



NEWSLETTER

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*Transparency International Releases the Year 2000
Corruption Perceptions Index*

Berlin, London & Washington D.C., September 13, 2000 --
----- Transparency International, stating that its Corruption Perception Index (CPI) is a valuable reminder that corruption remains widespread in very large numbers of countries, on [September 13] issued the year 2000 CPI ranking 90 countries.

"Corruption takes many forms and is a universal cancer," said Peter Eigen, Chairman of Transparency International (TI), the world's leading anti-corruption organization. He stressed that: "Our new index again shows that corruption is widely seen to be very high in many countries. On the eve of the Olympic Games, too, it is worth recalling the bribery scandal that enmeshed the International Olympic Committee (IOC) and the fact that some of the leaders of the bribe-scarred IOC are still running the show. Then, we dare not forget as we publish our new index here in Germany that all the details of the secret party political payments in Chancellor Kohl's era have still not been disclosed."

TI, founded in 1993, now has National Chapters in more than [80] countries. The Corruption Perceptions Index, which TI first launched in 1995, ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. The 2000 CPI is a composite index, drawing on 16 surveys from 8 independent institutions. The surveys embrace the perceptions of business people, the general public and country analysts. The surveys were undertaken over the last three years and no country is included in the CPI unless there are results from a minimum of three surveys.

Dr. Eigen noted that: "The CPI 2000 should remind everyone that the fight against corruption dare not be relaxed. We all yearn for improvement, but positive change only comes slowly when the enemy is endemic corruption. Perceptions of levels of corruption do not change greatly from one year to the next. Positive results are only going to emerge from tireless and consistent multi-year efforts." However, conditions, which could promote more

transparent practices, are themselves changing. Dr. Eigen noted that countries responsible for the bulk of world exports have passed national laws making corporate bribe-paying to foreign public officials a criminal offence. Numerous developed countries have also launched initiatives against money laundering, while awareness is growing in export credit agencies and development assistance agencies that challenging corrupt practices is vital.

TI's Chairman added: "Critical to success is public pressure, and we are seeing in opinion polls and election campaigns that the public at large in rising numbers of countries is becoming increasingly intolerant of leaders who abuse their public office for their personal gain. Our National Chapters are at work around the globe and they are making a difference. We encourage everyone to learn more about the progress being achieved by reading our new *Transparency International Annual Report 2000*, which we are posting on our website today."

The fact that change takes time is poignantly illustrated by the CPI 2000, which shows Nigeria in last position. Dr. Eigen said: "Valiant efforts are being made by President Olusegun Obasanjo to force full-scale changes in a country whose people have been robbed by the grand corruption of their past leaders. But, the process of change initiated by the new President is barely 12 months old and so it is not surprising that Nigeria's CPI score is virtually unchanged."

TI's Chairman added: "The eyes of the world are on President Obasanjo, a former Advisory Council Chairman of TI, who was imprisoned by the former Nigerian Government of General Sani Abacha because of his pro-democracy and anti-corruption views. President Clinton has just visited Nigeria and joins a growing list of world leaders who recognise that the country needs assistance. Nigeria must have debt relief and IMF and World Bank support, as well as international business support, to get its economy going again and set the conditions that will realistically make it possible to wage a sustained successful attack on the entrenched bastions of corruption. TI is pledged to assist President Obasanjo's courageous anti-corruption drive."

TI said that the public needs to be aware of the damage wrought by corruption. It noted the Gallup International 2000 Millennium Survey, which interviewed about 57,000 people in 60 countries and found that where corruption is at its worst, disillusionment with democracy is at its highest. This is shown to be particularly so in Central and Eastern Europe. Gallup International shows that the democratic gains of the past decade are quite literally at risk, said TI.

CPI only shows one side of corruption

TI has always stressed that corruption is not just the product of public officials taking bribes (the corruption aspect highlighted in the CPI), which is widely seen to be particularly serious in many developing countries and in the countries in transition in Central and Eastern Europe, as again reflected in the CPI 2000. To correct this impression and to highlight the bribe-giving side of the corruption coin pursued by international corporations and domestic businesses, TI published a Bribe Payers Index (BPI) last year and a detailed set of survey results on perceptions of bribe paying in January of this year. Because of the importance of this kind of information, TI will undertake a new and comprehensive survey into bribe paying in 2001.

Peter Eigen stated: "Highlighting the bribe-paying side of the corruption equation is important right now. First, many of the street protests that we are seeing at major conferences, which started in Seattle last November, reflect distrust of globalisation and business's roles in the international economy. Transparency in business dealings is more important than ever and corporations should see the protests as a challenge to them to act with integrity. Second, this year we have seen an increasing number of countries ratify the OECD Anti-Corruption Convention, (which became effective last year) but it is urgent that they now enforce it and that companies demonstrate that they are in compliance."

New CPI is a rolling Index based on 1998-2000 data. The CPI is based on the understanding that levels of corruption are not sharply changed by short-term actions, while perceptions of corruption may fluctuate significantly based on highly visible events. TI Executive Director Jeremy Pope explained that: "The CPI is a poll of polls conducted over a period of three years. The new CPI is based on surveys for the 1998-2000 period. This multi-year approach is more accurate and realistic. The rankings fail to fully take into account the impact of recent scandals

that have damaged perceptions of the integrity environment of a country, nor do the rankings tend to reflect recent efforts by governments to introduce anti-corruption reforms in their countries."

"The rankings are important, but the exact placements of countries should not be given undue weight by the press," said Mr. Pope. "We only have good enough polling data for about one-half of the world's nations and I believe that there are many countries which, if we had the numbers, would rank even below the lowest countries on today's new CPI. As can be seen in the attached tables, there are only a few data sources for some countries and wide differences in the data results. In such cases, in particular, small differences in ranking between countries should not be overestimated. Comparing the ranking of countries from one year to the next demands care and TI encourages people to review fully the even more detailed data from the sources that is available on the TI website."

This year's CPI covers 90 countries, compared to 98 last year. Some countries had to be dropped because there was insufficient 1998-2000 data. For example, some of the surveys used in the CPI are based on international investor attitudes and if a country is widely seen to no longer interest investors, then some survey sources may drop that country in their polling. The message is clear: dropping out of the CPI for lack of data is bad news for countries and may indicate reduced investor interest stimulated by enhanced perceptions of widespread corruption in these countries.

TI Chairman Eigen said: "We are building on our CPI work. We recognize that more organisations are now researching corruption and we welcome this. At TI we are strengthening our knowledge at the international level and through initiatives undertaken by our National Chapters and we have started developing a *Global Corruption Report*, which we plan to publish in conjunction with the CPI and the BPI next year."

--A detailed explanation of the surveys and sources and the methodologies used by TI in compiling the CPI is available in a CPI 2000 Framework Paper at TI's website: www.transparency.org.

--TI's Bribe Payers Index is available at: <http://www.transparency.org/documents/cpi/bps.html>. TI has recently started to publish a daily set of headlines and a guide to international press articles on corruption on the front page of its website at: www.transparency.org

TI encourages the World Bank to adopt a 10-point anti-corruption programme

The World Bank should strengthen its anti-corruption initiatives in developing countries and in the countries in transition in Central and Eastern Europe, says Transparency International. TI Chairman Dr Peter Eigen said: "The World Bank can play a critical role in countering the global menace of corruption and we believe its work will be improved if it adopts the ten-point programme that we are presenting? ."

"We appreciate that the World Bank has taken a fundamentally new approach to corruption in recent years and we commend it for its positive approaches," added Eigen. "But the World Bank can still do far more to assist developing countries to curb the rampant corruption that undermines their progress. Our 10-point agenda advocates broadening anti-corruption approaches in World Bank programmes, enhancing efforts by the Bank to partner with other organisations, reviewing lending programmes to countries that are not pursuing anti-corruption strategies, creating new anti-bribery tools and other vital initiatives."

The recent Corruption Perceptions Index (CPI) leaves no doubt that many countries still have a long way to go before governance levels can be regarded as satisfactory. "The new data can only add urgency to the call to the World Bank to do more in this vital area and encourage all official development agencies to strengthen their anti-corruption efforts," said Eigen.

The key topics at the late-September annual meetings of the World Bank and the International Monetary Fund in Prague, were different from a year ago, with greater focus on globalisation, debt relief, poverty reduction and AIDS. "Despite this, the fact is that real improvements in any of these areas will not be possible unless corruption is fully addressed and fully recognised as one of the key underlying problems," Eigen said.

TI said the effectiveness of the World Bank's anti-corruption work can be improved by adoption of the following programme:

1. Give corruption-related initiatives more priority in broad-based reform efforts like poverty reduction strategies and extend them beyond World Bank-financed loans.
2. Accept that other organisations, including civil society, have comparative advantages in advocacy work and in rebuilding corrupted institutions; actively share the anti-

corruption work with these other organisations in line with their particular experience and expertise.

3. Reconsider lending levels for countries which do not have convincing anti-corruption reform programmes in place and which do not collaborate with external efforts to promote such programmes.

4. Require, if corruption is suspected, "Service Delivery Surveys" determining whether public services actually reach the intended beneficiaries, before additional loans are considered.

5. More aggressively promote and finance civil service reform. A key element here is civil service pay: in many countries many civil servants do not even receive a living wage, which adds to the pressures on them to accept bribes.

6. Establish a new vehicle for corruption reduction, an "Integrity Enhancement Programme." This new type of programme would be designed to consolidate a variety of cross-sectoral integrity initiatives of the World Bank. It would not replace, however, anti-corruption efforts accompanying sector specific loans. The new programme would make it easier for the World Bank to effectively reinforce the efforts of other donors and particularly of relevant non-governmental organisations.

7. Introduce a consolidated blacklist of those debarred from further aid-financed business because they had been found to offer or provide bribes in connection with work financed by the World Bank, regional development banks and other aid agencies.

8. Support the application of the Transparency International "Integrity Pact" to major Bank-financed investments, where governments so request. On behalf of local civil society TI has pioneered in several countries this contractual agreement among all parties involved in procurement; it is now applied from Seoul to Milan and Bogota

(see: http://www.transparency.org/activities/ip_status-report.html).

9. Devote a larger portion of the World Bank's research budget to corruption reduction, focusing particularly on exploring new approaches to reduce corruption and helping to determine what types of anti-corruption measures work best under which circumstances.

10. Promote major campaigns by the International Finance Corporations (IFC), the World Bank's private sector affiliate, to strengthen business awareness that bribing foreign public officials is now a criminal offence in most exporting countries. --*excerpts from press release, Berlin, 31 August 2000*

