

# Enhancing Global Transparency Index for Accurate Calculation of Poverty Rate

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## Abstract

In this research, the aim is to increase the accuracy of the Global Transparency index and to use it to calculate the poverty rate.

## Keywords

global transparency, CPI; GCB; poverty

## Introduction

The Benefits of Global Transparency List: Reducing Corruption, Fighting Money Laundering and Terrorism Financing, Promoting Fair Competition, and Strengthening Corporate Governance. The Global Transparency List is an effective tool that can bring numerous benefits. It can reduce corruption by mandating intermediaries to disclose their ultimate beneficial ownership information. This transparency measure makes it difficult for individuals to conceal their ownership or control of companies for illegitimate purposes. The Global Transparency List can also aid in preventing money laundering and terrorism financing by allowing authorities to track the flow of money and identify the entities or individuals behind suspicious transactions. Furthermore, the list promotes fair competition by prohibiting companies from using anonymous ownership to gain an unfair advantage over competitors. The transparency and accountability requirements of the Global Transparency List also encourage companies to adopt better corporate governance practices. Ultimately, this list can help create a more transparent and fair business environment while being a vital tool in the fight against corruption, money laundering, terrorism financing, and other financial crimes.

## Methods

"Importance of Considering Multiple Corruption Indices: Observations from Global Transparency List Our observations on the Global Transparency List highlight the significance of considering multiple corruption indices, such as the Corruption Perceptions Index (CPI) and the Global Corruption Barometer (GCB), when assessing a country's level of corruption. For instance, although Lithuania has a higher CPI score of 62 compared to Spain's score of 60, Spain performs better on the GCB, with only 2% of public service users reporting paying a bribe, while Lithuania's score is 17%. Similarly, while Romania has a higher CPI score of 46 compared to Maldives' score of 40, Maldives performs better on the GCB, with only 2% of public service users reporting paying a bribe, while Romania's score is 20%, according to 2022 statistics. These examples illustrate that relying solely on one index may not provide a comprehensive understanding of a country's corruption levels, and it is important to consider multiple indices to gain a more accurate assessment. To create an accurate corruption ranking, it is essential to consider both CPI and GCB scores, and this can be done by using the following equation:  $\text{new index} = \text{GCB}/\text{CPI}$   
Example: Lithuania =  $17/62 = 0.274$  comparison Spain =  $2/60 = 0.033$  the smallest is better.  
Another example: Romania =  $20/46 = 0.435$  comparison Maldives =  $2/40 = 0.05$  the smallest is better. See the table below for other country.

According to the statistics for the year 2022	New index smallest is better
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Country	CPI	GCB	GCB/CPI
Argentina	38	13	0.342
Australia	75	3	0.04
Austria	71	9	0.127
Bangladesh	25	24	0.96
Barbados	65	9	0.138
Belgium	73	10	0.137
Botswana	60	7	0.117
Brazil	38	11	0.289
Bulgaria	43	19	0.442
Burkina Faso	42	16	0.381
Cambodia	24	37	1.542
Cambodia	26	48	1.846
Cape Verde	60	8	0.133
Chile	67	13	0.194
China	45	28	0.622
Colombia	39	20	0.513
Costa Rica	54	7	0.13
Côte d'Ivoire	37	34	0.919
Croatia	50	14	0.28
Cyprus	52	4	0.077
Czech Republic	56	11	0.196
D.R. Congo	20	80	4
Denmark	90	1	0.011
Dominican Republic	32	23	0.719
El Salvador	33	14	0.424
Estonia	74	2	0.027
Fiji	53	5	0.094
Finland	87	1	0.011
France	72	5	0.069
Gabon	29	35	1.207
Gambia	34	21	0.618
Georgia	56	4	0.071
Germany	79	3	0.038
Ghana	43	33	0.767
Greece	52	9	0.173
Guatemala	24	25	1.042
Guinea	25	42	1.68
Honduras	23	28	1.217
Hong Kong	76	1	0.013
Hungary	42	17	0.405
India	40	39	0.975
Indonesia	34	30	0.882
Ireland	77	5	0.065
Italy	56	3	0.054
Jamaica	44	17	0.386
Japan	73	2	0.027
Jordan	47	4	0.085
Kazakhstan	36	17	0.472
Kenya	32	45	1.406
Kyrgyzstan	27	24	0.889
Latvia	59	9	0.153
Lebanon	24	41	1.708
Lesotho	37	14	0.378
Liberia	26	53	2.038
Lithuania	62	17	0.274
Luxembourg	77	2	0.026
Madagascar	26	27	1.038
Malawi	34	28	0.824

Malaysia	47	13	0.277
Maldives	40	2	0.05
Mali	28	21	0.75
Malta	51	4	0.078
Mauritius	50	5	0.1
Mexico	31	34	1.097
Moldova	39	22	0.564
Mongolia	33	22	0.667
Montenegro	45	10	0.222
Morocco	38	31	0.816
Mozambique	26	35	1.346
Myanmar	23	20	0.87
Namibia	49	11	0.224
Nepal	34	12	0.353
Netherlands	80	2	0.025
New Guinea	30	54	1.8
Niger	32	23	0.719
Nigeria	24	44	1.833
Pakistan	27	25	0.926
Panama	36	18	0.5
Peru	36	30	0.833
Philippines	33	19	0.576
Poland	55	10	0.182
Portugal	62	3	0.048
Romania	46	20	0.435
Russia	28	27	0.964
Sao Tome and Principe	45	16	0.356
Senegal	43	15	0.349
Serbia	36	15	0.417
Sierra Leone	34	52	1.529
Slovakia	53	11	0.208
Slovenia	56	4	0.071
Solomon Islands	42	21	0.5
South Africa	43	18	0.419
South Korea	63	10	0.159
Spain	60	2	0.033
Sri Lanka	36	16	0.444
Sudan	22	24	1.091
Sweden	83	1	0.012
Taiwan	68	17	0.25
Tajikistan	24	29	1.208
Tanzania	38	18	0.474
Thailand	36	24	0.667
Togo	30	32	1.067
Trinidad and Tobago	42	17	0.405
Tunisia	40	18	0.45
Turkey	36	8	0.222
Uganda	26	46	1.769
Ukraine	33	23	0.697
Uzbekistan	31	13	0.419
Vanuatu	48	21	0.438
Venezuela	14	50	3.571
Vietnam	42	15	0.357
Zambia	33	18	0.545
Zimbabwe	23	25	1.087

The Negative Impact of Bribery on Economic Growth and Development. Bribery has far-reaching

negative consequences that can hinder economic growth and development. It can lead to the

misallocation of resources and inefficient use of capital, which can in turn have a negative impact on economic growth. Bribery can create a culture of corruption, where individuals and organizations come to expect and rely on bribes as a way of doing business, further perpetuating corrupt practices. This culture can erode the legitimacy of the legal system, as well as public trust in government and institutions. To accurately assess the prevalence of bribery and its impact, it is crucial to establish a relationship between transparency and the incidence of bribery. By promoting transparency and accountability, it becomes more difficult for individuals and organizations to engage in corrupt practices, and it also becomes easier to detect and punish such behavior. In this way, transparency measures can

help combat bribery and foster a more fair and equitable business environment, ultimately promoting economic growth and development.

Estimating the Prevalence of Bribery in Countries with No Data Available. In cases where data on the prevalence of bribery is not available for a country, we can estimate the potential range of the percentage of bribery based on the country's rank in the Transparency International list. This estimation can help to provide some insight into the potential extent of bribery in a particular country, despite the lack of available data. The table below shows the estimated range of bribery percentages based on the country's rank in the Transparency International list: According to the statistics for the year 2022.

CPI	GCB
100-90	1
89-80	1-2
79-70	1-10
69-60	2-17
59-50	3-14
49-40	4-39
39-30	8-54
29-1	20-80

It is important to note that these estimations are based on available data and may not accurately reflect the true extent of bribery in a particular country. However, they can provide some guidance for understanding the potential level of bribery in countries where data is not readily available.

Using the Transparency Index (CPI) to Estimate Poverty Rates. It is possible to use the Corruption Perceptions Index (CPI), which is a component of the Transparency International Index, as an indicator of poverty rates. However, it is important to note that the CPI only measures corruption perceptions and not actual corruption or poverty rates. To estimate poverty rates using the CPI, we can use the following equation:  $\text{NonCPI} = 100 - \text{CPI}$ .

## Transparency Rate

The transparency rate is the percentage score given to a country by the CPI, indicating the perception of corruption in that country. By subtracting the transparency rate from 100, we can estimate the non-transparency rate, which can then be used as an indicator of poverty rates in that country. It is important to note that this is only an estimation and may not accurately reflect the true poverty rates in a particular country. Other factors, such as income inequality, access to education and healthcare, and political stability, can also impact poverty rates. Nonetheless, using the CPI to estimate poverty rates can provide some insight into the potential relationship between corruption and poverty.

Then, to calculate the poverty rate, we can use the following equation to take the average of the non-transparency rate (NonCPI) and the bribery rate (GCB):  $\text{Poverty} = \frac{\text{NonCPI} + \text{GCB}}{2}$

According to the statistics for the year 2022			NonCPI (100-CPI)	Average NonCPI+GCB
Country	CPI	GCB		
Argentina	38	13	62	37.5
Australia	75	3	25	14
Austria	71	9	29	19
Bangladesh	25	24	75	49.5

Barbados	65	9	35	22
Belgium	73	10	27	18.5
Botswana	60	7	40	23.5
Brazil	38	11	62	36.5
Bulgaria	43	19	57	38
Burkina Faso	42	16	58	37
Cambodia	24	37	76	56.5
Cambodia	26	48	74	61
Cape Verde	60	8	40	24
Chile	67	13	33	23
China	45	28	55	41.5
Colombia	39	20	61	40.5
Costa Rica	54	7	46	26.5
Côte d'Ivoire	37	34	63	48.5
Croatia	50	14	50	32
Cyprus	52	4	48	26
Czech Republic	56	11	44	27.5
D.R. Congo	20	80	80	80
Denmark	90	1	10	5.5
Dominican Republic	32	23	68	45.5
El Salvador	33	14	67	40.5
Estonia	74	2	26	14
Fiji	53	5	47	26
Finland	87	1	13	7
France	72	5	28	16.5
Gabon	29	35	71	53
Gambia	34	21	66	43.5
Georgia	56	4	44	24
Germany	79	3	21	12
Ghana	43	33	57	45
Greece	52	9	48	28.5
Guatemala	24	25	76	50.5
Guinea	25	42	75	58.5
Honduras	23	28	77	52.5
Hong Kong	76	1	24	12.5
Hungary	42	17	58	37.5
India	40	39	60	49.5
Indonesia	34	30	66	48
Ireland	77	5	23	14
Italy	56	3	44	23.5
Jamaica	44	17	56	36.5
Japan	73	2	27	14.5
Jordan	47	4	53	28.5
Kazakhstan	36	17	64	40.5
Kenya	32	45	68	56.5
Kyrgyzstan	27	24	73	48.5
Latvia	59	9	41	25
Lebanon	24	41	76	58.5
Lesotho	37	14	63	38.5
Liberia	26	53	74	63.5
Lithuania	62	17	38	27.5
Luxembourg	77	2	23	12.5
Madagascar	26	27	74	50.5
Malawi	34	28	66	47
Malaysia	47	13	53	33
Maldives	40	2	60	31
Mali	28	21	72	46.5
Malta	51	4	49	26.5
Mauritius	50	5	50	27.5

Mexico	31	34	69	51.5
Moldova	39	22	61	41.5
Mongolia	33	22	67	44.5
Montenegro	45	10	55	32.5
Morocco	38	31	62	46.5
Mozambique	26	35	74	54.5
Myanmar	23	20	77	48.5
Namibia	49	11	51	31
Nepal	34	12	66	39
Netherlands	80	2	20	11
New Guinea	30	54	70	62
Niger	32	23	68	45.5
Nigeria	24	44	76	60
Pakistan	27	25	73	49
Panama	36	18	64	41
Peru	36	30	64	47
Philippines	33	19	67	43
Poland	55	10	45	27.5
Portugal	62	3	38	20.5
Romania	46	20	54	37
Russia	28	27	72	49.5
Sao Tome and Principe	45	16	55	35.5
Senegal	43	15	57	36
Serbia	36	15	64	39.5
Sierra Leone	34	52	66	59
Slovakia	53	11	47	29
Slovenia	56	4	44	24
Solomon Islands	42	21	58	39.5
South Africa	43	18	57	37.5
South Korea	63	10	37	23.5
Spain	60	2	40	21
Sri Lanka	36	16	64	40
Sudan	22	24	78	51
Sweden	83	1	17	9
Taiwan	68	17	32	24.5
Tajikistan	24	29	76	52.5
Tanzania	38	18	62	40
Thailand	36	24	64	44
Togo	30	32	70	51
Trinidad and Tobago	42	17	58	37.5
Tunisia	40	18	60	39
Turkey	36	8	64	36
Uganda	26	46	74	60
Ukraine	33	23	67	45
Uzbekistan	31	13	69	41
Vanuatu	48	21	52	36.5
Venezuela	14	50	86	68
Vietnam	42	15	58	36.5
Zambia	33	18	67	42.5
Zimbabwe	23	25	77	51

Example Spain poverty rate is according to our calculations is 21%, see the table compared to the poverty rate from the World Bank for the year 2020 Spain poverty is 21.7%. Example Italy the poverty is 23.5% according to table and it is 20.1% according to World Bank for the year 2020. Example Mali the poverty is 46.5% see the table and it is 41.9%

according to World Bank for the year 2020. Last example Argentina poverty rate is according to our calculations is 37.5% and it is 42% according to World Bank for the year 2020.

## Results

To improve the accuracy of ranking countries on transparency, we can calculate the adjusted bribery rate taking into account the country's level of transparency. This can be achieved by dividing the bribery rate by the transparency rate. Similarly, to estimate the poverty rate, we can calculate the average adjusted bribery rate for the population in a given country. This can be achieved by multiplying the bribery rate with the rate of lack of transparency, and taking the average for the population.

However, it is important to note that these are only estimations and may not accurately reflect the true bribery or poverty rates in a particular country. Other factors, such as cultural norms, socioeconomic factors, and political stability, can also impact bribery and poverty rates. Nonetheless, adjusting the bribery rate for transparency and using it to estimate poverty rates can provide some insight into the potential

relationship between corruption, transparency, and poverty.

## Conclusion

It's important to note that this method may not provide an accurate or comprehensive measure of the Global Transparency or poverty rates, as they are a complex issue with many contributing factors beyond corruption and transparency also the World Bank, Poverty and Inequality Platform data are compiled from official government sources or are computed by World Bank staff using national (i.e., country-specific) poverty lines.

## References

1. Transparency International
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