

 Centre international de formation européenne  


BERLIN - BRUXELLES - OTTAWA

## POLITICAL RISK RATING: IV ASSESSING GOVERNANCE & INSTITUTIONAL SUSTAINABILITY?

CIFE SEMINAR ROMA-BERLIN-NICE 2025  
MICHEL-HENRY BOUCHET

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### 5 OBJECTIVES

1. Observing the role of rating agencies
2. Looking at the pitfalls of rating agencies: Poor track record and shortsightedness!
3. Analyzing rating methodology
4. Focusing on specific country risk ratings
5. Addressing the challenge of governance rating as well as institutional resilience

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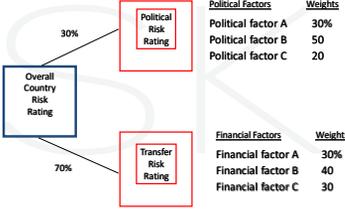
### QUANTITATIVE APPROACH: RATING

- ▶ Means: Transforming a number of observations (Delphi method, surveys) or quantitative indicators into **one** single number.
- ▶ The various indicators can be weighted regarding their impact on creditworthiness and risk.
- ▶ **End-product**: one single grade to assess past and current country risk situation with cross-country comparisons across time

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### QUANTIFYING COUNTRY RISK: RISK WEIGHTING



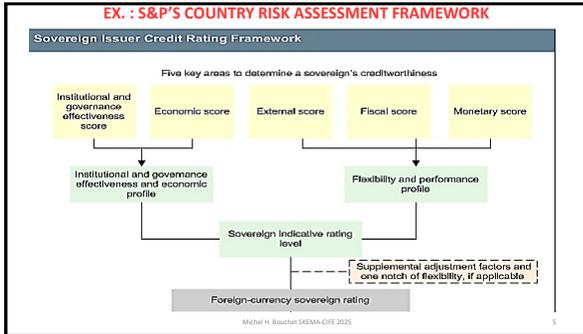
Political Factors		Weights
Political factor A		30%
Political factor B		50
Political factor C		20

Financial Factors		Weights
Financial factor A		30%
Financial factor B		40
Financial factor C		30

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### DIFFERENT AND DIVERGENT COUNTRY RATINGS REQUIRE IN-DEPTH ANALYSIS OF THE METHODOLOGY

Sovereign Ratings List			
	Moody's ratings [★]	S&P ratings [★]	Fitch ratings [★]
United States [★]	Aaa	AA+	AAA
United Kingdom [★]	Aa3	AA	AA
Germany [★]	Aaa	AAA	AAA
France [★]	Aa3	AA-	AA
Japan [★]	A1	A+	A
Spain [★]	Baa1	A	A-
Italy [★]	Baa3	BBB+	BBB
Portugal [★]	A3	A-	BBB+
Greece [★]	Baa3	BBB	BB+
Ireland [★]	Aa3	AA	AA
Andorra [★]	Aa3	A	A-
United Arab Emirates	Aa2	AA	AA

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### COUNTRY RISK RATING ?

Advantages/ Pros

- ▶ simple
- ▶ shrinks a large number of variables into one single grade
- ▶ cross-country comparison
- ▶ comparison across time
- ▶ reliable for smooth risk evolution
- ▶ useful for statistical and econometric analysis

Shortcomings/Cons

- ▶ "reductionist"
- ▶ simplistic
- ▶ risk of self-fulfilling prophecy
- ▶ little predictive value
- ▶ weighted average tends to bury salient trends
- ▶ gives "market consensus" often made of herd instinct

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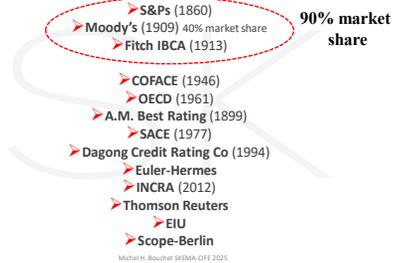
**SHORTCOMINGS OF RATING AGENCIES?**

- Power without accountability + conflict of interest
- Conformity bias and herd behavior
- Sociocultural bias
- Punishment of disobedient firms/countries that do not request a rating
- Procyclical bias, hence following the majority opinion of market participants without any early warning signals nor predictability track record
- Spill-over effect!



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**MAIN COUNTRY RATINGS**



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THE OCDE IMPLEMENTS A RATING AND RANKING OF COUNTRY RISK FOR PROVIDING A LEVEL PLAYING FIELD TO EXPORT GUARANTEE COMPANIES WITHIN THE GROUP OF 38 DEVELOPED COUNTRIES AND FOR THE PURPOSE OF SETTING MINIMUM PREMIUM RATES FOR EXPORT CREDIT TRANSACTIONS

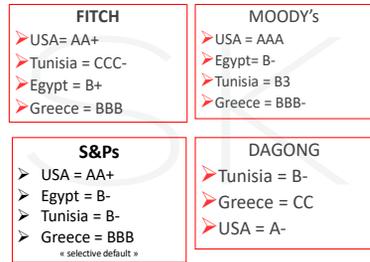
THE COUNTRY RISK ENCOMPASSES:  
 1. TRANSFER AND CONVERTIBILITY RISK (I.E. THE RISK THAT A GOVERNMENT IMPOSES CAPITAL OR EXCHANGE CONTROLS THAT PREVENT AN ENTITY FROM CONVERTING LOCAL CURRENCY INTO FOREIGN CURRENCY AND/OR TRANSFERRING FUNDS TO CREDITORS LOCATED OUTSIDE THE COUNTRY),  
 2. CASES OF FORCE MAJEURE (E.G. WAR, EXPROPRIATION, REVOLUTION, CIVIL DISTURBANCE, FLOODS, EARTHQUAKES).

Country Risk Classification of the Participants to the Arrangement on Officially Supported Export Credits Valid as of: 31 January 2025

No.	Country Code (3 letters)	Country Name**	Classification		Notes
			Premium	Current Premium	
1	ARG	Argentina	3	3	
2	ALB	Albania	5	4	
3	DZA	Algeria	5	5	
4	AND	Andorra	-	-	(9)
5	AGO	Angola	6	6	
6	ATG	Antigua and Barbuda	7	7	
7	ARG	Argentina	7	7	
8	ARM	Armenia	6	6	
9	ARE	Aruba	4	4	
10	AUS	Australia	-	-	(6)
11	AUT	Austria	-	-	(6) (7)
12	AZE	Azerbaijan	4	4	
13	BHS	Bahamas	4	4	
14	BHR	Bahrain	6	6	
15	BGD	Bangladesh	5	5	
16	BRB	Barbados	-	-	(5)
17	BLZ	Belize	7	7	
18	BEL	Belgium	-	-	(6) (7)
19	BLZ	Belize	6	6	(5)
20	BEN	Benin	6	6	
21	BTN	Bhutan	6	6	
22	BOL	Bolivia	7	7	
23	BHT	Bhutan and Hongkong	6	6	
24	BWA	Botswana	3	3	
25	BRA	Brazil	4	4	
26	BGR	Bulgaria	-	-	(5)
27	BUR	Burkina Faso	5	5	

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**RATING DOWNGRADES AFTER THE GLOBAL FINANCIAL AND PANDEMIC CRISES**



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**大公国际资信评估有限公司** DAGONG GLOBAL CREDIT RATING CO.,LTD. **DAGONG 2017-21**

<ul style="list-style-type: none"> <li>• Japan A-</li> <li>• Spain BBB+</li> <li>• Italy BBB-</li> <li>• Greece CC</li> <li>• Chile AA-</li> <li>• China AAA</li> <li>• France A+</li> <li>• Brazil A6</li> <li>• Germany AA+</li> <li>• Russia A stable</li> <li>• USA A- and BBB+ 2018</li> </ul>	<ul style="list-style-type: none"> <li>• Argentina CC-</li> <li>• Nigeria BB+</li> <li>• Venezuela BB-</li> <li>• Turkey BB-</li> <li>• Ecuador B-</li> <li>• Malaysia A+</li> <li>• Thailand BBB-</li> <li>• Vietnam B+</li> <li>• Morocco BBB-</li> <li>• Korea AA-</li> </ul>
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**MOODY'S 15 TRIPLE-A RATING COUNTRIES**

Sovereigns	Foreign Currency Debt	
Australia	Aaa	STA
Austria	Aaa	NEG
Canada	Aaa	STA
Denmark	Aaa	STA
Finland	Aaa	STA
Germany	Aaa	NEG
Isle of Man	Aaa	RUR-
Luxembourg	Aaa	NEG
Netherlands	Aaa	NEG
New Zealand	Aaa	STA
Norway	Aaa	STA
Singapore	Aaa	STA
Sweden	Aaa	STA
Switzerland	Aaa	STA
USA	Aaa	STA

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**RATING = POOR EARLY WARNING SIGNAL?**

1997 Asia risk ?« *It's like growth stocks... sovereign risk has never looked better!* »

- Institutional Investor (March 1997)

▶ South Korea was rated as Italy and Sweden until October of 1997... but was abruptly downgraded to junk bond status!

« *There were no early warnings about Korea from us or, to the best of our knowledge, from other market participants, and our customers should expect a better job from us!* » FITCH IBCA January 14, 1998

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**ASIA-1998: LESSONS OF THE CRISIS**

▶ **“Any agency which rated the Republic of Korea at the high investment grade rating of AA- (in the case of Fitch IBCA and S&Ps) or A1 (Moody’s) before the crisis, and which now rates Korea at a speculative grade B-, was clearly either wrong initially or subsequently”**

Fitch IBCA January 13, 1998

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### WAS THE 1998 ASIAN CRISIS ANTICIPATED BY RATING AGENCIES?

	Credit Ratings			
	Standard & Poor's		Moody's	
	June 1996	June 1997	June 1996	June 1997
Indonesia	BBB	BBB	Baa3	Baa3
Korea	AA-	AA-	A1	A1
Malaysia	A+	A+	A1	A1
Philippines	BB	BB+	Ba2	Ba1
Thailand	A	A	A2	A2

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### EUROMONEY'S RISK RATING

THE HIGHER THE SCORE, THE LARGER THE RISK

	1996	1997	1998	1999	2000	2005	2009	2010
Korea	28	30	42	44	29	28	40	25
Thailand	45	51	54	49	65	49	60	45
Philippines	55	57	55	53	78	75	77	58
Malaysia	33	35	56	46	46	46	45	60
Indonesia	45	49	91	98	107	81	76	61

Agencies were blind for too long then hammered the countries with abrupt downgrading!

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### RATING = POOR EARLY WARNING SIGNALS?

#### ENRON's collapse in December 2001

- ▶ The credit agencies were still tipping the energy firm as an investment-grade credit four days before it filed for bankruptcy protection on 12/2/2001.
- ▶ Moody's and S&Ps finally downgraded Enron to junk status on 11/28/01
- ▶ « *The credit raters -despite their unique position to obtain information unavailable to other analyst- were no more astute and no quicker to act than others* »
  - Senator Joe Lieberman

Source: Credit-October 2006, Vol7, Issue 09

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### RATING = POOR EARLY WARNING SIGNALS?

- ▶ 2007-2008 US Subprime crisis: from Triple A rating of MBS (mortgage backed securities) to junk bonds
  - ▶ 06/2010: Dagong downgrades the US
- ▶ 08/2011: US downgrading to AA+: Political Risks, Rising Debt Burden
  - ▶ Fall 2011: Italy-Spain downgrading
  - ▶ 2012: Greece's multiple downgradings
  - ▶ October 2012: Spain downgrading by S&Ps
- ▶ November 2013: S&Ps downgrading of France: Political Risks, Rising Debt Burden
  - ▶ Summer 2019: Tunisia = Moody's B2 & Fitch B+

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### 06/2013: US GOVERNMENT VERSUS S&P

- ▶ Civil lawsuit against Standard & Poor's: the US Department of Justice accuses the credit-rating agency to have defrauded federally insured financial institutions... The US complaint alleges that S&P's presented overly optimistic credit ratings as objective and independent when, in truth, S&P's downplayed and disregarded the true extent of credit risk...
- ▶ According to the plaintiff, Standard & Poor's catered rating favors in order to maintain and grow its market share and the fee income generated from structured debt ratings.

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### 09/2013: S&P SUES US GOVERNMENT OVER ALLEGED RETALIATION FOR AAA CREDIT DOWNGRADE



- ▶ "Plaintiff [Justice Department] commenced this action in retaliation for S&P's exercise of their free speech rights with respect to the creditworthiness of the USA"

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### TUNISA 2011- 2025

THE 2011 "JASMIN REVOLUTION": MOODY'S DOWNGRADES TUNISIA'S TO BAA3 NEGATIVE

- ▶ **January 2011:** Moody's Investors Service downgraded to Baa3 from Baa2 the local and foreign currency government bond ratings of the Tunisian government.

Main drivers for the rating action:

- (1) The country's instability due to the unexpected recent regime change, which resulted from the ongoing political crisis that first began as social unrest.
- (2) The significant uncertainties surrounding both the economic and political outcomes.
- (3) The ongoing unrest and the fluidity of the political situation

- ▶ **May 2013:** new downgrading to Ba2
  - **October 2017:** B1 -
  - **August 2019:** B2 -
  - **May 2022:** Caa1 -
  - **March 2025:** Caa1 stable

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### COUNTRY RISK SPECIFIC INDICES: ASSESSING ECONOMIC AND SOCIO-POLITICAL FREEDOM AND SUSTAINABILITY?

COFACE  
World Bank  
SCOPE  
Euromoney  
Institutional Investor  
Heritage Foundation  
ICRG

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**WORLD BANK:  
« DOING BUSINESS »  
RANKING**

189 Countries  
10 Parameters

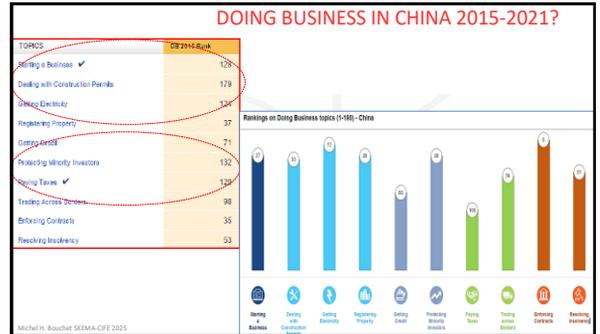
Singapore	1
New Zealand	2
Denmark	3
Korea, Rep.	4
Hong Kong SAR	5
United Kingdom	6
United States	7
Sweden	8
Norway	9
Finland	10
Taiwan, China	11
Macedonia, FYR	12
Australia	13
Canada	14
Germany	15
Estonia	16
Ireland	17
Malaysia	18
Iceland	19
Lithuania	20

Nigeria	169
Yemen, Rep.	170
Djibouti	171
Cameroon	172
Timor-Leste	173
Bangladesh	174
Syria	175
Congo, Rep.	176
Afghanistan	177
Guinea-Bissau	178
Liberia	179
Equatorial Guinea	180
Angola	181
Haiti	182
Chad	183
Congo, Dem. Rep.	184
Central AF Rep	185
Venezuela	186
South Sudan	187
Libya	188
Eritrea	189

Russia= 28  
China= 31  
India= 63  
South Af= 84  
Brazil= 124

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**EUROMONEY : RATING METHODOLOGY**  
*(DISCONTINUED)*

- ▶ 186 countries
- ▶ 15 criteria
- ▶ Delphi Technique: Panel of 250 leading economists in international financial institutions evaluating performance in the financial markets (market access, bond issue, spreads, sell-down, terms and maturity...)
- ▶ Scoring between **100** (excellent) and **0** (high risk)
- ▶ Panel of political analysts to measure short-term risk of destabilization

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**EUROMONEY: RATING WEIGHTS**

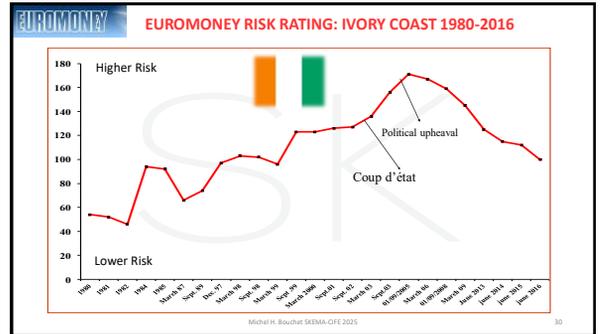
1. Growth performance: 25% (GDP projection)
2. Political risk: 25%
3. External debt indicators: 10% (debt/GDP and debt/X)
4. External payment default and rescheduling: 10%
5. Credit rating Moody's or S&P: 10%
6. Short-term credit market access: 5%
7. Commercial bank MT credit: 5%
8. Capital markets access: 5%
9. Spread over US Treasury bills: 5%

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**SCORING/RATING OF COUNTRY RISK**  
(DISCONTINUED)

- ▶ 0-100 semi-annual Rating of 179 countries' creditworthiness based on survey of 100 leading **international bankers**
- ▶ **Best** : Switzerland, Finland, Norway, Germany, Netherlands, France, US, UK, Luxembourg... Singapore, Australia, Taiwan, Chile
- ▶ **Worst**: Cuba, Myanmar, Cambodia, Nicaragua, Rwanda, Sudan, Iraq, Congo, Sierra Leone, North Korea, Liberia

Global average risk rating as of 03/2000 = 41  
Global average risk rating 03/2016 = 45

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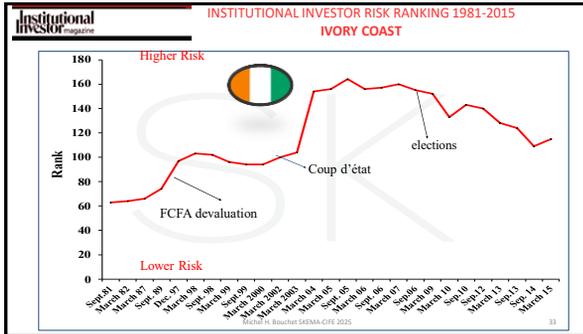
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**INSTITUTIONAL INVESTOR RISK RATING**

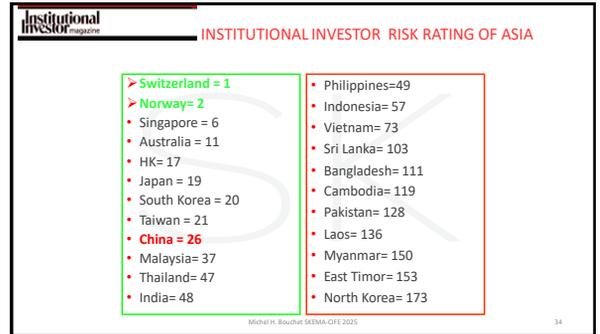
- Information provided by leading international banks.
- Bankers are asked to grade each of the countries on a scale from 0 to 100 (100 = best creditworthiness)
- Sample updated every six months, ranges from 75 to 100 banks, each of which provides its own ratings. The names of all participants in the survey are kept strictly confidential. Banks are not permitted to rate their home country.
- Individual responses are weighted using an *Institutional Investor* formula that gives more importance to responses from banks with greater worldwide exposure and more sophisticated country analysis systems.

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### SCOPE RATING

Scope Rates

Scope rates 100% of EU sovereign issuers and 75% of global sovereign debt. The assessment is based on five categories of sovereign risk: 'Domestic economic risk', 'Public finance risk', 'External economic risk', 'Financial stability risk' and ESG risks.

Specifically, i) assess all variables on fixed and transparently communicated thresholds; ii) assess GDP/capita on a purchasing-power-parity basis and nominal GDP relative to World GDP; iii) adjust our calculation for real GDP volatility and a country's biocapacity relative to its resource consumption; iv) replace our source for assessing natural disaster risks (WRI) with ND-GAIN; and v) introduce a quantitative adjustment to capture political risks that are distinct from governance factors

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### OCTOBER 2024: SCOPE DOWNGRADES FRANCE'S LONG-TERM RATINGS TO AA- AND REVISES THE OUTLOOKS TO STABLE

Sustained deterioration of public finances and challenging political outlook drive the downgrade. Leading role in Europe, economic resilience, favorable debt profile, excellent market access, and robust banking sector anchor the ratings.

Scope Ratings GmbH (Scope) has downgraded France's local and foreign currency long-term issuer and senior unsecured debt ratings to AA-, from AA, and revised the Outlooks to Stable, from Negative. The short-term issuer ratings have been affirmed at S-1+ in local and foreign currency with Stable Outlooks.

The downgrade of France's long-term ratings is driven by:

- The sustained deterioration of public finances characterized by higher-than-expected fiscal deficits and a steady rise in general government debt. Scope now expects a more gradual reduction of the budget deficit, which is set to still exceed 3% of GDP by 2029
- The challenging political outlook following the 2024 early legislative elections, which have reduced the level of political alignment between the presidency, government and parliament, while further increasing parliamentary fragmentation. This raises uncertainty on the implementation of the multi-year budget and reform agenda

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### MEASURING GOVERNANCE & CORRUPTION

COUNTRY RISK: GOVERNANCE MATTERS!

- ▶ Governance
- ▶ Corruption
- ▶ Regulatory framework
- ▶ Business conditions
- ▶ Transparency



Source: Michel H. Bouchet SKEMA-CIFE 2025

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### WHAT IS GOVERNANCE?

**Governance consists of the traditions and institutions by which authority in a country is exercised.**

Process by which governments are selected, monitored and replaced;  
Capacity of the government to effectively formulate and implement sound policies; and Respect of citizens and the state for the institutions that govern economic and social interactions among them.

**6 dimensions:**

1. Voice and Accountability
2. Political Stability and Absence of Violence
3. Government Effectiveness
4. Regulatory Quality
5. Rule of Law
6. Control of Corruption

Source: World Bank

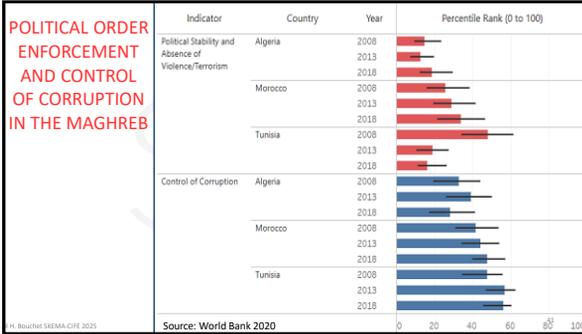
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**IBRAHIM INDEX OF GOVERNANCE IN AFRICA**

The Index groups governance and political freedom indicators into four main categories:

1. Safety and Rule of Law,
2. Participation and Human Rights,
3. Sustainable Economic Opportunity,
4. and Human Development.

Source: <http://www.moibrahimfoundation.org/en/section/the-ibrahim-index>

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**IBRAHIM INDEX OF GOOD GOVERNANCE IN AFRICA**

1 Mauritius	83.0	31 Mali	52.9	57 Nigeria	43.3
2 Seychelles	78.5	32 Mozambique	52.1	58 Liberia	43.2
3 Botswana	75.9	33 Burkina Faso	51.9	59 Togo	42.6
4 Cape Verde	75.5	34 Malawi	51.7	60 Niger	42.3
5 South Africa	71.5	35 Libya	51.5	61 Congo	42.0
6 Namibia	67.3	36 Uganda	50.8	62 Angola	39.3
7 Ghana	64.6	37 Swaziland	50.8	63 Guinea-Bissau	39.1
8 Tunisia	62.1	38 Kenya	50.5	64 Cote d'Ivoire	36.8
9 Egypt	60.5	39 Gabon	50.1	65 Guinea	35.6
10 Lesotho	60.1	40 Madagascar	48.7	66 Equatorial Guinea	34.7
11 Sao Tome and Principe	58.2	41 Cameroon	48.5	67 Sudan	32.9
12 Benin	55.6	42 Djibouti	48.5	68 Central African Republic	32.7
13 Morocco	55.6	43 Rwanda	47.2	69 Zimbabwe	32.7
14 Senegal	55.3	44 Sierra Leone	45.0	70 Eritrea	31.6
15 Algeria	55.2	45 Burundi	44.7	71 Congo, Democratic Rep.	31.1
16 Tanzania	55.0	46 Cameroon	44.2	72 Chad	28.8
17 Zambia	54.0	47 Ethiopia	43.5	73 Somalia	7.9
18 Gambia	53.0	48 Mauritania	43.4		

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**MEASURING CORRUPTION?**

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### POLITICAL TURMOIL AND CORRUPTION

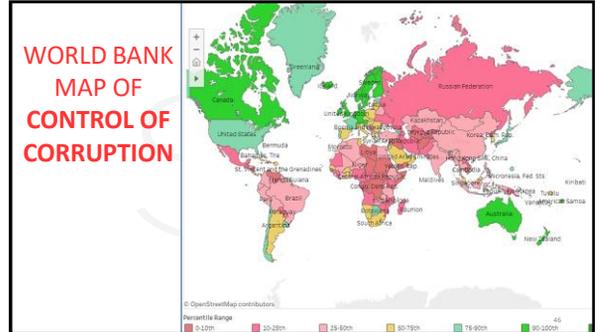
In 2018-22, public anger and legal action over corruption have toppled political leaders in Malaysia, Peru, Slovakia, South Africa, and other countries.

More than 10 percent of nations around the world have experienced corruption-fueled political change in the last five years (Carnegie, 2018). In many countries, corruption has fueled terrorist recruitment and sparked violent insurgencies.

The World Bank estimates \$1.5 trillion in bribes are paid every year, squandering business capital and stymying development.

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### ICRG CROSS-COUNTRY GOVERNANCE RISK INDEX

► 140 countries

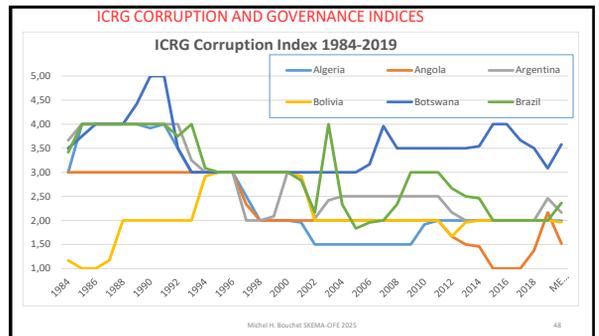
- Composite risk rating
- Monthly rating since 1980
- 22 variables
- 3 categories:
  1. Socio-political (100)
  2. Financial (50)
  3. Economic (50)

► Political Risk Rating = 12 weighted variables (100)

1. Government Stability 12
2. Socioeconomic Conditions 12
3. Investment Profile 12
4. Internal Conflict 12
5. External Conflict 12
6. **Corruption** 6
7. Military in Politics 6
8. Religious Tensions 6
9. Law and Order 6
10. Ethnic Tensions 6
11. Democratic Accountability 6
12. Bureaucracy Quality 4

PRIS  
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### ASSESSING CORRUPTION: GLOBAL CORRUPTION INDEX (198 COUNTRIES)

The GCI focuses on corruption (in both the public and private sectors) to offer a comprehensive approach by including other white-collar crimes variables. It covers various criteria such as fraud, money laundering and terrorism financing. <https://globalriskprofile.com/interactive-risk-indices/>

Interactive Global Corruption and ESG Risk Indexes: 49

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### THE GLOBAL CORRUPTION INDEX

The Global Corruption Index measures corruption in 196 countries. Based on 42 variables. It aggregates the results of two sub-indices: "Corruption" and "White Collar Crimes", focused on money laundering, fraud, terrorism financing.

Country scores are presented on a 0-100 scale

6 sub-indices:

1. Corruption
2. Citizen's voice and Transparency
3. Government Functioning and Effectiveness
4. Legal Context
5. Political Context

TOP 10: VERY LOW RISK				
ISO Code	Country Name	Region	GCI Score 2023	Rank 2023
FIN	Finland	Europe	9.76	1
NOR	Norway	Europe	9.3	2
NZL	New Zealand	Oceania	9.28	3
SWE	Sweden	Europe	8.84	4
DNK	Denmark	Europe	10.9	5
EST	Estonia	Europe	11.83	6
NLD	Netherlands	Europe	12.96	7
ISL	Iceland	Europe	12.98	8
IRL	Ireland	Europe	14.24	9
GBR	United Kingdom	Europe	14.86	10

BOTTOM 10: VERY HIGH RISK				
ISO Code	Country Name	Region	GCI Score 2023	Rank 2023
TCD	Chad	Africa	71.63	187
HTI	Haiti	North America	76.55	188
ERI	Eritrea	Africa	76.62	189
SOM	Somalia	Africa	76.75	190
LSI	Lesotho	Africa	77.47	191
YEM	Yemen	Asia	78.89	192
SSD	South Sudan	Africa	80	193
CGO	Congo, Dem. Rep.	Africa	80.49	194
PRK	North Korea	Asia	82.77	195
SYR	Syria	Asia	86.82	196

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### HOW ASSESSING CORRUPTION? TRANSPARENCY INTERNATIONAL'S CPI

- ▶ Germany-based NGO, founded in 1993
- ▶ Global network with national chapters in >70 countries
- ▶ Annual **Corruption perception index** ranking 180 countries
- ▶ Annual Bribe index

CPI is a composite index: poll of polls conducted over a 3-year period, drawing on 13 surveys from 8 independent organizations

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### TI 2025 WORLD MAP OF CORRUPTION

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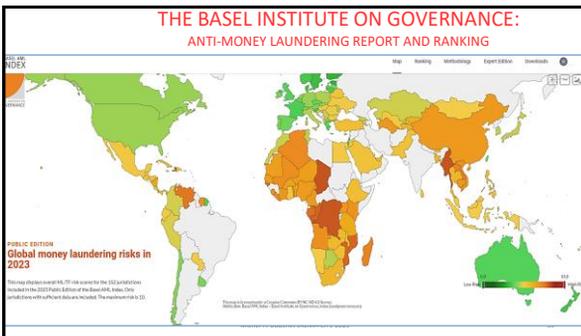
52



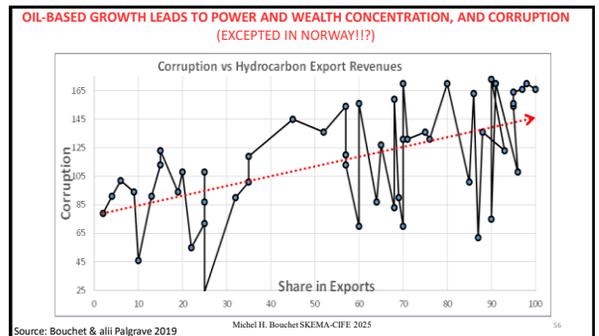
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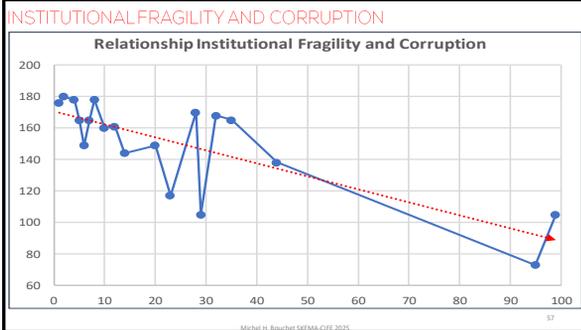
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### TOP 10: VERY LOW RISK

ISO Code	Country Name	Region	Score	Rank 2022
ISL	Iceland	Europe	17.35	2
NOR	Norway	Europe	18.84	3
SWE	Sweden	Europe	18.86	4
PRT	Portugal	Europe	21.06	5
ITA	Italy	Europe	21.9	6
CHE	Switzerland	Europe	21.82	7
NZL	New Zealand	Oceania	22.84	8
AUS	Australia	Oceania	23.3	9
DNK	Denmark	Europe	22.44	10

### BOTTOM 10: VERY HIGH RISK

GIN	Guinea	Africa	67.14	174
YEM	Yemen, Rep.	Asia	67.5	175
AFG	Afghanistan	Asia	67.76	176
HTI	Haiti	North America	68.14	177
GNB	Guinea-Bissau	Africa	68.51	178
SDN	Sudan	Africa	68.94	179
CAF	Central African Republic	Africa	70.7	180
TCD	Chad	Africa	71.47	181
COG	Congo, Dem. Rep.	Africa	71.57	182
SOM	Somalia	Africa	73.59	183

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Freedom Rank Change (2017-2018)				Freedom Rank Change (2017-2018)							
Rank	Change	Country/Territory	Personal Freedom	Economic Freedom	Human Freedom	Rank	Change	Country/Territory	Personal Freedom	Economic Freedom	Human Freedom
1	0	New Zealand	9.25	8.53	8.87	131	▼ 14	Nigeria	5.16	6.03	6.06
2	0	Switzerland	9.26	8.43	8.82	132	▼ 2	Turkey	5.05	6.07	6.04
3	0	Hong Kong SAR, China	8.53	8.94	8.74	133	▲ 3	Oman	5.26	6.79	6.03
4	▲ 1	Denmark	9.26	8.60	8.73	134	▼ 2	Eswatini	5.76	6.27	6.02
5	▲ 1	Australia	9.02	8.23	8.63	135	▼ 4	Brunei Darussalam	5.41	6.60	6.01
6	▼ 2	Canada	9.01	8.17	8.64	136	▼ 2	Niger	5.09	5.82	5.97
7	0	Ireland	9.01	8.13	8.63	137	0	Mali	5.90	5.93	5.92
8	▲ 4	Estonia	9.02	7.96	8.54	138	▲ 1	Tajikistan	5.49	6.05	5.97
9	▲ 1	Germany	9.08	7.85	8.52	139	▼ 1	Bangladesh	5.30	6.04	5.87
10	▼ 1	Sweden	9.48	7.58	8.53	140	0	Philippines	5.21	6.07	5.84
11	▲ 2	Finland	9.21	7.76	8.49	141	▲ 4	Chad	5.47	5.71	5.59
12	▲ 5	Japan	9.03	7.88	8.48	141	▼ 1	Zimbabwe	5.06	5.02	5.59
13	▲ 3	Luxembourg	9.22	7.75	8.49	143	0	Congo, Rep.	5.99	5.03	5.51
14	▲ 2	Netherlands	9.04	7.82	8.48	144	▲ 5	Angola	6.21	4.75	5.48
15	▲ 2	Austria	9.09	7.80	8.48	145	▼ 3	Cameroon	5.07	5.85	5.45
16	▼ 4	Iceland	9.28	7.60	8.46	146	0	Guinea	5.32	5.37	5.45
17	▼ 5	United Kingdom	8.79	8.08	8.44	148	0	Myanmar	5.08	5.81	5.45
18	▼ 5	United States	8.66	8.22	8.44	149	0	Burundi	4.90	5.04	5.42
19	▲ 2	Taiwan	8.90	7.94	8.42	150	▼ 5	Mauritania	4.56	6.22	5.39
20	▼ 1	Spain	9.06	7.71	8.29	151	▲ 2	Congo, Dem. Rep.	5.42	5.19	5.29
21	▲ 1	Lithuania	8.64	8.10	8.37	151	▲ 2	Saudi Arabia	4.26	6.31	5.29
22	▼ 0	Latvia	8.78	7.89	8.34	153	▼ 2	Central African Republic	5.22	5.27	5.25
23	▲ 2	Mexico	8.72	7.94	8.33	154	0	Algeria	5.42	4.97	5.20
24	▼ 1	Czech Republic	8.76	7.81	8.29	155	▲ 2	Iraq	4.18	5.81	4.90
25	▲ 1	Portugal	8.99	7.66	8.28	156	0	Libya	4.93	4.02	4.83
26	▲ 1	Korea, Rep.	8.89	7.69	8.27	157	▲ 2	Egypt, Arab Rep.	3.95	5.38	4.67
27	0	Singapore	7.77	8.65	8.21	159	▼ 1	Yemen, Rep.	2.83	5.51	4.57
28	▲ 2	Spain	8.67	7.73	8.20	160	▲ 1	Venezuela, Rep.	4.81	3.34	4.08
29	▲ 1	China	8.40	7.66	8.18	161	▼ 1	Sudan	3.81	4.21	4.01
30	▼ 1	Italy	8.72	7.91	8.12	162	0	Syrian Arab Republic	2.49	5.45	3.97

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### CONCLUSION: ASSESSING COUNTRY RISK?

1. Market consensus: rating agencies
2. Macroeconomic analysis
3. Balance of payments analysis: liquidity & solvency
4. Socio-political analysis
5. Business environment: corruption, bureaucracy, institutions, transparency
6. Economic Intelligence!

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