



TRANSPARENCY INTERNATIONAL BANGLADESH

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Corruption Perceptions Index (CPI) 2006

Press Release

Dhaka & Berlin, November 2006. The Berlin-based international anti-corruption organization, Transparency International (TI) has today released its annual Corruption Perception Index (CPI) for 2006. The results show that in a scale of 0-10 Bangladesh has scored 2.0 compared to 1.7 last year. After staying at the bottom of the list for 5 successive years from 2001-2005, in 2006 Bangladesh has been ranked 3rd from below together with Chad, Democratic Republic of Congo, Sudan and Guinea who have scored same points. Bangladesh appears ahead of 4 others of this group, because countries having same scores are listed in alphabetical order. In the same manner, while Haiti has been ranked at the bottom of the list scoring 1.8, Myanmar, Iraq and Guinea have jointly occupied the second position from below having scored 1.9. Finland, Iceland and New Zealand share the top position with the score of 9.6. The highest ranking Asian country is Singapore with a score of 9.4.

According to TI, the fact that Bangladesh no longer occupies last place in the table is attributable more to the poorer performance of several other countries than to a drop in corruption levels in Bangladesh as such. In fact, among Asian countries Bangladesh has been mentioned together with Myanmar and Cambodia where the lack of political will to strengthen anti-corruption institutions has perpetuated rampant corruption, undermining improvements in quality of life for the poorest citizens.

The CPI 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 prepared through a poll of polls - using corruption-related data from a number of expert surveys involving business leaders and analysts. It also includes assessments of country experts living within and outside the country concerned.

The 2006 index is the result of 12 such surveys conducted by nine internationally reputed independent institutions. The CPI 2006 is drawn on about 12 different polls and surveys conducted by several reputed independent institutions. In case of Bangladesh, sources of data for the CPI 2006 are six surveys conducted by five organizations: Country Policy and Institutional Assessment 2005 by the World Bank, which is a new source of CPI data; Country Risk Service and Country Forecast 2006 by Economist Intelligence Unit; Grey Area Dynamics 2006 by Merchant International Group; Global Competitiveness Report of 2005 and 2006 by World Economic Forum; and Risk Ratings 2006 by the World Markets Research Centre.

While ranking of 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. This year 5 countries have been dropped while 9 new countries have entered the list. Accordingly, comparisons to the results from previous years should be based on a country's score, not its rank, which in case of Bangladesh continues to be among the lowest, inspite of a marginal increase at about the same rate as last several years.

Seventy-one countries out of the 163 - nearly half – have score below 3, indicating that worldwide corruption is perceived as rampant. 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 5 points (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.

Among South Asian neighbours Pakistan has been ranked 142nd with a score of 2.2, Nepal 121st with 2.5, Sri Lanka 84th with 3.1, and India 70th with 3.3. Included in the list for the first time, Bhutan has secured 32nd position with a high score of 6.

While the industrialized countries continue to score relatively high on the CPI 2006, major corruption scandals remain in many of them. 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.

It should be emphasized that 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 citizens' participation programmes in Bangladesh, as the national chapter of TI in Bangladesh TIB's responsibility as far as CPI goes, is no more than facilitating its release when the report is available.

For more information on the CPI, its methodology and related matters, please visit

www.transparency.org



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Corruption Perceptions Index (CPI) 2006

Results, Questions and Answers

On November 2006 the Berlin-based international anti-corruption organization, Transparency International (TI) has released its annual Corruption Perception Index (CPI) for 2006. 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. This year 163 countries have been included in the index. The results show that Bangladesh has scored 2.0 in a scale of 0-10 compared to 1.7 last year. Having been placed at the bottom of the list for the fifth successive year from 2001-2005, this year Bangladesh has been ranked 3rd from below with same scores as Chad, Democratic Republic of Congo and Sudan. Bangladesh appears ahead of 3 others of this group, because countries having same scores are listed in alphabetical order. In the same manner, while Haiti has been ranked at the bottom of the list scoring 1.8, Myanmar, Iraq and Guinea have jointly occupied the second position from below having scored 1.9. Finland, Iceland and New Zealand share the top position with the score of 9.6. The highest ranking Asian country is Singapore with a score of 9.4.

According to TI, the fact that Bangladesh no longer occupies last place in the table is attributable more to the poorer performance of several other countries than to a drop in corruption levels in Bangladesh as such. In fact, among Asian countries Bangladesh has been mentioned together with Myanmar and Cambodia where the lack of political will to strengthen anti-corruption institutions has perpetuated rampant corruption, undermining improvements in quality of life for the poorest citizens. *The following are intended to provide answers to frequently asked questions in this regard.*

1. 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 2006 index is the result of 12 such surveys conducted by nine internationally reputed independent institutions.

2. 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.

3. 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-one countries out of the 163 - nearly half - score below 3, indicating that worldwide 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. Bangladesh has scored 2.0 compared to 1.7 last year. After staying at the bottom of the list for 5 successive years from 2001-2005, in 2006 Bangladesh has been ranked 3rd from below together with Chad, Democratic Republic of Congo, Sudan and Guinea who have scored same points.

4. Is Bangladesh a “corrupt country”?

According to CPI 2006 corruption in Bangladesh has been ranked in the third position from below while during the years 2001-2005 it was at the bottom. In either case, 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.

5. What does this year’s score and ranking mean compared to previous years?

Comparisons to the results from previous years should be based on a country’s score, not its rank. A country’s rank can change simply because new countries have been entered in the index or others may have been dropped out. The number of countries included in the index has risen from 159 in 2005 to 163 in 2006. Year-to-year comparisons of a country’s score may not only result from a changing perception of a country’s performance, but also from a changing sample and methodology.

According to TI, the fact that Bangladesh no longer occupies last place in the table is attributable more to the poorer performance of several other countries than to a drop in corruption levels in Bangladesh per se. Among Asian countries Bangladesh has been mentioned together with countries like Myanmar and Cambodia where the lack of political will to strengthen anti-corruption institutions perpetuates rampant corruption, undermining improvements in quality of life for the poorest citizens.

6. Is corruption a problem for developing countries only?

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 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 2006, 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.

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 2006 is drawn on about 12 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 2006 has been based on surveys conducted between 2005 and 2006.

The surveys are: Country Policy and Institutional Assessment by the World Bank (IDA & IBRD), which is a new source of CPI data; Country Risk Service and Country Forecast by Economist Intelligence Unit

(EIU); Nations in Transit by Freedom House (FH); World Competitiveness Yearbook by World Competitiveness Centre Switzerland and Institute for Management Development International Switzerland (IMD); Grey Area Dynamics by Merchant International Group (MIG); Asian Intelligence Newsletter by Political and Economic Risk Consultancy (PERC); African Governance Report by the UN Economic Commission for Africa (UNECA); Global Competitiveness Report by World Economic Forum (WEF); and Risk Ratings by the World Markets Research Centre (WMRC).

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

In case of Bangladesh, sources of data for the CPI 2006 are six surveys conducted by five organizations: Country Policy and Institutional Assessment 2005 by the World Bank (IDA & IBRD); Country Risk Service and Country Forecast 2006 by Economist Intelligence Unit (EIU); Grey Area Dynamics 2006 by Merchant International Group (MIG); Global Competitiveness Report of 2005 and 2006 by World Economic Forum; and Risk Ratings 2006 by the World Markets Research Centre (WMRC).

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. 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.

12. How many countries are included in the CPI?

The CPI 2006 ranks 163 countries. In 2005, the CPI included 159 countries.

13. 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 some countries being removed from the CPI 2006

14. Which are the countries dropped from the list and what are the new entries?

Countries removed from the CPI are 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.

15. Why is the CPI based only 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.

16. 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 – it does not provide a measure of the extent of corruption actually 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.

17. 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 citizens' participation programmes in Bangladesh, as the national chapter of TI in Bangladesh TIB's responsibility as far as CPI goes, is no more than facilitating its release when the report is available.

18. 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 is due later this year, is expected to provide an indicator of the impact of the fight against corruption within countries.

In addition, TI's Bribe Payers Index focuses on the propensity of firms in leading export countries to bribe abroad – creating the 'supply side' of 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.

Further details on CPI and related issues can be obtained from
www.transparency.org

Annex Table 1: CPI 2006 - List of top 10 countries where corruption is perceived to be highest and top 10 countries where corruption is perceived to be lowest.

Rank from bottom	Countries where corruption is perceived to be highest (Score)	Countries where corruption is perceived to be lowest (Score)	Rank from top
163	Haiti (1.8)	Finland (9.6)	1
160	Myanmar (1.9)	Iceland (9.6)	
	Iraq (1.9)	New Zealand (9.6)	
	Guinea (1.9)	Denmark (9.5)	4
156	Sudan (2.0)	Singapore (9.4)	5
	Congo, Democratic Republic (2.0)	Sweden (9.2)	6
	Chad (2.0)	Switzerland (9.1)	7
	Bangladesh (2.0)	Norway (8.8)	8
151	Uzbekistan (2.1)	Australia (8.7)	9
	Equatorial Guinea (2.1)	Netherlands (8.7)	9

Annex Table 2: CPI 2001-2006 Bangladesh's ranking and score compared to 20 selected neighbouring countries

#	Country	2001 (91)		2002 (102)		2003 (133)		2004 (145)		2005 (158)		2006 (163)	
		Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank
South Asia													
1	Bangladesh	0.4	91	1.2	102	1.3	133	1.5	145	1.7	158	2.0	156
2	Bhutan	-	-	-	-	-	-	-	-	-	-	6.0	32
3	India	2.7	71	2.7	71	2.8	83	2.8	90	2.9	92	3.3	70
4	Nepal	-	-	-	-	-	-	2.8	90	2.5	123	2.5	121
5	Pakistan	2.3	79	2.6	77	2.5	92	2.1	129	2.1	146	2.2	142
6	Sri Lanka	-	-	-	-	3.4	66	3.5	67	3.2	78	3.1	84
Southeast Asia													
7	Myanmar	-	-	-	-	1.6	129	1.7	142	1.8	156	1.9	160
8	Afghanistan	-	-	-	-	-	-	-	-	2.5	117	-	-
9	Indonesia	1.9	88	1.9	96	1.9	122	2.0	133	2.2	137	2.4	130
10	Malaysia	5.0	36	4.9	33	5.2	37	5.0	39	5.9	39	5.0	44
11	Philippines	2.9	65	2.6	77	2.5	92	2.6	102	2.5	124	2.5	121
12	Thailand	3.2	61	3.2	64	3.3	70	3.6	64	3.8	59	3.6	63
13	Singapore	9.2	4	9.3	5	9.4	5	9.3	5	9.4	5	9.4	5
14	Hong Kong	7.9	14	8.2	14	8.0	14	8.0	16	8.3	15	8.3	15
15	Taiwan	5.9	27	5.6	30	5.7	31	5.6	35	5.9	34	5.9	34
16	South Korea	4.2	42	4.5	40	4.3	50	4.5	47	5.0	42	5.1	42
Other selected countries													
16	U.A.E	-	-	-	-	5.2	37	6.1	29	6.2	30	6.2	31
17	Qatar	-	-	-	-	5.6	32	5.2	38	5.9	33	6.0	32
18	S. Arabia	-	-	-	-	4.5	46	3.4	75	3.4	75	3.3	77
19	Iraq	-	-	-	-	2.2	113	2.1	129	2.2	41	1.9	160
20	Iran	-	-	-	-	3.0	78	2.9	87	2.9	93	2.7	105

Figures in parentheses indicate number of countries included in the index.

(-) implies not included in ranking.

About Transparency International Bangladesh

Transparency International Bangladesh (TIB) is an independent, non-government, non-partisan and non-profit organization with a vision of Bangladesh in which government, politics, business, civil society and the daily lives of the people shall be free from corruption. For more about TIB please visit www.ti-bangladesh.org

As TI's accredited national chapter in Bangladesh, TIB partners and cooperates with TI and its chapters worldwide. However, TIB is fully independent in terms of its strategies, policies and programmes for anti-corruption movement in Bangladesh. TIB also raises its own funds and receives no financial support from TI, except for specific projects undertaken from time to time jointly with other chapters.

TIB's mission, and the various activities it undertakes – research, dissemination, campaign and advocacy – are geared to catalyze a participatory social movement for strengthening institutions, laws and practices for combating corruption in Bangladesh and establishing an efficient and transparent system of governance, politics and business.

TIB works against corruption, not against the government of the day, nor any particular department thereof. As a social movement TIB's task is to create demand for effective policy reform and institutional change conducive to reduction in corruption.

TIB has no mandate or capacity to investigate or take action against individual cases or allegations of corruption – big or small. TIB is a co-stakeholder and a source of support to initiatives for reducing corruption and establishing transparent and accountable governance in Bangladesh including those by the Government.

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A short methodological note

Transparency International Corruption Perceptions Index (CPI) 2006

1. The CPI gathers data from sources that span the last two years (for the CPI 2006, this includes surveys from 2005 and 2006).
2. All sources provide a ranking of countries, i.e., include an assessment of multiple countries.
3. All sources measure the overall extent of corruption (frequency and/or size of bribes) in the public and political sectors.
4. For CPI sources that are surveys, and where multiple years of the same survey are available, all annual data are included to provide a smoothing effect.
5. For sources that are scores provided by experts (risk agencies/country analysts), only the most recent iteration of the assessment is included, as these scores are generally peer reviewed and change very little from year to year.
6. Evaluation of the extent of corruption in countries is done by country experts, non resident and residents (in the CPI 2006, this consists of the following sources: CPIA, EIU, FH, MIG, UNECA and WMRC); and resident business leaders evaluating their own country (in the CPI 2006, this consists of the following sources: IMD, PERC, and WEF).
7. To determine the mean value for a country, standardisation is carried out via a matching percentiles technique. This uses the ranks of countries reported by each individual source. This method is useful for combining sources that have a different distribution. While there is some information loss in this technique, it allows all reported scores to remain within the bounds of the CPI, that is to say, to remain between 0 and 10.
8. A beta-transformation is then performed on scores. This increases the standard deviation among all countries included in the CPI and avoids the process by which the matching percentiles technique results in a smaller standard deviation from year to year.
9. Next, all values for a country are averaged, to determine a country's score.
10. The CPI score and rank are accompanied by the number of sources, high-low range, standard deviation and confidence range for each country.
11. The confidence range is determined by a bootstrap (non-parametric) methodology, which allows inferences to be drawn on the underlying precision of the results. A 90% confidence range is then established, where there is 5% probability that the value is below and 5% probability that the value is above this confidence range.
12. Research shows that the unbiased coverage probability for the confidence range is lower than its nominal value of 90%. The accuracy of the confidence interval estimates increases with a growing number of sources: for 3 sources, 65.3%; for 4 sources, 73.6%; for 5 sources, 78.4%; for 6 sources, 80.2%; and for 7 sources, 81.8%.
13. The overall reliability of data is demonstrated in the high correlation between sources. In this regard, Pearson's and Kendall's rank correlations have been performed, which provided average results of .87 and .72 respectively.