

PRESS RELEASE

This is Passau University's press release on the Corruption Perceptions Index 2004. Please also obtain the official press release by Transparency International at:

transparency.org/surveys/index.html#cpi

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Corruption continues to deprive societies around the world

The University of Passau compiles the 10th Corruption Perceptions Index (CPI) on behalf of Transparency International (TI).

Passau University, 20 October 2004 -- A total of 106 out of 146 countries score less than 5 against a clean score of 10, according to the 2004 CPI, published today. Sixty countries score less than 3 out of 10, indicating rampant corruption. This underscores the immense problem of corruption faced by many countries. The index has expanded considerably, starting with only 42 countries in 1995. This expansion clearly does not reflect an increase in corruption. "One would equally not consider sports to be improving if the British were to expand their Premier Soccer League to include more teams," argued Prof. Graf Lambsdorff, the father of the CPI, in today's press conference. The CPI compares levels of corruption from one country to another; whether the world improves or deteriorates is not determined.

The CPI is a composite index, reflecting the perceptions of experienced business people and country analysts, both resident and non-resident. This year's CPI draws on 18 surveys collected between 2002 and 2004, conducted by 12 independent institutions. All these arrive at very similar conclusions, irrespective of whether they are from developed or poorer countries. Indicators on corruption as experienced by the general public are equally in line with the findings. This provides clear support to the validity of the CPI, underpinning that these perceptions help our understanding of real levels of corruption.

For almost ten years now, the CPI has been a milestone in academic research, widely used by political and social scientists. This research underscores the immense economic losses due to the misuse of public power for private benefit. Single acts of corruption have often misled academics and businesspeople in considering corruption to "grease the wheels". While a single operation might be facilitated the damage imposed on others is quickly disregarded. Scientific research now clearly proves this damage. It was verified that corruption increases economic inequality and capital flight and that it reduces investment and productivity.

Recent research allows estimates on the productivity losses due to corruption for each country by comparing it to the best scoring country in the CPI, Finland. The respective values are reported in the attached table. In total these losses amount to 4 trillion US\$, roughly 12 percent of the World's Gross Domestic Product. This does not yet account for the drain on investment flows that significantly hinders development in many of the poorest countries. Countries with a higher CPI suffer less from capital flight and are preferred as safe havens by international investors. Also these data are in the table.

A vicious circle can arise in some countries where corruption impoverishes whole nations and the lack of financial resources then undermines a state's capacity in fighting corruption. But

many poorer countries have also been able to escape this vicious circle. Singapore, decades ago reputable for high levels of corruption, prospered precisely due to its success in fighting corruption. According to the 2004 CPI 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 and are quite poor. 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 there are noteworthy exceptions. Poorer countries such as Chile, Barbados, Uruguay, Oman and Botswana score rather well in this year's index. To the contrary, in many oil-rich countries such as Angola, Azerbaijan, Iran, Iraq, Kazakhstan, Libya, Nigeria, Russia, Sudan, Venezuela and Yemen the high income from natural resources produces ample opportunities for corruption and subsequently a poor score. This proves that also poor countries can effectively fight corruption while rich countries have no reason for complacency.

It requires decades to eradicate corruption. Since 1995 the CPI already highlights significant improvements in some countries. A close investigation of the CPI reveals that Colombia, Bulgaria, Estonia, Hong Kong, Mexico and Spain showed major improvements since the first publication of the CPI. These improvements are in contrast to a considerable deterioration within the last decade in other countries, namely Argentina, Czech Republic, Ecuador, Ireland, Poland and Zimbabwe.

Details of Transparency International's Corruption Perceptions Index 2004 are available at: <http://www.transparency.org/surveys/index.html#cpi> and at www.ICGG.org. A brief description of the estimated economic losses due to corruption can be obtained at: http://globalcorruptionreport.org/download/gcr2004/13_Corruption_research_II.pdf

Prof. Dr. Johann Graf Lambsdorff holds a chair position in economic theory at the University of Passau, Germany. He is the father of the Corruption Perceptions Index, orchestrating its annual compilation since its inception in 1995. He has published widely on institutional, political and monetary economics and anti-corruption.

More information on the author can be obtained here:
www.wiwi.uni-passau.de/lehrstuehle/lambsdorff/downloads/CV.pdf

The University of Passau is located in Southern Germany at the border to Austria. It hosts five faculties, Economics and Business Administration, Law, Mathematics, Philosophy and Theology. In research and in teaching a new emphasis is currently organized, devoted to governance and the study of anti-corruption.

Rank	Country	2004 CPI Score	Confidence range	2002 Gross Domestic Product (billion US \$)	Productivity losses due to corruption (in billion US \$)	Lost capital inflows due to corruption (in billion US \$)
1	Finland	9.7	9.5 - 9.8	132	0.0	0.00
2	New Zealand	9.6	9.4 - 9.6	58	0.2	0.03
3	Denmark	9.5	9.3 - 9.7	173	1.4	0.17
	Iceland	9.5	9.4 - 9.7	8	0.1	0.01
5	Singapore	9.3	9.2 - 9.4	88	1.4	0.18
6	Sweden	9.2	9.1 - 9.3	240	4.8	0.60
7	Switzerland	9.1	8.9 - 9.2	267	6.4	0.80
8	Norway	8.9	8.6 - 9.1	190	6.1	0.76
9	Australia	8.8	8.4 - 9.1	409	14.7	1.84
10	Netherlands	8.7	8.5 - 8.9	418	16.7	2.09
11	United Kingdom	8.6	8.4 - 8.8	1,564	68.8	8.60
12	Canada	8.5	8.1 - 8.9	714	34.3	4.29
13	Austria	8.4	8.1 - 8.8	204	10.6	1.33
	Luxembourg	8.4	8.0 - 8.9	21	1.1	0.14
15	Germany	8.2	8.0 - 8.5	1,984	119.0	14.88
16	Hong Kong	8.0	7.1 - 8.5	162	11.0	1.37
17	Belgium	7.5	7.1 - 8.0	245	21.6	2.70
	Ireland	7.5	7.2 - 7.9	121	10.7	1.34
	USA	7.5	6.9 - 8.0	10,383	913.7	114.21
20	Chile	7.4	7.0 - 7.8	67	6.2	0.77
21	Barbados	7.3	6.6 - 7.6	3	0.2	0.03
22	France	7.1	6.6 - 7.6	1,431	148.9	18.61
	Spain	7.1	6.7 - 7.4	653	67.9	8.49
24	Japan	6.9	6.2 - 7.4	3,993	447.3	55.91
25	Malta	6.8	5.3 - 8.2	4	0.4	0.06
26	Israel	6.4	5.6 - 7.1	104	13.7	1.71
27	Portugal	6.3	5.8 - 6.8	122	16.5	2.07
28	Uruguay	6.2	5.9 - 6.7	12	1.7	0.21
29	Oman	6.1	5.1 - 6.8	20	2.9	0.37
	United Arab Emirates	6.1	5.1 - 7.1	71	10.2	1.28
31	Botswana	6.0	5.3 - 6.8	5	0.8	0.10
	Estonia	6.0	5.6 - 6.7	7	1.0	0.12
	Slovenia	6.0	5.6 - 6.6	22	3.3	0.41
34	Bahrain	5.8	5.5 - 6.2	8	1.2	0.15
35	Taiwan	5.6	5.2 - 6.1	529	86.7	10.84
36	Cyprus	5.4	5.0 - 5.8	10	1.7	0.22
37	Jordan	5.3	4.6 - 5.9	9	1.7	0.21
38	Qatar	5.2	4.6 - 5.6	17	3.1	0.39
39	Malaysia	5.0	4.5 - 5.6	95	17.8	2.23
	Tunisia	5.0	4.5 - 5.6	21	4.0	0.49
41	Costa Rica	4.9	4.2 - 5.8	17	3.2	0.40
42	Hungary	4.8	4.6 - 5.0	65	12.7	1.59
	Italy	4.8	4.4 - 5.1	1,184	232.1	29.01
44	Kuwait	4.6	3.8 - 5.3	35	7.2	0.90
	Lithuania	4.6	4.0 - 5.4	14	2.9	0.36
	South Africa	4.6	4.2 - 5.0	106	21.7	2.71
47	South Korea	4.5	4.0 - 4.9	547	113.7	14.21
48	Seychelles	4.4	3.7 - 5.0	1	0.1	0.02
49	Greece	4.3	4.0 - 4.8	133	28.7	3.59
	Suriname	4.3	2.1 - 5.8	1	0.2	0.03
	Czech Republic	4.2	3.7 - 4.9	70	15.3	1.91
51	El Salvador	4.2	3.3 - 5.1	14	3.1	0.39

	Trinidad and Tobago	4.2	3.6 - 5.2	9	2.1	0.26
54	Bulgaria	4.1	3.7 - 4.6	16	3.5	0.44
	Mauritius	4.1	3.2 - 4.8	5	1.0	0.13
	Namibia	4.1	3.5 - 4.6	3	0.7	0.08
	Latvia	4.0	3.8 - 4.3	8	1.9	0.24
57	Slovakia	4.0	3.6 - 4.5	24	5.5	0.69
	Brazil	3.9	3.7 - 4.1	461	106.9	13.36
60	Belize	3.8	3.4 - 4.1	1	0.2	0.03
	Colombia	3.8	3.4 - 4.1	81	19.0	2.38
62	Cuba	3.7	2.2 - 4.7	32	7.7	0.96
	Panama	3.7	3.4 - 4.2	12	3.0	0.37
64	Ghana	3.6	3.1 - 4.1	6	1.5	0.19
	Mexico	3.6	3.3 - 3.8	648	158.2	19.78
	Thailand	3.6	3.3 - 3.9	127	31.0	3.87
67	Croatia	3.5	3.3 - 3.8	23	5.6	0.71
	Peru	3.5	3.3 - 3.7	57	14.0	1.75
	Poland	3.5	3.1 - 3.9	191	47.4	5.93
	Sri Lanka	3.5	3.1 - 3.9	17	4.1	0.51
71	China	3.4	3.0 - 3.8	1,266	319.0	39.88
	Saudi Arabia	3.4	2.7 - 4.0	188	47.5	5.94
	Syria	3.4	2.8 - 4.1	20	5.0	0.63
74	Belarus	3.3	1.9 - 4.8	14	3.7	0.46
	Gabon	3.3	2.1 - 3.7	5	1.3	0.16
	Jamaica	3.3	2.8 - 3.7	8	2.0	0.25
77	Benin	3.2	2.0 - 4.3	3	0.7	0.09
	Egypt	3.2	2.7 - 3.8	90	23.4	2.92
	Mali	3.2	2.2 - 4.2	3	0.9	0.11
	Morocco	3.2	2.9 - 3.5	36	9.4	1.17
	Turkey	3.2	2.8 - 3.7	184	47.8	5.98
82	Armenia	3.1	2.4 - 3.7	2	0.6	0.08
	Bosnia and Herzegovina	3.1	2.7 - 3.5	6	1.5	0.18
	Madagascar	3.1	1.8 - 4.4	4	1.2	0.15
85	Mongolia	3.0	2.6 - 3.2	1	0.3	0.04
	Senegal	3.0	2.5 - 3.5	5	1.3	0.17
87	Dominican Republic	2.9	2.4 - 3.3	21	5.8	0.72
	Iran	2.9	2.2 - 3.4	114	30.9	3.86
	Romania	2.9	2.5 - 3.4	46	12.4	1.56
90	Gambia	2.8	2.2 - 3.4	0	0.1	0.01
	India	2.8	2.6 - 3.0	510	140.8	17.60
	Malawi	2.8	2.2 - 3.7	2	0.5	0.07
	Mozambique	2.8	2.4 - 3.1	4	1.0	0.12
	Nepal	2.8	1.6 - 3.4	5	1.5	0.19
	Russia	2.8	2.5 - 3.1	346	95.4	11.92
	Tanzania	2.8	2.4 - 3.2	9	2.6	0.32
97	Algeria	2.7	2.3 - 3.0	56	15.7	1.96
	Lebanon	2.7	2.1 - 3.2	18	5.1	0.64
	Macedonia	2.7	2.3 - 3.2	4	1.1	0.13
	Nicaragua	2.7	2.5 - 3.0	4	1.1	0.14
	Serbia and Montenegro	2.7	2.3 - 3.0	16	4.4	0.55
102	Eritrea	2.6	1.6 - 3.4	1	0.2	0.02
	Papua New Guinea	2.6	1.9 - 3.4	3	0.8	0.10
	Philippines	2.6	2.4 - 2.9	78	22.1	2.77
	Uganda	2.6	2.1 - 3.1	6	1.6	0.21
	Vietnam	2.6	2.3 - 2.9	35	10.0	1.25
	Zambia	2.6	2.3 - 2.9	4	1.0	0.13
108	Albania	2.5	2.0 - 3.0	5	1.4	0.17
	Argentina	2.5	2.2 - 2.8	102	29.4	3.67
	Libya	2.5	1.9 - 3.0	19	5.5	0.69
	Palestine	2.5	2.0 - 2.7	3	1.0	0.12

112	Ecuador	2.4	2.3 - 2.5	24	7.1	0.89
	Yemen	2.4	1.9 - 2.9	10	2.9	0.36
114	Congo, Republic	2.3	2.0 - 2.7	3	0.9	0.11
	Ethiopia	2.3	1.9 - 2.9	6	1.8	0.22
	Honduras	2.3	2.0 - 2.6	7	2.0	0.24
	Moldova	2.3	2.0 - 2.8	2	0.5	0.06
	Sierra Leone	2.3	2.0 - 2.7	1	0.2	0.03
	Uzbekistan	2.3	2.1 - 2.4	10	2.9	0.36
	Venezuela	2.3	2.2 - 2.5	94	27.9	3.49
	Zimbabwe	2.3	1.9 - 2.7	8	2.5	0.31
122	Bolivia	2.2	2.1 - 2.3	8	2.3	0.29
	Guatemala	2.2	2.0 - 2.4	23	7.0	0.87
	Kazakhstan	2.2	1.8 - 2.7	25	7.4	0.92
	Kyrgyzstan	2.2	2.0 - 2.5	2	0.5	0.06
	Niger	2.2	2.0 - 2.5	2	0.7	0.08
	Sudan	2.2	2.0 - 2.3	15	4.6	0.58
	Ukraine	2.2	2.0 - 2.4	42	12.7	1.59
129	Cameroon	2.1	1.9 - 2.3	10	3.0	0.37
	Iraq	2.1	1.3 - 2.8	38	11.5	1.44
	Kenya	2.1	1.9 - 2.4	12	3.7	0.47
	Pakistan	2.1	1.6 - 2.6	59	18.0	2.25
133	Angola	2.0	1.7 - 2.1	11	3.5	0.43
	Congo, Democratic Republic	2.0	1.5 - 2.2	6	1.7	0.21
	Cote d'Ivoire	2.0	1.7 - 2.2	12	3.6	0.45
	Georgia	2.0	1.6 - 2.3	3	1.0	0.13
	Indonesia	2.0	1.7 - 2.2	173	53.3	6.66
	Tajikistan	2.0	1.7 - 2.4	1	0.4	0.05
	Turkmenistan	2.0	1.6 - 2.3	5	1.4	0.18
140	Azerbaijan	1.9	1.8 - 2.0	6	1.9	0.24
	Paraguay	1.9	1.7 - 2.2	6	1.7	0.22
142	Chad	1.7	1.1 - 2.3	2	0.6	0.08
	Myanmar	1.7	1.5 - 2.0	75	23.8	2.98
144	Nigeria	1.6	1.4 - 1.8	42	13.5	1.68
145	Bangladesh	1.5	1.1 - 1.9	48	15.6	1.95
	Haiti	1.5	1.2 - 1.9	3	1.1	0.14
Sum of total losses in productivity (billion US\$)					4,034.6	

1. 'CPI 2004 score' relates to perceptions of the degree of corruption as seen by business people and risk analysts, and ranges between 10 (highly clean) and 0 (highly corrupt).
2. '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 (n) are available an unbiased estimate of the mean coverage probability is lower than the nominal value of 90%. It is 65.3% for n=3; 73.6% for n=4; 78.4% for n= 5; 80.2% for n=6 and 81.8% for n=7.
3. 2002 Gross Domestic Product refers to current billion US \$. The source is mostly the World Development Indicators.
4. Productivity losses refers to the value in billion US \$ lost due to physical capital being less productive in countries with higher levels of corruption. The value is determined by comparing a country's level of corruption to that of Finland and multiplying the difference by 4 percent of a country's GDP.
5. Lost capital inflows refers to effect that international investors prefer countries free of corruption. The value is determined by comparing a country's level of corruption to that of Finland and multiplying the difference by 0.5 percent of a country's GDP.