Welcome to the launch of Transparency International’s 2007 Corruption Perceptions Index.

In any country in the world, it is a heavy burden to be poor. But citizens of highly corrupt countries face challenges of a different magnitude.

This year’s Corruption Perceptions Index provides another piece of the puzzle linking poverty and corruption, highlighting the continuing divide between rich and poor countries in terms of how corruption is perceived.

As its name indicates, the Corruption Perceptions Index – or CPI – does not measure corruption itself. Rather, it looks at expert perceptions of the level of corruption in a given country’s public sector – and this year it does so for 180 countries, the greatest country coverage of any CPI to date.

Trends that have characterised the CPI results throughout its history continue this year: forty percent of the countries that score below three - indicating that corruption is perceived as rampant - are desperately poor. Somalia and Myanmar share the lowest score of 1.4; their average annual per capita GDP is 600 and 1,800 US dollars respectively. Other deeply troubled states such as Afghanistan, Iraq and Sudan, where conflict, corruption and poverty intersect, remain at the very bottom of the index.

Despite some gains, corruption remains an enormous drain on resources that are sorely needed to feed, clothe and educate millions of human beings. The African Union has estimated the total annual cost of corruption to the continent at just under 150 billion US dollars, far outstripping global development assistance spending.

Poor countries face enormous challenges as they struggle to feed their people and ensure education for their children in an environment of severe deprivation. But corruption is not simply a problem of poor countries, as continuing corporate and government scandals show. And with the cross-border nature of corruption in poorer countries, rich and poor nations share the heavy responsibility of breaking the corruption cycle.

I am struck, as I always am when we launch the CPI, at the dominant position of rich countries at the top of the index. It’s not surprising, because the
countries that lead the CPI ranking tend to have powerful advantages: political stability, material wealth, mature freedom of information and regulatory regimes, and a relatively clean public sector.

But despite the very real good news for these countries, there is an unseemly dark side: the world’s richest countries – the CPI’s top scorers - are often complicit in driving corruption in poor nations, and in stymieing efforts to return funds stolen by corrupt officials and stashed abroad.

Although Ferdinand Marcos is estimated to have embezzled between five and ten billion US dollars, after an 18 year legal battle the Philippines have managed to recover only 624 million, or roughly 12 percent of the total amount, according to the World Bank.

The bribe money that buys a champagne lifestyle for corrupt officials in the poorest nations often originates in multinational companies based in the world’s richest countries – the CPI’s top scorers.

Corruption becomes systematic, incorporated into daily business life, seen as a way of doing business, cynically cast as respect for local traditions by companies that would never behave similarly at home. Recent corporate corruption cases show that the phenomenon can persist despite a strong anti-corruption regime in home countries, countries perceived as “clean”.

Bribery on foreign shores is no longer an acceptable business strategy. And the perpetrators are increasingly feeling the heat.

But corruption isn’t just brown envelopes, slipped under tables or passed in dark alleys. Too often it has meant wholesale theft of public resources by leaders and high-level public officials exploiting pliant or non-existent enforcement systems. Billions of dollars of this money, so desperately needed for basic services in the poorest countries, has quietly traversed borders and landed in bank accounts in financial centres in some of the wealthiest places on earth.

In many cases, the recovery of these looted and laundered assets is hindered by bank secrecy. Progress has been made, but global financial centres still bear a heavy responsibility in repatriating this wrongfully acquired wealth.

The recently launched STAR initiative of the United Nations and the World Bank takes steps to rectify this situation, by building the capacity of developing countries to pursue stolen assets and to push for the compliance of financial centres. It is this sort of global action that will ensure that there are no more safe havens for the corrupt and their money.

But while corruption is a problem with global roots, good governance still begins at home. The poorest countries suffer most from corruption, and yet it is, in the first instance, their responsibility above all to tackle the problem. They need the support of the global community to succeed.
The first order of business is to improve transparency in financial management, from revenue collection to expenditure; strengthen oversight; and end the impunity of corrupt officials.

An independent and professional judiciary is fundamental to success. When courts are corrupt, the rule of law cannot be enforced. That gives corrupt officials the opportunity to keep the proceeds of their criminal acts, and makes tracing and returning illicit wealth much more difficult.

Aid money should be used to strengthen institutions of governance and oversight in developing nations, and to incorporate strengthened integrity and corruption prevention into poverty reduction programmes.

As significant development assistance donors, top scoring countries can also support greater accountability and institutional integrity through technical assistance.

For countries rich and poor, full ratification of the United Nations Convention against Corruption - or UNCAC – is essential, as it creates a global legal framework against corruption where there was once a thicket of bilateral agreements and varying regulatory regimes.

It smooths the way for improved international cooperation and mutual legal assistance - top priorities to help developing nations build the legal and technical expertise to pursue corrupt officials and the assets they loot.

Anti-money laundering measures to eradicate safe havens for stolen assets, as prescribed by UNCAC, need be introduced and harmonised, and wealthy countries must regulate their financial centres more strictly.

Governments of developed countries must also strictly enforce the OECD Anti-Bribery Convention, which criminalises the bribery of foreign public officials. Lack of compliance with the convention continues to hinder corruption investigations and prosecutions.

Lastly, civil society has an essential role in strengthening the accountability of governments, bringing expertise on technical issues and helping to stimulate demand for reform. In both high and low income countries, governments must ensure it has the space to operate.

As we launch this index, the world's leaders are gathering at the UN general assembly. The results of the index are a warning signal for them, and for many, that corruption remains a major impediment to deal with poverty and world stability. We look to them for explicit action to end corruption, through domestic reform and by supporting the UN Convention and initiatives such as the new World Bank / United Nations asset recovery programme.

Thank you for your attention. I will now ask Gretta to say a few words.

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