



**TRANSPARENCY
INTERNATIONAL**

the global coalition against corruption

**Transparency International
Corruption Perceptions
Index 2006**

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About TI:

Transparency International, founded in 1993, is the civil society organisation leading the fight against corruption. TI, currently with 100 national chapters around the world, has its International Secretariat in Berlin, Germany. For more information on TI, its national chapters and its work, please visit: www.transparency.org

PRESS RELEASE



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2006 Corruption Perceptions Index reinforces link between poverty and corruption *Shows the machinery of corruption remains well-oiled, despite improved legislation*

Berlin, 6 November 2006 - The 2006 Corruption Perceptions Index (CPI), launched today by Transparency International (TI), points to a strong correlation between corruption and poverty, with a concentration of impoverished states at the bottom of the ranking.

“Corruption traps millions in poverty,” said Transparency International Chair Huguette Labelle. “Despite a decade of progress in establishing anti-corruption laws and regulations, today’s results indicate that much remains to be done before we see meaningful improvements in the lives of the world’s poorest citizens.”

The 2006 Corruption Perceptions Index is a composite index that draws on multiple expert opinion surveys that poll perceptions of public sector corruption in 163 countries around the world, the greatest scope of any CPI to date. It scores countries on a scale from zero to ten, with zero indicating high levels of perceived corruption and ten indicating low levels of perceived corruption.

A strong correlation between corruption and poverty is evident in the results of the CPI 2006. Almost three-quarters of the countries in the CPI score below five (including all low-income countries and all but two African states) indicating that most countries in the world face serious perceived levels of domestic corruption. Seventy-one countries - nearly half - score below three, indicating that corruption is perceived as rampant. Haiti has the lowest score at 1.8; Guinea, Iraq and Myanmar share the penultimate slot, each with a score of 1.9. Finland, Iceland and New Zealand share the top score of 9.6.

Countries with a significant worsening in perceived levels of corruption include: Brazil, Cuba, Israel, Jordan, Laos, Seychelles, Trinidad and Tobago, Tunisia and the United States. Countries with a significant improvement in perceived levels of corruption include: Algeria, Czech Republic, India, Japan, Latvia, Lebanon, Mauritius, Paraguay, Slovenia, Turkey, Turkmenistan and Uruguay.

A concentration of so-called 'failed states' is apparent at the bottom of the ranking. Iraq has sunk to second-to-last place, with pre-war survey data no longer included in this year's CPI.

While the industrialised countries score relatively high on the CPI 2006, we continue to see major corruption scandals in many of these countries. Although corruption in this context may have less of an impact on poverty and development than in developing countries, these scandals demonstrate that there is no room for complacency.

The Facilitators

The weak performance of many countries indicates that the facilitators of corruption continue to assist political elites to launder, store and otherwise profit from unjustly acquired wealth, which often includes looted state assets. The presence of willing intermediaries – who are often trained in or who operate from leading economies -- encourages corruption; it means the corrupt know there will be a banker, accountant, lawyer or other specialist ready to help them generate, move or store their illicit income.

Kenya's Anglo-Leasing and related scandals present a case in point, where the misappropriation of public funds was enabled through fraudulent contracts using sophisticated shell companies and bank accounts in European and off-shore jurisdictions, according to John Githongo, Kenya's former anti-corruption tsar. And according to TI Kenya's *Kenya Bribery Index*, bribery costs Kenyans about US \$1 billion each year, yet more than half live on less than US \$2 per day.

Acts of corruption involve a giver (the supply side) and a taker (the demand side). TI advocates strong measures to curb bribery's supply side, including the criminalisation of overseas bribery under the OECD Anti-Bribery Convention, as well as its demand side, including disclosure of assets for public officials and adoption of codes of conduct.

But the transaction is often enabled by professionals from many fields. Corrupt intermediaries link givers and takers, creating an atmosphere of mutual trust and reciprocity; they attempt to provide a legal appearance to corrupt transactions, producing legally enforceable contracts; and they help to ensure that scapegoats are blamed in case of detection.

"Firms and professional associations of lawyers, accountants and bankers have a special responsibility to take stronger action against corruption," said Transparency International Chief Executive David Nussbaum. "Indeed, prosecuting attorneys, forensic auditors and compliance officers can be the stalwarts of a successful fight against corruption."

Transparency International recommends:

- Promotion and, where necessary, adoption of corruption-specific codes of conduct by professional associations for their members,
 - for instance the International Bar Association, International Compliance Association, and professional associations for accountants;
- Professional training to ensure that honest intermediaries better understand their role;
- Legal or professional sanctions for legal, financial and accounting professionals that enable corruption;
- Greater scrutiny of the role of insufficiently transparent financial centres in facilitating corrupt transactions.

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

Note to editors: On 4 October 2006, TI launched its Bribe Payers Index (www.transparency.org/policy_research/surveys_indices/bpi) which looks at supply side of corruption in terms of the propensity of companies from 30 leading exporting countries to pay bribes overseas.

On 7 December, TI will launch its 2006 Global Corruption Barometer (www.transparency.org/policy_research/surveys_indices/gcb) which looks at public perceptions of the level of corruption in major institutions such as the courts, parliament and the police. The Barometer is published in anticipation of International Anti-Corruption Day, 9 December 2006.

Transparency International Corruption Perceptions Index 2006

Country Rank	Country / territory	2006 CPI Score*	Confidence range**	Surveys Used***
1	Finland	9.6	9.4 - 9.7	7
	Iceland	9.6	9.5 - 9.7	6
	New Zealand	9.6	9.4 - 9.6	7
4	Denmark	9.5	9.4 - 9.6	7
5	Singapore	9.4	9.2 - 9.5	9
6	Sweden	9.2	9.0 - 9.3	7
7	Switzerland	9.1	8.9 - 9.2	7
8	Norway	8.8	8.4 - 9.1	7
9	Australia	8.7	8.3 - 9.0	8
	Netherlands	8.7	8.3 - 9.0	7
11	Austria	8.6	8.2 - 8.9	7
	Luxembourg	8.6	8.1 - 9.0	6
	United Kingdom	8.6	8.2 - 8.9	7
14	Canada	8.5	8.0 - 8.9	7
15	Hong Kong	8.3	7.7 - 8.8	9
16	Germany	8.0	7.8 - 8.4	7
17	Japan	7.6	7.0 - 8.1	9
18	France	7.4	6.7 - 7.8	7
	Ireland	7.4	6.7 - 7.9	7
20	Belgium	7.3	6.6 - 7.9	7
	Chile	7.3	6.6 - 7.6	7
	USA	7.3	6.6 - 7.8	8
23	Spain	6.8	6.3 - 7.2	7
24	Barbados	6.7	6.0 - 7.2	4
	Estonia	6.7	6.1 - 7.4	8
26	Macao	6.6	5.4 - 7.1	3
	Portugal	6.6	5.9 - 7.3	7
28	Malta	6.4	5.4 - 7.3	4
	Slovenia	6.4	5.7 - 7.0	8
	Uruguay	6.4	5.9 - 7.0	5
31	United Arab Emirates	6.2	5.6 - 6.9	5
32	Bhutan	6.0	4.1 - 7.3	3
	Qatar	6.0	5.6 - 6.5	5
34	Israel	5.9	5.2 - 6.5	7
	Taiwan	5.9	5.6 - 6.2	9
36	Bahrain	5.7	5.3 - 6.2	5
37	Botswana	5.6	4.8 - 6.6	6
	Cyprus	5.6	5.2 - 5.9	4
39	Oman	5.4	4.1 - 6.2	3
40	Jordan	5.3	4.5 - 5.7	7
41	Hungary	5.2	5.0 - 5.4	8
42	Mauritius	5.1	4.1 - 6.3	5
	South Korea	5.1	4.7 - 5.5	9
44	Malaysia	5.0	4.5 - 5.5	9
45	Italy	4.9	4.4 - 5.4	7
46	Czech Republic	4.8	4.4 - 5.2	8
	Kuwait	4.8	4.0 - 5.4	5
	Lithuania	4.8	4.2 - 5.6	6
49	Latvia	4.7	4.0 - 5.5	6
	Slovakia	4.7	4.3 - 5.2	8
51	South Africa	4.6	4.1 - 5.1	8
	Tunisia	4.6	3.9 - 5.6	5
53	Dominica	4.5	3.5 - 5.3	3
54	Greece	4.4	3.9 - 5.0	7
55	Costa Rica	4.1	3.3 - 4.8	5
	Namibia	4.1	3.6 - 4.9	6
57	Bulgaria	4.0	3.4 - 4.8	7
	El Salvador	4.0	3.2 - 4.8	5
59	Colombia	3.9	3.5 - 4.7	7
60	Turkey	3.8	3.3 - 4.2	7
61	Jamaica	3.7	3.4 - 4.0	5
	Poland	3.7	3.2 - 4.4	8
63	Lebanon	3.6	3.2 - 3.8	3
	Seychelles	3.6	3.2 - 3.8	3
	Thailand	3.6	3.2 - 3.9	9
66	Belize	3.5	2.3 - 4.0	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

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

** **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. 12 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	2006 CPI Score*	Confidence range**	Surveys Used***
	Cuba	3.5	1.8 - 4.7	3
	Grenada	3.5	2.3 - 4.1	3
69	Croatia	3.4	3.1 - 3.7	7
70	Brazil	3.3	3.1 - 3.6	7
	China	3.3	3.0 - 3.6	9
	Egypt	3.3	3.0 - 3.7	6
	Ghana	3.3	3.0 - 3.6	6
	India	3.3	3.1 - 3.6	10
	Mexico	3.3	3.1 - 3.4	7
	Peru	3.3	2.8 - 3.8	5
	Saudi Arabia	3.3	2.2 - 3.7	3
	Senegal	3.3	2.8 - 3.7	5
79	Burkina Faso	3.2	2.8 - 3.6	5
	Lesotho	3.2	2.9 - 3.6	5
	Moldova	3.2	2.7 - 3.8	7
	Morocco	3.2	2.8 - 3.5	6
	Trinidad and Tobago	3.2	2.8 - 3.6	5
84	Algeria	3.1	2.7 - 3.6	5
	Madagascar	3.1	2.3 - 3.7	5
	Mauritania	3.1	2.1 - 3.7	4
	Panama	3.1	2.8 - 3.3	5
	Romania	3.1	3.0 - 3.2	8
	Sri Lanka	3.1	2.7 - 3.5	6
90	Gabon	3.0	2.4 - 3.3	4
	Serbia	3.0	2.7 - 3.3	7
	Suriname	3.0	2.7 - 3.3	4
93	Argentina	2.9	2.7 - 3.2	7
	Armenia	2.9	2.7 - 3.0	6
	Bosnia and Herzegovina	2.9	2.7 - 3.1	6
	Eritrea	2.9	2.2 - 3.5	3
	Syria	2.9	2.3 - 3.2	3
	Tanzania	2.9	2.7 - 3.1	7
99	Dominican Republic	2.8	2.4 - 3.2	5
	Georgia	2.8	2.5 - 3.0	6
	Mali	2.8	2.5 - 3.3	7
	Mongolia	2.8	2.3 - 3.4	5
	Mozambique	2.8	2.5 - 3.0	7
	Ukraine	2.8	2.5 - 3.0	6
105	Bolivia	2.7	2.4 - 3.0	6
	Iran	2.7	2.3 - 3.1	3
	Libya	2.7	2.4 - 3.2	3
	Macedonia	2.7	2.6 - 2.9	6
	Malawi	2.7	2.5 - 3.0	7
	Uganda	2.7	2.4 - 3.0	7
111	Albania	2.6	2.4 - 2.7	5
	Guatemala	2.6	2.3 - 3.0	5
	Kazakhstan	2.6	2.3 - 2.8	6
	Laos	2.6	2.0 - 3.1	4
	Nicaragua	2.6	2.4 - 2.9	6
	Paraguay	2.6	2.2 - 3.3	5
	Timor-Leste	2.6	2.3 - 3.0	3
	Vietnam	2.6	2.4 - 2.9	8
	Yemen	2.6	2.4 - 2.7	4
	Zambia	2.6	2.1 - 3.0	6
121	Benin	2.5	2.1 - 2.9	6
	Gambia	2.5	2.3 - 2.8	6
	Guyana	2.5	2.2 - 2.6	5
	Honduras	2.5	2.4 - 2.7	6
	Nepal	2.5	2.3 - 2.9	5
	Philippines	2.5	2.3 - 2.8	9
	Russia	2.5	2.3 - 2.7	8
	Rwanda	2.5	2.3 - 2.6	3
	Swaziland	2.5	2.2 - 2.7	3
130	Azerbaijan	2.4	2.2 - 2.6	7
	Burundi	2.4	2.2 - 2.6	5
	Central African Republic	2.4	2.2 - 2.5	3
	Ethiopia	2.4	2.2 - 2.6	7
	Indonesia	2.4	2.2 - 2.6	10
	Papua New Guinea	2.4	2.3 - 2.6	4
	Togo	2.4	1.9 - 2.6	3
	Zimbabwe	2.4	2.0 - 2.8	7
138	Cameroon	2.3	2.1 - 2.5	7
	Ecuador	2.3	2.2 - 2.5	5
	Niger	2.3	2.1 - 2.6	5
	Venezuela	2.3	2.2 - 2.4	7
142	Angola	2.2	1.9 - 2.4	5

Country Rank	Country / territory	2006 CPI Score*	Confidence range**	Surveys Used***
	Congo, Republic	2.2	2.2 - 2.3	4
	Kenya	2.2	2.0 - 2.4	7
	Kyrgyzstan	2.2	2.0 - 2.6	6
	Nigeria	2.2	2.0 - 2.3	7
	Pakistan	2.2	2.0 - 2.4	6
	Sierra Leone	2.2	2.2 - 2.3	3
	Tajikistan	2.2	2.0 - 2.4	6
	Turkmenistan	2.2	1.9 - 2.5	4
151	Belarus	2.1	1.9 - 2.2	4
	Cambodia	2.1	1.9 - 2.4	6
	Côte d'Ivoire	2.1	2.0 - 2.2	4
	Equatorial Guinea	2.1	1.7 - 2.2	3
	Uzbekistan	2.1	1.8 - 2.2	5
	156	Bangladesh	2.0	1.7 - 2.2
Chad		2.0	1.8 - 2.3	6
Congo, Democratic Republic		2.0	1.8 - 2.2	4
Sudan		2.0	1.8 - 2.2	4
160		Guinea	1.9	1.7 - 2.1
	Iraq	1.9	1.6 - 2.1	3
	Myanmar	1.9	1.8 - 2.3	3
163	Haiti	1.8	1.7 - 1.8	3

Sources for the Transparency International Corruption Perceptions Index 2006

Number	1	2	3
Abbreviation	CPIA	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
Year	2005	2006	2006
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.org/research/natransit.htm
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	76 countries (eligible for IDA funding)	157 countries	29 countries/territories
Number	4	5	6
Abbreviation	IMD		MIG
Source	IMD International, Switzerland, World Competitiveness Center, Lausanne, Switzerland		Merchant International Group
Name	World Competitiveness Yearbook		Grey Area Dynamics
Year	2005	2006	2006
Internet	www.imd.ch/wcc		www.merchantinternational.com
Who was surveyed?	Executives in top and middle management; domestic and international companies		Expert staff and network of local correspondents
Subject asked	Bribery and corruption in the economy		Corruption, ranging from bribery of government ministers to inducements payable to the "humblest clerk"
Number of replies	More than 4000		Not applicable
Coverage	51 countries		155 countries
Number	7	8	9
Abbreviation	PERC		UNECA
Source	Political & Economic Risk Consultancy		United Nations Economic Commission for Africa
Name	Asian Intelligence Newsletter		Africa Governance Report
Year	2005	2006	2005
Internet	www.asiarisk.com/		http://www.uneca.org/agr/
Who was surveyed?	Expatriate business executives		National expert survey (between 70 and 120 in each country)
Subject asked	How bad do you consider the problem of corruption to be in the country in which you are working as well as in your home country?		"Corruption Control". This includes aspects related to corruption in the legislature, judiciary, and at the executive level, as well as in tax collection. Aspects of access to justice and government services are also involved
Number of replies	More than 1,000	More than 1,000	Roughly 2800
Coverage	12 countries	14 countries	28 countries
Number	10	11	12
Abbreviation	WEF		WMRC
Source	World Economic Forum		World Markets Research Centre
Name	Global Competitiveness Report		Risk Ratings
Year	2005/06	2006/07	2005
Internet	www.weforum.org		www.wmrc.com
Who was surveyed?	Senior business leaders; domestic and international companies		Expert staff assessment
Subject asked	Undocumented extra payments or bribes connected with various government functions		The likelihood of encountering corrupt officials, ranging from petty bureaucratic corruption to grand political corruption
Number of replies	10,993	Ca. 11,000	Not applicable
Coverage	117 countries	125 countries	186 countries

Frequently Asked Questions

Transparency International Corruption Perceptions Index (CPI) 2006

General

- What is the Corruption Perceptions Index?
- 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 2006?
- Why are some countries no longer reported in the CPI, and why are new countries included?
- 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?
- Has the methodology of the CPI 2006 changed?
- 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 Haiti's ranking according in the CPI 2006?
- Can country scores in the CPI 2006 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 2005 and 2006

- Which countries' scores deteriorated most between 2005 and 2006?
- 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 fight against corruption and the CPI

- 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, a university professor based in Passau, Germany.

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

The TI 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 that relate to the misuse of public power for private benefit, for example bribery of public officials, kickbacks in public procurement, embezzlement of public funds) or questions that probe the strength of anti-corruption policies, thereby encompassing both administrative and political 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 2006 ranks 163 countries. In 2005, the CPI included 159 countries.

Why are some countries no longer reported in the CPI, and why are new countries included?

TI requires at least three sources to include a country in the CPI. The change in country coverage in the CPI 2006 relates to the fact that a new source, the World Bank's Country Policy and Institutional Assessment (CPIA) has been included, while two sources (Columbia University's State Capacity Survey and Information International's Survey of Middle Eastern Businesspeople) are now more than two years old and have been dropped from this year's CPI.

The omission of these older surveys has resulted in the following countries being removed from the CPI: Afghanistan, Fiji, Liberia, Palestine and Somalia. The inclusion of the CPIA and the increase of country coverage by PERC, however, have allowed the TI CPI 2006 to include the following new countries: Bhutan, Central African Republic, Dominica, Timor-Leste, Grenada, Guinea, Macao, Mauritania and Togo.

Which countries might be included in future CPIs?

Countries or territories with two sets of data are: Afghanistan, Antigua and Barbuda, Bahamas, Bermuda, Cape Verde, Cayman Islands, Comoros, Djibouti, Fiji, Guinea-Bissau, Liberia, Maldives, Palestine, Puerto Rico, Samoa, Sao Tome and Principe, Somalia, St. Lucia, St. Vincent & the Grenadines, Samoa, Sao Tome & Principe and Somalia. For all of the above countries / territories, at least one more set of data is necessary for inclusion in the CPI.

Countries or territories with only one set of data are: Andorra, Anguilla, Aruba, Brunei, French Guiana, Guadeloupe, Kiribati, Liechtenstein, Martinique, Netherlands Antilles, North Korea, Solomon Islands, St. Kitts & Nevis, Solomon Islands, Tonga, Vanuatu and Virgin Islands (US). For all of the above countries / territories, at least two more sets of data are necessary for inclusion in the CPI.

What are the sources of data for the CPI?

The CPI 2006 draws on 12 different polls and surveys from 9 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 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 2006, please see the detailed document on the CPI methodology at <http://www.transparency.org/surveys/index.html#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. Surveys are carried out among business people and country analysts. The surveys used in the CPI use two types of samples, both non-resident and resident. 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 TI 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 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.

Has the methodology of the CPI 2006 changed?

There has been a small change to the methodology used in 2006. The CPI 2006 no longer reflects a three-year moving average, but now uses only two years of data. Therefore, the TI CPI 2006 uses data only from 2005 and 2006. The reason for this methodological change was to rely more on topical data. While this change does not make the CPI a measure of up-to-date anti-corruption policies, it may improve the ability of the individual country assessments to reflect recent developments, without lowering measurement precision.

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 used.

Interpreting the CPI

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

While ranking countries enables TI to build an index, 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 2006 ranks 163 of them. The CPI provides no information about countries that are not included.

Example: What is implied by Haiti's ranking in the CPI 2006?

Corruption in Haiti has been perceived to be the highest in the CPI 2006. This does not, however, indicate that Haiti is the 'most corrupt country' or that Haitians are the 'most corrupt people'. While corruption is indeed one of the most formidable challenges to good governance, development and poverty reduction in Haiti, the vast majority of the people are only victims of corruption. Corruption by a limited number of 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 2006 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 2006 is based on data 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 2005 and 2006

Which countries' scores deteriorated most between 2005 and 2006?

Making comparisons from one year to another is problematic, for the reasons highlighted above. However, to the extent that changes can be traced back to individual sources, trends can be cautiously identified. Noteworthy examples of deteriorations from CPI 2005 to CPI 2006 are Brazil, Cuba, Israel, Jordan, Laos, Seychelles, Trinidad & Tobago, Tunisia and the United States. In these cases, actual changes in perceptions occurred during the last two years.

Which countries' scores improved most?

With the same caveats applied, on the basis of data from sources that have been consistently used for the index, improvements can be observed from 2005 to 2006 for Algeria, Czech Republic, India, Japan, Latvia, Lebanon, Mauritius, Paraguay, Slovenia, Turkey, Turkmenistan and Uruguay.

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 perception 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 the CPI to 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. And 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 set up.

Transparency International’s fight against corruption and the CPI

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