

The new Transparency International Corruption Perceptions Index 2022 – Strategic Corruption as national security threat

THE MOST IMPORTANT RESULTS OF THE 28TH EDITION OF THE WORLD'S LEADING CORRUPTION BAROMETER FOR COMPLIANCE MANAGEMENT SYSTEMS OF INTERNATIONAL COMPANIES

Executive Summary

- On 31 January 2023 Transparency International (“TI”) published the latest Corruption Perceptions Index (“CPI”) for the year 2022, once again covering 180 countries in the meanwhile 28th edition.¹
- The current TI CPI findings must be operationally incorporated into the Compliance Management Systems (“CMS”) of international corporates – and should also be used as a geographical risk indicator for the new human rights corporate due diligence obligations, especially in the first weeks after the new German Supply Chain Due Diligence Act became applicable.
- The TI CPI 2022 Top Ten are led by Denmark with 90 out of 100 points followed by Finland and New Zealand each with 87 points. No. 4 is Norway with 84 points in front of Singapore and Sweden each with 83 points. On ranks 7 and 8 remain Switzerland with 83 points and the Netherlands with 80 points.
- Germany lost one point compared to last year’s CPI and is now ranked 9th by 79 points. Nevertheless, it moved ahead in the ranking due to Luxembourg losing four points to now 77.
- Thus, like last year, the composition of the top ten in 2022 remained the same – the order on the other hand has slightly changed.
- The 27 EU member states lost on average of 2 points and are now scoring 64 points.
- In comparison, the G20 countries achieved a TI CPI 2022 average of 53,45 gaining 2 points on average; the 36 countries of the OECD achieved an average of 66.1 points, 2 points less than last year.
- The average score of the BRICS countries is 38.8 points. The country order has not changed. China has not changed in points (45) and ranks 65th this year. South Africa decreases by one point to 43 and is now rank 72. India remains at the same score (40) and rank (85). Brazil also remains at 38 points but climbs two ranks to 94. Russia remains at the bottom of the BRICS also in the year of its attack on Ukraine with a loss of one point (28), but climbing two ranks (139) compared to last year.
- The attacked Ukraine, despite recent news about corruption scandals, progresses in the TI CPI and gained a total of 7 points over the last 10 years. However, ranking 116th it remains the second last European country – only followed by attacker Russia.
- The TI CPI Bottom Ten start with Turkmenistan (19), followed by Burundi (17), Equatorial Guinea (17), Haiti (17), North Korea (17), Yemen (16), Venezuela (14), South Sudan (13), Syria (13) and Somalia (13). As last year, this bottom group is mainly made up of countries from the African continent and the Middle East. Except for one country this group of countries is identical to the bottom ten in the TI CPI 2021. With 7 points up, Afghanistan leaves the bottom of the table.
- This year, as in the last five TI CPI editions, the world average is again a worryingly low 43 points. More than two thirds of all indexed countries score less than 50 points, i.e. half of the total score.

¹ TI CPI 2022, available at: www.transparency.org/en/cpi/2022



- For the first time, TI highlights the threat of “strategic” corruption for world security and puts the almost one-year lasting war of aggression of Russia against Ukraine, “Quatargate” hitting the EU Parliament at the end of 2022 as well as the “Azerbaijan-Affair” as specific examples for concerted influence peddling of authoritarian regimes targeting western democracies.
- TI repeats the conclusion that corruption has a demonstrable destabilising effect on safeguarding human rights.

TI CPI Background

The NGO TI (founded in Germany in 1994 and headquartered in Berlin) published the Corruption Perceptions Index (CPI) in its 28th edition on 31 January 2023.

The TI CPI measures the **subjectively perceived** tendency towards corruption in politics and public administration in a particular country as observed in many expert interviews.

The indexing of 180 countries is based on point values whereby the maximum value of 100 points indicates no tendency to corruption and 0 points, on the contrary, reveals a tendency to corruption that is perceived as very high. Countries with particularly low scores are exposed on the TI CPI world map in a corresponding deep red colour so that the TI CPI at first glance obtains the character of a global “heat map”. What becomes obvious at first sight is that the world is rather glowing in red than in yellow.

The TI CPI 2022 is again based on 13 data sources from 12 different institutions² on the perception of the level of corruption in the public sector over the last two years.

Despite initial criticism, the TI CPI has now developed over two and a half decades into an undisputed international **de facto compliance standard** for the identification and ongoing assessment of risks in business operations in a wide range of regions and countries.

Key findings of the TI CPI 2022

The TI CPI global average remains low at 43 points just like the last five years. Out of the 180 examined countries, 124 do not display any progress at all or only very little in fighting corruption; 31 countries have worsened and merely 25 could improve their TI CPI scores.

In addition to the well-known key finding of the continued overall stagnation of the efforts in the fight against corruption, **TI International** draws attention to the use of “strategic corruption” by authoritarian regimes as a targeted tool of foreign policy. Global uncertainties after the pandemic will only be reinforced by such concerted influence peddling and growing security concerns. The correlation between corruption and armed conflicts is demonstrated by the countries with low CPI scores and their violence statistics. The correlation between the propensity for corruption and resilience against organized crime indicates the statistically relevant counter argument. The more resources are drained from government security forces through corruption, the less effective the resilience against an increase of organized crime or state capture—as countries like Myanmar, Mali, Iran or the Democratic Republic of Congo and their current TI CPI scores illustrate.³

² The 13 data sources are:

1. African Development Bank Country Policy and Institutional Assessment 2020
2. Bertelsmann Stiftung Sustainable Governance Indicators 2020
3. Bertelsmann Stiftung Transformation Index 2022
4. Economist Intelligence Unit Country Risk Service 2022
5. Freedom House Nations in Transit 2022
6. Global Insight Country Risk Ratings 2021
7. IMD World Competitiveness Center World Competitiveness Yearbook Executive Opinion Survey 2022

8. Political and Economic Risk Consultancy Asian Intelligence 2022
9. The PRS Group International Country Risk Guide 2022
10. World Bank Country Policy and Institutional Assessment 2021
11. World Economic Forum Executive Opinion Survey 2021
12. World Justice Project Rule of Law Index Expert Survey 2021
13. Varieties of Democracy (V-Dem v. 10) 2022.

³ TI CPI 2022, Report, p. 4, available at: https://images.transparencycdn.org/images/Report_CPI2022_English.pdf; „Corruption and conflict feed each other“. country examples on p. 9 and 10 ibid.



In a press statement from 31 January **2023 TI Germany** emphasizes the continued efforts by Russia to weaken western European democracies culminating in the attack of Ukraine on 24 February 2022. The TI Germany Chair Alexandra Herzog linked the “Azerbaijan-Affair” and the current Quatargate in the EU Parliament to those manipulation efforts of “strategic corruption”, but also appreciated that the G7 countries had acknowledged corruption as a threat for national security in 2022.

With a score of 79 points in the TI CPI 2022, Germany received the lowest scoring since 2014. TI Germany Vice-Chair Margarete Bause reasons this development with the trust damaging scandals related to COVID-19 mask deals or Cum-Ex as well as the continued deficits in Money-Laundering-Prevention despite the implementation of a Lobby Register.⁴

TI demands that the fight against corruption must become a priority for national security following the US example. Already in June 2021 the Biden Administration had called out a worldwide fight against corruption as a core national security interest.⁵ Besides an interministerial joint initiative on federal level, TI encourages once more an improvement of lobbying controls and a tightening of the criminal section 108e of the German Criminal Code penalizing active and passive bribery of elected officials by incorporating the abuse of powers conferred by the state and with a detailed catalogue of Anti-Money-Laundering improvement measures, i.e. by introducing UK-style “Suspicious Wealth Orders” to facilitate the seizure of assets from suspicious origins.⁶ And once again a modern German Corporate Sanctions Act ought to be introduced at last and law enforcement should be provided with appropriate budgets and resources.

⁴ TI CPI 2022, press statement (in German) of Transparency Germany, available at: <https://www.transparency.de/aktuelles/detail/article/pm-cpi-2022>

⁵ Establishing the Fight against Corruption as a Core U.S. National Security Interest, The White House, 03.06.2021; available at: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/06/03/fact-sheet-establishing-the-fight-against-corruption-as-a-core-u-s-national-security-interest/>

Recommendations for companies

The findings from the current TI CPI are not surprising and won't ease the strain on international corporations striving to manage their already tense supply- and value chains. Independent of a mathematically-exact proof of a correlation between a propensity for corruption in the public sector and the likelihood of violence- or a conflict potential in certain countries, companies are well advised to anticipate an even greater need for holistic identification and mitigation of compliance risk categories such as corruption, money-laundering or export control. In many industry sectors the urgency of transformation in the sense of near- or homeshoring has become painfully obvious. And in many industry sectors the actual transformation will take years meaning that cross-border dependencies on business partners and suppliers in demanding geographical situations are continuing for the time being. The importance of the TI CPI in its 28th edition as an internationally accepted compliance-management-tool is also strengthened by the fact that since 1 January 2023 the publishing NGO TI Germany can be entitled under the new German Supply Chain Due Diligence Act with special proceeding rights for cases of alleged human rights violations.

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⁶ c.f. “Unexplained Wealth Orders” (UWO) implemented on 27 April 2017 in the United Kingdom alongside the UK Criminal Finances Act; available at: <https://www.gov.uk/government/collections/criminal-finances-act-2017>



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