



Embassy of the Bolivarian Republic of Venezuela to the UK and Ireland

Fact Sheet: **TRANSPARENCY INTERNATIONAL**

WHAT IS TRANSPARENCY INTERNATIONAL?

Transparency International is a self-appointed organisation claiming to represent “civil society” in the “fight against corruption”. The organisation claims to be an “NGO” and politically neutral. However, there are a number of factors that seriously undermine the credibility of the organisation:

Funding: Transparency International is funded by multinational corporations, many of whom have been involved in corruption on a large scale.

Examples

Notable examples of TI big business donors with a history of corruption include the disgraced former US energy company Enron, Oil company Shell which openly admits to have fuelled corruption in Nigeria that coincided with the displacement and massacre of the Ogoni people, and Exxonmobil, currently embroiled in a corruption scandal in Papua New Guinea. Pharmaceutical company Pfizer, who were recently ordered to pay billions of dollars in damages for their involvement in the “largest health care fraud” in the history of the US¹ is also a big donor to TI.

¹ <http://www.ahrp.org/cms/content/view/633/72/>

Political bias:

Transparency International receives a large proportion of its funding from governments, embassies and government-funded organisations that have an interest in promoting a neo-liberal agenda.

The US organisation, National Endowment for Democracy (NED) which has a dubious record of interfering in foreign elections and attempting to destabilise legitimate governments, is also a big donor to Transparency International. Allen Weinstein, one of the founders of the National Endowment for Democracy, summed up the NED’s activities when he said in 1991, “A lot of what we do today was done covertly 25 years ago by the CIA”².

TI also works with regional partners who often have a

very strong conservative political bias. Please see the section “Transparency International and Venezuela” for further information.

“Transparency International, a lobbying association and CIA correspondent funded by governments and corporations, especially American ones, that are experts in the matter (of corruption and bribe paying). These include Lockheed, Boeing, IBM, General Motors, Exxon, General Electric and Texaco (13). The only objective of the anti-corruption campaigns taken up by international organisations (World Bank, IMF, OECD) is the “good governance” of a financial crime that is now an integral part of market globalisation under the leadership of the American democracy, the most corrupt on the planet.”

CHRISTIAN DE BRIE,
LE MONDE DIPLOMATIQUE

² <http://www.foreignpolicyjournal.com/2009/06/23/has-the-u-s-played-a-role-in-fomenting-unrest-during-irans-election/>



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WHAT ARE THE ORGANISATION'S ACTIVITIES?

Transparency International conducts "research" and publishes a number of regional, national and thematic reports each year, some of which have been heavily criticised for their lack of accuracy, and political objectives. TI is particularly well known for its Corruption Perception Index (CPI).

WHAT IS THE CORRUPTION PERCEPTIONS INDEX (CPI)?

The Corruption Perceptions Index (CPI) is a ranking of the countries of the world according to "the degree to which corruption is perceived to exist among public officials and politicians". This index is based on the subjective "perceptions" of business leaders. The index is not supported by any concrete statistics is entirely lacking in scientific rigour. Being low on the index is taken as solid evidence of corruption despite no evidence ever being presented. Nevertheless, the CPI is one of the most widely quoted indexes in the international press.

IS THE CPI A RELIABLE SOURCE OF INFORMATION?

The methodology by which Transparency International calculates the Corruption Perceptions Index has been the subject of great controversy. Firstly, TI is surprisingly lacking in transparency themselves when it comes to explaining exactly how they arrive to their conclusions. Secondly, the methodology seems to change every year which further skews the results and makes it impossible to track changes over time in each country.

Fredrik Galtung, a former Transparency International researcher and pioneer in the development of the Bribe Payers Index (BPI), addresses several criticisms of the Corruption Perceptions Index (CPI). He argues that the CPI

should be radically revised and complemented by additional indicators³

Rich nations v. Developing nations

The CPI has also had a devastating effect on developing countries. It seeks to find the problem of corruption amongst the governments of developing nations. This can be seen by looking at the CPI which highlights high levels of corruption amongst the poorest countries and low levels of corruption amongst the richest. This reinforces the dogma that poor countries have themselves to blame for the predicament they are in. This neoliberal perspective held by the World Bank and reinforced by Transparency International through the CPI makes it easier to place conditions on any money lent out to the world's poorest nations.

Double Standards

TI has astonishing double standards when it comes to rich and developing nations. Transparency International gave Jamaica a poor ranking in the corruption perceptions index of 2007. According to Beth Aub (co-founder of Transparency International in Jamaica) this low ranking was likely to have been due to reports that Netherlands based oil company Trafigura Beheer had paid the the People's National Party, the then governing party in Jamaica, a donation of \$31 million. This example shows that the practices of a Netherlands based oil company can affect the corruption perception index of Jamaica, yet have no affect on the Netherlands, which was rated the 7th cleanest country in TI's 2007 Corruption Perceptions Index. In addition, the corruption of the private company Trafigura -- which made the payment -- passed unremarked by Transparency International.

³ Galtung, Fredrik (2006). "Measuring the Immeasurable: Boundaries and Functions of (Macro) Corruption Indices," in *Measuring Corruption*, Charles Sampford, Arthur Shacklock, Carmel Connors, and Fredrik Galtung, Eds. (Ashgate): 101-130.



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Venezuelan Ambassador's response

In the latest 2010 index, Venezuela was ranked number 164. The Venezuelan Ambassador, Dr. Samuel Moncada, was recently interviewed on BBC's Newsnight with Jeremy Paxman to discuss the result. Dr Moncada said: "Rich countries and the business elites are often instigators of corruption in poor countries and", he added, "when corrupt politicians run away from our laws, they flee to the US, and there they are given protection by the US Government. So, there is an integral participation by the rich countries. They [Transparency International] talk about the poor policeman on the streets in Caracas, but what about the rich banker in New York?"

Jeremy Paxman agreed with the Ambassador and questioned the credibility of the index: "I agree, this looks to me like a lot of phooey [scorn, contempt, disbelief]; perceptions index – whatever is that?", said Paxman.⁴

TRANSPARENCY INTERNATIONAL AND VENEZUELA

Venezuela has been on the receiving end of a number of Transparency International's assertions. In 2008 the organisation was criticised over its report on Venezuela entitled "Promoting Revenue Transparency". The report examined the published accounts of oil companies in 42 different countries, and ranked them according to whether they were of high, medium or low transparency.

The report claimed that Venezuela's state-owned oil firm PDVSA had failed to disclose basic financial information such as their revenues, royalties, and that they had not produced properly audited accounts. As a result, the report gave PDVSA the lowest possible ranking for

⁴ www.bbc.co.uk/programmes/b006mk25

transparency. But it later emerged that the information on PDVSA's accounts was freely and publicly available. Further investigation uncovered that Transparency International's Venezuelan chapter was run by political opponents of the Venezuelan president Hugo Chávez, leading to claims of a bias by TI against the Venezuelan government.⁵

TI Incompetence

Data gathering for this report was outsourced to anonymous freelance consultants which undermines TI's sense of accountability and "neutrality". There is also speculation that poorly trained consultants were unable to locate PDVSA's financial reports online because they were lacking the necessary language skills (Spanish) and "couldn't figure out that to get

TI regional bureau in Venezuela

Transparency International regional bureau in Venezuela, "Transparencia Venezuela" is a highly political organisation. It is staffed by opponents of the Venezuelan government. The directors include Robert Bottome, the publisher of Veneconomia, a journal strongly aligned to the opposition, and Aurelio Concheso of the Centre for the Dissemination of Economic Knowledge, a conservative thinktank funded by the US government. Concheso was previously a director of the employers' organisation, Fedecamaras. The president of Fedecamaras, Pedro Carmona, led the failed 2002 coup and was briefly installed as Venezuela's dictator.⁶

The data in TI's report was gathered by Mercedes de Freitas, the head of their Caracas bureau and a

⁵ <http://www.guardian.co.uk/commentisfree/2008/may/2/seeingthroughtransparencyin>

⁶ <http://www.guardian.co.uk/commentisfree/2008/may/2/seeingthroughtransparencyin>



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longtime opponent of President Chávez. De Freitas' previous job was running a US government funded opposition "civil society" group.

Venezuela is one of very few countries with a state-run oil industry. The profits from its oil industry are put into social programmes. In other words, its oil industry is not in the hands of, or available to, the big oil companies including Shell and Exxon Mobil which are among the main funders of TI and have strong motives for discrediting Venezuela.