



## **Corruption Perceptions Index 2010**

### ***Sources of Information***

The 2010 Corruptions Perceptions Index (CPI) draws on corruption-related data from 13 different expert and business surveys carried out by 10 independent and reputable institutions. This document briefly explains the nature of each source, its scoring process, country coverage, and timeline.

#### **African Development Bank (AfDB) - Country Policy and Institutional Assessment 2009**

##### *About:*

AfDB's 2009 Country Policy and Institutional Assessment (CPIA) assess the quality of a country's institutional framework in terms of how conducive it is for fostering the effective use of development assistance. The current CPIA strives to achieve a maximum level of uniformity and consistency across all regional member countries surveyed. Also, and in order to comply with the Paris and Rome declarations on Aid Effectiveness, Harmonization and Alignment, the AfDB has modified the questionnaire and guidelines for its CPIA to be in line with those of the World Bank and the Asian Development Bank, thus increasing the comparability and synergy among systems. Donors agreed to modify (and simplify) the performance-based allocation (PBA) formula<sup>1</sup> used from the Eleventh General Replenishment of the African Development Fund onwards.

##### *Who provides the assessment?*

The CPIA is performed by a group of country economists with vast experience in policy analysis. The knowledge of these experts is complemented with that of local contacts that provide both quantitative and qualitative insights. Peer discussions are also used to monitor the quality of the findings.

##### *Guidelines used:*

The AfDB follows the International Development Association's (IDA) country policy and institutional assessment questionnaire and guidelines<sup>2</sup> which are also used by the World Bank and the Asian Development Bank in their respective CPIAs. Despite a high correlation coefficient of 0.9<sup>3</sup> slight differences persist among the different systems mainly due to the small yet inevitable degree of subjectivity that remains in the assessment (i.e. performance cannot be entirely reduced to quantitative values). In line with the international agreements on aid harmonization and alignment, maintaining similar performance evaluation standards remains a primary challenge in scoring project performance.

##### *What questions are reflected in the 2010 CPI?*

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<sup>1</sup> This is in reaction to several parallel changes in the PBA system under the Asian Development Fund's AsDF-11 and the International Development Association's IDA-15. See AfDB's "Country Policy and Institutional Assessment Questionnaire and Guidelines for 2009", <http://www.afdb.org/en/documents/project-operations/country-performance-assessment-cpa/country-policy-and-institutional-assessment-cpia/>

<sup>2</sup> The International Development Association is a member of the World Bank Group.

<sup>3</sup> Though the ADB uses the World Bank/IDA guidelines, as developed for their "Country Policy and Institutional Assessment" (CPIA), they do not use the CPIA directly.

Of particular interest for the CPI was the “Transparency, Accountability, and Corruption in the Public Sector” portion of the IDA questionnaire, which is described below:

“This criterion assesses the extent to which the executive can be held accountable for its use of funds and the results of its actions by the electorate and by the legislature and judiciary, and the extent to which public employees within the executive are required to account for the use of resources, administrative decisions, and results obtained. Both levels of accountability are enhanced by transparency in decision-making, public audit institutions, access to relevant and timely information, and public and media scrutiny. A high degree of accountability and transparency discourages corruption, or the abuse of public office for private gain. National and sub-national governments should be appropriately weighted. Each of three dimensions should be rated separately: (a) the accountability of the executive to oversight institutions and of public employees for their performance; (b) access of civil society to information on public affairs; and (c) state capture by narrow vested interests.”<sup>4</sup>

*How were these questions scored?*

The CPIA is a two-phase process involving i) the rating of a small representative sample of countries drawn from all regions (the benchmarking phase) and ii) the rating of the remaining countries using the benchmarking phase results as guideposts. Countries, therefore, are scored in relation to their current status and the criteria and benchmark countries. The ratings should not reflect any improvement or deterioration in terms of the previous year’s results. The rating scale ranges from 1 (very weak for two years or more) to 6 (very strong for three years or more) allowing for intervals of 0.5 (e.g. 3, 3.5, 4, 4.5, etc.). Each rating must be justified in the Country Worksheet Form and scorers must take the size of the country’s economy and its degree of sophistication into consideration when implementing the guidelines.

*Number of countries/territories covered:* 53 African countries/territories.

*Website*

<http://www.afdb.org/en/documents/project-operations/country-performance-assessment-cpa/country-policy-and-institutional-assessment-cpia/>

*Timeline*

Compiled: 2009. Published: 2010.

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## **Asian Development Bank - Country Performance Assessment Exercise 2009**

*About:*

In order to determine how resources are allocated – through the Asian Development Fund (ADF) – the Asian Development Bank (ADB) operates a performance-based allocation (PBA) policy. Since 2006, Country Performance Assessments were reserved for developing member countries with populations of over 1 million, post-conflict countries and those deemed to be “weakly performing” (ie. countries consistently rated in the fourth or fifth quintile in recent studies).

*Who provides the assessment?*

The ADB study was conducted by a small group of country specialists with relevant experience in analysing countries’ performance. This group is comprised of local contacts

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<sup>4</sup> AfDB Group, “The 2009 Country Policy and Institutional Assessments (CPIA) 2009 CPIA Questionnaire” (Abidjan: AfDB, 2009),34.

that conduct quantitative assessments and work with staff members based at headquarters. Peer discussions are also used to monitor the quality of the findings.

*Guidelines used:*

Pursuant to PBA policy, the ADB follows the International Development Association's (IDA) country policy and institutional assessment questionnaire and guidelines.<sup>5</sup>

*What questions are reflected in the 2010 CPI?*

The ADB studies a DMC's institutional and policy framework for supporting sustainable growth, poverty reduction and an effective use of concessional assistance. The performance of each assessed country is structured along the following criteria:

1. the quality of its macroeconomic management
2. the coherence of its structural policies
3. the degree to which its policies and institutions promote equity and inclusion
4. quality of its governance and public sector management, and
5. the performance of the ADF project portfolio in the country.<sup>6</sup>

More specifically for the CPI, the focus on "Transparency, Accountability, and Corruption in the Public Sector" is especially relevant, as explained by the guidelines:

"This criterion assesses the extent to which the executive can be held accountable for its use of funds and the results of its actions by the electorate and by the legislature and judiciary, and the extent to which public employees within the executive are required to account for the use of resources, administrative decisions, and results obtained. Both levels of accountability are enhanced by transparency in decision-making, public audit institutions, access to relevant and timely information, and public and media scrutiny. A high degree of accountability and transparency discourages corruption, or the abuse of public office for private gain. National and sub-national governments should be appropriately weighted. Each of three dimensions should be rated separately: (a) the accountability of the executive to oversight institutions and of public employees for their performance; (b) access of civil society to information on public affairs; and (c) state capture by narrow vested interests."<sup>7</sup>

*How were these questions scored?*

Scores vary between 1 (lowest) and 6 (highest) and are computed by assessing the extent of corruption among politicians and public officials, more specifically in the context of conflicts of interest, policies unfairly favouring a certain interest group or modified as a result of corruption, ineffective audits and public resources used for private gain.

*Number of countries/territories covered:* 28 Asian countries/territories.

*Website:*

<http://www.adb.org/ADF/PBA/annualreport.asp>

*Timeline:* Compiled: 2009. Published: 2010.

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## **Bertelsmann Stiftung – Transformation Index BTI 2010**

*About:*

The 2010 edition of the Transformation Index (BTI) assesses the political, economic and

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<sup>5</sup> The International Development Association is a member of the World Bank Group.

<sup>6</sup> Asian Development Bank, "Annual Report on the 2009 Country Performance Assessment Exercise" (Manila: ADB, 2010).

<sup>7</sup> Asian Development Bank, "Country Policy And Institutional Assessments: 2010 Assessment Questionnaire" (Manila:ADB, 2010).

social transformation in 128 developing and transformation countries around the world.<sup>8</sup> The BTI consists of a Status Index and a Management Index. The former measures and ranks countries in relation to the state of their democracy and market economy, while the latter measures and ranks them relative to their respective leadership's management performance. The scores are based on detailed country reports which assess 52 questions divided into 17 criteria.

#### *Who provides the assessment?*

Assessments are provided by two experts per country. The 128 countries are divided into seven regional groups which are each managed by a regional coordinator.

#### *Guidelines used:*

Country assessments consist of two sections: the written assessment of the state of transformation and management performance in a country (country report) and the numerical assessment of the state of transformation and management performance (country ratings). The assessments are then blindly reviewed by a second country expert who also provides a second independent rating of the country. Another stage of edits and adjustments then follow with an intra-regional review stage followed by an inter-regional review and ratings aggregation.

#### *What questions are reflected in the 2010 CPI?<sup>9</sup>*

The following questions were used as part of the CPI:

- To what extent are there legal or political penalties for officeholders who abuse their positions?"
  - [10-9] As a rule, corrupt officeholders are prosecuted rigorously under established laws.
  - [8-6] As a rule, corrupt officeholders are prosecuted under established laws but also slip through political, legal or procedural loopholes.
  - [5-3] Corrupt officeholders are not prosecuted adequately under the law but occasionally attract adverse publicity.
  - [2-1] Officeholders can exploit their offices for private gain as they see fit without fear of legal consequences or adverse publicity.
- "To what extent can the government successfully contain corruption?"
  - [10-9] All integrity mechanisms are reasonably effective. They are actively supported by the government.
  - [8-6] Most integrity mechanisms are functioning, albeit partly with limited effectiveness. The government provides almost all integrity mechanisms.
  - [5-3] Some integrity mechanisms are implemented. Often, they remain ineffective; their operation is impeded by private interests. The government's motivation and capacity to implement reforms is mixed.
  - [2-1] Portions of the state are controlled by private interest groups; reform is impeded by private interests, rendering most integrity mechanisms nonexistent or ineffective.

#### *How were these questions scored?*

According to BTI, "scores are assigned on a scale of 1 to 10 with ten being the highest score. The ratings scale is also subdivided into four response options, each of which describes an empirical assessment that corresponds to a particular rating. ...

"Scores are aggregated by calculating their arithmetic mean. First, we calculate scores for the 17 criteria individually, then we calculate the means of the criteria scores for each dimension—democracy, market economy, management—respectively. Status Index scores

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<sup>8</sup> BTI countries must satisfy three criteria in order to be included in the index: i) they have not yet achieved a fully consolidated market economy and democracy, ii) have populations of above two million (with the exception of seven nations chosen as interesting cases) and iii) are recognised as sovereign states.

<sup>9</sup> Bertelsmann Stiftung, "BTI 2010 Manual for Country Assessments" (Gütersloh, 2009).

represent the mean value of the democracy and market economy scores. Both values are, however, displayed separately in the table. Management Index scores represent the mean value of four management criteria that are weighted by a fifth criterion, Level of Difficulty. We believe good governance under difficult conditions should be appreciated more than an equivalent performance under promising conditions."<sup>10</sup>

*Number of countries/territories covered:* 128 countries/territories.

*Website:*

<http://www.bertelsmann-transformation-index.de/english>

*Timeline:* Produced: November 2008-May 2009. Publishing date: December 2009.

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## **Economist Intelligence Unit – Country Risk Service and Country Forecast 2010**

*About:*

The Economist Intelligence Unit (EIU) was established in 1946 as the research body for The Economist magazine. Since, it has grown into a global research and advisory firm that produces business intelligence for policy makers worldwide. 650 full-time and contributing analysts work in and on over 200 countries.

*Who provides the assessment?*

The EIU relies on teams of experts based primarily in London (but also New York, Hong Kong, Beijing and Shanghai) who are supported by a global network of in-country specialists. Each country analyst covers at most two or three countries. The economic and political reports produced by EIU analysts are subjected to a rigorous checking process before publication.

*Guidelines used:*

Economist Intelligence Unit country experts assign their corruption scores as part of a broad assessment of country risk. The scores are assigned on the basis of all latest available information. The country experts' analysis and scores are checked by a regional risk manager who ensures consistency in the scoring of countries in the region. A global risk director is in turn responsible for ensuring consistency across regions.

*What questions are reflected in the 2010 CPI?*

The following questions illustrate the type used by the EIU in their survey:

- Are there clear procedures and accountability governing the allocation and use of public funds?
- Are public funds misappropriated by ministers/public officials for private or party political purposes; are there special funds for which there is no accountability; are there general abuses of public resources?
- Is there a professional civil service or are large numbers of officials directly appointed by the government?
- Is there an independent body auditing the management of the public finances?
- Is there an independent judiciary with the power to try ministers/public officials for abuses?
- Is there a tradition of a payment of bribes to secure contracts and gain favours?

*How were these questions scored?*

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<sup>10</sup> Bertelsmann Stiftung, "BTI 2010 Manual for Country Assessments" (Gütersloh, 2009).

EIU asks its panel of country experts to assess the incidence of corruption and defines corruption as the misuse of public office for personal (or party political) financial gain. Scores are Integers between 0 (denoting a “very low” incidence of corruption) and 4 (denoting a “very high” incidence).

*Number of countries/territories covered:* 135 countries/territories

*Website:* [www.eiu.com](http://www.eiu.com)

*Timeline:* Produced: 2010. Published: September, 2010

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## **Freedom House - Nations in Transit 2010**

### *About:*

The Nations in Transit (NIT) country reports, produced by Freedom House, measure democratisation in 29 nations and administrative areas throughout Central Europe and the Newly Independent States (NIS). The reports focus on democratic progress and setbacks and the 2010 edition of the NIT is an assessment of events occurring in 2009.

Each report focuses on the following thematic areas: national democratic governance, electoral process, civil society, independent media, local democratic governance, judicial framework and independence and corruption.

### *Who provides the assessment?*

The NIT surveys were produced by Freedom House staff and consultants. The latter were recommended by relevant authorities and are regional or country specialists. A range of sources were used in compiling the report, including multilateral lending institutions, nongovernmental organizations, and other international organizations, local newspapers and magazines, and select government data.

### *Guidelines used:*

Freedom House generates these ratings to appraise the level of democracy or authoritarianism in a studied country as opposed to being absolute indicators of a country's political condition.

### *What questions are reflected in the 2010 CPI?*

The following NIT corruption-related questions were used for the purposes of the CPI:

1. Has the government implemented effective anticorruption initiatives?
2. Is the country's economy free of excessive state involvement?
3. Is the government free from excessive bureaucratic regulations, registration requirements, and other controls that increase opportunities for corruption?
4. Are there significant limitations on the participation of government officials in economic life?
5. Are there adequate laws requiring financial disclosure and disallowing conflicts of interest?
6. Does the government advertise jobs and contracts?
7. Does the state enforce an effective legislative or administrative process—particularly one that is free of prejudice against one's political opponents—to prevent, investigate, and prosecute the corruption of government officials and civil servants?
8. Do whistle-blowers, anticorruption activists, investigators, and journalists enjoy legal protections that make them feel secure about reporting cases of bribery and corruption?
9. Are allegations of corruption given wide and extensive airing in the media?

10. Does the public display a high intolerance for official corruption?<sup>11</sup>

*How were these questions scored?*

Numerical ratings are assigned to each of the 29 NITs as a result of collaboration between report authors and a panel of academic advisors. Ratings run from 1 (highest rating) to 7 (lowest rating) and follow a quarter-point scale. They are assigned according to the practical effects of the state and civil society on a citizen's individual freedoms and rights as opposed to being a rating of governments per se.<sup>12</sup>

The ratings process is described as follows:

- “1. Authors of individual country reports suggested preliminary ratings in all seven categories covered by the study.
2. The U.S. and Central Europe & Eurasia academic advisers evaluated the ratings and made revisions.
3. Report authors were given the opportunity to dispute any revised rating that differed from the original by more than 0.50 point.
4. Freedom House refereed any disputed ratings and, if the evidence warranted, considered further adjustments. Final editorial authority for the ratings rested with Freedom House.”<sup>13</sup>

*Number of countries/territories covered:* 29 countries/territories from Eastern Europe and Central Asia.

*Website:* <http://www.freedomhouse.org/template.cfm?page=551>

*Timeline:* Compiled: January 1, December 31 –2009. Published: 2010.

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## **IHS Global Insight – Country Risk Ratings 2010**

*About:*

IHS Global Insight (IGI) is a leading analysis and forecasting company with clients in finance, government and industry. It provides a wide range of online services covering macroeconomics, country risk and individual sectors. Parent company IHS provides both analytical and technical data services and focuses primarily on the areas of security, energy, environment and product lifecycle. The firm has around 4,000 staff worldwide based in numerous countries.

IGI has a number of different risk services. The CPI contribution is drawn from the Country Risk Ratings system. This has been in operation since 1999 and provides six-factor analysis of the risk environment in 204 countries (Political, Economic, Legal, Tax, Operational and Security). The corruption assessment supplied to TI forms *part* of the Operational risk.

*Who provides the assessment?*

The assessments are made by over 100 in-house country specialists, who also draw on the expert opinions of in-country freelancers, clients and other contacts.

*Guidelines used:*

The ratings reflect IHS Global Insight analysts' expert perceptions of the comparative level of the problem in each country. The ratings assess the broad range of corruption, from petty bribe-paying to higher-level political corruption. The figures are not quantitative - they do not equate to a probability or frequency assessment. Rather they provide a qualitative ranking

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<sup>11</sup> Freedom House, “Nations in Transit Methodology 2010” (Online publication: Freedom House, 2010).

<sup>12</sup> Freedom House, “Nations in Transit Methodology 2010” (Online publication: Freedom House, 2010).

<sup>13</sup> Freedom House, “Nations in Transit Methodology 2010” (Online publication: Freedom House, 2010).

between the least corrupt countries (1.0) and the most corrupt (5.0). Even in the least corrupt countries there will be isolated examples of the practice. In countries at the bottom of the ranking, corruption will be endemic in almost every transaction and interaction between individuals and businesses and the state.

*What questions are reflected in the 2010 CPI?*

The IGI rating focuses on a broad range of corruption activities. This includes bribe-paying to obtain:

- Business permits
- Favourable legal judgements
- A blind eye from the polic;
- A blind eye from regulators (for instance, with regards to labour laws, environmental policies, competition/antitrust framework)
- Favourable policy decisions from central and local government
- Favourable planning decisions
- Government tenders
- Inter-company bribery, and
- Facilitation payments to individuals within a company in order to swing procurement decisions.

*How were these questions scored?*

The ratings provided range from 1.0 (minimum corruption) to 5.0 (maximum). The minimum interval is 0.5. Once the analyst has supplied initial ratings these are reviewed and benchmarked by IHS Global Insight's global risk specialists.

*Number of countries/territories covered:* 201 countries/territories.

*Website:* [www.ihsglobalinsight.com/](http://www.ihsglobalinsight.com/)

*Timeline:* Compiled: September 2010. The Country Risk Rating system is continuously maintained. The ratings reflect the current situation.

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## **International Institute for Management Development – World Competitiveness Yearbook 2009**

### *About:*

The International Institute for Management Development (IMD) produces the World Competitiveness Yearbook (WCY) which measures the competitiveness of nations and, in doing so, both ranks and examines how a nation's socio-political and economic climate affects corporate competitiveness. The survey reviews 57 countries using 329 criteria in order to obtain a multifaceted image of the competitiveness of nations. For the purpose of the survey, "competitiveness" is defined as follows: "Competitiveness of nations is a field of economic knowledge, which analyzes the facts and policies that shape the ability of a nation to create and maintain an environment that sustains more value creation for its enterprises and more prosperity for its people."<sup>14</sup>

The WCY is a hybrid survey given that statistical data determines two-thirds of a country's final ranking, with the rest dependent on results from opinion surveys. The statistical data is generated from 3,960 contributing executives, amounts to over 500 pages and is collected in collaboration with 54 Partner Institutes around the world to assure the validity and relevance of the data.<sup>15</sup>

### *Who provides the assessment?*

The WCY is a survey of senior business leaders who, together, reflect a cross-section of a nation's corporate community. IMD calls upon local and foreign enterprises operating in a given economy, and surveys both nationals and expatriates, so as to add an international perspective on local environments.

### *What questions are reflected in the 2010 CPI?*

The methodology of the WCY divides national environments into four main factors: Economic Performance, Government Efficiency, Business Efficiency and Infrastructure. For the purpose of the CPI, TI used the following question: "Bribing and corruption: Exist or Do Not Exist".

Participants are asked to answer this in the context of the country in which they work and have resided for the past year, based on their previous international experience. This is done so that the study accurately reflects their familiarity and knowledge of the particular environment in which they work.

### *How were these questions scored?*

"The data collected from the survey questions are converted from a 1 – 6 scale (from which the respondents choose the most appropriate answer) to a 0 – 10 scale. This enables us to quantify issues related to competitiveness for which hard data is unavailable or to measure intangible factors which are also important to a country's competitiveness."<sup>16</sup>

*Number of countries/territories covered:* 57 countries/territories.

*Website:* [www.imd.ch/wcy](http://www.imd.ch/wcy)

*Timeline:* Compiled: January-April 2009. Published: May 2009.

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<sup>14</sup> <http://www.imd.ch/research/publications/wcy/upload/FAQs.pdf>

<sup>15</sup> *ibid.*

<sup>16</sup> IMD, "The IMD WCY Executive Opinion Survey 2009" (Lausanne: IMD, 2009).

## International Institute for Management Development – World Competitiveness Yearbook 2010

### *About:*

The International Institute for Management Development (IMD) publishes annually the World Competitiveness Yearbook (WCY) which measures the competitiveness of nations and, in doing so, both ranks and examines how a nation's socio-political and economic climate affects corporate competitiveness. The survey reviews 58 countries using 327 criteria in order to obtain a multifaceted image of the competitiveness of nations. For the purpose of the WCY, "competitiveness" is defined as follows: "Competitiveness of nations is a field of economic knowledge, which analyzes the facts and policies that shape the ability of a nation to create and maintain an environment that sustains more value creation for its enterprises and more prosperity for its people."<sup>17</sup>

The WCY is a hybrid report given that statistical data determines two-thirds of a country's final ranking, with the rest dependent on results from opinion surveys. The survey data is generated from more than 4,000 contributing executives, amounts to over 500 pages and is collected in collaboration with 54 Partner Institutes around the world to assure the validity and relevance of the data.<sup>18</sup>

### *Who conducted the survey?*

The WCY is a survey of senior business leaders who, together, reflect a cross-section of a nation's corporate community. IMD calls upon local and foreign enterprises operating in a given economy, and surveys both nationals and expatriates, so as to add an international perspective on local environments. Despite the potential for a home-country bias that comes with opinion surveys conducted by residents of their own country, the CPI would be incomplete if it simply was North-dominated and lacked local knowledge and input.

### *What questions were used?*

The methodology of the WCY divides national environments into four main factors: Economic Performance, Government Efficiency, Business Efficiency and Infrastructure. For the purpose of the CPI, TI used the following question: "Bribing and corruption: Exist or Do Not Exist".

Participants are asked to answer this in the context of the country in which they work and have resided for the past year, based on their previous international experience. This is done so that the study accurately reflects their familiarity and knowledge of the particular environment in which they work.

### *How are scores assigned?*

"The rankings for the survey questions are obtained from the average value for each country. The data are converted from a 1 – 6 scale (from which the survey respondents choose the most appropriate answer) to a 0 – 10 scale. The standard deviation values are then calculated for the responses to determine the rankings. This enables us to quantify issues related to competitiveness for which hard data is unavailable or to measure intangible factors which are also important to a country's competitiveness."<sup>19</sup>

### *Website*

[www.imd.ch/wcy](http://www.imd.ch/wcy)

*Number of countries/territories covered:* 58 countries/territories.

### *Timeline*

Compiled: January-April 2010. Published: May 2010.

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<sup>17</sup> <http://www.imd.ch/research/publications/wcy/upload/FAQs.pdf>

<sup>18</sup> *ibid.*

<sup>19</sup> IMD, "The IMD WCY Executive Opinion Survey 2010" (Lausanne: IMD, 2010).

## **Political & Economic Risk Consultancy Ltd. – Asian Intelligence 2009**

### *About:*

Political and Economic Risk Consultancy (PERC) publishes an annual regional corruption review, whose first editions date back over twenty years when they began to survey local and expatriate businessmen and women.

### *Who provides the assessment?*

The PERC survey is an executive opinion survey conducted via face-to-face interviews, postal correspondence and e-mails. At least 100 executives responded in each of the countries surveyed, save in Cambodia, where only 55 replies were collected. On the whole, however, 1,750 replies on the 16 countries and territories surveyed contributed to the study. Respondents were asked to assess corruption in the country in which they worked or, if they were expatriates, for their home country. Local and expatriate responses were also separated for comparison.

### *What questions were used in the 2010 CPI?*

The survey asked about the perception of political corruption in the respondent's home country. Other questions were also posed, namely pertaining to the extent that respondents perceived corruption to hurt the overall business environment, to infect certain national institutions like the banking and court systems, and questions concerning society's tolerance of the problem were also included. These questions strove to address various facets of how corruption affects both the public and private sectors.

### *How were these questions scored?*

The PERC report included a graph illustrating the results from the mean of the three survey questions, ie. one rating the problem of corruption among national-level political leaders, one for city, state and other local-level political leaders, and one for civil servants. Scores were computed on a scale of 0-10 where zero was the highest possible score and ten was the lowest result. The final scores included in the graph are simple averages from the three questions, except for the US score which was calculated as follows: "for the total US score we took the average of the 88 replies we received from executives living and working in Chicago, Illinois and included that average with the 107 replies we received from other cities in the US."<sup>20</sup>

*Number of countries/territories covered:* 16 countries/territories from the Asia-Pacific region plus the United States

*Website:* [www.asiarisk.com](http://www.asiarisk.com)

*Timeline:* Compiled: March 2009 (except Cambodia – December 2008 to January 2009).  
Published: April 2009.

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<sup>20</sup> PERC, "Asian Intelligence" No. 776 (Hong Kong: PERC, 2009).

## **Political & Economic Risk Consultancy Ltd. - Asian Intelligence 2010**

### *About:*

The Political and Economic Risk Consultancy (PERC) publishes an annual regional corruption review, whose first editions date back over twenty years when they began to survey local and expatriate businessmen and women.

### *Who conducted the survey?*

The PERC survey is an executive opinion survey conducted via face-to-face interviews, postal correspondence and e-mails. At least 100 executives responded in each of the countries surveyed. On the whole, 2,174 replies on the 16 countries and territories surveyed contributed to the study. Respondents were asked to assess corruption in the country in which they worked or, if they were expatriates, for their home country. Local and expatriate responses were also separated for comparison.

### *What questions were used?*

The survey asked about the perception of political corruption in the country in which the respondents were working as well as their home country. Other questions were also posed, namely pertaining to the extent that respondents perceived corruption to hurt the overall business environment, to infect certain national institutions like the banking and court systems, and concerning society's tolerance of the problem were also included. These questions strove to address various facets of how corruption affects both the public and private sectors.

### *How are scores assigned?*

The PERC report included a graph illustrating the results from the mean of four survey questions, ie. one rating the problem of corruption among national-level political leaders, one for city, state and other local-level political leaders, one for civil servants at the national level, and one for civil servants at the local level. Scores were computed on a scale of 0-10 where zero was the highest or best possible score and ten was the lowest or worst possible result. The final scores included in the graph are simple averages from the four questions.

*Number of countries/territories covered:* 16 countries/territories

### *Website*

[www.asiarisk.com](http://www.asiarisk.com)

### *Timeline*

Compiled: December 2009 and end February 2010.

Published: March 2010.

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## **World Bank - Country Policy and Institutional Assessment 2009**

### *About:*

The World Bank developed its Country Policy and Institutional Assessments (CPIA) to help steer the allocation of International Development Association (IDA) lending resources. "The assessments consist of a set of criteria representing the different policy and institutional dimensions of an effective poverty reduction and growth strategy. The criteria have evolved over time, reflecting lessons learned and mirroring the evolution of the development paradigm."<sup>21</sup>

### *Who provides the assessment?*

The assessment is prepared by country teams with relevant experience in analysing countries' performance that include staff located in the field offices and in the Bank's headquarters. Country teams submit rating proposals for each criterion accompanied by written justifications. To ensure the robustness of the scores across countries and regions the proposals are then subject to a two step review. First they are vetted by the respective Regional Chief Economist, and then subject to a Bank wide review by technical specialists in each of the areas covered in the CPIA. During the CPIA process country authorities are involved at two stages. The first is when the ratings proposals are being prepared and before they are submitted for Bank-wide review. The objective of this step is to ensure that country teams have taken into account all the relevant available information when preparing their write-ups and the associated rating proposals. The guidance provided to the teams makes clear that these interactions with country authorities are part of a process of consultation, not a negotiation over the ratings. The second stage takes place at the end of the CPIA process when country teams communicate to the authorities the results of the Bank's assessment.

### *Guidelines used:*

The World Bank follows the International Development Association's (IDA) country policy and institutional assessment questionnaire and guidelines, which it developed.<sup>22</sup>

### *What questions are reflected in the 2010 CPI?*

The CPIA surveys countries on the following themes: i) economic management, ii) structural policies, iii) policies for social inclusion/equity and iv) governance. More specifically for the CPI, this translates into the following focal point: Transparency, Accountability, and Corruption in the Public Sector. This point is explained by the guidelines as follows:

"This criterion assesses the extent to which the executive can be held accountable for its use of funds and the results of its actions by the electorate and by the legislature and judiciary, and the extent to which public employees within the executive are required to account for the use of resources, administrative decisions, and results obtained. Both levels of accountability are enhanced by transparency in decision-making, public audit institutions, access to relevant and timely information, and public and media scrutiny. A high degree of accountability and transparency discourages corruption, or the abuse of public office for private gain. National and sub-national governments should be appropriately weighted. Each of three dimensions should be rated separately: (a) the accountability of the executive to oversight institutions and of public employees for their performance; (b) access of civil society to information on public affairs; and (c) state capture by narrow vested interests."<sup>23</sup>

### *How were these questions scored?*

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<sup>21</sup> World Bank, "Country Policy and Institutional Assessments: 2010 Assessment Questionnaire" (Washington: WB, 2010)).

<sup>22</sup> The International Development Association is a member of the World Bank Group.

<sup>23</sup> World Bank, "Country Policy And Institutional Assessments: 2010 Assessment Questionnaire" (Washington: WB, 2010)).

The CPIA is a two-phase process involving i) the rating of a small representative sample of countries drawn from all regions (the benchmarking phase) and ii) the rating of the remaining countries using the benchmarking phase results as guideposts. The benchmark set is reviewed every year to balance continuity with the need to refresh the sample. For a given country, its policy and institutional performance is scored against the criteria. The rating scale ranges from 1(low) to 6 (high) and allows for half point intermediate ratings (eg. 3.5). Each score must be justified in a Country Worksheet Form. The final scores are determined following an extensive Bank-wide review. The steps followed in the second phase are similar to those in the benchmarking phase. The review is based on written submissions and informed by the scores of the benchmark countries, available external indicators and other relevant supporting documentation. Both during the benchmarking phase and in the second stage of the CPIA process, country team proposals are reviewed first by the regional Chief Economist and then subject to a Bank-wide review.

*Number of countries/territories covered:* 75 of the poorest countries as defined by the World Bank.

*Website:* <http://go.worldbank.org/S2THW11X60>

*Timeline:* Compiled: Fall 2008 & Spring 2009. Published: 2010.

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## **World Economic Forum – Executive Opinion Survey 2009-10**

### *About:*

As part of the World Economic Forum's "Global Competitiveness Report 2009-10" which profiled 133 economies, the Executive Opinion Survey (EOS) 2009 transforms the yearly report into an executive appraisal of a nation's economic environment and its ability to sustain economic growth. Its data is the result of polling over 12,000 business executives from around the world.

The EOS 2009, and the Global Competitiveness Report more generally, strive to produce a clearer picture of the current and future health of a country's economic and corporate environment as well as its relationship to the global economy.

### *Who provides the assessment?*

The EOS is an opinion survey which collects local views on the performance of the country in which one works as opposed to an expert assessment survey guided by outsiders. More specifically, the survey focuses on gauging the current business environment in which the one operates.

### *What questions are reflected in the 2010 CPI?*

The EOS 2009 is divided into thematic sections and the CPI uses data from the Corruption, Ethics and Social Responsibility portion of the EOS 2009 study – namely, the following questions:

- In your country, how commonly do the following firms pay bribes to public servants or public officials?
- In your country, how common is it for firms to make undocumented extra payments or bribes connected with the following:
  - a. Imports and exports?
  - b. Public utilities (e.g. telephone or electricity)?
  - c. Annual tax payments?
  - d. Awarding of public contracts and licences?
  - e. Obtaining favourable judicial decisions?

### *How were these questions scored?*

Scores range from 1 to 7 with the extremities signifying that the respondent agrees with opposing opinions. The answer on one extreme supports the statement in question and the answer on the other extreme rejects it. Scores falling between the extremities express the following reactions to the opinions: largely agree with the opinion A, somewhat agree with opinion A, indifferent to either opinion, somewhat agree with the opinion B, and largely agree with opinion B.

*Number of countries/territories covered:* 133 countries.

### *Website:*

<http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/PastReports/index.htm>

*Timeline:* Compiled: January-May 2009. Published: 2009.

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## **Executive Opinion Survey 20010-11** – World Economic Forum

### *About:*

As part of the World Economic Forum's (WEF) "Global Competitiveness Report 2010-11" which profiles 139 economies, the Executive Opinion Survey (EOS) allows for the annual Global Competitiveness Report to portray an executive appraisal of a nation's economic environment and its ability to sustain economic growth. Its data is the result of polling over 13,000 business executives from around the world.

The EOS, and the Global Competitiveness Report more generally, strive to produce a clearer picture of the current and future health of a country's economic and corporate environment as well as its relationship to the global economy.

### *Who conducted the survey?*

The EOS is an opinion survey which collects national views on the performance of the country in which business executives operate as opposed to an expert assessment survey guided by outsiders. More specifically, the survey focuses on gauging the current business environment in which the one operates.

Using such surveys as a source for the CPI ensures a balance between both survey types and helps to avoid a purely North-based assessment and enriches the CPI by offering it more balanced and accurate results.

### *What questions were used?*

The EOS is divided into thematic sections and the CPI uses data from the Corruption, Ethics and Social Responsibility section of the EOS study – namely, the following questions:

- In your country, how commonly do the following firms pay bribes to public servants or public officials?
- In your country, how common is it for firms to make undocumented extra payments or bribes connected with the following:
  - a. Imports and exports?
  - b. Public utilities (e.g. telephone or electricity)?
  - c. Annual tax payments?
  - d. Awarding of public contracts and licences?
  - e. Obtaining favourable judicial decisions?

### *How are scores assigned?*

Scores range from 1 to 7 with the extremities signifying that the respondent agrees with opposing opinions. The answer on one extreme supports the statement in question and the answer on the other extreme. Scores falling between the extremities express the following reactions to the opinions: largely agree with the opinion A, somewhat agree with opinion A, indifferent to either opinion, somewhat agree with the opinion B, and largely agree with opinion B. The CPI computes the World Economic Forum scores using a simple average method and without distinguishing between administrative and political corruption.

### *Website*

<http://www.weforum.org/gcr>

### *Timeline*

Compiled: January-May 2010. Published: 2010.