

# **STATEMENT TO THE PRESS**

**LAUNCHING: TRANSPARENCY INTERNATIONAL'S 2004 CORRUPTION PERCEPTION INDEX (CPI), WEDNESDAY, 20<sup>TH</sup> OCTOBER 2004**

**VENUE: GHANA INTERNATIONAL PRESS CENTRE, ACCRA**

**ORGANISATION: GHANA INTEGRITY INITIATIVE (GII)**

## **1. INTRODUCTION**

Good Morning Ladies and Gentlemen of the Media, our Development Partners (DPs), Members of the Ghana Anti-Corruption Coalition (GACC) and members of the Diplomatic Community. On behalf of the Board of the Ghana Integrity Initiative, I welcome you all to this morning's conference.

We have invited you this morning to share with you this year's worldwide survey on corruption conducted annually by Transparency International - the leading international non-governmental organisation (NGO) devoted solely to the fight against corruption. As many of you do know by now, GII is the National Chapter of Transparency International.

The year 2004 marks the tenth publication of the CPI. It is worthy of note that the number of countries included in the CPI has been consistently increasing year after year. The number of countries included in this year's Index is 146, an increase of 13 countries from that of last year.

## **2. ABOUT THE CPI**

The annual Corruption Perception Index (CPI) is considered the best authority on the level of corruption in any country included in the poll. The CPI is a combination of at least three credible corruption-related surveys in any country. In some countries there could be as many as 18 surveys, while in others the minimum – three surveys – are used. They reflect the perceptions of business people, academics and risk analysts, both resident and non-resident in the countries that are included in the poll. The CPI is therefore a composite index or a snapshot of perceptions of corruption on a given country from a number of sources.

### **Survey Sources for Ghana**

The 2004 index on Ghana is based on data from seven surveys conducted between 2002 and 2004. The institutions that conducted the surveys include:

- World Economic Forum (WEF) – 2003

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- The Economist Intelligence Unit (EIU) – 2004
- World Market Research Centre (WMRC) – 2004
- Merchant International Group (MIG) - 2004
- The State Capacity Survey by Columbia University (CU) – 2003
- Multilateral Development Bank (MDB) – 2002

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 asks questions that relate to the misuse of public power for private benefit, with a focus, for example, on bribe taking by public officials in public procurement or embezzlement of public funds.

All the sources of data for the CPI assessed the “extent” of corruption among public officials and politicians in the countries included in the index and do not distinguish between administrative and political corruption or between petty and grand corruption. For example, the World Market Research Centre (WMRC) provides an assessment of the likelihood of encountering corrupt officials in the process of doing business. Corruption can range from petty bureaucratic corruption (such as the paying of bribes to low-level officials) right through to grand political corruption (such as the paying of large kick-backs in return for the awarding of contracts).

It is important to emphasize that the real indicator of a country’s performance is the score and **not** the ranking. A higher score is an indication that respondents provided a better rating than previously, while a lower score suggests that respondents changed their perceptions downwards. The ranking of a country can change simply because new countries enter the index or others drop out.

### **3. GHANA’S RANKING AND SCORE**

How did Ghana rank and score this time round?

Ghana is ranked 64<sup>th</sup> on the list of 146 countries included in this year’s index - with a score of 3.6. This score of 3.6 is a slight improvement over last year’s score of 3.3, though still lower than the 3.9 recorded in 2002.

#### **What can we make of Ghana’s 2004 CPI score?**

This year’s score should remind us that Ghana is far from winning the fight against corruption. In fact, when the score for this year is placed side-by-side with those from the last couple of years, it becomes clear that very little has changed on the anti-corruption front. It indicates that we have been stagnating at the bottom third position of the CPI (which uses a scale on which zero (0) represents the poorest rating of “highly corrupt” and ten (10) represents the best rating of “very clean.”) This less than impressive position underscores the continuing need for long-term institutional reforms and system solutions to prevent and punish

corrupt officials. Ghana's persistently poor showing also underscores the position of GII and other anti-corruption focal bodies who have consistently reminded governments in Ghana that to be successful, the fight against corruption must focus on long-term institutional measures and the strengthening of pillars of integrity in the country.

## POLITICAL CORRUPTION

This being an election year, GII would like to take this opportunity to sound a note of warning on political corruption which was the theme of the Global Corruption Report (GCR 2004) launched earlier in the year. The abuse of political power for private gain has been the bane of failed political leadership in Ghana and many other developing countries over the years. Successive governments failed to demonstrate the political will to fight corruption among their own appointees and other high-ranking public servants, thereby undermining their ability to effectively address the canker of corruption.

### 4. HIGHLIGHTS OF 2004 CPI

Now let's put the index in a more global perspective.

- A total of 106 out of 146 countries score less than 5 against a clean score of 10, according to the new index; 60 countries score less than 3 out of 10, indicating rampant corruption in those countries.
- In the **Africa Region**, 36 countries participated of which **Ghana** ranked 7<sup>th</sup> from the top, coming after Botswana, Tunisia, South Africa, Seychelles, Mauritius and Namibia. **Botswana** leads the region with a score of 6.0.
- Corruption is perceived to be most acute in Bangladesh, Haiti, **Nigeria**, **Chad**, Myanmar, Azerbaijan and Paraguay, all of which have a score less than 2 in the index.
- Oil-rich countries like **Angola**, Azerbaijan, **Chad**, Ecuador, Indonesia, Iran, Iraq, Kazakhstan, **Libya**, **Nigeria**, Russia, **Sudan**, Venezuela, Yemen, all have extremely low scores.
- 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
- On the basis of data from sources that were used for both the 2003 and 2004 index, since last year, an increase in perceived corruption can be observed for Bahrain, Belize, Cyprus, Dominican Republic, Jamaica, Kuwait, Luxembourg, **Mauritius**, Oman, Poland, Saudi Arabia, **Senegal** and Trinidad and Tobago (Thus, corruption perceived to have worsened since last year).
- On the same basis, a fall in corruption was perceived in Austria, **Botswana**, Czech Republic, El Salvador, France, **Gambia**, Germany, Jordan, Switzerland, **Tanzania**, Thailand, **Uganda**, United Arab Emirates and Uruguay (A perception of better performance in corruption since last year).
- As already noted, the index includes only those countries that feature in at least three surveys. As a result, many countries – including some which could be among the most corrupt – are missing because there simply is not enough survey data available.

## 5. WHAT TI SAYS ABOUT THE CPI 2004

- TI Chairman, Peter Eigen, says, “Corruption in large scale public projects is a daunting obstacle to sustainable development and results in a major loss of public funds needed for education, health care and poverty alleviation, both in developing and developed countries.”

The global anti-corruption movement (TI) estimates that the amount lost due to bribery in government procurement is at least USD 400 billion per year worldwide. Peter Eigen stresses that “If we hope to reach the Millennium Development Goal of halving the number of people living in extreme poverty by 2015, governments need to seriously tackle corruption in public contracting.”

- TI urges western governments to oblige their oil companies to publish what they pay in fees, royalties and other payments to host governments and state oil companies. “Access to this vital information will minimize opportunities for hiding the payments of kick-backs to secure oil tenders, a practice that has blighted the oil industry in transition and post-war economies,” says Eigen.
- TI Vice-Chair, Rosa Robledo, says “across the globe, international donors and national governments must do more to ensure transparency in public procurement by introducing no-bribery clauses into all major projects.” Speaking in Bogota, Colombia, today, she said: “Tough sanctions are needed against companies caught bribing, including forfeit of the contract and blacklisting from future bidding.”
- Rosa Robledo further urged companies from OECD countries to fulfill their obligations under the OECD Anti-Bribery Convention and stop paying bribes at home and abroad.

In countries such as Ghana, it is in our own interest to see to the implementation of the newly passed public procurement legislation. We congratulate the government for passing the Public Procurement Act, and we wait to see the integrity with which the new Procurement Board oversees the public procurement process from now on.

**For full details of the TI CPI 2004, visit <http://www.transparency.org/surveys/#cpi>**