

Transparency International Corruption Perceptions Index 2004

Transparency International's Corruption Perceptions Index 2004 ranks a record 146 countries; most oil-producing nations are prone to high corruption.

London, 20 October 2004 --- Corruption in large-scale public projects is a daunting obstacle to sustainable development, and results in a major loss of public funds needed for education, healthcare and poverty alleviation, both in developed and developing countries, said Transparency International (TI) Chairman Peter Eigen today at the launch of the TI Corruption Perceptions Index 2004.

If we hope to reach the Millennium Development Goal of halving the number of people living in extreme poverty by 2015, governments need to seriously tackle corruption in public contracting, said Eigen. TI estimates that the amount lost due to bribery in government procurement is at least US\$ 400 billion per year worldwide.

A total of 106 out of 146 countries score less than 5 against a clean score of 10, according to the new index, published today by Transparency International, the leading non-governmental organisation fighting corruption worldwide. Sixty countries score less than 3 out of 10, indicating rampant corruption. Corruption is perceived to be most acute in Bangladesh, Haiti, Nigeria, Chad, Myanmar, Azerbaijan and Paraguay, all of which have a score of less than 2.

Corruption robs countries of their potential, said Eigen. As the Corruption Perceptions Index 2004 shows, oil-rich Angola, Azerbaijan, Chad, Ecuador, Indonesia, Iran, Iraq, Kazakhstan, Libya, Nigeria, Russia, Sudan, Venezuela and Yemen all have extremely low scores. In these countries, public contracting in the oil sector is plagued by revenues vanishing into the pockets of western oil executives, middlemen and local officials.

TI urges western governments to oblige their oil companies to publish what they pay in fees, royalties and other payments to host governments and state oil companies. Access to this vital information will minimise opportunities for hiding the payment of kickbacks to secure oil tenders, a practice that has blighted the oil industry in transition and post-war economies, said Eigen.

The future of Iraq depends on transparency in the oil sector, added Eigen. The urgent need to fund postwar construction heightens the importance of stringent transparency requirements in all procurement contracts, he continued. Without strict anti-bribery measures, the reconstruction of Iraq will be wrecked by a wasteful diversion of resources to corrupt elites.

According to TI Vice Chair Rosa In?s Ospina Robledo, across the globe, international donors and national governments must do more to ensure transparency in public procurement by introducing no-bribery clauses into all major projects. Speaking in Bogota, Colombia, today, she said: Tough sanctions are needed against companies caught bribing, including forfeit of the contract and blacklisting from future bidding.

Tenders should include objective award criteria and public disclosure of the entire process, argues TI. Exceptions to open competitive bidding must be kept to a minimum, and explained and recorded, since limited bidding and direct contracting are particularly prone to manipulation and corruption. Public contracting must be monitored by independent oversight agencies and civil society.

Companies from OECD countries must fulfil their obligations under the OECD Anti-Bribery Convention and stop paying bribes at home and abroad, said Rosa In?s Ospina Robledo. With the spread of anti-bribery legislation, corporate governance and anti-corruption compliance codes, managers have no excuse for paying bribes.

The Corruption Perceptions Index is a poll of polls, reflecting the perceptions of business people and country analysts, both resident and non-resident. This years Corruption Perceptions Index draws on 18 surveys provided to Transparency International between 2002 and 2004, conducted by 12 independent institutions.

Countries with a score of higher than 9, with very low levels of perceived corruption, are predominantly rich countries, namely Finland, New Zealand, Denmark, Iceland, Singapore, Sweden and Switzerland. But the poorest countries, most of which are in the bottom half of the index, are in greatest need of support in fighting corruption, said Eigen.

On the basis of data from sources that were used for both the 2003 and 2004 index, since last year an increase in perceived corruption can be observed for Bahrain, Belize, Cyprus, Dominican Republic, Jamaica, Kuwait, Luxembourg, Mauritius, Oman, Poland, Saudi Arabia, Senegal, and Trinidad and Tobago.

On the same basis, a fall in corruption was perceived in Austria, Botswana, Czech Republic, El Salvador, France, Gambia, Germany, Jordan, Switzerland, Tanzania, Thailand, Uganda, United Arab Emirates and Uruguay.

The index includes only those countries that feature in at least three surveys. As a result, many countries including some which could be among the most corrupt are missing because there simply is not enough survey data available.

The statistical work on the index was coordinated by Professor Johann Graf Lambsdorff at Passau University in Germany, advised by a group of international specialists.

See Table: TI Corruption Perceptions Index 2004 at:
http://www.transparency.org/policy_research/surveys_indices/cpi/2004