



TRANSPARENCY INTERNATIONAL AZERBAIJAN

AZ 1009 Azerbaijan, Baku
J. Jabbarli str. 16, apt. 7
Tel: (99 412) 418 11 09
Fax: (99 412) 596 20 38
Toll Free: 088 707 07 07
e-mail: jejhun@transparency-az.org

*Media contacts: Rena Safaraliev, Executive Director
Jeyhun Atayev, ALAC Senior Project Coordinator*

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Press release by Transparency Azerbaijan

Corruption Perception Index 2008

The TI national chapter in Azerbaijan remains very concerned about the persistently low score of Azerbaijan in this year's CPI over the past two years: 2.1 in 2007 and 1.9 in 2008. The country demonstrated a steady increase of its ranking from 1.8 in 2003 to its peak of 2.4 in 2006, because of the number of the anti-corruption measures adopted by the Government and the efforts undertaken by the civil society.

Specifically, the Government is implementing the National Strategy for Increasing Transparency and Combating Corruption for 2007-2010, adopted with the considerable inputs from the civil society and international organizations, which makes it significantly more effective than the first National Anti-corruption Program for 2004-2006. There are visible improvements in the country's legislative framework with a number of crucial laws having been adopted (the Law on Combat Against Corruption with amendments; the Law on Code for Public Officials, etc). On the institutional level Azerbaijan maintains a State Commission for Combat against Corruption and a special Department on Combat against Corruption within the Prosecutor's office, as well as the Government and civil society anti-corruption network, designed to coordinate joint efforts of all the network participants.

Azerbaijan is the only country within Transparency International movement with representation in over 90 countries all over the world to manage 5 Advocacy and Legal Advice Centers all over the country, which render legal advice to citizens – victims of corruption. Since the project's launch in July 2005 TI Azerbaijan had about 15,000 calls/contacts and over 2,000 formal written complaints submitted by citizens with various problems, of which about 80% have been resolved by various public agencies in cooperation with TI-Az.

According to *Doing Business 2009* by the World Bank Azerbaijan led the world as the top reformer in 2007/08, with improvements on seven out of 10 indicators of regulatory reform. Apart from improvements in the business environment, captured by this report, TI-Az sees also tangible improvements in execution of court rulings, recruitment to public service, calculation of pensions and institutional set-up for handling complaints, especially by the Ministry of Education. Institutions dealing directly with the entrepreneurs have shown a professional attitude with a number of regulatory simplifications and reduction of costs to doing business.

The special anti-corruption efforts of the Government and civil society of Azerbaijan that have been appreciated by the EITI, GRECO, World Bank, OECD Azerbaijan business community (Country Corruption

Assessment: Business Opinion Survey 2006 by Transparency Azerbaijan) have not yet resonated with the wider, broader international business community whose perception changes always with some delays, therefore the national chapter regrets that the existing methodology did not permit for some of the above positive reforms to be reflected in the CPI and thus positioned Azerbaijan in a higher position on the scale, which it deserves.

However, TI's global CPI is a composite index that consists of eight different sources for Azerbaijan, five of which use the data covering a period of two years. Such a mix of sources did not permit for many of these positive reforms and accomplishments to be properly reflected and the present change of the public perception and understanding of the progressive reforms will only show over time. TI Azerbaijan also remains fully convinced that the results of these efforts will soon reflect in the latest surveys, such as it did in the Doing Business 2009, and consequently improve the Azerbaijani ranking in the CPI too.

However, this does not mean that corruption does not pose a problem nor excludes further intense efforts of Azerbaijan for combating corruption. This situation requires a holistic research focusing on the systemic assessment of the public administration system and implementation of the laws. Transparency International has developed such a methodology – National Integrity Systems Study and this research is needed by the country to better understand the roots and causes of corruption related problems and based on this analysis to identify and then design required treatment. Finding of the NIS study will allow us to address the causes of corruption, not its symptoms. There is persistent political will in the country to curb corruption, but we believe the best results will be achieved by joint efforts of all stakeholders: the Government, civil society, business community and citizens.

TI Azerbaijan wants to emphasize that it believes in the good direction in which the reforms are moving and supports all such endeavors of the national leadership.

*PR and Media Department
Transparency Azerbaijan*

CORRUPTION PERCEPTION INDEX 2008

FREQUENTLY ASKED QUESTIONS AND ANSWERS

What is the CPI?

The Transparency International Corruption Perceptions Index ranks countries in terms of the degree to which corruption is *perceived* to exist among public officials and politicians.

Why is the CPI based only on perceptions?

It is difficult to assess the overall levels of corruption in different countries based on hard empirical data, e.g. by comparing the amount of bribes or the number of prosecutions or court cases.

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.

Who compiles the CPI?

Transparency International commissions the CPI from Johann Graf Lambsdorff, Chair Economic Theory, University of Passau and Senior Research Advisor to TI. Transparency International Secretariat or the national chapters do not participate or otherwise affect the CPI results.

How many countries are included in the CPI?

The CPI 2008 ranks 180 countries, same number of countries that 2007 CPI covered.

What are the CPI sources?

It is a composite index, a poll of polls, drawing on corruption-related data from expert and business surveys carried out by a variety of independent and reputable institutions. The CPI 2008 draws on 13 different polls and surveys from 11 independent institutions. Transparency International does not perform its own surveys, neither it uses surveys performed in the country by national chapters or other local agencies. Data are donated to TI free of charge by the institutions collecting them.

What sources were used for Azerbaijan?

Data for Azerbaijan was drawn from 8 different sources. Some sources do not allow disclosure of the data that they contribute; other sources are publicly available.

1. Asian Development Bank, Country Performance Assessment Ratings, 2007/2008
<http://www.adb.org/Documents/Reports/ADF/2007-ADF-PBA.pdf>
2. Bertelsmann Foundation, Bertelsmann Transformation Index, 2007/2008,
<http://www.bertelsmann-transformation-index.de/11.0.html?&L=1>
3. World Bank (IDA and IBRD) Country Policy and Institutional Assessment, 2007/2008
<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:20933600~menuPK:2626968~pagePK:51236175~piPK:437394~theSitePK:73154,00.html>
4. Economist Intelligence Unit, Country Risk Service and Country Forecast, 2008, www.eiu.com
5. Freedom House, Nations in Transit, 2008
http://www.freedomhouse.hu/index.php?option=com_content&task=view&id=196
6. Global Insight, Country Risk Ratings, 2008
<http://www.globalinsight.com>
7. Merchant International Group, Grey Area Dynamics, 2007 www.merchantinternational.com
8. World Economic Forum, Global Competitiveness Report, 2007/2008
www.weforum.org

What is Azerbaijan's score in CPI 2008?

Azerbaijan's score slid from 2.1 to 1.9 and the ranking from 150-th among 180 countries surveyed in 2007 to 158-th among 180 countries included in 2008.

Did the change of sources affect other country's CPI ranking?

Yes, one notable similar case is that of Russia. Its score dropped by 0.2 (from 2.3 to 2.1), the same with Ukraine (from 2.7 to 2.5) and Turkmenistan (from 2.0 to 1.8), while Kyrgyzstan dropped even further – from 2.1 to 1.8.

Other countries observed deterioration on their scores that are not the result of changes in the sources but the results of experts and businessmen perceiving higher levels of corruption in the countries. Among these countries that experienced deterioration on their scores can be attributed to actual changes in perceptions are UK, France and Finland. UK dropped from 8.4 to 7.7 with respective slide from 12-th to 16-th place, Finland, the leader of the 2007 CPI, which slipped from 9.4 to 9.0 and 5-th line, and France which dropped from 7.3 to 6.9 and moved from 19-th to 23-d line.

Which countries' scores improved most?

Improvements can be observed from 2007 to 2008 for Albania, Bahrain, Benin, Cyprus, Dominica, Georgia, Indonesia, Jordan, Mauritius, Nigeria, Oman, Poland, Qatar, Saint Lucia, Saint Vincent and the Grenadines, South Korea, Tonga and Turkey.

How can the gap between Azerbaijan's score and its neighbors, for example Armenia be explained?

The gap between Armenia and Azerbaijan is not "big". Armenia's score – 2.9 (dropped from 3.0) – is not terribly good either. Since Azerbaijan's economic potential is immense, it invites more international scrutiny. That can be another reason why the international business community is apparently somewhat more critical about the situation in Azerbaijan than in other comparable countries.