



TRANSPARENCY INTERNATIONAL BANGLADESH

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Corruption Perceptions Index (CPI) 2007

Results, Questions and Answers

1. CPI 2007 - Results

On September 26, 2007 the Berlin-based international anti-corruption organization, Transparency International (TI) has released its annual Corruption Perception Index (CPI) for 2007. In a scale of 0-10, the index provides international ranking of countries in terms of perceived degree of prevalence of political and administrative corruption. The results show that Bangladesh has scored 2.0 points and has been ranked 7th from below, which is 162nd among 180 countries included in the index this year. In the same position with the same score as Bangladesh are five other countries - Cambodia, Central African Republic, Papua New Guinea, Turkmenistan and Venezuela.

It may be recalled that Bangladesh was earlier placed at the bottom of the list for the fifth successive year from 2001-2005. Last year Bangladesh was ranked in no 3. Notably, while most low scoring countries continued downward trend, and even many high-ranking countries also received lower scores in 2007, Bangladesh was successful in resisting this and has remained steady in score at 2.0. In this sense, Bangladesh has shown improved performance compared to 10 countries that formerly scored better.

This year Somalia and Myanmar have been ranked at the bottom of the list implying that in these two countries corruption is perceived to be highest, followed by Iraq and Haiti in the 2nd and 3rd positions respectively. In the 4th position jointly ranked are Uzbekistan and Tonga, followed by Sudan, Chad and Afghanistan in the joint 5th position while Democratic Republic of Congo, Equatorial Guinea, Laos and Guinea have been ranked in the 6th position.

At the other end, among countries where corruption is perceived to be lowest are Denmark, Finland and New Zealand sharing the top position with the score of 9.4. Immediately following them is the highest ranking Asian country, Singapore, scoring of 9.3 jointly with Sweden.

2. What is CPI?

The CPI, prepared under the aegis of the TI, ranks countries annually in terms of the degree to which corruption is perceived to exist among public officials and politicians. It is a composite index in a scale of 0-10 prepared through a poll of polls - using corruption-related data from a number of expert surveys involving business leaders and analysts. The data also include assessments of country analysts living within and outside the country. The 2007 index is the result of 14 such surveys conducted by eleven internationally reputed independent institutions.

3. What matters more - a country's rank or score?

While ranking of countries enables TI to build the 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.

4. How to interpret CPI?

The countries with the lowest score are the ones where corruption is perceived to be the highest among those included in the list. Seventy-five countries out of the 180 scored below 3, indicating that worldwide corruption is perceived as rampant.

Bangladesh's ranking has improved from last year's 3rd to the 7th this year, but the score achieved has remained steady at 2.0. This may be because of the following reasons.

Firstly, the index gives a 2-years rolling average. Included in this year's index were data collected until end July 2007, which means that CPI 2007 was relatively more influenced by data from 2006.

Secondly, it should also be noted that the index draws on corruption related data from expert and business surveys. Hence it is quite likely that a perceived sense of insecurity and uncertainty that is widely believed to have prevailed among the business community in the wake of the post 1/11 anti-corruption drive in Bangladesh may have prevented the possibility of a better score.

Finally, it also appears that for the unprecedented institutional reform measures initiated by the present government in such vital areas as separation of the Judiciary, reform of the Election Commission, Anti-corruption Commission and Public Service Commission as well as ratification of the UN Convention against Corruption it has been too early to influence CPI 2007. It may be only in the years to come when positive impact of such reforms would be more clearly discernible.

In any case, it should be emphasized that while other poorly scoring countries continued downward spiral, Bangladesh was successful in resisting this. As a result, Bangladesh showed improved performance compared to 10 countries that formerly scored better.

5. Is Bangladesh a “corrupt country”?

According to CPI 2007 corruption in Bangladesh has been ranked in the seventh position from below while in 2006 it was ranked third and during 2001-2005 at the bottom. With score less than 3 Bangladesh continues to be a country where corruption is perceived to be high and widespread. But Bangladesh cannot be regarded as one of the “most corrupt countries or nations”. To say so would mean that the country or the nation is corrupt – a misinterpretation and misunderstanding of the CPI. While corruption is indeed the most formidable challenge against governance, development and poverty reduction in Bangladesh, the vast majority of the people are only victims of corruption. Corruption by a limited number of powerful individuals and failure of leaderships and institutions to control and prevent corruption cannot justify that the country or nation or the people are most corrupt.

6. Is corruption a problem for developing countries only?

A strong correlation between corruption and poverty is evident in the results of the CPI 2007. 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 the higher the prevalence of corruption, the higher is the extent of poverty and underdevelopment.

However, while the industrialized countries score relatively high on the CPI 2007, major corruption scandals remain in many of these countries. Although corruption in developed countries may have less of an impact on poverty and development than in developing countries, these scandals demonstrate that there is no room for complacency in the developed world also.

Moreover once again, none of the enlisted countries has scored 10 out of 10 in the scale. Indeed most of the top ranking countries have received at least 0.2 points less than that of the previous year.

7. 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 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.

8. What are the sources of data for the CPI?

The CPI 2007 is drawn on about 14 different polls and surveys conducted by several reputed independent institutions. To qualify, the survey work must be performed with complete integrity, and the data has to be of the highest quality, well documented, and sufficient to permit a judgment on its reliability. Since fundamental changes in the levels of corruption in a country evolve only slowly, CPI is based on a two-year rolling average. For instance, CPI 2007 has been based on surveys conducted between 2006 and 2007.

The surveys are: Country Policy and Institutional Assessment by the World Bank 2006/7 (IDA & IBRD) and African Development Bank; Country Risk Service and Country Forecast by Economist Intelligence Unit 2007 (EIU); Nations in Transit 2007 by Freedom House (FH); World Competitiveness Yearbook 2006-7 by World Competitiveness Centre Switzerland and Institute for Management Development International Switzerland (IMD); Grey Area Dynamics 2007 by Merchant International Group (MIG); Asian Intelligence Newsletter 2006-7 by Political and Economic Risk Consultancy (PERC); African Governance Report 2005/6 by the UN Economic Commission for Africa (UNECA); Global Competitiveness Report 2006/7 by World Economic Forum (WEF); Country Risk Ratings by the World Markets Research Centre (WMRC); Country Performance Assessment Ratings 2006/7 by Asian Development Bank; and Bertelsmann Transformation Index 2007/8 by Bertelsmann Foundation.

9. What are the sources of data specific to Bangladesh?

In case of Bangladesh, sources of data for the CPI 2007 are the following seven surveys: Country Policy and Institutional Assessment by the World Bank 2006/7 (IDA & IBRD); Country Risk Service and Country Forecast by Economist Intelligence Unit 2007 (EIU); Grey Area Dynamics 2007 by Merchant International Group (MIG); Global Competitiveness Report 2006/7 by World Economic Forum (WEF); Country Risk Ratings by the World Markets Research Centre (WMRC); and Country Performance Assessment Ratings 2006/7 by Asian Development Bank; and Bertelsmann Transformation Index 2007/8 by Bertelsmann Foundation.

10. Whose opinion is polled by these surveys used in 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.

11. What type of data are used?

The data used in the CPI reflect corruption and bribery; conflict of interest and diversion of funds; misuse of public office for private or political party gain; extent of corruption as practiced in the government; likelihood of countering corrupt officials ranging from petty bureaucratic corruption to grand political corruption; perceived seriousness of the problem of public sector corruption; undocumented extra payments collected in the discharge of government functions, judiciary,

executive level, and tax collection; government's anti-corruption efforts and achievements thereof; and capacity to punish and contain corruption.

12. How does TI ensure quality control of the CPI?

The CPI is commissioned by TI from the University of Passau, Germany. The CPI methodology is reviewed by an Index Advisory Committee consisting of leading international experts in the fields of corruption, econometrics and statistics. The statistical work on the CPI is coordinated at the University of Passau, Germany. Members of the committee make suggestions for improving the CPI, but the management of TI takes the final decisions on the methodology used.

13. How many countries are included in the CPI?

The CPI 2007 ranks 180 countries. In 2006, the CPI included 163 countries.

14. Why are some new countries included in the CPI?

The change in country coverage in the CPI 2007 relates to the fact that three new sources have been included: the Asian Development Bank's Country Performance Assessment Ratings, the African Development Bank's Country Policy and Institutional Assessments and the Bertelsmann Transformation Index. This allowed for the inclusion of Afghanistan, Cape Verde, Comoros, Djibouti, Guinea-Bissau, Kiribati, Liberia, Maldives, Montenegro, Samoa, Sao Tome and Principe, Solomon Islands, Somalia, Saint Lucia, Saint Vincent and the Grenadines, Tonga and Vanuatu.

15. Can country scores in the CPI 2007 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.

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.

16. Which countries' scores deteriorated most between 2006 and 2007?

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 2006 to CPI 2007 are Austria, Bahrain, Belize, Bhutan, Jordan, Laos, Macao, Malta, Mauritius, Oman, Papua New Guinea and Thailand. In these cases, actual changes in perceptions occurred during the last two years.

17. Which countries' scores improved most in 2007 from 2006?

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 2006 to 2007 for Costa Rica, Croatia, Cuba, Czech Republic, Dominica, Italy, Macedonia, Namibia, Romania, Seychelles, South Africa, Suriname and Swaziland.

18. Why is the CPI based on perceptions?

It is difficult to base comparative statements on the actual levels and depths of corruption in different countries 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 cross-country data do not reflect levels of corruption; rather it highlights the quality of prosecutors, courts and/or the media

in exposing corruption. One available method so far of compiling data for international comparison is therefore to build on the experience and perceptions of those who are confronted with corruption in a country.

19. Does CPI fully reflect the state of corruption in countries concerned?

The index is an international comparison of countries based on perception about the level of corruption ó it does not provide a measure of the specific extent and level of corruption prevailing in the country concerned. In-country research tools such as household surveys, diagnostic or fact-finding research, corruption database, national integrity systems monitoring and report cards taken together can provide a more accurate picture about the depth and breadth of corruption within the country.

20. What is TIB's role in CPI?

TIB has no role in CPI. TI secretariat in Berlin prepares this ranking. TIB, like any other National Chapter of TI, is not involved nor does it provide any information that goes into the index. While TIB has its own anti-corruption research, advocacy and citizensøparticipation programmes in Bangladesh, as the national chapter of TI in Bangladesh TIBø responsibility as far as CPI goes, is no more than facilitating its release when the report is available.

21. What are other relevant indexes or tools?

TI also publishes the Global Corruption Barometer, which is concerned with attitudes toward and experiences of corruption among the general public. Over time, the Global Corruption Barometer, which was first published in 2003 and the second in 2006, provide an indicator of the impact of the fight against corruption within countries.

In addition, TIø Bribe Payers Index focuses on the propensity of firms in leading export countries to bribe abroad ó creating the ñsupply sideøof corruption. The BPI underlines the point that corruption in international business transactions involves those who give as well as those who take, and the BPI is therefore a complement to the CPI.
