



TRANSPARENCY INTERNATIONAL

the coalition against corruption

Transparency International Corruption Perceptions Index 2001

<http://www.transparency.org>

Transparency International Secretariat
Otto-Suhr-Allee 97-99,
10585 Berlin,
Germany
Tel: +49-30-3438 2010
Fax: +49-30-3470 3912
ti@transparency.org

About TI:

Transparency International, founded in 1993, is the only global non-governmental and not-for-profit organisation devoted solely to curbing corruption. TI currently has 80 national chapters around the world and TI's International Secretariat is in Berlin, Germany. Transparency International does not investigate or expose individual cases of corruption. For more information on TI, its national chapters and its work, please go to:

www.transparency.org



PRESS RELEASE



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Media Contacts:

Berlin: Press Officer Jana Kotalik,
Tel: +49 30 3438 2061, Fax: +49 30 3470 3912,
Email: press@transparency.org

Berlin/Paris: Head of Public Relations Jeff Lovitt,
Tel: +49 30 3438 2045 or +49 162 419 6454

London: Press Officer Susan Côté-Freeman,
Tel: +44 207 610 1400, Fax: +44 207 610 1550,
Email: freeman@transparencyintl.demon.co.uk

Washington: TI Vice Chairman Frank Vogl,
Tel: +1 202 331 8183, Fax: +1 202 331 8187,
Email: voglcom@aol.com

<http://www.transparency.org>

Otto-Suhr-Allee 97-99,
10585 Berlin, Germany
Tel: +49-30-3438 2061
Fax: +49-30-3470 3912

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New index highlights worldwide corruption crisis, says Transparency International

The Corruption Perceptions Index 2001 ranks 91 countries. Almost two-thirds of the countries ranked in the new index score less than 5 out of a clean score of 10

27 June 2001 --- "There is no end in sight to the misuse of power by those in public office – and corruption levels are perceived to be as high as ever in both the developed and developing worlds," said Peter Eigen, Chairman of Transparency International, speaking today on the launch of the Corruption Perceptions Index 2001. "There is a worldwide corruption crisis. That is the clear message from the year 2001 Corruption Perceptions Index (CPI), which reflects the degree to which corruption is perceived to exist among public officials and politicians. Scores of less than 5 out of a clean score of 10 are registered by countries on every continent," he said on the publication today of the CPI by Transparency International (TI).

This year's index, published by the world's leading non-governmental organisation fighting corruption, ranks 91 countries. Some of the richest countries in the world – Finland, Denmark, New Zealand, Iceland, Singapore and Sweden – scored 9 or higher out of a clean score of 10 in the new CPI, indicating very low levels of perceived corruption. But 55 countries – many of which are among the world's poorest - scored less than 5, suggesting high levels of perceived corruption in government and public administration. The countries with a score of 2 or less are Azerbaijan, Bolivia, Cameroon, Kenya, Indonesia, Uganda, Nigeria and Bangladesh.

The CPI, which TI first launched in 1995, is a poll of polls, this year drawing on 14 surveys from seven independent institutions. The surveys reflect the perceptions of business people, academics and country analysts. The surveys were undertaken over the past three years and no country has been included in the CPI without results from a minimum of three surveys. "This prudent approach means that we are unable to include a number of countries that probably have higher corruption levels than those included in the CPI," explained Peter Eigen. "Moreover, for some countries in the CPI, there are only three or four data sources and wide variations in the individual survey results. Small differences in ranking between countries should not be overstated."

"The new Index illustrates once more the vicious circle of poverty and corruption, where parents have to bribe underpaid teachers to secure an education for their children and underresourced health services provide a breeding ground for corruption. The world's poorest are the greatest victims of corruption," said Peter Eigen at a press conference in Paris. "Vast amounts of public funds are being wasted and stolen by corrupt officials," he continued.

TI's chairman said: "HIV AIDS is killing millions of Africans, and in many of the countries where AIDS is at its deadliest the problem is compounded by the fact that corruption levels are seen to be very high. While it is imperative that richer countries provide the fruits of medical research at an affordable price to address this human tragedy, it is also essential that corrupt governments do not steal from their own people. This is now an urgent priority if lives are to be saved."

The CPI also registers very high levels of perceived corruption in the countries in transition, in particular the former Soviet Union. Scores of 3.0 or less were recorded in Romania, Kazakhstan, Uzbekistan, Russia, Ukraine and Azerbaijan. Peter Eigen noted: "The leaders of the countries of the former Soviet Union must do far more to establish the rule of law and transparency in government. This is crucial to their economic progress, and to the development of an open society."

While the CPI scores of most leading industrial countries are quite high, the CPI focuses on corruption involving public officials. It does not reflect secret payments to finance political campaigns, the complicity of banks in money laundering or bribery by multinational companies. Speaking in Washington DC, TI Vice Chairman Frank Vogl noted: "Corruption in the most prosperous countries in the world has many manifestations, and Transparency International is increasing its efforts to stimulate actions to secure greater transparency in politics, business and banking. We aim to publish a new Bribe Payers Index in early 2002 to shine the spotlight on the propensity of western firms to use bribes in emerging market economies."

TI Vice Chairman Tunku Abdul Aziz stated in Malaysia: "The CPI is based on the understanding that a change in the perceived level of corruption can be measured only by a consistent shift in behaviour over a number of years. As a result, it may not give credit to new government leaders who are making determined efforts to counter years of rampant corruption in their countries. For example, in recent times we have seen new leaders take the helm in Nigeria, Mexico and the Philippines intent upon far-reaching anti-corruption programmes."

"Relief from the IMF and increases in aid funding are evidence that the poor ranking of Nigeria in the CPI is recognised internationally as an inheritance that cannot be overturned in the space of one or two years," said Tunku Abdul Aziz. "The Nigerian administration has also made great strides in its quest to recover funds looted by the late dictator Sani Abacha."

Press Contacts for the CPI 2001

Berlin: Jeff Lovitt/Jana Kotalik,

Tel: +49 30 3438 2045/61

Fax: +49 30 3470 3912,

Email: press@transparency.org

London: Susan Côté-Freeman, Tel: +44 207

610 1400, Fax: +44 207 610 1550, Email:

freeman@transparencyintl.demon.co.uk

Washington: TI Vice Chairman Frank Vogl,

Tel: +1 202 331 8183, Fax: +1 202 331 8187,

Email: voglcom@aol.com

Additional technical CPI information

UK: Fredrik Galtung, Adviser on CPI

Tel: +44-207 610 1400,

Fax: +44-207 610 1550,

Email: fg211@cam.ac.uk

Germany: Dr Johann Graf Lambsdorff

(TI Adviser on CPI), Göttingen

University, Tel: +49-551-397298,

Fax: +49-551-392054,

Email: jlambsd@gwdg.de



Country Rank	Country	2001 CPI Score	Surveys Used	Standard Deviation	High-Low Range
1	Finland	9.9	7	0.6	9.2 - 10.6
2	Denmark	9.5	7	0.7	8.8 - 10.6
3	New Zealand	9.4	7	0.6	8.6 - 10.2
4	Iceland	9.2	6	1.1	7.4 - 10.1
	Singapore	9.2	12	0.5	8.5 - 9.9
6	Sweden	9.0	8	0.5	8.2 - 9.7
7	Canada	8.9	8	0.5	8.2 - 9.7
8	Netherlands	8.8	7	0.3	8.4 - 9.2
9	Luxembourg	8.7	6	0.5	8.1 - 9.5
10	Norway	8.6	7	0.8	7.4 - 9.6
11	Australia	8.5	9	0.9	6.8 - 9.4
12	Switzerland	8.4	7	0.5	7.4 - 9.2
13	United Kingdom	8.3	9	0.5	7.4 - 8.8
14	Hong Kong	7.9	11	0.5	7.2 - 8.7
15	Austria	7.8	7	0.5	7.2 - 8.7
16	Israel	7.6	8	0.3	7.3 - 8.1
	USA	7.6	11	0.7	6.1 - 9.0
18	Chile	7.5	9	0.6	6.5 - 8.5
	Ireland	7.5	7	0.3	6.8 - 7.9
20	Germany	7.4	8	0.8	5.8 - 8.6
21	Japan	7.1	11	0.9	5.6 - 8.4
22	Spain	7.0	8	0.7	5.8 - 8.1
23	France	6.7	8	0.8	5.6 - 7.8
24	Belgium	6.6	7	0.7	5.7 - 7.6
25	Portugal	6.3	8	0.8	5.3 - 7.4
26	Botswana	6.0	3	0.5	5.6 - 6.6
27	Taiwan	5.9	11	1.0	4.6 - 7.3
28	Estonia	5.6	5	0.3	5.0 - 6.0
29	Italy	5.5	9	1.0	4.0 - 6.9
30	Namibia	5.4	3	1.4	3.8 - 6.7
31	Hungary	5.3	10	0.8	4.0 - 6.2
	Trinidad & Tobago	5.3	3	1.5	3.8 - 6.9
	Tunisia	5.3	3	1.3	3.8 - 6.5
34	Slovenia	5.2	7	1.0	4.1 - 7.1
35	Uruguay	5.1	4	0.7	4.4 - 5.8
36	Malaysia	5.0	11	0.7	3.8 - 5.9
37	Jordan	4.9	4	0.8	3.8 - 5.7
38	Lithuania	4.8	5	1.5	3.8 - 7.5
	South Africa	4.8	10	0.7	3.8 - 5.6
40	Costa Rica	4.5	5	0.7	3.7 - 5.6
	Mauritius	4.5	5	0.7	3.9 - 5.6
42	Greece	4.2	8	0.6	3.6 - 5.6
	South Korea	4.2	11	0.7	3.4 - 5.6
44	Peru	4.1	6	1.1	2.0 - 5.3
	Poland	4.1	10	0.9	2.9 - 5.6
46	Brazil	4.0	9	0.3	3.5 - 4.5

Explanatory notes

A more detailed description of the CPI methodology is available at www.transparency.org or www.gwdg.de/~uwww/2001.html

CPI 2001 Score

relates to perceptions of the degree of corruption as seen by business people, academics and risk analysts, and ranges between 10 (highly clean) and 0 (highly corrupt).

Surveys Used

refers to the number of surveys that assessed a country's performance. A total of 14 surveys were used, and at least three surveys were required for a country to be included in the CPI.

Standard Deviation

indicates differences in the values of the sources: the greater the standard deviation, the greater the differences of perceptions of a country among the sources.

High-Low Range

provides the highest and lowest values of the sources. Since each individual source has its own scaling system, scores are standardised around a common mean for the subset of countries featuring in the individual survey. As a result, it is possible in rare cases that the highest value exceeds 10.0 and the lowest can be lower than 0.0. Only the aggregate final country scores are restricted to the reported range between 0 and 10.

Transparency International Corruption Perceptions Index 2001

Country Rank	Country	2001 CPI Score	Surveys Used	Standard Deviation	High-Low Range
47	Bulgaria	3.9	6	0.6	3.2 - 5.0
	Croatia	3.9	3	0.6	3.4 - 4.6
	Czech Republic	3.9	10	0.9	2.6 - 5.6
50	Colombia	3.8	9	0.6	3.0 - 4.5
51	Mexico	3.7	9	0.6	2.5 - 5.0
	Panama	3.7	3	0.4	3.1 - 4.0
	Slovak Republic	3.7	7	0.9	2.1 - 4.9
54	Egypt	3.6	7	1.5	1.2 - 6.2
	El Salvador	3.6	5	0.9	2.0 - 4.3
	Turkey	3.6	9	0.8	2.0 - 4.5
57	Argentina	3.5	9	0.6	2.9 - 4.4
	China	3.5	10	0.4	2.7 - 3.9
59	Ghana	3.4	3	0.5	2.9 - 3.8
	Latvia	3.4	3	1.2	2.0 - 4.3
61	Malawi	3.2	3	1.0	2.0 - 3.9
	Thailand	3.2	12	0.9	0.6 - 4.0
63	Dominican Rep	3.1	3	0.9	2.0 - 3.9
	Moldova	3.1	3	0.9	2.1 - 3.8
65	Guatemala	2.9	4	0.9	2.0 - 4.2
	Philippines	2.9	11	0.9	1.6 - 4.8
	Senegal	2.9	3	0.8	2.2 - 3.8
	Zimbabwe	2.9	6	1.1	1.6 - 4.7
69	Romania	2.8	5	0.5	2.0 - 3.4
	Venezuela	2.8	9	0.4	2.0 - 3.6
71	Honduras	2.7	3	1.1	2.0 - 4.0
	India	2.7	12	0.5	2.1 - 3.8
	Kazakhstan	2.7	3	1.3	1.8 - 4.3
	Uzbekistan	2.7	3	1.1	2.0 - 4.0
75	Vietnam	2.6	7	0.7	1.5 - 3.8
	Zambia	2.6	3	0.5	2.0 - 3.0
77	Cote d'Ivoire	2.4	3	1.0	1.5 - 3.6
	Nicaragua	2.4	3	0.8	1.9 - 3.4
79	Ecuador	2.3	6	0.3	1.8 - 2.6
	Pakistan	2.3	3	1.7	0.8 - 4.2
	Russia	2.3	10	1.2	0.3 - 4.2
82	Tanzania	2.2	3	0.6	1.6 - 2.9
83	Ukraine	2.1	6	1.1	1.0 - 4.3
84	Azerbaijan	2.0	3	0.2	1.8 - 2.2
	Bolivia	2.0	5	0.6	1.5 - 3.0
	Cameroon	2.0	3	0.8	1.2 - 2.9
	Kenya	2.0	4	0.7	0.9 - 2.6
88	Indonesia	1.9	12	0.8	0.2 - 3.1
	Uganda	1.9	3	0.6	1.3 - 2.4
90	Nigeria	1.0	4	0.9	-0.1 - 2.0
91	Bangladesh	0.4	3	2.9	-1.7 - 3.8

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Note on the Bangladesh score:

Data for this country in 2001 was available from only three independent survey sources, and each of these yielded very different results. While the composite score is 0.4, the range of individual survey results is from -1.7 to +3.8. This is a greater range than for any other country. TI stresses, therefore, that this result needs to be viewed with caution.

Questions & Answers on the TI Corruption Perceptions Index (CPI) 2001

What is the Corruption Perceptions Index?

The TI Corruption Perceptions Index (CPI) this year ranks 91 countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. It is a composite index, drawing on 14 different polls and surveys from seven independent institutions carried out among business people and country analysts, including surveys of residents, both local and expatriate.

For the purpose of the TI indices, how is corruption defined?

TI 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 tend to ask questions in line with the misuse of public power for private benefits, with a focus, for example, on bribe-taking by public officials in public procurement.

Why is the Corruption Perceptions Index a valuable tool?

Because the CPI is derived from 14 different surveys that garner the perceptions of both residents and expatriates, both business people, academia and risk analysts, the index provides a snapshot of the views of decision-makers, who take key decisions on investment and trade. The CPI builds public awareness of the corruption issue, and it adds to pressure on governments to directly address the issue and the damaged image of their nation that low rankings in the CPI reflect.

What role is played by exporters in international criminal transactions?

In 1999, TI published an additional index that ranked exporting countries according to their propensity to offer bribes. This Bribe Payers Index (BPI) is on the internet at <http://www.transparency.org/documents/cpi/bps.html>. The BPI complements the CPI and underlines the point that corruption in international business transactions involves both those who take and those who give. Looking only at those who take, the CPI provides an incomplete picture. A new BPI is planned in early 2002.

Is it right to conclude that the country with the lowest score is the world's most corrupt country?

No. Firstly, the country with the lowest score is the one perceived to be the most corrupt of those included in the index. The CPI is based on polls, which are snapshots in time and reflect both opinions and experience. Furthermore, there are more than 200 sovereign nations in the world and the CPI 2001 ranks only 91 – TI does not have sufficient reliable data for all countries.

Why is the CPI based on perceptions only?

It is difficult to base comparative statements on the levels of corruption in different countries on hard empirical data, e.g. by comparing the number of prosecutions or court cases. Such cross-country data does not reflect actual levels of corruption; rather it highlights the quality of prosecutors, courts and/or the media in exposing corruption. The only method of compiling comparative data is therefore to build on the experience and perceptions of those who are most directly confronted with the realities of corruption.

Was there any change in the target groups polled for the CPI this year?

There are substantial changes this year, which should serve as a warning not to overstate year-on-year comparisons. This year we used 14 polls from seven institutions compared with 16 polls from eight institutions in 2000. Furthermore, this year we included the new PricewaterhouseCoopers Opacity Index and the new World Business Environment Survey. Each of these surveys sought responses from business people.

What are the criteria in determining which surveys are used?

TI seeks excellent data for the CPI and, to qualify, the data has to be well documented, and it has to be sufficient to permit a judgment on its reliability. TI strives to ensure that the sources used are of the highest quality, that the survey work is performed with complete integrity and that the methodologies used to analyse findings are first class. TI is confident that these criteria apply to the CPI. A more detailed description of the underlying methodology has been written for the 2001 index and is available at www.transparency.org or www.gwdg.de/~uwww/2001.html. The methodology used is reviewed by a Steering Committee consisting of leading international experts in the fields of corruption, econometrics and statistics. Members of the Steering Committee make suggestions for improving the CPI, but the management of TI takes the final decisions on the methodology used. Consequently, neither the CPI methodology nor its presentation modality ought to be interpreted as necessarily constituting endorsement by the Steering Committee or its individual members.

Which countries are included in the 2001 CPI?

TI requires at least three sources to be available for a country before considering the database sufficiently robust for that country to be ranked in the CPI. Countries for which there might be only one or two data sources available are not included in the CPI. Bangladesh, Dominican Republic, Guatemala, Honduras, Nicaragua, Pakistan, Panama, Trinidad & Tobago and Uruguay have been included because three sources are now available, but were not in 2000.

What happened to countries that were included in the 2000 CPI, but not in the 2001 CPI?

The countries listed in the accompanying table were included in the 2000 CPI, but could not be included this year because of insufficient topical survey data. The fact that they are not included does not imply in any way that perceptions of corruption relative to these countries have improved or deteriorated over the past year. TI's experience suggests that corruption, particularly for those countries who had scored poorly, remains a major problem, as it does for many others that are not included in the 2000 CPI because of insufficient available data.

Country	Score in 2000
Morocco	4.7
Belarus	4.1
Ethiopia	3.2
Burkina Faso	3.0
Armenia	2.5
Mozambique	2.2
Angola	1.7
Yugoslavia	1.3

Is the country score a reliable measure of a country's perceived level of corruption?

In terms of perceptions of corruption, the CPI is a solid measurement tool. The reliability differs, however, between countries. Countries with a low number of sources and large differences in the values provided by the sources (indicated by a large Standard Deviation) convey less reliability as to their score and ranking.

Are old surveys used in the CPI?

The CPI is based on 1999-2001 data. Since fundamental changes in the levels of corruption in a country evolve only slowly, while public perceptions may change more swiftly and be influenced to some extent by short-term events, TI determined to base the CPI on a three-year rolling average. Hence, this year's CPI is based on survey data collected exclusively between 1999 and 2001.

Which sources have contributed to the assessment of each individual country?

A list of sources and surveys from which the CPI is derived follows at the end of the press release. A list of the sources that contributed to the assessment of each country is available on the Internet as an Excel sheet (www.transparency.org or <http://www.gwdg.de/~uwww/2001.html>). This list also provides further information on standard errors and confidence intervals for each country.

Can data from one year be compared with that from a previous year?

Not precisely. The CPI incorporates as many reliable and up-to-date sources as possible. One of the drawbacks to this approach is that year-to-year comparisons of a country's score do not only result from a changing perception of a country's performance but also from a changing sample and methodology. Some sources are not updated and must be dropped as a result, while new, reliable sources are added. With differing respondents and slightly differing methodologies, a change in a country's score cannot be attributed solely to actual changes in a country's performance. Comparisons with the views collected in previous years can therefore be misleading.

Which countries' scores deteriorated most between 2000 and 2001?

Making comparisons from one year to another is problematic. However, to the extent that changes can be traced back to a change in the results from individual sources, trends can be cautiously identified. Noteworthy examples of a downward trend are Malawi, Bolivia, Greece and Norway. The considerable decline in their scores does not result from technical factors - actual changes in perceptions are therefore likely.

Which countries improved most compared with last year?

With the same caveats applied, on the basis of data from sources that have been consistently used for the index, improvements can be observed for Israel, Italy, Colombia and, as already mentioned last year with regard to improvements, Belgium and Japan.

Survey sources for the TI Corruption Perceptions Index (CPI) 2001

Number	1	2	3
Source	Political & Economic Risk Consultancy		
Name	Asian Intelligence Issue		
Year	1999	2000	2001
Internet address	http://www.asiarisk.com/		
Who was surveyed?	Expatriate business executives		
Subject asked	Extent of corruption in a way that detracts from the business environment for foreign companies		How do you rate corruption in terms of its quality or contribution to the overall living/working environment?
Number of replies	40-50 per country	1,027	ca. 1,000
Coverage	12 Asian countries	14 countries	
Number	4	5	6
Source	Institute for Management Development, IMD, Switzerland		
Name	World Competitiveness Yearbook		
Year	1999	2000	2001
Internet address	www.imd.ch/wcy		
Who was surveyed?	Executives in top and middle management; domestic and international companies		
Subject asked	Whether bribing and corruption exist in the public sphere		
Number of replies	4,314	4,160	3,678
Coverage	47 countries		49 countries
Number	7	8	
Source	World Bank	PricewaterhouseCoopers	
Name	World Business Environment Survey	Opacity Index	
Year	2001	2001	
Internet address	www1.worldbank.org/beext/resources/assess-wbessurvey-alt.htm	www.opacityindex.com/	
Who was surveyed?	Senior managers	CFOs, equity analysts, bankers and PwC staff	
Subject asked	"Frequency of bribing" and "corruption as a constraint to business"	Frequency of corruption in various contexts (e.g. obtaining import/export permits or subsidies, avoiding taxes)	
Number of replies	10,090	1,357	
Coverage	79 countries ¹	34 countries	
Number	9	10	11
Source	Economist Intelligence Unit	Freedom House	World Economic Forum
Name	Country Risk Service and Country Forecast	Nations in Transit	Africa Competitiveness Report
Year	2001	2001	2000
Internet address	www.eiu.com	www.freedomhouse.org	www.weforum.org
Who was surveyed?	Expert staff assessment (expatriate)	Assessment by US academic experts and FH staff	Senior business leaders; domestic and international companies
Subject asked	Assessment of the pervasiveness of corruption among politicians and civil servants	Levels of corruption	How problematic is corruption? Are irregular, additional payments required? In large amounts?
Number of replies	Not applicable	Not applicable	1,800
Coverage	115 countries	27 transition economies	26 countries
Number	12	13	14
Source	World Economic Forum		
Name	Global Competitiveness Report		
Year	1999	2000	2001
Internet address	www.weforum.org		
Who was surveyed?	Senior business leaders; domestic and international companies		
Subject asked	Irregular extra payments connected with import and export permits, public utilities and contracts, business licences, tax payments or loan applications are common/not common.		
Number of replies	3,934	4,022	ca 4,600
Coverage	59 countries		76 countries

¹ The survey was carried out in 81 countries, but data for two countries was insufficient.