

FOR IMMEDIATE RELEASE

Persistently high corruption in low-income countries amounts to an “ongoing humanitarian disaster”

Against a backdrop of continued corporate scandal, wealthy countries backsliding too

Berlin, 23 September 2008 - With countries such as Somalia and Iraq among those showing the highest levels of perceived corruption, Transparency International's (TI) 2008 Corruption Perceptions Index (CPI), launched today, highlights the fatal link between poverty, failed institutions and graft. But other notable backsliders in the 2008 CPI indicate that the strength of oversight mechanisms is also at risk among the wealthiest.

“In the poorest countries, corruption levels can mean the difference between life and death, when money for hospitals or clean water is in play,” said Huguette Labelle, Chair of Transparency International. “The continuing high levels of corruption and poverty plaguing many of the world's societies amount to an ongoing humanitarian disaster and cannot be tolerated. But even in more privileged countries, with enforcement disturbingly uneven, a tougher approach to tackling corruption is needed.”

The 2008 Results

The Transparency International CPI measures the perceived levels of public-sector corruption in a given country and is a composite index, drawing on different expert and business surveys. The 2008 CPI scores 180 countries (the same number as the 2007 CPI) on a scale from zero (highly corrupt) to ten (highly clean).

Denmark, New Zealand and Sweden share the highest score at 9.3, followed immediately by *Singapore* at 9.2. Bringing up the rear is *Somalia* at 1.0, slightly trailing *Iraq* and *Myanmar* at 1.3 and *Haiti* at 1.4.

While score changes in the Index are not rapid, statistically significant changes are evident in certain countries from the high to the low end of the CPI. Looking at source surveys included in both the 2007 and 2008 Index, significant declines can be seen in the scores of *Bulgaria, Burundi, Maldives, Norway and the United Kingdom*.

Similarly, statistically significant improvements over the last year can be identified in *Albania, Cyprus, Georgia, Mauritius, Nigeria, Oman, Qatar, South Korea, Tonga and Turkey*.

Strengthening oversight and accountability

Whether in high or low-income countries, the challenge of reigning in corruption requires functioning societal and governmental institutions. Poorer countries are often plagued by corrupt judiciaries and ineffective parliamentary oversight. Wealthy countries, on the other hand, show evidence of insufficient regulation of the private sector, in terms of addressing overseas bribery by their countries, and weak oversight of financial institutions and transactions.

“Stemming corruption requires strong oversight through parliaments, law enforcement, independent media and a vibrant civil society,” said Labelle. “When these institutions are weak, corruption spirals out of control with horrendous consequences for ordinary people, and for justice and equality in societies more broadly.”

Global fight against poverty in the balance

In low-income countries, rampant corruption jeopardises the global fight against poverty, threatening to derail the UN Millennium Development Goals (MDGs). According to TI's 2008 Global Corruption Report, unchecked levels of corruption would add US \$50 billion (€35 billion) - or nearly half of annual global aid outlays – to the cost of achieving the MDG on water and sanitation.

Not only does this call for a redoubling of efforts in low-income countries, where the welfare of significant portions of the population hangs in the balance, it also calls for a more focussed and coordinated approach by the global donor community to ensure development assistance is designed to strengthen institutions of governance and oversight in recipient countries, and that aid flows themselves are fortified against abuse and graft.

This is the message that TI will be sending to the member states of the UN General Assembly as they prepare to take stock on progress in reaching the MDGs on 25 September, and ahead of the UN conference on Financing for Development, in Doha, Qatar, where commitments on funding aid will be taken

Prof. Johann Graf Lambsdorff of the University of Passau, who carries out the Index for TI, underscored the disastrous effects of corruption and gains from fighting it, saying, "Evidence suggests that an improvement in the CPI by one point [on a 10-point scale] increases capital inflows by 0.5 per cent of a country's gross domestic product and average incomes by as much as 4 per cent."

Corporate bribery and double standards

The weakening performance of some wealthy exporting countries, with notable European decliners in the 2008 CPI, casts a further critical light on government commitment to reign in the questionable methods of their companies in acquiring and managing overseas business, in addition to domestic concerns about issues such as the role of money in politics. The continuing emergence of foreign bribery scandals indicates a broader failure by the world's wealthiest countries to live up to the promise of mutual accountability in the fight against corruption.

"This sort of double standard is unacceptable and disregards international legal standards," said Labelle. "Beyond its corrosive effects on the rule of law and public confidence, this lack of resolution undermines the credibility of the wealthiest nations in calling for greater action to fight corruption by low-income countries." The OECD Anti-Bribery Convention, which criminalises overseas bribery by OECD-based companies, has been in effect since 1999, but application remains uneven.

Regulation, though, is just half the battle. Real change can only come from an internalised commitment by businesses of all sizes, and in developing as well as developed countries, to real improvement in anti-corruption practices.

Fighting corruption: a social compact

Across the globe, stronger institutions of oversight, firm legal frameworks and more vigilant regulation will ensure lower levels of corruption, allowing more meaningful participation for all people in their societies, stronger development outcomes and a better quality of life for marginalised communities.

###

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

Media Contacts:

Gypsy Guillén Kaiser
Tel: +49-176-1008-7363
Fax: +49-30-3470 3912
ggkaiser@transparency.org

Jesse Garcia
Tel: +49-30-34 38 20 667
jgarcia@transparency.org

Transparency International 2008 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 2008	Standard Deviation	Confidence Intervals*	Surveys Used**
1	Denmark	9.3	0.2	9.1 - 9.4	6
1	Sweden	9.3	0.1	9.2 - 9.4	6
1	New Zealand	9.3	0.2	9.2 - 9.5	6
4	Singapore	9.2	0.3	9.0 - 9.3	9
5	Finland	9.0	0.8	8.4 - 9.4	6
5	Switzerland	9.0	0.4	8.7 - 9.2	6
7	Iceland	8.9	0.9	8.1 - 9.4	5
7	Netherlands	8.9	0.5	8.5 - 9.1	6
9	Australia	8.7	0.7	8.2 - 9.1	8
9	Canada	8.7	0.5	8.4 - 9.1	6
11	Luxembourg	8.3	0.8	7.8 - 8.8	6
12	Austria	8.1	0.8	7.6 - 8.6	6
12	Hong Kong	8.1	1	7.5 - 8.6	8
14	Germany	7.9	0.6	7.5 - 8.2	6
14	Norway	7.9	0.6	7.5 - 8.3	6
16	Ireland	7.7	0.3	7.5 - 7.9	6
16	United Kingdom	7.7	0.7	7.2 - 8.1	6
18	USA	7.3	0.9	6.7 - 7.7	8
18	Japan	7.3	0.5	7.0 - 7.6	8
18	Belgium	7.3	0.2	7.2 - 7.4	6
21	Saint Lucia	7.1	0.4	6.6 - 7.3	3
22	Barbados	7.0	0.5	6.5 - 7.3	4
23	France	6.9	0.7	6.5 - 7.3	6
23	Chile	6.9	0.5	6.5 - 7.2	7
23	Uruguay	6.9	0.5	6.5 - 7.2	5
26	Slovenia	6.7	0.5	6.5 - 7.0	8
27	Estonia	6.6	0.7	6.2 - 6.9	8
28	Spain	6.5	1	5.7 - 6.9	6
28	Qatar	6.5	0.9	5.6 - 7.0	4
28	Saint Vincent and the Grenadines	6.5	1.5	4.7 - 7.3	3
31	Cyprus	6.4	0.8	5.9 - 6.8	3
32	Portugal	6.1	0.9	5.6 - 6.7	6
33	Israel	6.0	0.6	5.6 - 6.3	6
33	Dominica	6.0	1.3	4.7 - 6.8	3

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 or 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. 13 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 2008	Standard Deviation	Confidence Intervals	Surveys Used
35	United Arab Emirates	5.9	1.4	4.8 - 6.8	5
36	Botswana	5.8	1	5.2 - 6.4	6
36	Puerto Rico	5.8	1.1	5.0 - 6.6	4
36	Malta	5.8	0.6	5.3 - 6.3	4
39	Taiwan	5.7	0.5	5.4 - 6.0	9
40	South Korea	5.6	1.1	5.1 - 6.3	9
41	Mauritius	5.5	1.1	4.9 - 6.4	5
41	Oman	5.5	1.4	4.5 - 6.4	5
43	Macao	5.4	1.4	3.9 - 6.2	4
43	Bahrain	5.4	1.1	4.3 - 5.9	5
45	Bhutan	5.2	1.1	4.5 - 5.9	5
45	Czech Republic	5.2	1	4.8 - 5.9	8
47	Malaysia	5.1	1.1	4.5 - 5.7	9
47	Costa Rica	5.1	0.4	4.8 - 5.3	5
47	Hungary	5.1	0.6	4.8 - 5.4	8
47	Jordan	5.1	1.9	4.0 - 6.2	7
47	Cape Verde	5.1	1.6	3.4 - 5.6	3
52	Slovakia	5.0	0.7	4.5 - 5.3	8
52	Latvia	5.0	0.3	4.8 - 5.2	6
54	South Africa	4.9	0.5	4.5 - 5.1	8
55	Seychelles	4.8	1.7	3.7 - 5.9	4
55	Italy	4.8	1.2	4.0 - 5.5	6
57	Greece	4.7	0.6	4.2 - 5.0	6
58	Turkey	4.6	0.9	4.1 - 5.1	7
58	Lithuania	4.6	1	4.1 - 5.2	8
58	Poland	4.6	1	4.0 - 5.2	8
61	Namibia	4.5	1.1	3.8 - 5.1	6
62	Samoa	4.4	0.8	3.4 - 4.8	3
62	Croatia	4.4	0.7	4.0 - 4.8	8
62	Tunisia	4.4	1.6	3.5 - 5.5	6
65	Kuwait	4.3	1.4	3.3 - 5.2	5
65	Cuba	4.3	0.9	3.6 - 4.8	4
67	Ghana	3.9	0.8	3.4 - 4.5	6
67	Georgia	3.9	1.2	3.2 - 4.6	7
67	El Salvador	3.9	1	3.2 - 4.5	5
70	Romania	3.8	0.8	3.4 - 4.2	8
70	Colombia	3.8	1	3.3 - 4.5	7
72	Bulgaria	3.6	1.1	3.0 - 4.3	8
72	FYR Macedonia	3.6	1.1	2.9 - 4.3	6
72	Peru	3.6	0.6	3.4 - 4.1	6

Country Rank	Country /Territory	CPI Score 2008	Standard Deviation	Confidence Intervals	Surveys Used
72	Mexico	3.6	0.4	3.4 - 3.9	7
72	China	3.6	1.1	3.1 - 4.3	9
72	Suriname	3.6	0.6	3.3 - 4.0	4
72	Trinidad and Tobago	3.6	0.7	3.1 - 4.0	4
72	Swaziland	3.6	1.1	2.9 - 4.3	4
80	Burkina Faso	3.5	1	2.9 - 4.2	7
80	Brazil	3.5	0.6	3.2 - 4.0	7
80	Saudi Arabia	3.5	0.7	3.0 - 3.9	5
80	Thailand	3.5	0.8	3.0 - 3.9	9
80	Morocco	3.5	0.8	3.0 - 4.0	6
85	Senegal	3.4	0.9	2.9 - 4.0	7
85	Panama	3.4	0.6	2.8 - 3.7	5
85	Serbia	3.4	0.8	3.0 - 4.0	6
85	Montenegro	3.4	1	2.5 - 4.0	5
85	Madagascar	3.4	1.1	2.8 - 4.0	7
85	Albania	3.4	0.1	3.3 - 3.4	5
85	India	3.4	0.3	3.2 - 3.6	10
92	Algeria	3.2	0.3	2.9 - 3.4	6
92	Bosnia and Herzegovina	3.2	0.6	2.9 - 3.5	7
92	Sri Lanka	3.2	0.5	2.9 - 3.5	7
92	Lesotho	3.2	1	2.3 - 3.8	5
96	Gabon	3.1	0.3	2.8 - 3.3	4
96	Mali	3.1	0.4	2.8 - 3.3	6
96	Jamaica	3.1	0.3	2.8 - 3.3	5
96	Guatemala	3.1	1.2	2.3 - 4.0	5
96	Benin	3.1	0.5	2.8 - 3.4	6
96	Kiribati	3.1	0.5	2.5 - 3.4	3
102	Tanzania	3.0	0.6	2.5 - 3.3	7
102	Lebanon	3.0	1	2.2 - 3.6	4
102	Rwanda	3.0	0.4	2.7 - 3.2	5
102	Dominican Republic	3.0	0.4	2.7 - 3.2	5
102	Bolivia	3.0	0.3	2.8 - 3.2	6
102	Djibouti	3.0	0.7	2.2 - 3.3	4
102	Mongolia	3.0	0.5	2.6 - 3.3	7
109	Armenia	2.9	0.4	2.6 - 3.1	7
109	Belize	2.9	1.2	1.8 - 3.7	3
109	Argentina	2.9	0.7	2.5 - 3.3	7
109	Vanuatu	2.9	0.5	2.5 - 3.2	3
109	Solomon Islands	2.9	0.5	2.5 - 3.2	3
109	Moldova	2.9	1.1	2.4 - 3.7	7
115	Mauritania	2.8	1.2	2.2 - 3.7	7
115	Maldives	2.8	1.7	1.7 - 4.3	4
115	Niger	2.8	0.5	2.4 - 3.0	6
115	Malawi	2.8	0.6	2.4 - 3.1	6
115	Zambia	2.8	0.4	2.5 - 3.0	7
115	Egypt	2.8	0.7	2.4 - 3.2	6
121	Togo	2.7	1.4	1.9 - 3.7	6

Country Rank	Country /Territory	CPI Score 2008	Standard Deviation	Confidence Intervals	Surveys Used
121	Viet Nam	2.7	0.7	2.4 - 3.1	9
121	Nigeria	2.7	0.5	2.3 - 3.0	7
121	Sao Tome and Principe	2.7	0.6	2.1 - 3.1	3
121	Nepal	2.7	0.5	2.4 - 3.0	6
126	Indonesia	2.6	0.6	2.3 - 2.9	10
126	Honduras	2.6	0.5	2.3 - 2.9	6
126	Ethiopia	2.6	0.6	2.2 - 2.9	7
126	Uganda	2.6	0.7	2.2 - 3.0	7
126	Guyana	2.6	0.2	2.4 - 2.7	4
126	Libya	2.6	0.6	2.2 - 3.0	5
126	Eritrea	2.6	1.3	1.7 - 3.6	5
126	Mozambique	2.6	0.4	2.4 - 2.9	7
134	Nicaragua	2.5	0.4	2.2 - 2.7	6
134	Pakistan	2.5	0.7	2.0 - 2.8	7
134	Comoros	2.5	0.8	1.9 - 3.0	3
134	Ukraine	2.5	0.5	2.2 - 2.8	8
138	Paraguay	2.4	0.5	2.0 - 2.7	5
138	Liberia	2.4	0.7	1.8 - 2.8	4
138	Tonga	2.4	0.4	1.9 - 2.6	3
141	Yemen	2.3	0.7	1.9 - 2.8	5
141	Cameroon	2.3	0.7	2.0 - 2.7	7
141	Iran	2.3	0.5	1.9 - 2.5	4
141	Philippines	2.3	0.4	2.1 - 2.5	9
145	Kazakhstan	2.2	0.7	1.8 - 2.7	6
145	Timor-Leste	2.2	0.4	1.8 - 2.5	4
147	Syria	2.1	0.6	1.6 - 2.4	5
147	Bangladesh	2.1	0.5	1.7 - 2.4	7
147	Russia	2.1	0.6	1.9 - 2.5	8
147	Kenya	2.1	0.4	1.9 - 2.4	7
151	Laos	2.0	0.5	1.6 - 2.3	6
151	Ecuador	2.0	0.3	1.8 - 2.2	5
151	Papua New Guinea	2.0	0.6	1.6 - 2.3	6
151	Tajikistan	2.0	0.5	1.7 - 2.3	8
151	Central African Republic	2.0	0.3	1.9 - 2.2	5
151	Côte d'Ivoire	2.0	0.7	1.7 - 2.5	6
151	Belarus	2.0	0.7	1.6 - 2.5	5
158	Azerbaijan	1.9	0.4	1.7 - 2.1	8
158	Burundi	1.9	0.7	1.5 - 2.3	6
158	Congo, Republic	1.9	0.1	1.8 - 2.0	6
158	Sierra Leone	1.9	0.1	1.8 - 2.0	5
158	Venezuela	1.9	0.1	1.8 - 2.0	7
158	Guinea-Bissau	1.9	0.2	1.8 - 2.0	3
158	Angola	1.9	0.5	1.5 - 2.2	6
158	Gambia	1.9	0.6	1.5 - 2.4	5
166	Uzbekistan	1.8	0.7	1.5 - 2.2	8
166	Turkmenistan	1.8	0.5	1.5 - 2.2	5
166	Zimbabwe	1.8	0.5	1.5 - 2.1	7

Country Rank	Country /Territory	CPI Score 2008	Standard Deviation	Confidence Intervals	Surveys Used
166	Cambodia	1.8	0.2	1.7 - 1.9	7
166	Kyrgyzstan	1.8	0.2	1.7 - 1.9	7
171	Congo, Democratic Republic	1.7	0.2	1.6 - 1.9	6
171	Equatorial Guinea	1.7	0.2	1.5 - 1.8	4
173	Guinea	1.6	0.4	1.3 - 1.9	6
173	Chad	1.6	0.2	1.5 - 1.7	6
173	Sudan	1.6	0.2	1.5 - 1.7	6
176	Afghanistan	1.5	0.3	1.1 - 1.6	4
177	Haiti	1.4	0.4	1.1 - 1.7	4
178	Iraq	1.3	0.3	1.1 - 1.6	4
178	Myanmar	1.3	0.4	1.0 - 1.5	4
180	Somalia	1.0	0.6	0.5 - 1.4	4

Appendix: Sources for the TI Corruption Perceptions Index (CPI) 2008

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	2007/2008	2007/08	2007/2008
Internet	http://www.adb.org/Documents/Reports/ADF/2007-ADF-PBA.pdf	http://www.afdb.org/pls/portal/docs/PA/GE/ADB_ADMIN_PG/DOCUMENTS/NEWS/2007%20COUNTRY%20PERFORMANCE%20ASSESSMENT%20NOTE.DOC	http://www.bertelsmann-transformation-index.de/11.0.html?&L=1
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	29 countries (eligible for ADF funding)	52 countries	125 less developed and transition countries

Number	4	5	6
Abbreviation	WB	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	2007/2008	2008	2008
Internet	http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0..contentMDK:20933600~menuPK:2626968~pagePK:51236175~piPK:437394~theSitePK:73154.00.html	www.eiu.com	http://www.freedomhouse.hu/index.php?option=com_content&task=view&id=196
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	75 countries (eligible for IDA funding)	170 countries	29 countries/territories

Number	7	8	9
Abbreviation	GI	IMD	
Source	Global Insight	IMD International, Switzerland, World Competitiveness Center	
Name	Country Risk Ratings	IMD World Competitiveness Yearbook	
Compiled / published	2008	2007	2008
Internet	http://www.globalinsight.com	www.imd.ch/wcc	
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	Category Institutional Framework - State Efficiency: "Bribing and corruption exist/do not exist"	
Number of replies	Not applicable	More than 4000	
Coverage	203 countries	55 countries	55 countries

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	2007	2008
Internet	www.merchantinternational.com	www.asiarisk.com/	
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	1476	1400
Coverage	155 countries	15 countries	15 countries

Number	13
Abbreviation	WEF
Source	World Economic Forum
Name	Global Competitiveness Report
Compiled / published	2007/2008
Internet	www.weforum.org
Who was surveyed?	Senior business leaders; domestic and international companies
Subject asked	Undocumented extra payments or bribes connected with 1) exports and imports, 2) public utilities, 3) tax collection, 4) public contracts and 5) judicial decisions are common/never occur
Number of replies	11,406
Coverage	131 countries

Additional technical information:

Prof. Dr Johann Graf Lambsdorff
Passau University, Germany
Tel: +49 851 509 2551
jlambsd@uni-passau.de

<http://www.transparency.org>

Alt Moabit 96,
10559 Berlin, Germany
Tel: +49-30-3438 20666

A short methodological note

**Transparency International Corruption Perceptions Index (CPI)
2008**

1. The CPI gathers data from sources that span the last two years. For the CPI 2008, this includes surveys from 2008 and 2007.
2. The CPI 2008 is calculated using data from 13 sources originated from 11 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 2008, this consists of the following sources: Asian Development Bank, African Development Bank, Bertelsmann Transformation Index, Country Policy and Institutional Assessment, Economist Intelligence Unit, Freedom House, Global Insight and Merchant International Group. Additional sources are resident business leaders evaluating their own country; in the CPI 2008, this consists of the following sources: IMD, Political and Economic Risk Consultancy, and the World Economic Forum.
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. All of the standardised values for a country are then 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 per cent confidence range is then established, where there is 5 per cent probability that the value is below and 5 per cent 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 per cent. The accuracy of the confidence interval estimates increases with a growing number of sources: for three sources, 65.3 per cent; for four sources, 73.6 per cent; for five sources, 78.4 per cent; for six sources, 80.2 per cent; and for seven sources, 81.8 per cent.
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 .78 and .63 respectively.

Frequently Asked Questions

Transparency International Corruption Perceptions Index (CPI) 2008

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 CPI 2008?
- How are countries chosen for inclusion in the CPI?
- Which countries/territories were added to or removed from the CPI 2008?
- 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?
- 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 CPI 2008?
- Can country scores in the CPI 2008 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 2007 and 2008

- Which countries' scores deteriorated most between 2007 and 2008?
- 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?
- What is the difference between the CPI and TI's Global Corruption Barometer (GCB)?
- What is the difference between the CPI and TI's Bribe Payers Index (BPI)?

General

What is the 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, Chair Economic Theory, University of Passau and Senior Research Advisor to TI.

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

The 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 relating to the misuse of public power for private benefit. These include for example: bribery of public officials, kickbacks in public procurement, embezzlement of public funds or questions that probe the strength and effectiveness of anti-corruption efforts, thereby encompassing both the administrative and political aspects of 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 CPI 2008 ranks 180 countries, the same number of countries as in 2007.

How are countries chosen for inclusion in the CPI?

A minimum of three reliable sources of corruption-related data is required for a country or territory to be included in the CPI. Inclusion in the index is not an indication of the existence of corruption but rather depends solely on the availability of data.

Which countries/territories were added to or removed from the CPI 2008?

A slight change in country coverage resulted from individual sources adjusting their coverage. This allowed the inclusion of Puerto Rico. Unfortunately, for Grenada only two sources were available, disallowing its inclusion this year.

Which countries might be included in future CPIs?

Transparency International is continuously and actively seeking to increase the number of countries and territories included in the CPI. Although a minimum of three sets of reliable data are required for the CPI, the following countries/territories are being considered for inclusion.

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

What are the sources of data for the CPI?

The CPI 2008 draws on 13 different polls and surveys from 11 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 for instance.

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 CPI

2008 please see the CPI methodology at <http://www.transparency.org/cpi> or <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 and includes surveys of business people and country analysts. Sources providing data for the CPI survey non-resident and resident experts.

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.

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 in light of the academic advice provided by Prof. Dr. Johann Graf Lambsdorff from Passau University.

Interpreting the CPI

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

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 CPI 2008 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 CPI 2008?

Corruption in Somalia has been perceived to be the highest in the CPI 2008. This does not, however, indicate that Somalia is the 'world's most corrupt country' or that Somalians are the 'most corrupt people'. While corruption is indeed one of the most formidable challenges to good governance, development and poverty reduction in Somalia, the vast majority of the people are victims of corruption. Corruption by 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 CPI 2008 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 CPI 2008 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 2007 and 2008

Which countries' scores deteriorated most between 2007 and 2008?

Making comparisons from one year to another is problematic, for the reasons highlighted above. To the extent that changes can be traced back to individual sources, trends can be cautiously identified. Noteworthy examples of deteriorations from CPI 2007 to CPI 2008 are Bulgaria, Burundi, Finland, France, Italy, Macao, Maldives, Norway, Portugal, Somalia, Timor-Leste and United Kingdom. In these cases, actual changes in perceptions occurred during the last two years.

Which countries' scores improved most?

With the same caveats applied, and based on data from sources that have been consistently used for the index, improvements can be observed from 2007 to 2008 for Albania, Bahrain, Benin, Cyprus, Dominica, Georgia, Indonesia, Jordan, Mauritius, Nigeria, Oman, Poland, Qatar, Saint Lucia, Saint Vincent and the Grenadines, South Korea, Tonga and Turkey.

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 perceptions 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 that the CPI 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. Additionally, 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 established.

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 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 http://www.transparency.org/policy_research/surveys_indices/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: http://www.transparency.org/policy_research/surveys_indices/bpi . The next BPI will be published in late 2008.