



## Corrupt political elites and unscrupulous investors kill sustainable growth in its tracks, highlights new index

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

**Berlin, 28 August 2002** --- “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 today 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.”

The new index, published today 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”.