

FOCUS: Corruption Remains Rife

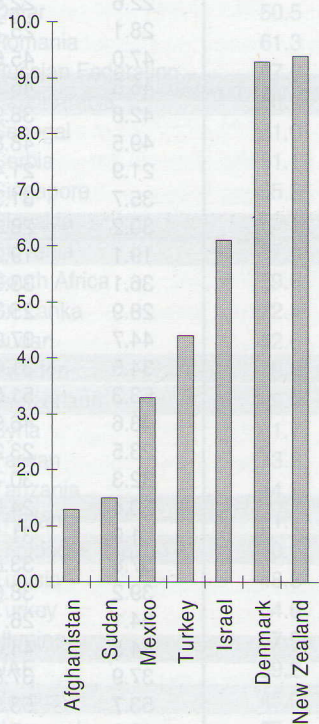
Issue in a Snapshot

With 129 of the 180 countries included in Transparency International's Corruption Perceptions Index survey scoring less than 5.0 out of 10.0 (a higher score denotes lower corruption), corruption remains a serious global concern.

Corruption is a leading cause of poverty, leading to social unrest and political instability that can have global consequences.

No region of the world is immune from the corrosive influence of corruption, although experience can vary greatly within and between regions.

Corruption Perceptions Index, 2009; selected countries (score out of 10; a higher score denotes less corruption)



Source: Transparency International

The findings of the latest Corruption Perceptions Index (CPI) survey by Transparency International, released on 17 November 2009, show that corruption remains a serious global concern, with 129 of the 180 countries included in the survey scoring less than 5.0 out of 10.0 (where a higher score denotes lower perceived levels of corruption). As well as fragile, war torn and failing states such as Sudan and Afghanistan, countries in which essential institutions are weak or non-existent suffer from the greatest levels of perceived corruption. At a time when vast fiscal stimulus measures and 'fast-tracked' disbursements of public funds are being used to try to mitigate the effects of the global economic downturn, corruption and bribe-taking continue to sap the efficiency of such measures and erode public trust in governments.

Each year, Transparency International, a non-partisan global network formed to highlight and help tackle corruption around the world, compiles an index of the perceived level of public sector corruption based on up to 13 independent surveys (a minimum of three reliable sources of corruption-related data is required for a country or territory to be included in the CPI). The 2009 survey covers 180 countries, ranging from the relatively corruption-free, economically developed states such as New Zealand and Denmark (the highest scorers) to countries in which corruption is seen to be endemic; these latter also tend to be among the poorest and most economically backward. In broad terms, this highlights one of the key motivations for tackling corruption: although it may be argued that pervasive corruption at least brings with it some certainty of getting things done if identifiable individuals are sufficiently well bribed, the added costs of doing business in such a country will lead to the inefficient allocation of resources and will discourage foreign investment. Partly as a result, corruption is a leading cause of poverty, leading to social unrest and political instability that can have global consequences.

Developed-country firms fuel foreign corruption

No region of the world is immune to the influence of corruption. Indeed, many of the countries that score highly in terms of corruption perceptions may be associated with 'financial security jurisdictions' (offshore tax havens with tight secrecy rules) that undermine efforts to tackle corruption and recover illicit assets. Moves by the OECD and G20 to secure greater disclosure from such locations continue to be hampered by their lack of serious enforcement powers. In addition, despite laws forbidding companies within their jurisdictions from facilitating corruption or providing bribes, such as the US' Foreign Corrupt Practices Act, many of the best ranked states are host to companies that engage in such practices, helping to perpetuate corrupt foreign regimes.

No region is immune

Regionally, South-eastern Europe, Eastern Europe and Central Asia appear to be the most corrupt, with none of the 20 countries included achieving a score above 5.0. The South-eastern EU accession and candidate countries are the least corrupt in the region, while corruption is perceived to be highest in the states of Central Asia. In Africa, 31 of the 47 countries included scored less than 3.0 and just three states achieved scores above 5.0. Among the worst-performing are resource-rich nations such as Angola, Guinea, Chad and Sudan. Somalia, ranked last of the 180 countries in the global survey, scored just 1.1. While ten of the 33 states in the Asia-Pacific region scored above 5.0, 15 scored less than 3.0, with Myanmar and Afghanistan scoring 1.4 and 1.3 respectively. Moreover, weaknesses in financial and political systems were exposed by the global financial crises and political transformations in many Asian countries in 2008, leading scores to trend lower. Six of the 13 countries in the Middle East/North Africa region scored above 5.0 in the 2009 survey but conflict and political turmoil in the region hamper the effectiveness of anti-corruption efforts, especially in the most volatile countries such as Yemen, Iran and Iraq. In the EU and Western Europe region, 22 of the 30 states score above 5.0, with Denmark, Sweden and Switzerland among the least corrupt globally, scoring above 9.0. However, scandals in Latvia, Slovakia and Italy have seen their scores drop, while corruption is still seen as a problem in Bulgaria, Greece and Romania in particular. Ten of the 31 states in the Americas scored above 5.0, while nine scored 3.0 or less. These include Ecuador, Paraguay, Venezuela and Haiti. Canada scores best, on 8.7.