



# Transparency International Canada Inc. NEWSLETTER

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## TI 2002 Corruption Perceptions Index

Berlin, August 28, 2002-----

### **Corrupt political elites and unscrupulous investors kill sustainable growth in its tracks**

The TI Corruption Perceptions Index 2002 ranks 102 countries, the highest number ever. Seven out of ten countries ranked score less than 5 out of a clean score of 10.

“Political elites and their cronies continue to take kickbacks at every opportunity. Hand in glove with corrupt business people, they are trapping whole nations in poverty and hampering sustainable development. Corruption is perceived to be dangerously high in poor parts of the world, but also in many countries whose firms invest in developing nations,” said Peter Eigen, Chairman of Transparency International, speaking...on the launch of the Corruption Perceptions Index 2002 (CPI).

“Politicians increasingly pay lip-service to the fight against corruption but they fail to act on the clear message of TI’s CPI: that they must clamp down on corruption to break the vicious circle of poverty and graft. Seven out of ten countries score less than 5 out of a clean score of 10 in the CPI 2002, which reflects perceived levels of corruption among politicians and public officials.”

“Corrupt political elites in the developing world, working hand-in-hand with greedy business people and unscrupulous investors, are putting private gain before the welfare of citizens and the economic development of their countries,” said Peter Eigen. “From illegal logging to blood diamonds, we are seeing the plundering of the earth and its people in an unsustainable way.”

### **MARK YOUR CALENDAR!!!**

#### **11<sup>TH</sup> International Anti-Corruption Conference**

**Seoul, South Korea**

**25-28 May 2003**

*Different Cultures, Common Values*

**For further information, visit:**

**[www.11iacc.org](http://www.11iacc.org)**

The new index, published...by Transparency International (TI), the world’s leading non-governmental organisation fighting corruption, ranks 102 countries. Seventy countries – including many of the world’s most poverty-stricken – score less than 5 out of a clean score of 10. Corruption is perceived to be rampant in Indonesia, Kenya, Angola, Madagascar, Paraguay, Nigeria and Bangladesh, countries with a score of less than 2. Countries with a score of higher than 9, with very low levels of perceived corruption, are predominantly rich countries, namely Finland, Denmark, New Zealand, Iceland, Singapore and Sweden.

The CPI is a poll of polls, reflecting the perceptions of business people and country analysts, both resident and non-resident. First launched in 1995, this year’s CPI draws on 15 surveys from nine independent institutions. A rolling survey of polls taken between 2000 and 2002, the CPI includes only those countries that feature in at least three surveys. “It is important to emphasise that the CPI, even with 102 countries, is only a snapshot and covers barely half the more than 200 sovereign nations in the world,” said Peter Eigen. “There is not sufficient data on other countries, many of which are likely to be very corrupt.”

The CPI 2002 complements TI's Bribe Payers Index, which addresses the propensity of companies from top exporting countries to bribe in emerging markets. The BPI 2002, published on 14 May 2002, revealed high levels of bribery by firms from Russia, China, Taiwan and South Korea, closely followed by Italy, Hong Kong, Malaysia, Japan, USA and France – although many of these countries signed the OECD Anti-Bribery Convention, which outlaws bribery of foreign public officials.

Before leaving for the United Nations Johannesburg Summit on Sustainable Development, Eigen stressed that “the summit in Johannesburg must lead to action. Corruption impedes sustainable development and robs the children of today of the resources they will need to survive tomorrow. When the leaders sign the Johannesburg Declaration, they must make pledges they can keep, not raise false hopes.”

“The New Partnership for Africa's Development has set out some bold aims, which I applaud. Good governance and transparency are essential to sustainable development,” he continued. “Just as international institutions and donor bodies must now insist on transparency and good governance, so must politicians grasp the challenge at the national level. The new CPI makes it clear that an enormous task lies ahead of them. They must set the framework for investment such that the rule of law is applied and enforced fairly, not arbitrarily, so that for instance extractive industries, such as oil-drilling, are sustainable both for the natural environment and the development of the local economy.”

Tunku Abdul Aziz, TI Vice-Chairman, speaking in Malaysia on the launch of the CPI 2002, said: “The CPI has once again confirmed that corruption is a malady afflicting not only the developing countries, but also the developed world. Corruption is neutral. It is no respecter of nations, big or small, rich or poor. It is all the more critical, therefore, that both the North and the South buckle down to confront corruption much more vigorously and decisively.”

“Developed countries have a special humanitarian responsibility,” he continued, “given the resources at their disposal, to investigate and prosecute the

companies within their jurisdictions that are bribing. Their bribes and incentives to corrupt public officials and politicians are subverting the orderly development of poor nations, already trapped, as they are, in a vicious circle of crippling poverty, hunger and disease.”

Tunku Abdul Aziz said: “Corruption continues to deny the poor, the marginalised, and the least educated members of every society the social, economic and political benefits that should properly accrue to them, benefits that are taken for granted in societies that have managed to shake off the yoke of corruption.”

Some changes highlighted in the CPI were identified by Peter Eigen. “In the past year, we have seen setbacks to the credibility of democratic rule. In parts of South America, the graft and misrule of political elites have drained confidence in the democratic structures that emerged after the end of military rule. Argentina, where corruption is perceived to have soared, joins Panama, Honduras, Guatemala, Nicaragua, Venezuela, Bolivia, Ecuador, Haiti and Paraguay with a score of 3 or less in the CPI 2002.”

While some countries in transition from communism – most notably Slovenia, which has a cleaner score than EU member countries Italy and Greece – are perceived to be increasingly less corrupt, many countries in the former Soviet Union remain ridden with corruption. “The recent steps by President Vladimir Putin to introduce tax reforms and new laws fighting money-laundering are beginning to show the prospect of a lessening in perceived corruption in Russia,” explained Peter Eigen, “but the CPI 2002 indicates that Russia has a long way to go and remains seriously corrupt, together with Uzbekistan, Georgia, Ukraine, Kazakhstan, Moldova and Azerbaijan, all of which score less than 3 out of 10.”

-----See pages 5 and 6 for 2002 CPI Index; visit [www.transparency.ca](http://www.transparency.ca) for further information

### Where Corruption Lives

This book, edited by Gerald E. Caiden, O. P. Dwivedi, and Joseph Jabbra, and published in 2001 by Kumarian Press, Inc. (Connecticut), is a thorough look at corruption on a country-based, regional and international basis. There is also a

complete in-house review of TI's role (given much credence by the other authors) in curbing global corruption, along with insights into corruption and its relationship to governance, democracy and official ethics. An excellent read at US \$24.95 (paperback) plus shipping. ISBN 1-56549-133-5. Cloth ISBN 1-56549-134-3

### **TI wins Agenda Setting Award**

Berlin/Bonn - The Award for Agenda Setting 2002 was presented to Transparency International (TI). Peter Eigen, Chairman of TI, received the award at an international conference, Agenda Setting 2002: Mass Media & Public Opinion, in Bonn on 21 August 2002....

"Without the work of Peter Eigen and his team we would all know much less about the misuse of taxpayers' money and the abuse of power. Above all, we would constantly think that this is a problem confined to less developed countries," said Roland Schatz, Editor-in-Chief of Media Tenor, which presented the award. Media Tenor is an international institute for media analysis which analyses media diversity in Germany, the US, the UK, South Africa and the Czech Republic.

Awards for diversity in media reporting were handed out to international media, including BBC TV, Frankfurter Allgemeine Zeitung, Les Echos and the Financial Times.

---For further information, visit [www.agendasetting.com](http://www.agendasetting.com)

### **UN Convention Against Corruption**

The UN Ad Hoc Committee is presently engaged in drafting the UN Convention Against Corruption, the Third Session of which will commence in Vienna at the end of September.

This is an international initiative to which Transparency International attaches the highest importance, and TI welcomes the constructive spirit in which the negotiations are proceeding. Indeed, TI believes it is important for these to be seen not so much as "negotiations" among governments as a coming together of people from around the globe to address a menace that threatens us all. TI endorses the views expressed

by many delegates at the First Session of the Ad Hoc Committee to the effect that the future convention against corruption should be effective, efficient, binding and universal. It should also be a flexible and balanced instruments, which would take into account the social, cultural, legal, economic and political differences of countries, as well as their different levels of development.

TI has sent a number of proposals for the Convention, as constructive contributions to the drafting task. Each is considered to be a necessary component of the final text. For those wishing a copy of the specific proposals, please contact TI-Canada at: [ti-can@transparency.ca](mailto:ti-can@transparency.ca)

### **OECD Phase II Faltering**

TI is concerned that the Phase II monitoring program of the OECD Working Group on Bribery in International Business Transactions is faltering. Without a strong Phase II monitoring program, there is little hope of effective enforcement and the OECD Anti-Bribery Convention is likely to fail.

In recommendations sent to the Working Group, TI noted both the accomplishments as well as the shortcomings of the Convention, as well as suggested what is required to reinvigorate the Phase II monitoring program. With regard to the latter, the most important requirements are the securing of adequate funding to carry out the reviews as well as the scheduling of prompt reviews of the G-7 countries.

In addition, the recommendations dealt with "unresolved issues" - the assurance of adequate coverage of foreign subsidiaries and of bribe payments to foreign political parties and party officials, and a discussion of further steps required to promote enforcement and compliance. Such steps include promotion of increased awareness of the Convention, encouragement of the adoption of corporate compliance programs, cooperation with developing countries, and programs to assist companies in avoiding extortion by foreign officials. Finally, TI commented on the accession of other states, which it feels should be deferred until the present signatories are seen to be enforcing the Convention. For the complete "TI Recommendations for OECD Working Group Agenda," 14 August 2002, contact TI-Canada at: [ti-can@transparency.ca](mailto:ti-can@transparency.ca)

**INDIVIDUAL MEMBERS** (Fee Range -- \$50 to \$100) Individual members will have full participation and voting privileges at all meetings of the members.

**VOLUNTARY SECTOR ORGANIZATIONS** (Fee Range -- \$50 to \$500)

The designated spokesperson of an NGO has full voting and participation rights at meetings of members.

**GOVERNMENT DEPARTMENTS AND AGENCIES** (Fee -- \$500)

We welcome government departments and agencies as (arm's length) members, but government members will have no voting rights.

**PROFESSIONAL FIRMS, BUSINESS CORPORATIONS** (Fee Range -- \$1,000 to \$5,000)

The designated spokesperson of professional and business firms has full voting and participation rights at meetings of members.

**CHARTER MEMBERS** (Fee -- \$10,000 over two years)

The purpose of charter membership is to put the chapter on a sound financial footing in its first few years of operation. Charter members will have all the rights and privileges of other members and will have the right to sit on a Corporate Advisory Council and assist in advising the Board on policies and programs.

**ALL MEMBERS** will receive newsletters, information about conferences and workshops, and the right to participate in these conferences and workshops on a cost recovery basis.

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**APPLICATION FOR MEMBERSHIP**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Organization: \_\_\_\_\_

Address: \_\_\_\_\_

Country: \_\_\_\_\_

Postal Code: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

Membership Category	Individual	Volunteer/NGO	Government
(circle one)	Professional/Business		Charter

Fee: Amount \_\_\_\_\_ (Please enclose cheque, payable to **TI-Canada**)