

The new Transparency International Corruption Perceptions Index 2023: Autocratic regimes influence corruption trends worldwide

THE MOST IMPORTANT RESULTS FROM THE 29TH EDITION OF THE WORLD'S LEADING CORRUPTION BAROMETER FOR COMPLIANCE MANAGEMENT SYSTEMS AT INTERNATIONAL COMPANIES



Executive Summary

- On 30 January 2024, Transparency International (“TI”) published the latest – now 29th – edition of its Corruption Perceptions Index (“CPI”) for the year 2023, once again covering 180 countries around the world.¹
- The latest TI CPI findings need to be incorporated at an operational level in the compliance management systems (“CMS”) of international companies – and should also be used as a geographical risk indicator for the new human rights corporate due diligence obligations, especially in the first weeks of the year in which the new German Supply Chain Due Diligence Act became directly applicable for companies with 1,000 or more employees.
- Denmark once again leads the CPI top ten in 2023 with 90 out of 100 points, followed by Finland in second place with 87 points and New Zealand in third with 85. Norway comes in at number 4 with 84 points, ahead of Singapore in 5th place with 83 points. Sweden and Switzerland share 6th place with 82 points each. The Netherlands took 8th place with 80 points.
- With a score of 78 points, one point less than last year, Germany finished in joint 9th place with Luxembourg.
- This means that the same countries are in the top ten in 2023 as in the previous year.

¹ TI CPI 2023, available at: <https://www.transparency.org/en/cpi/2023>



- The 31 Western European countries and EU member states lost 1 point, but still remain the CPI world region with the highest average CPI score of 65 points. At the bottom of the EU league table is Hungary in 42nd place with 42 points.
- The average score of the BRICS countries is 36.8 points – 2 points less than the BRICS average in the previous year. China scored 42 points in the latest CPI, dropping to 76th place. South Africa lost one point over the previous year and is now in 83rd place with 41 points. India scored one point less (39), falling to 93rd place, while Brazil lost 2 points (36) and dropped to 104th place. With 2023 marking the second year of its attack on Ukraine, Russia remains firmly at the bottom of the BRICS leaderboard in 141st place with 2 points less than the previous year (26).
- In light of renewed reports of corruption scandals, Ukraine is ranked 104th with 36 points.
- The TI CPI bottom ten start with Turkmenistan in 170th place (18 points), followed by Equatorial Guinea, Haiti, North Korea and Nicaragua with 17 points each. Yemen (16) ranks 176th, followed by South Sudan, Syria and Venezuela in 177th place with 13 points each. Somalia is once again at the bottom of the table with 11 points.
- This year, as in the last five editions of the TI CPI, the world average is again a worryingly low 43 points. Once again, more than two thirds of the countries covered by the index scored less than 50 points, i.e. half of the total available points.
- Once again, TI highlights the threat of “strategic” corruption for global security and, with a view to the upcoming EU elections this year, warns of autocratic regimes making concerted efforts to exercise influence in Western democracies in particular.
- TI emphasises that corruption has a demonstrable destabilising effect on institutions that uphold the rule of law and the preservation of human rights. There are correlations between the propensity for corruption and impunity of government representatives, access to justice and protection against discrimination.

The TI CPI at a glance

The NGO Transparency International, founded in Germany in 1994 and headquartered in Berlin, published the 29th edition of its Corruption Perceptions Index (CPI) for 2023 on 30 January 2024.

The CPI measures a country’s subjectively perceived propensity towards corruption in its political and public sector institutions with the help of expert interviews. The 180 countries are indexed on the basis on points-based scores, with the maximum score of 100 points indicating no tendency to corruption and 0 points, meanwhile, meaning a very high perceived level of corruption. Countries with particularly low scores are shown in deep red on the TI CPI world map, which resembles a global corruption “heat map”. What becomes obvious at first glance is that the world keeps glowing more in red than in yellow.

The TI CPI 2023 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.

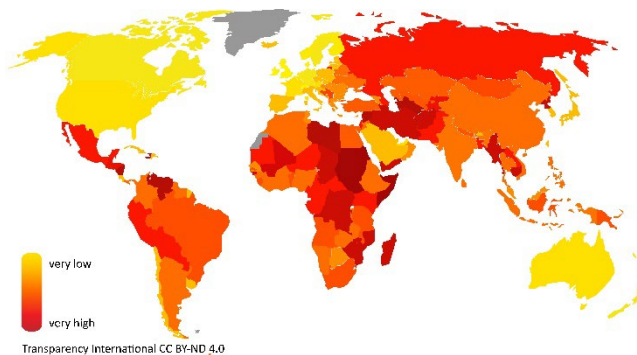
² The 13 data sources are:

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



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



Key messages of the TI CPI 2023

For the sixth year in a row, the TI CPI global average score remains low at 43 points. Out of the 180 countries examined, 118 have not shown any or only very little progress; 34 countries have worsened and only 28 were able to improve their scores.

In addition to the well-established central finding that the global efforts to fight corruption continue to stagnate, **TI** draws attention to the ongoing use of “strategic” corruption by autocratic regimes as a targeted foreign policy tool.

The global trend towards the erosion of the rule of law, as also reflected in the World Justice Project Rule of Law Index³ since 2016, correlates with the results of the CPI. The stronger a country’s democratically legitimised institutions responsible for upholding the rule of law are, the less susceptible its public sector institutions are to corruption. Conversely, corruption worsens social injustice and disproportionately affects the most vulnerable, according to **TI** CEO Daniel Eriksson in the latest TI CPI 2023 Report.⁴

This is also illustrated by the latest CPI 2023 results for Turkey (34 points, 115th place, 15 points less than in 2012) and this year’s lowest ranked EU country Hungary (42 points, 76th place, down 13 points since 2012) – the two countries that have lost the most points compared to all other countries in the index since the current CPI methodology was introduced in 2012. In addition, the authors also highlighted the result for Russia (26 points, 141th place), a country which designated TI an “undesirable” organisation in 2023. Iran (24 points, 149th place) and Venezuela (13 points, 177th place) round off this list of countries with the lowest CPI scores since 2012. On the other hand, the biggest winners in the CPI since 2012 include former Soviet republics such as Estonia (76 points, 12th place, up 12 points on 2012) and Ukraine (36 points, 104th place, up 10 points) despite the recent reports of public corruption scandals. According to TI, both of these Eastern European countries have a strong focus on digital administrative processes and transparency tools; in Ukraine, preventing corruption as part of the process for joining the EU also played an important role in its improving score.

In its press release dated 30 January 2024, Transparency International Germany points out the challenges of “strategic” corruption as the foundation of power for authoritarian regimes, particularly with regard to the European Parliament elections on 9 June 2024, and calls on the German government to develop a strategy against targeted foreign policy influence through corruption.

With a score of 78 CPI points in 2023, Germany dropped one point for the second year in a row, but remains in 9th place and thus still within the top ten. Margarete Bause, vice chair of TI Germany, attributes this stagnation to scandals such as the coronavirus face mask or cum-ex scandals. According to Bause, in 2024, the federal government must finally introduce and pass the Act against Bribery of Members of Parliament, the “lobbying footprint” and the Federal Transparency Act in the Bundestag. All three of these initiatives were agreed in the coalition

³ WJP Rule of Law Index 2023 available at: <https://worldjusticeproject.org/rule-of-law-index/>

⁴ p. 9, available at <https://www.transparency.org/en/cpi/2023>



agreement of the “trafficlight” grouping of political parties, but have still not yet been implemented.



Recommendations for companies

The findings from the latest TI CPI are once again unsurprising and will not ease the strain on international corporations striving to manage their already tense supply and value chains. Regardless of such statistical evidence of an actual correlation between a propensity for corruption in the public sector and deficits in the rule of law in the corresponding countries, companies would still be well advised to prepare themselves for an even greater necessity to identify and prevent compliance risk categories such as corruption, money laundering, export control and human rights, not just for the purposes of defending from corporate as well as individual liability, but also to continuously protect their reputation. Incidentally, a new international legislative act passed last year is highlighting the importance of effective compliance management systems for companies with business contacts to government representatives in countries susceptible to corruption. On 14 December 2023, the US Congress passed the US Foreign Extortion Prevention Act⁵ (FEPA), a cross-border equivalent to the now almost 47-year-old US Foreign Corrupt

⁵ US FEPA available at <https://www.congress.gov/bill/118th-congress/senate-bill/2347/text>

Practices Act (FCPA) addressing the “passive side” of corruption. FEPA grants the world’s most active law enforcement agency the power not just to prosecute those giving bribes, but also recipients of bribes and improper advantages globally. Affected companies around the world will now have to give even greater consideration to “true cooperation” with US law enforcement authorities.

The importance of the TI CPI, now in its 29th edition, as an internationally accepted compliance instrument is also illustrated by the fact that since 1 January 2023 the NGO responsible for publishing the index, TI Germany, may be authorised to take legal action in its own name on the behalf of others before a German court under Section 11 of the German Supply Chain Due Diligence Act (LkSG) for cases of alleged human rights violations. As of 1 January 2024, this legislation now also applies directly to a significantly larger group of companies with 1,000 employees or more.

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