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## "More Countries Declined Than Improved" Says Transparency International in 2016 Corruption Perceptions Index

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Transparency International released its <u>2016 Corruption Perceptions Index</u> ("**CPI**") on 25 January 2017. The annual CPI has become one of the most widely recognized indicators of corruption worldwide. Denmark took the top spot in 2016 for the third year running, sharing first place this year with New Zealand. Both countries score 90 out of 100, on a scale of 0 (highly corrupt) to 100 (very clean). Finland (89), Sweden (88) and Switzerland (86) also performed well, taking the rest of the seats in the top five. Similar to 2015, Somalia (10), South Sudan (11) and North Korea (12) are 2016's worst performers. Notably, more countries declined than improved in the 2016 survey. Turkey's ranking continued to decline, receiving a score of 41 out of 100 in 2016, meaning its global ranking drops from 66 to 75.

More than two out of every three countries worldwide score below 50, with the Global Average CPI score in 2016 continuing to be 43 out of 100. Transparency International notes the connection between corruption and inequality to feed populism, stating that inequality intensifies the level of corruption (and vice versa). It commented that "No country gets close to a perfect score in the Corruption Perceptions Index 2016. (...) Top-scoring countries (...) are far outnumbered by (...) countries where citizens face the tangible impact of corruption on a daily basis".

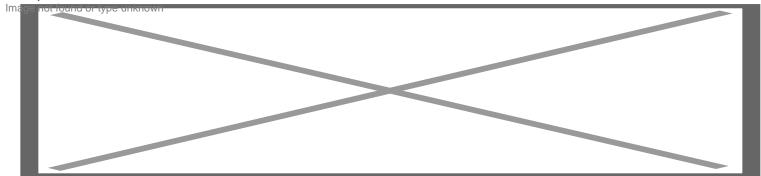
According to Transparency International, Turkey's decline reflects an adverse and unfavorable deterioration of reforms which had previously been noted as improvements during recent years. With this score, the gap between EU states and Turkey continues to increase.

Transparency International voiced concerns that although implementation levels in European states seem to be better than other regions, the European region is in fact far from corruption-free. Transparency International identifies significant corruption issues in the region, such as high-profile corruption scandals, misuse of public funds, as well as mistrust of political systems and unethical politicians.

Transparency International stressed that the rankings of more countries declined in 2016 than improved. The organization states this fact shows the urgent need for committed action to thwart corruption. With regards to lower-ranked countries, it notes that systematic grand corruption violates human rights, prevents sustainable development and fuels social exclusion which empowers the need for urgent actions against actual corruption, not only by anti-corruption laws on the books but also by practice of such laws. It particularly noted by note poorly functioning public institutions such as the police and judiciary. With regards to higher-ranked countries, Transparency International noted that although there is typically higher degrees of press-freedom, independent judicial systems and stronger integrity for public officials, these countries are not immune to corruption. Rather, these countries face less obvious forms of corruption, such as closed-doors deals, illicit finance and patchy law enforcement.

The CPI ranks 176 participating countries and territories in the 2016 index, based on how corrupt a country's public sector is perceived to be. Established in 1995, the rankings are based on a combination of corruption surveys and assessments, collected by a variety of reputable institutions. Highly regarded economic studies have found a correlation between a given country's CPI scores and its long-term economic growth, as well as a link between CPI scores and dependence of foreign investment flow.

The CPI index is not based on hard empirical hard data, but rather aims to capture perceptions of public sector corruption. By the very nature of corruption, the number of prosecutions brought in a country against corruption, or the number of reported bribes themselves, are not reliable methods to identify all possible deliberately hidden illegal corrupt activities.



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