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CORRUPTION RUINS LIVES.
FIGHT BACK.

**Questions & Answers on the:
1999 TI Corruption Perceptions Index (CPI)
1999 TI Bribe Payers Index (BPI)**

Q: *What is the Bribe Payers Index?*

A: The Transparency International Bribe Payers Index (BPI) ranks the leading exporting countries in terms of the degree to which their companies are perceived to be paying bribes abroad.

The BPI is the result of a special international survey conducted for Transparency International by the Gallup International Association in 14 leading emerging market economies.

Q: *What is the Corruption Perceptions Index?*

A: The TI Corruption Perceptions Index (CPI) ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. The 1999 CPI ranks 99 countries. It is a composite index, drawing on 17 different polls and surveys from 10 independent institutions carried out among business people, the general public and country analysts.

Q: *For the purpose of the TI indices, how is corruption defined?*

A: Transparency International focuses on corruption in the public sector and defines corruption as the abuse of public office for private gain. The surveys used in compiling both indices tend to ask questions in line with the misuse of public power for private benefits, with a focus, for example, on bribing of public officials or giving and taking of kickbacks in public procurement.

Q: *Is it right to conclude that the country that has the lowest score in the CPI is the world's most corrupt country?*

A: Absolutely not. Transparency International bends over backwards to convince journalists and others that this is a false interpretation. Why? First, there are over 200 sovereign nations in the world and the CPI can only rank 99, because we just do not have sufficient good data for all countries. Second, the CPI is based on polls, which are snapshots in time and solely reflect opinions.

Q: *Why does TI publish two sets of indices?*

A: The CPI has been published for the past five years. It has been important in raising public awareness and in shattering the taboo that surrounds corruption. In a number of countries it has spurred the introduction of wide-ranging reform efforts. However, the CPI only points the finger at the recipients of bribery. TI has always felt that this was inadequate, particularly since it does not reflect the responsibility of exporting countries for international corruption. The 1999 BPI is the first attempt to address this.

Q: *Why produce the BPI now?*

A: The single most important reason is that the 1999 ratification of the OECD Anti-Bribery Convention means that most of the leading industrial countries are committed to taking action to stop transnational corporations in their countries from paying bribes abroad. TI wants to bring to public attention the need for full implementation and enforcement of the new convention. The 1999 BPI therefore provides a baseline to assess the successful implementation of the convention.

Q: *You stress that the CPI is based on perceptions only - is the same true for the BPI?*

A: Yes. It is impossible to base comparative statements on the levels of corruption in different countries on hard empirical data, e.g. by comparing the number of prosecutions or court cases. Such cross-country data commonly do not reflect actual levels of corruption but the quality of prosecutors, courts or the media in exposing corruption. The only method of compiling comparative data therefore is to build on the experience and perceptions of those most directly confronted with the realities of corruption, e.g. business people, country experts, chambers of commerce etc.

Q: *How accurate are the BPI and CPI findings?*

A: Polls are very useful, especially when it is not possible to obtain empirical factual evidence. TI's concerns have been to ensure that the polling organisations used are of the highest reputation, that the survey work is done with full integrity and that the methodologies used to analyse the survey findings are first class. TI is confident that these criteria apply to the CPI and the BPI. TI is publishing detailed reports on the methodologies that have been used to develop the BPI and the CPI (our own web site and www.uni-goettingen.de/~uwwv). These methodologies are reviewed by a TI Steering Committee consisting of leading

international experts in the fields of corruption, econometrics and statistics.

However, TI is the first to state that there is room for improvement in its approaches. The CPI is now in its fifth year and has continuously been refined. The BPI is brand new and TI is keen to learn from this first set of data and to move ahead to strengthen its work in this area.

The Bribe Payers Index

Q:*Who is responsible for the production of the BPI?*

A:The BPI is commissioned by Transparency International. The survey at the heart of the Index was carried out by Gallup International to the highest professional standards. Gallup International was selected after a tender process including three pre-qualified bidders. In setting the framework for the BPI, TI was advised and guided by a Steering Committee of leading international experts in the fields of corruption, econometrics, and statistics.

Q:*What is the basic methodology of the BPI?*

A:The BPI is based on a survey of over 770 respondents in 14 key emerging market countries. The respondents included executives at major companies, chartered accountancies, bi-national chambers of commerce, major commercial banks and legal (commercial) practices. They were interviewed personally by trained interviewers and responded to a questionnaire inquiring about trends over the past years, reasons for the use of bribery, the response to the OECD Anti-Bribery Convention and other aspects of transnational corruption. TI expects to release a comprehensive analysis of the data collected by Gallup International (GIA) in coming weeks.

Q:*How were the 14 countries in which the BPI survey was conducted selected?*

A:The BPI survey was conducted exclusively in leading emerging market countries, because TI decided to give priority to the impact of international corruption on developing countries and countries in transition. Since this is the "frontline" for international corruption this is where the people with the most knowledge about this issue will be located, not in the head offices of major companies.

Our operating hypothesis was that we wanted to conduct the survey in countries where there is a reasonable spread of international competition. If an emerging market is overwhelmingly dominated by one exporting country, then it does not provide useful comparative data. This is the reason why some emerging markets were not included in the final list of countries. We also could not include China although it is the emerging world's first target for foreign direct investment. This is primarily due to the difficulties involved in commissioning a survey on this topic in China.

As noted previously and repeated here, the BPI poll respondents were in the following emerging market countries:

Asia/Pacific	Latin America	Europe	Africa
India	Argentina	Hungary	Morocco
Indonesia	Brazil	Poland	Nigeria
Philippines	Colombia	Russian Fed.	South Africa
South Korea			
Thailand			

Together, these countries account for more than 60 per cent of all foreign direct investment into the developing world.

Q:*Does the BPI imply that the countries in which these multinationals are headquartered are responsible in some way for corporate foreign bribe-paying practices?*

A:Corruption is influenced by many factors, prominent among them are public attitudes as well as the regulatory framework in countries. The BPI intends to raise public awareness and to monitor the effect of the commitment of the 34 countries that signed the OECD Convention on Combating Bribery of Foreign Public Officials in International Business and who agreed to legislate against bribery by their companies abroad. The Convention was signed in December 1997 and it entered into force in February 1999. By providing comparative data on levels of foreign bribery, the BPI will encourage governments effectively enforcing prohibitions against foreign bribery and point out where stronger efforts are required.

Q:*Why are you not rating companies instead of countries?*

A:According to UN figures, there are more than 60,000 transnational corporations operating around the world. There simply is no meaningful way of measuring and ranking their involvement in bribery. Yet even focussing on a much smaller sample such as the Fortune 500 would meet insurmountable methodological and practical obstacles.

The Corruption Perceptions Index

Q:*Do the polls only involve surveys of international business executives, or are other people also questioned?*

A:The CPI is based on 17 polls and surveys. Some of these are surveys of residents, including locals and expatriates. Of these, some poll the public at large while others target business elites. Another group of polls is based on the analysis of country experts, largely non-resident. Every single country in the 1999 CPI is assessed by residents and non-residents.

Q:*Are old surveys used in the CPI?*

A: The CPI is based on all available and credible surveys from the past 3 years. If a survey is not replicated and is more than 3 years old it is not included in the index.

Q: *What criteria are used to determine which surveys are used?*

A: TI is always looking for excellent data to use in the CPI. To qualify, data has to be well documented, it also has to be sufficient to permit a judgement on its reliability. The CPI authors are endeavouring to reduce reliance on one-off surveys, both because they tend to be slightly less reliable and because exclusion of these surveys after three years can lead to misleading changes in scores.

Q: *Why are sources from the past 3 years used as opposed to just using sources from the last year?*

A: The 1999 CPI combines assessments from the past three years to reduce abrupt variations in scoring that might result from high-level political scandals so as to enhance the statistical robustness of the results. These scandals might even be the result of a concerted anti-corruption effort. Such events tend to affect public perceptions, but they may be a poor reflection of actual levels of corruption.

Q: *Last year 85 countries were ranked in the CPI and this year 99 countries are ranked. What are the determining factors for inclusion and exclusion of countries from the rankings?*

A: For some countries no data or insufficient data is available. The more independent data for a country exist, the more reliable is the final score in the CPI. In order to maintain a sufficient level of reliability, we required a country to be the subject of three independent sources to qualify for inclusion.

Q: *How reliable is the ranking as a measure of a country's corruption?*

A: In terms of perceptions of corruption the CPI is a solid measurement tool. The Standard Deviation column is a key to understanding the results. This indicates differences in the values of the sources: the greater the standard deviation, the greater the differences of perceptions of a country among the sources.

Q: *Why do some countries share the same rank?*

A: If the CPI scores used more decimal places then further differentiation could be possible, but this would give an unjustified appearance of accuracy in measurement. As it was decided to go to just one decimal place, some countries now share the same score. These countries are listed in alphabetical order with the same score and ranking on the table.

Q: *Can data from one year be compared with that from a previous year?*

A: This is somewhat problematic. The CPI incorporates as many reliable and up-to-date sources as possible. One of the drawbacks to this approach is that year-to-year comparisons of a country's score do not only result from a changing perception of a country's performance but also from a changing sample and methodology. Some sources are not updated and must be dropped as a result, while new, reliable sources are added. With differing respondents and slightly differing methodologies a change in a country's score cannot be attributed solely to actual changes in a country's performance.

Comparisons with the views collected in previous years can therefore be misleading. In order to reduce the number of misleading interpretations of the CPI scores, the official CPI table will not include the scores from the previous year. In practice, the sources continue to show a high degree of correlation. So, the impact of differing samples and methodologies on the outcome appears to be rather small. As the attached table shows, the surveys and polls cover the years 1997 to 1999.

Q: *The CPI ranks countries on the basis of scores that at best are likely to be quite rough guides -- would it not be fairer to simply list countries in categories, such as "a lot of corruption", "some corruption", "little corruption," "no corruption"?*

A: Ultimately, the ways in which data are publicly presented become judgement calls. The suggestion to use categories, rather than specific numerical rankings, has merit but poses some problems as well. For example, where should the category dividing lines be drawn? And should marginal changes result in altering a country's standing so markedly? For the time being TI is keeping the system it has used from the start and it is encouraged by the substantial positive feedback that we have received.

Q: *Which countries are included into the 1999 CPI?*

A: The more sources are available for a country the more reliable is the final score we are able to determine. This justifies why we require at least three sources from three independent institutions to be available for a country before we consider the average score to be sufficiently robust. Countries for which less data are available are not included into the CPI.

Q: *Which sources have contributed to the assessment of each individual country?*

A: A list of the sources that contributed for each country can be obtained from the following list. This list also reports how many institutions have contributed to each country and the maximum and minimum values that each country obtained.