Corruption Perceptions Index 2011
Long Methodological Brief

Transparency International's (TI) Corruption Perceptions Index[1] (CPI) is an aggregate indicator that ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. It is a composite index drawing on corruption-related data from a variety of reputable institutions.

The main reason for using an aggregated index of individual sources is that a combination of sources measuring the same phenomenon is more reliable than each source taken separately.

This document presents the data used to calculate the CPI 2011 and the methodological steps followed for its calculation.

Part 1 - DATA SOURCES TO CALCULATE THE CPI

All sources of information used to construct the CPI are produced by reputable, data-gathering, organisations. To be included in the CPI, a source must measure the overall extent of corruption (frequency and/or size of corrupt transactions) in the public sector, including civil servants, elected officials and politicians, and provide a ranking of countries, that is to say, measure perceptions of corruption in multiple countries. Also, the methodology used to assess these perceptions has to be the same for all assessed countries in order for the source to be selected for the CPI.

The number of source surveys/assessments included varies from one year to another depending on their availability at the time of calculating the index.

The CPI 2011 is calculated using data from 17 different surveys or assessments produced by 13 organisations[2]:

1. African Development Bank Governance Ratings 2010
2. Asian Development Bank Country Performance Assessment 2010
3. Bertelsmann Foundation Sustainable Governance Indicators
4. Bertelsmann Foundation Transformation Index
5. Economist Intelligence Unit Country Risk Assessment
6. Freedom House Nations In Transit
7. Global Insight Country Risk Ratings
8. IMD World Competitiveness Year Book 2010
9. IMD World Competitiveness Yearbook 2011
10. Political and Economic Risk Consultancy Asian Intelligence 2010
11. Political and Economic Risk Consultancy Asian Intelligence 2011
12. Political Risk Services International Country Risk Guide
13. Transparency International Bribe Payers Survey
14. World Bank - Country Performance and Institutional Assessment
15. World Economic Forum Executive Opinion Survey (EOS) 2010
16. World Economic Forum Executive Opinion Survey (EOS) 2011
17. World Justice Project Rule of Law Index

Not all sources rank all countries in the index. Because the coverage of these surveys and assessments is not identical, the number of sources from which each country's score is derived is not the same for all countries. A country must be covered by a minimum of three of the data sources TI uses for the CPI in order to be ranked in the Index.

The CPI 2011 covers 183 countries, five more than the CPI 2010. A slight change in country coverage resulted from individual sources adjusting their coverage and the addition of four new data sources

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[1] The CPI method was developed for Transparency International by Johann Lambsdorff of the University of Passau.
[2] Please refer to Appendix 2 for more information on the organisations providing data for the CPI as well as on data collection method and timelines of data collection.

this year. These adjustments in coverage made it possible to include the Bahamas, North Korea, St Lucia, St Vincent and the Grenadines, and Suriname.

The sources used in the CPI 2011 are a mixture of business surveys, assessments by commercial risk analysts and country experts from international institutions.

For business surveys, when multiple years of the same survey are available, data for the last two years are included as both years worth of survey data were collected within the last 24 months.

For scores provided by experts, only the most recent iteration of the assessment is included. The reason is that these scores are generally peer-reviewed and therefore scores do not change abruptly. Consequently, evidence shows they are less prone to sudden fluctuations from one year to another than business surveys. Furthermore, as the last iteration of expert assessments represent the most current information about the perceptions of the prevalence of corruption in a country, including assessment from previous years would not add any information.

Data are either available in the public domain or donated to Transparency International by the source institutions for the purpose of building the index.

Part 2 - QUESTIONS REFLECTED IN THE CPI 2011 SCORES

Among other issues, all sources measure perceptions of the prevalence of corruption in the public sector, generally defined as the misuse of public power for private gain. The information extracted from the sources for the purpose of building the index is limited to that specific dimension.

African Development Bank Governance Ratings 2010, Asian Development Bank Country Performance Assessment 2010 and World Bank Country Performance and Institutional Assessment 2010:

Experts are asked to assess: Transparency, Accountability and Corruption in the Public Sector. "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."

Bertelsmann Foundation Sustainable Governance Indicators

Experts are asked to assess:
"To what extent are public officeholders prevented from abusing their position for private interests?"
Scores are given from:
- a low of 1 to 2 where 'Public officeholders can exploit their offices for private gain as they see fit without fear of legal consequences or adverse publicity'
- to a high of 9 to 10 where 'Legal, political and public integrity mechanisms effectively prevent public officeholders from abusing their positions.'

Bertelsmann Foundation Transformation Index

Experts are asked to assess:
"To what extent are public officeholders who abuse their positions prosecuted or penalized?"
Assessments range from:
- a low of 1 to 2 where 'Officeholders who break the law and engage in corruption can do so without fear of legal consequences or adverse publicity.'
- to a high of 9 to 10 where 'Officeholders who break the law and engage in corruption are prosecuted rigorously under established laws and always attract adverse publicity.'
"To what extent does the government successfully contain corruption?" Assessments range from:

- from a low of 1 to 2 where 'The government fails to contain corruption, and there are no integrity mechanisms in place.'
- to a high of 9 to 10 where 'The government is successful in containing corruption, and all integrity mechanisms are in place and effective.'

Economist Intelligence Unit Country Risk Assessment

Experts are asked to assess: Corruption.
Specific guiding questions include:
  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?

Freedom House Nations in Transit

The Freedom House experts are asked to explore a range of indicative questions, including:
  Has the government implemented effective anticorruption initiatives?
  Is the government free from excessive bureaucratic regulations, registration requirements, and other controls that increase opportunities for corruption?
  Are there adequate laws requiring financial disclosure and disallowing conflict of interest?
  Does the government advertise jobs and contracts?
  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?
  Do whistle-blowers, anti-corruption activists, investigators, and journalists enjoy legal protections that make them feel secure about reporting cases of bribery and corruption?

Global Insight Country Risk Ratings

Experts are asked to assess:
Corruption, particularly as it affects operational activities for businesses. There is analytical emphasis on the economic and political drivers of the problem.
From a business perspective, corruption is a particular concern in relation to obtaining business permits and favourable policy and planning decisions. Analysts will closely assess businesses' experience of these processes.

IMD World Competitiveness Year Book 2010 and 2011

Survey respondents were asked:
"Bribing and corruption: Exist or do not exist".

Political and Economic Risk Consultancy 2010 and 2011

Survey respondents were asked:
"To what extent do you perceive corruption to be a problem in the following positions?"
  National-level political leaders
  City and other local-level political leaders
  Civil servants at the national level
  Civil servants at the city level
"To what extent do you perceive corruption to be a problem affecting the following institutions?"
  The police department
  The court system
  Customs
  The taxation bureau
  Government licensing bodies
  Inspection bodies
  The military

Political Risk Services International Country Risk Guide

This is an assessment of corruption within the political system. The most common form of corruption met directly by businesses is financial corruption in the form of demands for special payments and bribes connected with import and export licenses, exchange controls, tax assessments, police protection, or loans. The measure is most concerned with actual or potential corruption in the form of excessive patronage, nepotism, job reservations, exchange of favours, secret party funding, and suspiciously close ties between politics and business.

Transparency International Bribe Payers Survey

Survey Respondents were asked:
"In your opinion, how common is it for public officials to demand or accept bribes in this country?"
"In your opinion, how common is the misuse of public funds for private gain in this country?"

World Economic Forum Executive Opinion Survey (EOS) 2010 and 2011

Survey respondents were asked:
(On a scale of 1 - 7 where 1 means very common and 7 means never)
"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
c) Annual Tax Payments
d) Awarding of public contracts and licensing
e) Obtaining favourable judicial decisions
(on a scale of 1 - 7 where 1 means very common and 7 means never)
"In your country, how common is diversion of public funds to companies, individuals or groups due to corruption?"

World Justice Project Rule of Law Index

A total of 68 questions are asked of experts and respondents from the general population (53 and 15 targeted to each group respectively) on the extent to which government officials use public office for private gain. These questions touch on a variety of sectors within government including the public health system, regulatory agencies, the police, and the courts. Individual questions are aggregated into four sub-indices:

- Government officials in the executive branch do not use public office for private gain
- Government officials in the judicial branch do not use public office for private gain
- Government officials in the police and the military do not use public office for private gain
- Government officials in the legislature do not use public office for private gain

Correlation of data

To illustrate the level of association among the different sources providing data for the CPI 2011 the table below presents the pair-wise correlation among sources[3]. Stars indicate that correlation is significant at the 1% level or better. As the table shows, on average assessments by different institutions tend to correlate well with each other.

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[3] Correlation coefficients refer to all countries assessed by the sources.

	AFDB_GR	ADB_CPA	BF_SGI	BF_TI	EIU_CRR	FH_NIT	GI_CRR	IMD_2010	IMD_2011	PERC_2010	PERC_2011	PRS_ICRG	TI_BPI	WB_CPIA	WEF_2010	WEF_2011	WJP_ROL
AFDB_GR	1																
ADB_CPA	.	1															
BF_SGI	.	.	1														
BF_TI	0.79*	0.69*	0.75	1													
EIU_CRR	0.73*	-0.14	0.87*	0.81*	1												
FH_NIT	.	0.90	0.66	0.94*	0.78*	1											
GI_CRR	0.53*	0.40	0.88*	0.77*	0.91*	0.90*	1										
IMD_2010	.	.	0.84*	0.65*	0.84*	0.59	0.85*	1									
IMD_2011	.	.	0.89*	0.63*	0.87*	0.68*	0.88*	0.96*	1								
PERC_2010	.	1.00*	0.39	0.82*	0.96*	.	0.94*	0.90*	0.94*	1							
PERC_2011	.	1.00*	0.51	0.88*	0.96*	.	0.95*	0.93*	0.97*	0.98*	1						
PRS_ICRG	0.64*	0.69	0.87*	0.64*	0.85*	0.74*	0.86*	0.85*	0.87*	0.91*	0.91*	1					
TI_BPI	0.32	.	0.55	0.79*	0.77*	0.50	0.82*	0.79*	0.79*	0.85*	0.77*	0.78*	1				
WB_CPIA	0.83*	0.80*	.	0.78*	0.81*	0.87*	0.70*	.	.	0.96	1.00	0.19	0.07	1			
WEF_2010	0.29	0.26	0.86*	0.44*	0.79*	0.53*	0.81*	0.94*	0.93*	0.93*	0.90*	0.80*	0.81*	0.31	1		
WEF_2011	0.56*	0.17	0.86*	0.62*	0.85*	0.57*	0.86*	0.96*	0.95*	0.93*	0.92*	0.85*	0.84*	0.40*	0.95*	1	
WJP_ROL	0.46	0.71	0.80*	0.80*	0.91*	0.86*	0.93*	0.94*	0.93*	0.97*	0.96*	0.89*	0.92*	0.46	0.93*	0.94*	1

Part 3 - HOW DO WE CALCULATE THE CPI?

The calculation of the index entails the following steps:

3.1 Each data source is summarised to provide a single score for each country included in that source. Where more than one question is asked, the simple average across questions is calculated. Where the data source is a survey, the average across all responses is calculated for each country.

3.2 Because each of the sources uses its own scaling system, the data must be standardised to the 0-10 CPI scale before entering into the index. The rescaling is carried out in two steps:

3.3 The first step consists of standardising the scores using "matching percentiles". This technique uses the ranks of countries reported by each individual source (but not the scores). The method allows all reported scores to be denominated in common (and thus comparable) units and within the same bounds, enabling proper aggregation remaining within the lower bound of 0 and upper bound of 10. However, while it is a useful method for combining variables that have different distributions, there is some information loss in this technique.

The implementation of the matching percentile technique proceeds as follows:

Let us label the individual survey or assessment, Source Y.

3.3.1 Select a master list: This master list is the pool of values going from 0 to 10 to which rankings of Source Y will be matched. As in years past the master list has been chosen based on the previous year's scores. Specifically, for the 2011 edition of the CPI, the master list is the CPI 2010.

3.3.2 Identify countries included in both the master list and assessed by source Y: Only information included in both is used in the standardisation. Information on countries only included either in the master list, or in source Y, is not used for the standardisation of the scores.

3.3.3 Rank countries according to their scores in source Y: Countries identified in the previous step are ranked according to their score in source Y, starting from the country with the lowest perceived level of corruption to the country with the highest perceived level of corruption.

3.3.4 For each country, the only information kept from source Y, is their position in the ranking.