

**FOR IMMEDIATE RELEASE**

**NOTE:** All materials are **embargoed until 26 September** at 11:00 Berlin time, which is 10:00 London time and 9.00 GMT

## **Persistent corruption in low-income countries requires global action**

***Concerted efforts needed in rich and poor countries to stem flow of corrupt monies and make justice work for the poorest***

**London/Berlin, 26 September 2007** -- The divide in perceived levels of corruption in rich and poor countries remains as sharp as ever, according to the *2007 Corruption Perceptions Index* (CPI), released today by Transparency International, the global coalition against corruption. Developed and developing countries must share responsibility for reducing corruption, in tackling both the supply and demand sides.

*"Despite some gains, corruption remains an enormous drain on resources sorely needed for education, health and infrastructure,"* said Huguette Labelle, Chair of Transparency International. *"Low scoring countries need to take these results seriously and act now to strengthen accountability in public institutions. But action from top scoring countries is just as important, particularly in cracking down on corrupt activity in the private sector."*

### **The 2007 results**

The *2007 Corruption Perceptions Index* looks at perceptions of public sector corruption in 180 countries and territories - the greatest country coverage of any CPI to date – and is a composite index that draws on 14 expert opinion surveys. It scores countries on a scale from zero to ten, with zero indicating high levels of perceived corruption and ten indicating low levels of perceived corruption.

A strong correlation between corruption and poverty continues to be evident. Forty percent of those scoring below three, indicating that corruption is perceived as rampant, are classified by the World Bank as low income countries. Somalia and Myanmar share the lowest score of 1.4, while Denmark has edged up to share the top score of 9.4 with perennial high-flyers Finland and New Zealand.

Scores are significantly higher in several African countries in the 2007 CPI. These include Namibia, Seychelles, South Africa and Swaziland. These results reflect the positive progress of anti-corruption efforts in Africa and show that genuine political will and reform can lower perceived levels of corruption.

Other countries with a significant improvement include Costa Rica, Croatia, Cuba, Czech Republic, Dominica, Italy, FYR Macedonia, Romania and Suriname. Countries with a significant worsening in perceived levels of corruption in 2007 include Austria, Bahrain, Belize, Bhutan, Jordan, Laos, Macao, Malta, Mauritius, Oman, Papua New Guinea and Thailand.

The concentration of gainers in South East and Eastern Europe testifies to the galvanising effect of the European Union accession process on the fight against corruption.

At the same time, deeply troubled states such as Afghanistan, Iraq, Myanmar, Somalia, and Sudan remain at the very bottom of the index. *"Countries torn apart by conflict pay a huge toll in their capacity to govern. With public institutions crippled or non-existent, mercenary individuals help themselves to public resources and corruption thrives,"* said Labelle.

### **Good governance begins at home**

The poorest countries suffer most under the yoke of corruption. And it is ultimately their responsibility to tackle the problem. Low scores in the CPI indicate that public institutions are heavily compromised. The first order of business is to improve transparency in financial management, from revenue collection to expenditure, as well as strengthening oversight and putting an end to the impunity of corrupt officials.

An independent and professional judicial system is critical to ending impunity and enforcing the impartial rule of law, to promoting public, donor and investor confidence. If courts cannot be relied upon to pursue corrupt officials or to assist in tracing and returning illicit wealth, progress against corruption is unlikely.

*“Partnering with civil society and citizens is another essential strategy for developing countries seeking to strengthen the accountability of government. Civil society organisations play a vital watchdog role, can help stimulate demand for reform and also bring in expertise on technical issues,”* said Cobus de Swardt, Managing Director of Transparency International. *“But, increasingly, many governments are moving to restrict the operating space of civil society.”*

In addition, many countries are unable to shoulder the burden of reform alone. In countries where public sector institutions were historically based on patronage and nepotism rather than merit, reform takes time and can require a substantial investment of resources, as well as technical assistance. As significant development assistance donors, top scoring countries play a special role in supporting greater accountability and institutional integrity in countries plagued by the highest levels of public sector corruption. Technical assistance is a key requirement of the landmark United Nations Convention against Corruption (UNCAC).

### **Corruption is a problem with global roots**

The top scores of wealthy countries and territories, largely in Europe, East Asia and North America, reflect their relatively clean public sectors, enabled by political stability, well-established conflict of interest and freedom of information regulations and a civil society free to exercise oversight.

But corruption by high-level public officials in poor countries has an international dimension that implicates the CPI’s top scorers. Bribe money often stems from multinationals based in the world’s richest countries. It can no longer be acceptable for these companies to regard bribery in export markets as a legitimate business strategy.

In addition, global financial centres play a pivotal role in allowing corrupt officials to move, hide and invest their illicitly gained wealth. Offshore financing, for example, played a crucial role in the looting of millions from developing countries such as Nigeria and the Philippines, facilitating the misdeeds of corrupt leaders and impoverishing those they governed.

Akere Muna, Vice Chair of Transparency International, pointed to the recovery of stolen assets as another area ripe for enhanced action by developed nations, noting, *“Criticism by rich countries of corruption in poor ones has little credibility while their financial institutions sit on wealth stolen from the world’s poorest people.”*

In many cases, asset tracing and recovery are hindered by the laundering of funds through offshore banks in jurisdictions where banking secrecy remains the norm. Through the UNCAC, priority should be given to improving international cooperation and mutual legal assistance, expediting action to recover assets, and developing legal and technical expertise in nations requesting the return of looted assets.

For many countries, repatriation of funds will mean long and extensive litigation. *“In addition to ensuring adequate legal funding, simplifying recovery procedures and provisions for third party institutions to act as escrows during litigation must be a high priority,”* Muna added.

**Act now: urgent steps**

As a problem of global scale, with global roots, fighting corruption demands action on a broad front.

- Developing countries should use aid money to strengthen their governance institutions, guided by national assessments and development strategies, and to incorporate strengthened integrity and corruption prevention as an integral part of poverty reduction programmes.
- Judicial independence, integrity and accountability must be enhanced to improve the credibility of justice systems in poorer countries. Not only must judicial proceedings be freed of political influence, judges themselves must be subject to disciplinary rules, limited immunity and a code of judicial conduct to help ensure that justice is served. A clean and capable judiciary is essential if developing countries are to manage requests for assistance in the recovery of stolen assets from abroad.
- Governments must introduce anti-money laundering measures to eradicate safe havens for stolen assets, as prescribed by the UNCAC. Leading banking centres should explore the development of uniform expedited procedures for the identification, freezing and repatriation of the proceeds of corruption. Clear escrow provisions for disputed funds are essential.
- Wealthy countries must regulate their financial centres more strictly. Focusing on the roles of trusts, demanding knowledge of beneficial ownership and strengthening anti-money laundering provisions are just a few of the ways that rich governments can tackle the facilitators of corruption.
- The world's wealthiest governments must strictly enforce the OECD Anti-Bribery Convention, which criminalises the bribery of foreign public officials. Lack of compliance with the convention's provisions continues to hinder corruption investigations and prosecutions.
- The boards of multinational companies must not only introduce but implement effective anti-bribery codes, and ensure that they are adhered to by subsidiaries and foreign offices.

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*Transparency International is the global civil society organisation leading the fight against corruption.*

**Note to editors:**

The CPI is carried out for Transparency International by Prof. Johann Graf Lambsdorff of the University of Passau in Germany.

Transparency International's *Global Corruption Report 2007*, with a special focus on corruption in judicial systems, was published in May 2007 and is available at <http://www.transparency.org/publications/gcr>.

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## 2007 Transparency International Corruption Perceptions Index

A country or territory's **CPI Score** indicates the degree of public sector corruption as perceived by business people and country analysts, and ranges between 10 (highly clean) and 0 (highly corrupt)

Country Rank	Country /Territory	CPI Score 2007	Confidence Intervals*	Surveys Used**
1	New Zealand	9.4	9.2 - 9.6	6
	Denmark	9.4	9.2 - 9.6	6
	Finland	9.4	9.2 - 9.6	6
4	Singapore	9.3	9.0 - 9.5	9
	Sweden	9.3	9.1 - 9.4	6
6	Iceland	9.2	8.3 - 9.6	6
7	Netherlands	9.0	8.8 - 9.2	6
	Switzerland	9.0	8.8 - 9.2	6
9	Norway	8.7	8.0 - 9.2	6
	Canada	8.7	8.3 - 9.1	6
11	Australia	8.6	8.1 - 9.0	8
12	Luxembourg	8.4	7.7 - 8.7	5
	United Kingdom	8.4	7.9 - 8.9	6
14	Hong Kong	8.3	7.6 - 8.8	8
15	Austria	8.1	7.5 - 8.7	6
16	Germany	7.8	7.3 - 8.4	6
17	Japan	7.5	7.1 - 8.0	8
	Ireland	7.5	7.3 - 7.7	6
19	France	7.3	6.9 - 7.8	6
20	USA	7.2	6.5 - 7.6	8
21	Belgium	7.1	7.1 - 7.1	6
22	Chile	7.0	6.5 - 7.4	7
23	Barbados	6.9	6.6 - 7.1	4
24	Saint Lucia	6.8	6.1 - 7.1	3
25	Uruguay	6.7	6.4 - 7.0	5
	Spain	6.7	6.2 - 7.0	6
27	Slovenia	6.6	6.1 - 6.9	8
28	Estonia	6.5	6.0 - 7.0	8
	Portugal	6.5	5.8 - 7.2	6
30	Israel	6.1	5.6 - 6.7	6
32	Saint Vincent and the Grenadines	6.1	4.0 - 7.1	3
	Qatar	6.0	5.4 - 6.4	4
33	Malta	5.8	5.3 - 6.2	4

Transparency International commissioned Prof. Dr J. Graf Lambsdorff of the University of Passau to produce the CPI table. For information on data and methodology, please consult the frequently asked questions and the CPI methodology:

[www.transparency.org/surveys/#cpi](http://www.transparency.org/surveys/#cpi) or [www.icgg.org](http://www.icgg.org)

### Explanatory notes

**\*Confidence range** provides a range of possible values of the CPI score. This reflects how a country's score may vary, depending on measurement precision. Nominally, with 5 percent probability the score is above this range and with another 5 percent it is below. However, particularly when only few sources are available, an unbiased estimate of the mean coverage probability is lower than the nominal value of 90%.

**\*\*Surveys used** refers to the number of surveys that assessed a country's performance. 14 surveys and expert assessments were used and at least 3 were required for a country to be included in the CPI..

Country Rank	Country /Territory	CPI Score 2007	Confidence Intervals*	Surveys Used**
34	Macao	5.7	4.7 - 6.4	4
	Taiwan	5.7	5.4 - 6.1	9
	United Arab Emirates	5.7	4.8 - 6.5	5
37	Dominica	5.6	4.0 - 6.1	3
38	Botswana	5.4	4.8 - 6.1	7
39	Hungary	5.3	4.9 - 5.5	8
	Cyprus	5.3	5.1 - 5.5	3
41	Czech Republic	5.2	4.9 - 5.8	8
	Italy	5.2	4.7 - 5.7	6
43	Malaysia	5.1	4.5 - 5.7	9
	South Korea	5.1	4.7 - 5.5	9
	South Africa	5.1	4.9 - 5.5	9
46	Costa Rica	5.0	4.7 - 5.3	5
	Bhutan	5.0	4.1 - 5.7	5
	Bahrain	5.0	4.2 - 5.7	5
49	Slovakia	4.9	4.5 - 5.2	8
	Cape Verde	4.9	3.4 - 5.5	3
51	Latvia	4.8	4.4 - 5.1	6
	Lithuania	4.8	4.4 - 5.3	7
53	Oman	4.7	3.9 - 5.3	4
	Jordan	4.7	3.8 - 5.6	7
	Mauritius	4.7	4.1 - 5.7	6
56	Greece	4.6	4.3 - 5.0	6
57	Namibia	4.5	3.9 - 5.2	7
	Seychelles	4.5	2.9 - 5.7	4
	Samoa	4.5	3.4 - 5.5	3
60	Kuwait	4.3	3.3 - 5.1	5
61	Cuba	4.2	3.5 - 4.7	4
	Poland	4.2	3.6 - 4.9	8
	Tunisia	4.2	3.4 - 4.8	6
64	Bulgaria	4.1	3.6 - 4.8	8
	Croatia	4.1	3.6 - 4.5	8
	Turkey	4.1	3.8 - 4.5	7
67	El Salvador	4.0	3.2 - 4.6	5
68	Colombia	3.8	3.4 - 4.3	7
69	Ghana	3.7	3.5 - 3.9	7
	Romania	3.7	3.4 - 4.1	8
71	Senegal	3.6	3.2 - 4.2	7
72	Morocco	3.5	3.0 - 4.2	7
	China	3.5	3.0 - 4.2	9
	Suriname	3.5	3.0 - 3.9	4
	India	3.5	3.3 - 3.7	10
	Mexico	3.5	3.3 - 3.8	7
	Peru	3.5	3.4 - 3.7	5
	Brazil	3.5	3.2 - 4.0	7
79	Serbia	3.4	3.0 - 4.0	6
	Georgia	3.4	2.9 - 4.3	6
	Grenada	3.4	2.0 - 4.1	3
	Trinidad and Tobago	3.4	2.7 - 3.9	4
	Saudi Arabia	3.4	2.7 - 3.9	4

<b>Country Rank</b>	<b>Country /Territory</b>	<b>CPI Score 2007</b>	<b>Confidence Intervals*</b>	<b>Surveys Used**</b>
84	Bosnia and Herzegovina	3.3	2.9 - 3.7	7
	Montenegro	3.3	2.4 - 4.0	4
	Maldives	3.3	2.3 - 4.3	4
	Jamaica	3.3	3.1 - 3.4	5
	Kiribati	3.3	2.4 - 3.9	3
	Gabon	3.3	3.0 - 3.5	5
	Swaziland	3.3	2.6 - 4.2	5
	Thailand	3.3	2.9 - 3.7	9
	Lesotho	3.3	3.1 - 3.5	6
	FYR Macedonia	3.3	2.9 - 3.8	6
94	Madagascar	3.2	2.5 - 3.9	7
	Sri Lanka	3.2	2.9 - 3.5	7
	Panama	3.2	2.8 - 3.4	5
	Tanzania	3.2	2.9 - 3.4	8
98	Vanuatu	3.1	2.4 - 3.7	3
99	Dominican Republic	3.0	2.8 - 3.3	5
	Armenia	3.0	2.8 - 3.2	7
	Lebanon	3.0	2.2 - 3.6	4
	Mongolia	3.0	2.6 - 3.3	6
	Algeria	3.0	2.7 - 3.2	6
	Belize	3.0	2.0 - 3.7	3
105	Argentina	2.9	2.6 - 3.2	7
	Djibouti	2.9	2.2 - 3.4	3
	Albania	2.9	2.6 - 3.1	6
	Burkina Faso	2.9	2.6 - 3.4	7
	Bolivia	2.9	2.7 - 3.2	6
	Egypt	2.9	2.6 - 3.3	7
111	Moldova	2.8	2.5 - 3.3	7
	Eritrea	2.8	2.1 - 3.5	5
	Guatemala	2.8	2.4 - 3.2	5
	Rwanda	2.8	2.3 - 3.3	5
	Solomon Islands	2.8	2.4 - 3.1	3
	Mozambique	2.8	2.5 - 3.1	8
	Uganda	2.8	2.5 - 3.0	8
118	Mali	2.7	2.4 - 3.0	8
	Malawi	2.7	2.4 - 3.0	8
	Sao Tome and Principe	2.7	2.4 - 3.0	3
	Ukraine	2.7	2.4 - 3.0	7
	Benin	2.7	2.3 - 3.2	7
123	Guyana	2.6	2.3 - 2.7	4
	Zambia	2.6	2.3 - 2.9	8
	Comoros	2.6	2.2 - 3.0	3
	Nicaragua	2.6	2.3 - 2.7	6
	Viet Nam	2.6	2.4 - 2.9	9
	Mauritania	2.6	2.0 - 3.3	6
	Niger	2.6	2.3 - 2.9	7
	Timor-Leste	2.6	2.5 - 2.6	3
131	Nepal	2.5	2.3 - 2.7	7

Country Rank	Country /Territory	CPI Score 2007	Confidence Intervals*	Surveys Used**
131	Yemen	2.5	2.1 - 3.0	5
	Philippines	2.5	2.3 - 2.7	9
	Burundi	2.5	2.0 - 3.0	7
	Libya	2.5	2.1 - 2.6	4
	Iran	2.5	2.0 - 3.0	4
	Honduras	2.5	2.3 - 2.6	6
138	Pakistan	2.4	2.0 - 2.8	7
	Ethiopia	2.4	2.1 - 2.7	8
	Paraguay	2.4	2.1 - 2.6	5
	Cameroon	2.4	2.1 - 2.7	8
	Syria	2.4	1.7 - 2.9	4
143	Gambia	2.3	2.0 - 2.6	6
	Indonesia	2.3	2.1 - 2.4	11
	Togo	2.3	1.9 - 2.8	5
	Russia	2.3	2.1 - 2.6	8
147	Angola	2.2	1.8 - 2.4	7
	Nigeria	2.2	2.0 - 2.4	8
	Guinea-Bissau	2.2	2.0 - 2.3	3
150	Sierra Leone	2.1	2.0 - 2.2	5
	Kazakhstan	2.1	1.7 - 2.5	6
	Belarus	2.1	1.7 - 2.6	5
	Zimbabwe	2.1	1.8 - 2.4	8
	Côte d'Ivoire	2.1	1.7 - 2.6	6
	Tajikistan	2.1	1.9 - 2.3	8
	Liberia	2.1	1.8 - 2.4	4
	Congo, Republic	2.1	2.0 - 2.2	6
	Ecuador	2.1	2.0 - 2.3	5
	Azerbaijan	2.1	1.9 - 2.3	8
	Kenya	2.1	1.9 - 2.3	8
	Kyrgyzstan	2.1	2.0 - 2.2	7
162	Bangladesh	2.0	1.8 - 2.3	7
	Papua New Guinea	2.0	1.7 - 2.3	6
	Turkmenistan	2.0	1.8 - 2.3	5
	Central African Republic	2.0	1.8 - 2.3	5
	Cambodia	2.0	1.8 - 2.1	7
	Venezuela	2.0	1.9 - 2.1	7
168	Laos	1.9	1.7 - 2.2	6
	Equatorial Guinea	1.9	1.7 - 2.0	4
	Guinea	1.9	1.4 - 2.6	6
	Congo, Democratic Republic	1.9	1.8 - 2.1	6
172	Afghanistan	1.8	1.4 - 2.0	4
	Sudan	1.8	1.6 - 1.9	6
	Chad	1.8	1.7 - 1.9	7
175	Uzbekistan	1.7	1.6 - 1.9	7
	Tonga	1.7	1.5 - 1.8	3
177	Haiti	1.6	1.3 - 1.8	4
178	Iraq	1.5	1.3 - 1.7	4
179	Somalia	1.4	1.1 - 1.7	4
	Myanmar	1.4	1.1 - 1.7	4

## Sources for the TI 2007 Corruption Perception Index (CPI)

Number	1	2	3
Abbreviation	ADB	AFDB	BTI
Source	Asian Development Bank	African Development Bank	Bertelsmann Foundation
Name	Country Performance Assessment Ratings	Country Policy and Institutional Assessments	Bertelsmann Transformation Index
Compiled / published	2006/2007	2005/2006	2007/2008
Internet	<a href="http://www.adb.org/Documents/Reports/Country-Performance-Assessment-Exercise/IN76-07.pdf">http://www.adb.org/Documents/Reports/Country-Performance-Assessment-Exercise/IN76-07.pdf</a>	<a href="http://www.afdb.org/portal/page?_pageid=293,158705&amp;_dad=portal&amp;_schema=PORTAL&amp;focus_item=9912322&amp;focus_lang=us">http://www.afdb.org/portal/page?_pageid=293,158705&amp;_dad=portal&amp;_schema=PORTAL&amp;focus_item=9912322&amp;focus_lang=us</a>	<a href="http://www.bertelsmann-transformation-index.de/11.0.html?&amp;L=1">http://www.bertelsmann-transformation-index.de/11.0.html?&amp;L=1</a>
Who was surveyed?	Country teams, experts inside and outside the bank	Country teams, experts inside and outside the bank	Network of local correspondents and experts inside and outside the organization
Subject asked	Corruption, conflicts of interest, diversion of funds as well as anti-corruption efforts and achievements	Corruption, conflicts of interest, diversion of funds as well as anti-corruption efforts and achievements	The government's capacity to punish and contain corruption
Number of replies	Not applicable	Not applicable	Not applicable
Coverage	26 countries /territories	52 countries /territories	125 countries /territories

Number	4	5	6
Abbreviation	CPIA	EIU	FH
Source	World Bank (IDA and IBRD)	Economist Intelligence Unit	Freedom House
Name	Country Policy and Institutional Assessment	Country Risk Service and Country Forecast	Nations in Transit
Compiled / published	2006/2007	2007	2007
Internet	<a href="http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:20933600-menuPK:2626968-pagePK:51236175-piPK:437394-theSitePK:73154,00.html">http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:20933600-menuPK:2626968-pagePK:51236175-piPK:437394-theSitePK:73154,00.html</a>	<a href="http://www.eiu.com">www.eiu.com</a>	<a href="http://www.freedomhouse.hu/index.php?option=com_content&amp;task=view&amp;id=84">http://www.freedomhouse.hu/index.php?option=com_content&amp;task=view&amp;id=84</a>
Who was surveyed?	Country teams, experts inside and outside the bank	Expert staff assessment	Assessment by experts originating or resident in the respective country.
Subject asked	Corruption, conflicts of interest, diversion of funds as well as anti-corruption efforts and achievements	The misuse of public office for private (or political party) gain	Extent of corruption as practiced in governments, as perceived by the public and as reported in the media, as well as the implementation of anticorruption initiatives
Number of replies	Not applicable	Not applicable	Not applicable
Coverage	77 countries /territories	166 countries /territories	29 countries /territories

Number	7	8	9
Abbreviation	GI	IMD	
Source	Global Insight, formerly World Markets Research Centre	IMD International, Switzerland, World Competitiveness Center	
Name	Country Risk Ratings	IMD World Competitiveness Yearbook	
Compiled / published	2007	2006	2007
Internet	<a href="http://www.globalinsight.com">http://www.globalinsight.com</a>	<a href="http://www.imd.ch/wcc">www.imd.ch/wcc</a>	
Who was surveyed?	Expert staff assessment	Executives in top and middle management; domestic and international companies	
Subject asked	The likelihood of encountering corrupt officials, ranging from petty bureaucratic corruption to grand political corruption	Bribing and corruption exist/do not exist	
Number of replies	Not applicable	More than 4000	
Coverage	203 countries /territories	53 countries /territories	55 countries /territories

Number	10	11	12
Abbreviation	MIG	PERC	
Source	Merchant International Group	Political & Economic Risk Consultancy	
Name	Grey Area Dynamics	Asian Intelligence Newsletter	
Compiled / published	2007	2006	2007
Internet	<a href="http://www.merchantinternational.com">www.merchantinternational.com</a>	<a href="http://www.asiarisk.com/">www.asiarisk.com/</a>	
Who was surveyed?	Expert staff and network of local correspondents	Expatriate business executives	
Subject asked	Corruption, ranging from bribery of government ministers to inducements payable to the "humblest clerk"	How serious do you consider the problem of corruption to be in the public sector?	
Number of replies	Not applicable	More than 1,000	1476
Coverage	155 countries /territories	15 countries /territories	15 countries /territories

Number	13	14
Abbreviation	UNECA	WEF
Source	United Nations Economic Commission for Africa	World Economic Forum
Name	Africa Governance Report	Global Competitiveness Report
Compiled / published	2005/2006	2006/2007
Internet	<a href="http://www.uneca.org/agt/">http://www.uneca.org/agt/</a>	<a href="http://www.weforum.org">www.weforum.org</a>
Who was surveyed?	National expert survey (between 70 and 120 in each country)	Senior business leaders; domestic and international companies
Subject asked	"Corruption Control". This includes aspects related to corruption in the legislature, judiciary, and at the executive level, as well as in tax collection. Aspects of access to justice and government services are also involved	Undocumented extra payments or bribes connected with various government functions
Number of replies	Roughly 2800	Ca. 11,000
Coverage	28 countries /territories	125 countries /territories

## *Frequently Asked Questions*

## **Transparency International 2007 Corruption Perceptions Index**

### **General**

- What is the Corruption Perceptions Index (CPI)?
- For the purpose of the CPI, how is corruption defined?
- Why is the CPI based only on perceptions?

### **Method**

- How many countries are included in the 2007 CPI?
- Why are some new countries included in the CPI?
- Which countries might be included in future CPIs?
- What are the sources of data for the CPI?
- Whose opinion is polled for the surveys used in the CPI?
- Does the CPI reproduce what it is propagating?
- Has the methodology of the 2007 CPI changed?
- How does TI ensure quality control of the CPI?

### **Interpreting the CPI**

- Which matters more, a country's rank or its score?
- Is the country with the lowest score the world's most corrupt country?
- Example: What is implied by Somalia's ranking according in the 2007 CPI?
- Can country scores in the 2007 CPI be compared to those in past CPIs?
- Why isn't there a greater change in a particular country's score, given the strength or lack of anti-corruption reform, or recent exposure of corruption scandals?

### **Change in scores between 2006 and 2007**

- Which countries' scores deteriorated most between 2006 and 2007?
- Which countries' scores improved most?

### **Using the CPI**

- Is the CPI a reliable measure of a country's perceived level of corruption?
- Is the CPI a reliable measure for decisions on aid allocation?

### **Transparency International's CPI and the fight against corruption**

- How is the CPI funded?
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## **General**

### **What is the Corruption Perceptions Index (CPI)?**

The Transparency International Corruption Perceptions Index ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. It is a composite index, a poll of polls, drawing on corruption-related data from expert and business surveys carried out by a variety of independent and reputable institutions. The CPI reflects views from around the world, including those of experts who are living in the countries evaluated. Transparency International commissions the CPI from Johann Graf Lambsdorff, a university professor based in Passau, Germany.

### **For the purpose of the CPI, how is corruption defined?**

The TI CPI focuses on corruption in the public sector and defines corruption as the abuse of public office for private gain. The surveys used in compiling the CPI ask questions that relate to the misuse of public power for private benefit, for example bribery of public officials, kickbacks in public procurement, embezzlement of public funds or questions that probe the strength of anti-corruption policies, thereby encompassing both administrative and political corruption.

### **Why is the CPI based only on perceptions?**

It is difficult to assess the overall levels of corruption in different countries based on hard empirical data, e.g. by comparing the amount of bribes or the number of prosecutions or court cases. In the latter case, for example, such comparative data does not reflect actual levels of corruption; rather it highlights the quality of prosecutors, courts and/or the media in exposing corruption across countries. One strong method of compiling cross-country data is therefore to draw on the experience and perceptions of those who are most directly confronted with the realities of corruption in a country.

## **Method**

### **How many countries are included in the CPI?**

The 2007 CPI ranks 180 countries. In 2006, the CPI included 163 countries.

### **Why are some new countries included in the CPI?**

The change in country coverage in the 2007 CPI relates to the fact that three new sources have been included: the Asian Development Bank's Country Performance Assessment Ratings, the African Development Bank's Country Policy and Institutional Assessments and the Bertelsmann Transformation Index. This allowed for the inclusion of Afghanistan, Cape Verde, Comoros, Djibouti, Guinea-Bissau, Kiribati, Liberia, Maldives, Montenegro, Samoa, Sao Tome and Principe, Solomon Islands, Somalia, Saint Lucia, Saint Vincent and the Grenadines, Tonga and Vanuatu.

### **Which countries might be included in future CPIs?**

Countries or territories with two sets of data are: Anguilla, Antigua and Barbuda, Aruba, Bahamas, Bermuda, Cayman Islands, Fiji, Micronesia (Federated States of), Netherlands Antilles, North Korea, Palestine, Puerto Rico, St. Kitts and Nevis, Tuvalu and Virgin Islands (US). For all of the above countries / territories, at least one more set of data is necessary for inclusion in the CPI.

Countries or territories with only one set of data are: American Samoa, Andorra, Brunei, Cook Islands, French Guiana, Guadeloupe, Guam, Kosovo, Liechtenstein, Marshall Islands, Martinique, Reunion, Turks and Caicos Islands and Virgin Islands (British). For all of these countries / territories, at least two more sets of data are necessary for inclusion in the CPI.

### **What are the sources of data for the CPI?**

The 2007 CPI draws on 14 different polls and surveys from 12 independent institutions. TI strives to ensure that the sources used are of the highest quality and that the survey work is performed with complete integrity. To qualify, the data must be well documented and sufficient to permit a judgment on its reliability. All sources must provide a ranking of nations and must measure the overall extent of corruption. This condition excludes surveys which mix corruption with other issues, such as political instability, decentralization or nationalism.

Data for the CPI has been provided to TI free of charge. Some sources do not allow disclosure of the data that they contribute; other sources are publicly available. For a full list of survey sources, details on questions asked and number of respondents for the 2007 CPI, please visit:

[www.transparency.org/policy\\_research/surveys\\_indices/cpi/2007/methodology](http://www.transparency.org/policy_research/surveys_indices/cpi/2007/methodology) **or**  
[www.ICGG.org](http://www.ICGG.org).

### **Whose opinion is polled for the surveys used in the CPI?**

The expertise reflected in the CPI scores draws on an understanding of corrupt practices held by those based in both the industrialised and developing world. Surveys are carried out among business people and country analysts. The surveys used in the CPI use two types of samples, both non-resident and resident. It is important to note that residents' viewpoints correlate well with those of non-resident experts.

### **Does the CPI reproduce what it is propagating?**

The CPI has gained wide prominence in the international media since its first publication in 1995. This has raised concern that respondents' judgements may be overshadowed by the data reported by TI, which would introduce a problem of circularity. This hypothesis was tested in 2006 using a survey question posed to business leaders around the world. Based on more than 9000 responses, knowledge of the CPI does not induce business experts to 'go with the herd'. Knowledge of the CPI may motivate respondents to determine their own views. This is a strong indication that there is no circularity in the present approach.

### **Has the methodology of the 2007 CPI changed?**

The methodology of the CPI changed this year to take more fully into account the information provided by the various sources of the index. The CPI now better recognises and reflects the relative changes in the scores in the original sources. While final CPI scores of individual countries are more informative about changes from last year with this modification, the ranking of countries remained virtually unaffected.

A more detailed description can be obtained from the document on the CPI methodology at:

[www.transparency.org/policy\\_research/surveys\\_indices/cpi/2007/methodology](http://www.transparency.org/policy_research/surveys_indices/cpi/2007/methodology) **or**  
[www.ICGG.org](http://www.ICGG.org).

### **How does TI ensure quality control of the CPI?**

The CPI methodology is reviewed by an Index Advisory Committee consisting of leading international experts in the fields of corruption, econometrics and statistics. Members of the committee make suggestions for improving the CPI, but the management of TI takes the final decisions on the methodology used. The latest list of members of the Index Advisory Committee and their organisational affiliation can be found at [www.transparency.org/policy\\_research/surveys\\_indices/about](http://www.transparency.org/policy_research/surveys_indices/about).

## **Interpreting the CPI**

**How should the CPI scores be interpreted?**

The CPI should be interpreted as a ranking of countries with scores ranging from 0 (highly corrupt) to 10 (highly clean).

**Which matters more, a country's rank or its score?**

While ranking countries enables TI to build an index, a country's score is a much more important indication of the perceived level of corruption in a country. A country's rank can change simply because new countries enter the index or others drop out.

**Is the country with the lowest score the world's most corrupt country?**

No. The country with the lowest score is the one where corruption is perceived to be greatest among those included in the list. There are more than 200 sovereign nations in the world, and the latest 2007 CPI ranks 180 of them. The CPI provides no information about countries that are not included.

**Example: What is implied by Somalia's ranking in the 2007 CPI?**

Corruption in Somalia has been perceived to be the highest in the 2007CPI. This does not, however, indicate that Somalia is the 'most corrupt country' or that Somalians are the 'most corrupt people'. While corruption is one of the most formidable challenges to good governance, development and poverty reduction in Somalia, the vast majority of the people are only victims of corruption. Corruption by a limited number of powerful individuals, and failure of leaders and institutions to control or prevent corruption, does not imply that a country or its people are most corrupt.

**Can country scores in the 2007 CPI be compared to those in past CPIs?**

The index primarily provides a snapshot of the views of business people and country analysts for the current or recent years, with less of a focus on year-to-year trends. If comparisons with previous years are made, they should only be based on a country's score, not its rank, as outlined above.

Year-to-year changes in a country's score can either result from a changed perception of a country's performance or from a change in the CPI's sample and methodology. The only reliable way to compare a country's score over time is to go back to individual survey sources, each of which can reflect a change in assessment.

**Why isn't there a greater change in a particular country's score, given the strength or lack of anti-corruption reform, or recent exposure of corruption scandals?**

It is difficult to improve a CPI score over a short time period. The 2007 CPI is based on data primarily from the past two years, relating to perceptions that may have been formed even further in the past. This means that substantial changes in perceptions of corruption are only likely to emerge in the index over longer periods of time.

## **Change in scores between 2006 and 2007**

### **Which countries' scores deteriorated most between 2006 and 2007?**

Making comparisons from one year to another is problematic, for the reasons highlighted above. However, to the extent that changes can be traced back to individual sources, trends can be cautiously identified. Noteworthy examples of deteriorations from the 2006 CPI to the 2007 CPI are Austria, Bahrain, Belize, Bhutan, Jordan, Laos, Macao, Malta, Mauritius, Oman, Papua New Guinea and Thailand. In these cases, actual changes in perceptions occurred during the last two years.

### **Which countries' scores improved most?**

With the same caveats applied, on the basis of data from sources that have been consistently used for the index, improvements can be observed from 2006 to 2007 for Costa Rica, Croatia, Cuba, Czech Republic, Dominica, Italy, Macedonia, Namibia, Romania, Seychelles, South Africa, Suriname and Swaziland.

## **Using the CPI**

### **Is the CPI a reliable measure of a country's perceived level of corruption?**

The CPI is a solid measurement tool of perception of corruption. As such, the CPI has been tested and used widely by both scholars and analysts. The reliability of the CPI differs, however, across countries. Countries with a high number of sources and small differences in the evaluations provided by the sources (indicated by a narrow confidence range) convey greater reliability in terms of their score and ranking; the converse is also the case.

### **Is the CPI a reliable measure for decisions on aid allocation?**

Some governments have sought to use corruption scores to determine which countries receive aid, and which do not. TI does not encourage the CPI to be used in this way. Countries that are perceived as very corrupt can not be written off – it is particularly they who need help to emerge from the corruption-poverty spiral. If a country is believed to be corrupt, this should serve as a signal to donors that investment is needed in systemic approaches to fight corruption. And if donors intend to support major development projects in countries perceived to be corrupt, they should pay particular attention to 'red flags' and make sure appropriate control processes are set up.

## **Transparency International's CPI and the fight against corruption**

### **How is the CPI funded?**

Transparency International is funded by various governmental agencies, international foundations and corporations, whose financial support makes the CPI possible. Additional support for TI's measurement tools comes from Ernst & Young. TI does not endorse a company's policies by accepting its financial support, and does not involve any of its supporters in the management of its projects. For more on Transparency International's sources of funding, please see [www.transparency.org/support\\_us](http://www.transparency.org/support_us).

**What is the difference between the CPI and TI's Global Corruption Barometer?**

The CPI assesses expert perceptions of levels of public sector corruption across countries, while the Global Corruption Barometer (see [www.transparency.org/gcb](http://www.transparency.org/gcb)) is concerned with attitudes toward and experiences of corruption among the general public.

**What is the difference between the CPI and TI's Bribe Payers Index (BPI)?**

While the CPI indicates perceived levels of corruption in countries, the BPI focuses on the propensity of firms from leading export countries to bribe abroad – providing an indication of the 'supply side' of corruption. The most recent Bribe Payers Index was published in October 2006 and can be found under: [www.transparency.org/bpi](http://www.transparency.org/bpi).

**What is the difference between the CPI and TI's Global Corruption Report (GCR)?**

The Transparency International Corruption Perceptions Index is a ranking of countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. The Global Corruption Report (GCR) presents an in depth-assessment of the state of corruption around the world. It brings together contributions from experts and activists to explore corruption issues in a specific sector, to present a review of corruption trends and issues in a series of country reviews and to showcase the latest research findings with regard to corruption and anti-corruption reform. The most recent Global Corruption Report was published in May 2007 and focuses on corruption in judicial systems (it can be downloaded from: [www.transparency.org/publications/gcr/download\\_gcr](http://www.transparency.org/publications/gcr/download_gcr))

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**A short methodological note**

**Transparency International Corruption Perceptions Index (CPI) 2007**

1. The CPI gathers data from sources that span the last two years (for the CPI 2007, this includes surveys from 2007 and 2006).
2. The CPI 2007 is calculated using data from 14 sources originated from 12 independent institutions. All sources measure the overall extent of corruption (frequency and/or size of bribes) in the public and political sectors and all sources provide a ranking of countries, i.e., include an assessment of multiple countries.
3. For CPI sources that are surveys, and where multiple years of the same survey are available, data for the last two years are included to provide a smoothing effect.
4. For sources that are scores provided by experts (risk agencies/country analysts), only the most recent iteration of the assessment is included, as these scores are generally peer reviewed and change very little from year to year.
5. Evaluation of the extent of corruption in countries is done by country experts, non resident and residents (in the CPI 2007, this consists of the following sources: ADB, AFDB, BTI, CPIA, EIU, FH, MIG, UNECA and GI); and resident business leaders evaluating their own country (in the CPI 2007, this consists of the following sources: IMD, PERC, and WEF).
6. To determine the mean value for a country, standardisation is carried out via a matching percentiles technique. This uses the ranks of countries reported by each individual source. This method is useful for combining sources that have a different distribution. While there is some information loss in this technique, it allows all reported scores to remain within the bounds of the CPI, that is to say, to remain between 0 and 10.
7. A beta-transformation is then performed on scores. This increases the standard deviation among all countries included in the CPI and avoids the process by which the matching percentiles technique results in a smaller standard deviation from year to year.
8. Next, all values for a country are averaged, to determine a country's score.
9. The CPI score and rank are accompanied by the number of sources, high-low range, standard deviation and confidence range for each country.
10. The confidence range is determined by a bootstrap (non-parametric) methodology, which allows inferences to be drawn on the underlying precision of the results. A 90% confidence range is then established, where there is 5% probability that the value is below and 5% probability that the value is above this confidence range.
11. Research shows that the unbiased coverage probability for the confidence range is lower than its nominal value of 90%. The accuracy of the confidence interval estimates increases with a growing number of sources: for 3 sources,

65.3%; for 4 sources, 73.6%; for 5 sources, 78.4%; for 6 sources, 80.2%; and for 7 sources, 81.8%.

12. The overall reliability of data is demonstrated in the high correlation between sources. In this regard, Pearson's and Kendall's rank correlations have been performed, which provided average results of .77 and .62 respectively.