverty in these countries.
- Due to the negative impact on employment and poverty indicators are also advised that policies based on employment growth in these countries to reduce poverty Therefore, the government should move in this direction.

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