



Documents on  
**Corruption Perceptions Index 2008**

Released by  
**Transparency International**  
September 23, 2008

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**Press Release**

**Corruption Perceptions Index 2008**  
**Bangladesh ranked 10<sup>th</sup> from below**

**Dhaka/Berlin, 23 September 2008** – The Berlin-based international anti-corruption organization, Transparency International (TI) has today released its annual Corruption Perception Index (CPI) for 2008. The index provides international ranking of countries in terms of perceived degree of prevalence of political and administrative corruption.

The results show that Bangladesh has scored 2.1 points in a scale of 0-10, and has continued to be ranked low - 10<sup>th</sup> from below, which is 147<sup>th</sup> among 180 countries included in the index this year. In the same position with the same score are 3 other countries – Kenya, Russia and Syria.

It may be recalled that Bangladesh was earlier placed at the very bottom of the list for the fifth successive year from 2001-2005. In 2006 Bangladesh was ranked in no 3, and last year 7<sup>th</sup>. With the score of 2.1, almost the same as that of last few years' 2.0, Bangladesh's apparent upward movement in ranking from 7<sup>th</sup> to 10<sup>th</sup> does not necessarily indicate any notable better performance over last year, except that other countries may have performed worse.

Like last year Somalia has remained at the bottom of the list implying that corruption in that country is perceived to be highest, followed by Myanmar and Iraq in the 2<sup>nd</sup> position while Haiti is in the 3<sup>rd</sup> position. Afghanistan is in the 4<sup>th</sup> position.

At the other end, Denmark, New Zealand and Sweden have been ranked at the top, each scoring 9.3, meaning that in these countries corruption is perceived to be lowest, closely followed by Singapore with 9.2, the only Asian country that has consistently been in the league of top 10. The only other Asian country to be among the top 20 countries is Hong Kong ranked at number 12 performing better than such highly developed countries as Germany, Norway UK, Japan and USA.

Countries that have this year shown notable improvement are Albania, Cyprus, Georgia, Mauritius, Nigeria, Oman, Qatar, South Korea, Tonga and Turkey. On the other hand, significant declines have been seen in the scores of Bulgaria, Burundi, Maldives, Norway and the United Kingdom.

The CPI has once again highlighted the crucial link of failed institutions and oversight mechanisms with corruption irrespective of the level of development of the country concerned. The example of UK is particularly remarkable. Having scored 8.6 and 8.4 in 2006 and 2007 respectively, UK has dropped this year to 7.7, marking a serious deterioration, hardly ever seen in the 14-year history of CPI. This has been attributed to the UK Government's intervention into the Serious Fraud Office's investigations into the BAE Systems' alleged bribing of the Saudi officials.

Although Bangladesh has moved 3 steps up from last year's 7<sup>th</sup> to the 10<sup>th</sup> position, its score has remained nearly same, with an insignificant increase of only 0.1. Included in this year's index were data collected until the end of July 2008, which means that CPI 2008 has been influenced by

expectations for positive change under a Government that made high profile commitment to fight corruption.

While subsequent developments including the growing concern over the outcome and credibility of the anti-corruption drive, especially apparent failure to maintain the integrity of the legal process were already looming large, the institutional reform measures introduced by the present government may have contributed to the increase in score, insignificant though. Initiatives such as separation of the Judiciary, reform of the Election Commission, Anti-corruption Commission and Public Service Commission and ratification of the UN Convention against Corruption may have contributed to the perception that institutional potential of Bangladesh to combat corruption has enhanced, though the real impact of such reforms would be available in longer time frame depending on the extent to which these are sustained in the future.

Moreover, as the index draws on corruption related data from expert and business surveys, it is quite likely that a perceived sense of insecurity and uncertainty that has prevailed in business and investment during the period may have also prevented the possibility of a better score.

### **Corruption, Impunity and Institutions**

The CPI is a composite index that draws on 14 surveys conducted by internationally reputed institutions. Countries are scored on a scale from zero to ten, with zero indicating highest levels of perceived corruption and ten indicating lowest levels of perceived corruption.

A strong correlation between corruption and institutions continues to be evident. Low scores in the CPI indicate that public institutions are heavily compromised. Whether in high or low-income countries, the challenge of controlling corruption requires functioning societal and governmental institutions. Many developing countries are often plagued by inefficient, biased and corrupt judiciaries and ineffective parliamentary oversight. As a result, the government has low or no capacity to challenge impunity. Such countries continue to score below 3, indicating rampant corruption, growing poverty and underdevelopment.

Even developed countries that have shown tendency to compromise integrity of judicial, financial and oversight institutions have also scored low in CPI. Many wealthy countries have also failed to effectively regulate their private sector, in terms of addressing overseas bribery.

In low-income countries, rampant corruption jeopardises the fight against poverty, threatening to derail the UN Millennium Development Goals (MDGs). According to TI's 2008 Global Corruption Report, unchecked levels of corruption would add US \$50 billion or nearly half of annual global aid outlays – to the cost of achieving the MDG on water and sanitation alone.

Not only does this call for a redoubling of efforts in low-income countries, where the welfare of significant portions of the population hangs in the balance, it also calls for a more focused and coordinated approach by the global community to comprehensively address the challenge, with particular stress on strengthening institutions of governance and oversight.

### **Corporate bribery and double standards**

The weakening performance of some wealthy exporting countries, with notable European decliners in the 2008 CPI, casts a further critical light on government commitment to control the questionable methods of their companies in acquiring and managing overseas business, in addition to domestic concerns about issues such as the role of money in politics. The continuing instances

of foreign bribery scandals indicate a broader failure by the world's wealthiest countries to live up to the promise of accountability in the fight against corruption. In the face of the OECD Anti-Bribery Convention, in effect since 1999, which criminalises overseas bribery by OECD-based companies, such double standard undermines the credibility of developed countries to preach action against corruption in low-income countries.

**Fighting corruption: a comprehensive approach**

Across the globe, a comprehensive approach ensuring high-level political and government commitment, stronger institutions of oversight, firm legal and regulatory framework, vigilant media and public voice can steadily and effectively control corruption, allowing more meaningful democratic participation of people, stronger development outcomes and better quality of life for all citizens.

## **Corruption Perceptions Index (CPI) 2008**

### ***Results, Questions and Answers***

#### **1. CPI 2008 - Results**

The Berlin-based international anti-corruption organization, Transparency International (TI) has today (September 23, 2008) released its annual Corruption Perception Index (CPI) for 2008. The index provides international ranking of countries in terms of perceived degree of prevalence of political and administrative corruption.

The results show that Bangladesh has scored 2.1 points in a scale of 0-10, and has continued to be ranked low - 10<sup>th</sup> from below, which is 147<sup>th</sup> among 180 countries included in the index this year. In the same position with the same score are 3 other countries – Kenya, Russia and Syria.

It may be recalled that Bangladesh was earlier placed at the very bottom of the list for the fifth successive year from 2001-2005. In 2006 Bangladesh was ranked in no 3, and last year 7th. With the score of 2.1, almost the same as that of last few years' 2.0, Bangladesh's apparent upward movement in ranking from 7<sup>th</sup> to 10<sup>th</sup> does not necessarily indicate any notable better performance over last year, except that other countries may have performed worse.

Like last year Somalia has remained at the bottom of the list implying that corruption in that country is perceived to be highest, followed by Myanmar and Iraq in the 2<sup>nd</sup> position while Haiti is in the 3<sup>rd</sup> position. Afghanistan is in the 4<sup>th</sup> position.

At the other end, Denmark, New Zealand and Sweden have been ranked at the top, each scoring 9.3, meaning that in these countries corruption is perceived to be lowest, closely followed by Singapore with 9.2, the only Asian country that has consistently been in the league of top 10. The only other Asian country to be among the top 20 countries is Hong Kong ranked at number 12 performing better than such highly developed countries as Germany, Norway UK, Japan and USA.

Countries that have this year shown notable improvement are Albania, Cyprus, Georgia, Mauritius, Nigeria, Oman, Qatar, South Korea, Tonga and Turkey. On the other hand, significant declines have been seen in the scores of Bulgaria, Burundi, Maldives, Norway and the United Kingdom.

#### **2. What is CPI?**

The CPI, prepared under the aegis of the TI, ranks countries annually in terms of the degree to which corruption is perceived to exist among public officials and politicians. It is a composite index in a scale of 0-10 prepared through a poll of polls - using corruption-related data from a number of expert surveys involving business leaders and analysts. The data also include assessments of country analysts living within and outside the country. The 2008 index is the result of 13 surveys originated from 11 independent institutions. All sources measure the overall extent of corruption (frequency and/or size of bribes) in the public and political sectors and all sources provide a ranking of countries, i.e., include an assessment of multiple countries.

### **3. What matters more - a country's rank or score?**

While ranking of countries enables TI to build the index, a country's score is a much more important indication of the perceived level of corruption in a country. A country's rank can change simply because new countries enter the index or others drop out.

### **4. How to interpret CPI?**

The countries with the lowest score are the ones where corruption is perceived to be the highest among those included in the list. Seventy-two countries out of the 180 scored below 3, indicating that worldwide corruption is perceived as rampant.

Although Bangladesh has moved 3 steps up from last year's 7<sup>th</sup> to the 10<sup>th</sup> position, its score has remained nearly same, with an insignificant increase of only 0.1. Included in this year's index were data collected until the end of July 2008, which means that CPI 2008 has been influenced by expectations for positive change under a Government that made high profile commitment to fight corruption.

While subsequent developments including the growing concern over the outcome and credibility of the anti-corruption drive, especially apparent failure to maintain the integrity of the legal process were already looming large, the institutional reform measures introduced by the present government may have contributed to the increase in score, insignificant though. Initiatives such as separation of the Judiciary, reform of the Election Commission, Anti-corruption Commission and Public Service Commission and ratification of the UN Convention against Corruption may have contributed to the perception that institutional potential of Bangladesh to combat corruption has enhanced, though the real impact of such reforms would be available in longer time frame depending on the extent to which these are sustained in the future.

Moreover, as the index draws on corruption related data from expert and business surveys, it is quite likely that a perceived sense of insecurity and uncertainty that has prevailed in business and investment during the period may have also prevented the possibility of a better score.

### **5. Is Bangladesh a "corrupt country"?**

According to CPI 2008 Bangladesh has been ranked in the tenth position from below while in 2007 it was 7<sup>th</sup> and in 2006 it was ranked third and during 2001-2005 at the bottom. With score less than 3 Bangladesh continues to be a country where corruption is perceived to be high and widespread. But Bangladesh cannot be regarded as one of the "most corrupt countries or nations". Nor can other countries who have been ranked lower than Bangladesh this year or earlier can be branded as most corrupt countries. To say so would mean that the country or the nation is corrupt – a misinterpretation and misunderstanding of the CPI. While corruption is indeed the most formidable challenge against governance, development and poverty reduction in Bangladesh, the vast majority of the people are only victims of corruption. Corruption by a limited number of powerful individuals and failure of leaderships and institutions to control and prevent corruption cannot justify that the country or nation or the people are most corrupt.

### **6. Is corruption a problem for developing countries only?**

CPI has consistently demonstrated a strong link between poverty, failed institutions and graft. A strong correlation between corruption and poverty is also evident in the results of the CPI 2008. But the index shows this year as much as in previous years too, that corruption is not a monopoly of the developing countries. Other notable poor performers and backsliders of the developed world

in the 2008 CPI, indicate that strength of oversight mechanisms is also at risk among the wealthiest.

Indeed, CPI has once again highlighted the crucial link of failed institutions and oversight mechanisms with corruption irrespective of the level of development of the country concerned. The example of UK is particularly remarkable. Having scored 8.6 and 8.4 in 2006 and 2007 respectively, UK has dropped this year to 7.7, marking a serious deterioration, hardly ever seen in the 14-year history of CPI. This has been attributed to the UK Government's intervention into the Serious Fraud Office's investigations into the BAE Systems' alleged bribing of the Saudi officials.

Developed countries that have shown tendency to compromise integrity of judicial, financial and oversight institutions have also scored low in CPI. Many wealthy countries have also failed to effectively regulate their private sector, in terms of addressing overseas bribery. Moreover once again, none of the enlisted countries has scored 10 out of 10 in the scale.

### **7. For the purpose of the CPI, how is corruption defined?**

The CPI focuses on corruption in the public sector and defines corruption as the abuse of public office for private gain. The surveys used in compiling the CPI ask questions that relate to the misuse of public power for private benefit, for example bribery of public officials, kickbacks in public procurement, embezzlement of public funds) or questions that probe the strength of anti-corruption policies, thereby encompassing both administrative and political corruption.

### **8. What are the sources of data for the CPI?**

The CPI 2007 is drawn on about 13 different polls and surveys conducted by 11 reputed independent institutions. To qualify, the survey work must be performed with complete integrity, and the data has to be of the highest quality, well documented, and sufficient to permit a judgment on its reliability. Since fundamental changes in the levels of corruption in a country evolve only slowly, CPI is based on a two-year rolling average. For instance, CPI 2008 has been based on surveys conducted between 2007 and 2008.

The sources are: Country Policy and Institutional Assessment by the IDA & IBRD and African Development Bank; Country Risk Service and Country Forecast by Economist Intelligence Unit (EIU); Nations in Transit by Freedom House (FH); World Competitiveness Report by the Institute for Management Development International Switzerland (IMD); Grey Area Dynamics by Merchant International Group (MIG); Asian Intelligence Newsletter by Political and Economic Risk Consultancy (PERC), Hong Kong; Global Competitiveness Report by World Economic Forum (WEF); Country Performance Assessment Ratings 2007 by Asian Development Bank; and Bertelsmann Transformation Index by Bertelsmann Foundation.

### **9. What are the sources of data specific to Bangladesh?**

In case of Bangladesh, sources of data for the CPI 2008 are the following seven surveys: Country Policy and Institutional Assessment by the IDA & IBRD; Country Risk Service and Country Forecast by Economist Intelligence Unit EIU; Grey Area Dynamics by Merchant International Group (MIG); Global Competitiveness Report by World Economic Forum (WEF); Asian Intelligence Newsletter by Political and Economic Risk Consultancy (PERC), Hong Kong; and Country Performance Assessment Ratings by Asian Development Bank; and Bertelsmann Transformation Index by Bertelsmann Foundation.

### **10. Whose opinion is polled by these surveys used in CPI?**

The expertise reflected in the CPI scores draws on an understanding of corrupt practices held by those based in both the industrialised and developing world. Surveys are carried out among

business people and country analysts. The surveys used in the CPI use two types of samples, both non-resident and resident. It is important to note that residents' viewpoints correlate well with those of non-resident experts.

#### **11. What type of data are used?**

The data used in the CPI reflect corruption and bribery; conflict of interest and diversion of funds; misuse of public office for private or political party gain; extent of corruption as practiced in the government; likelihood of countering corrupt officials ranging from petty bureaucratic corruption to grand political corruption; perceived seriousness of the problem of public sector corruption; undocumented extra payments collected in the discharge of government functions, judiciary, executive level, and tax collection; government's anti-corruption efforts and achievements thereof; and capacity to punish and contain corruption.

#### **12. How does TI ensure quality control of the CPI?**

The CPI is commissioned by TI from the University of Passau, Germany. The CPI methodology is reviewed by an Index Advisory Committee consisting of leading international experts in the fields of corruption, econometrics and statistics. The statistical work on the CPI is coordinated at the University of Passau, Germany. Members of the committee make suggestions for improving the CPI, but the management of TI takes the final decisions on the methodology used.

#### **13. How many countries are included in the CPI?**

The CPI 2008 ranks 180 countries, the same as 2007. In 2006, the CPI included 163 countries.

#### **14. Can country scores in the CPI 2008 be compared to those in past CPIs?**

The index primarily provides a snapshot of the views of business people and country analysts for the current or recent years, with less of a focus on year-to-year trends. If comparisons with previous years are made, they should only be based on a country's score, not its rank.

Year-to-year changes in a country's score can either result from a changed perception of a country's performance or from a change in the CPI's sample and methodology. The only reliable way to compare a country's score over time is to go back to individual survey sources, each of which can reflect a change in assessment.

#### **15. Which countries' scores deteriorated most between 2007 and 2008?**

Making comparisons from one year to another is problematic, for the reasons highlighted above. However, to the extent that changes can be traced back to individual sources, trends can be cautiously identified. Noteworthy examples of deteriorations from CPI 2007 to CPI 2008 significant declines have been seen in the scores of Bulgaria, Burundi, Maldives, Norway and the United Kingdom. The UK has indeed recorded sharpest decline from 8.4 to 7.7.

#### **16. Which countries' scores improved most in 2007 from 2006?**

With the same caveats applied, on the basis of data from sources that have been consistently used for the index, improvements can be observed from 2007 to 2008 for Albania, Cyprus, Georgia, Mauritius, Nigeria, Oman, Qatar, South Korea, Tonga and Turkey

#### **17. Why is the CPI based on perceptions?**

It is difficult to base comparative statements on the actual levels and depths of corruption in different countries on hard empirical data, e.g., by comparing the amount of bribes or the number of prosecutions or court cases. In the latter case, for example, such cross-country data do not reflect levels of corruption; rather it highlights the quality of prosecutors, courts and/or the media

in exposing corruption. One available method so far of compiling data for international comparison is therefore to build on the experience and perceptions of those who are confronted with corruption in a country.

**18. Does CPI fully reflect the state of corruption in countries concerned?**

The index is an international comparison of countries based on perception about the level of corruption – it does not provide a measure of the specific extent and level of corruption prevailing in the country concerned. In-country research tools such as household surveys, diagnostic or fact-finding research, corruption database, national integrity systems monitoring and report cards taken together can provide a more accurate picture about the depth and breadth of corruption within the country.

**19. What is TIB's role in CPI?**

TIB has no role in CPI. TI secretariat in Berlin prepares this ranking. TIB, like any other National Chapter of TI, is not involved nor does it provide any information that goes into the index. While TIB has its own anti-corruption research, advocacy and citizens' participation programmes in Bangladesh, as the national chapter of TI in Bangladesh TIB's responsibility as far as CPI goes, is no more than facilitating its release when the report is available.

**20. What are other relevant indexes or tools?**

TI also publishes the Global Corruption Barometer, which is concerned with attitudes toward and experiences of corruption among the general public. Over time, the Global Corruption Barometer, which was first published in 2003 and the second in 2006, provide an indicator of the impact of the fight against corruption within countries.

In addition, TI's Bribe Payers Index focuses on the propensity of firms in leading export countries to bribe abroad – creating the 'supply side' of corruption. The BPI underlines the point that corruption in international business transactions involves those who give as well as those who take, and the BPI is therefore a complement to the CPI.

Annex 1

**CPI: Performance of South Asian Countries 2007-2008**

Sl	Country	Score		Rank (from below)	
		2007	2008	2007	2008
1	Bangladesh	2.0	2.1	7	10
2	Afghanistan	1.8	1.5	5	4
3	Pakistan	2.4	2.5	11	14
4	Nepal	2.5	2.7	12	16
5	Maldives	3.3	2.8	20	17
6	India	3.5	3.4	22	22
7	Sri Lanka	3.2	3.2	19	21
8	Bhutan	5.0	5.2	35	36

Annex 2

**Bangladesh's Score & Rank Compared to other Low-Scoring Countries 2007-2008**

Sl	Country	Score		Rank (from below)	
		2007	2008	2007	2008
1	Bangladesh	2.0	2.1	7	10
2	Kenya	2.1	2.1	8	10
3	Russia	2.3	2.1	10	10
4	Syria	2.3	2.1	11	10
5	Belarus	2.1	2.0	12	9
6	Central African Republic	2.0	2.0	7	9
7	Ivory Coast	2.1	2.0	8	9
8	Ecuador	2.1	2.0	8	9
9	Laos	1.9	2.0	6	9
10	Papua New Guinea	2.0	2.0	7	9
11	Tajikistan	2.1	2.0	8	9

### Annex 3: Sources for the TI Corruption Perceptions Index (CPI) 2008

Number	1	2	3
Abbreviation	ADB	AFDB	BTI
Source	Asian Development Bank	African Development Bank	Bertelsmann Foundation
Name	Country Performance Assessment Ratings	Country Policy and Institutional Assessments	Bertelsmann Transformation Index
Compiled / published	2007/2008	2007/08	2007/2008
Internet	<a href="http://www.adb.org/Documents/Reports/ADF/2007-ADF-PBA.pdf">http://www.adb.org/Documents/Reports/ADF/2007-ADF-PBA.pdf</a>	<a href="http://www.afdb.org/pls/portal/docs/PAGE/ADB_ADMIN_PG/DOCUMENTS/NEWS/2007%20COUNTRY%20PERFORMANCE%20ASSESSMENT%20NOTE.DOC">http://www.afdb.org/pls/portal/docs/PAGE/ADB_ADMIN_PG/DOCUMENTS/NEWS/2007%20COUNTRY%20PERFORMANCE%20ASSESSMENT%20NOTE.DOC</a>	<a href="http://www.bertelsmann-transformation-index.de/11.0.html?&amp;L=1">http://www.bertelsmann-transformation-index.de/11.0.html?&amp;L=1</a>
Who was surveyed?	Country teams, experts inside and outside the bank	Country teams, experts inside and outside the bank	Network of local correspondents and experts inside and outside the organization
Subject asked	Corruption, conflicts of interest, diversion of funds as well as anti-corruption efforts and achievements	Corruption, conflicts of interest, diversion of funds as well as anti-corruption efforts and achievements	The government's capacity to punish and contain corruption
Number of replies	Not applicable	Not applicable	Not applicable
Coverage	29 countries (eligible for ADF funding)	52 countries	125 less developed and transition countries

Number	4	5	6
Abbreviation	WB	EIU	FH
Source	World Bank (IDA and IBRD)	Economist Intelligence Unit	Freedom House
Name	Country Policy and Institutional Assessment	Country Risk Service and Country Forecast	Nations in Transit
Compiled / published	2007/2008	2008	2008
Internet	<a href="http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:20933600~menuPK:2626968~pagePK:51236175~piPK:437394~theSitePK:73154,00.html">http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:20933600~menuPK:2626968~pagePK:51236175~piPK:437394~theSitePK:73154,00.html</a>	<a href="http://www.eiu.com">www.eiu.com</a>	<a href="http://www.freedomhouse.hu/index.php?option=com_content&amp;task=view&amp;id=196">http://www.freedomhouse.hu/index.php?option=com_content&amp;task=view&amp;id=196</a>
Who was surveyed?	Country teams, experts inside and outside the bank	Expert staff assessment	Assessment by experts originating or resident in the respective country.
Subject asked	Corruption, conflicts of interest, diversion of funds as well as anti-corruption efforts and achievements	The misuse of public office for private (or political party) gain	Extent of corruption as practiced in governments, as perceived by the public and as reported in the media, as well as the implementation of anticorruption initiatives
Number of replies	Not applicable	Not applicable	Not applicable
Coverage	75 countries (eligible for IDA funding)	170 countries	29 countries/territories

Number	7	8	9
Abbreviation	GI	IMD	
Source	Global Insight	IMD International, Switzerland, World Competitiveness Center	
Name	Country Risk Ratings	IMD World Competitiveness Yearbook	
Compiled / published	2008	2007	2008
Internet	<a href="http://www.globalinsight.com">http://www.globalinsight.com</a>	<a href="http://www.imd.ch/wcc">www.imd.ch/wcc</a>	
Who was surveyed?	Expert staff assessment	Executives in top and middle management; domestic and international companies	
Subject asked	The likelihood of encountering corrupt officials, ranging from petty bureaucratic corruption to grand political corruption	Category Institutional Framework - State Efficiency: "Bribing and corruption exist/do not exist"	
Number of replies	Not applicable	More than 4000	
Coverage	203 countries	55 countries	55 countries

<b>Number</b>	<b>10</b>	<b>11</b>	<b>12</b>
Abbreviation	MIG	PERC	
Source	Merchant International Group	Political & Economic Risk Consultancy	
Name	Grey Area Dynamics	Asian Intelligence Newsletter	
Compiled / published	2007	2007	2008
Internet	<a href="http://www.merchantinternational.com">www.merchantinternational.com</a>	<a href="http://www.asiarisk.com/">www.asiarisk.com/</a>	
Who was surveyed?	Expert staff and network of local correspondents	Expatriate business executives	
Subject asked	Corruption, ranging from bribery of government ministers to inducements payable to the "humblest clerk"	How serious do you consider the problem of corruption to be in the public sector?	
Number of replies	Not applicable	1476	1400
Coverage	155 countries	15 countries	15 countries

<b>Number</b>	<b>13</b>
Abbreviation	WEF
Source	World Economic Forum
Name	Global Competitiveness Report
Compiled / published	2007/2008
Internet	<a href="http://www.weforum.org">www.weforum.org</a>
Who was surveyed?	Senior business leaders; domestic and international companies
Subject asked	Undocumented extra payments or bribes connected with 1) exports and imports, 2) public utilities, 3) tax collection, 4) public contracts and 5) judicial decisions are common/never occur
Number of replies	11,406
Coverage	131 countries

#### Annex 4: A short methodological note

#### Transparency International Corruption Perceptions Index (CPI) 2008

1. The CPI gathers data from sources that span the last two years. For the CPI 2008, this includes surveys from 2008 and 2007.
2. The CPI 2008 is calculated using data from 13 sources originated from 11 independent institutions. All sources measure the overall extent of corruption (frequency and/or size of bribes) in the public and political sectors and all sources provide a ranking of countries, i.e., include an assessment of multiple countries.
3. For CPI sources that are surveys, and where multiple years of the same survey are available, data for the last two years are included to provide a smoothing effect.
4. For sources that are scores provided by experts (risk agencies/country analysts), only the most recent iteration of the assessment is included, as these scores are generally peer reviewed and change very little from year to year.
5. Evaluation of the extent of corruption in countries is done by country experts, non resident and residents. In the CPI 2008, this consists of the following sources: Asian Development Bank, African Development Bank, Bertelsmann Transformation Index, Country Policy and Institutional Assessment, Economist Intelligence Unit, Freedom House, Global Insight and Merchant International Group. Additional sources are resident business leaders evaluating their own country; in the CPI 2008, this consists of the following sources: IMD, Political and Economic Risk Consultancy, and the World Economic Forum.
6. To determine the mean value for a country, standardisation is carried out via a matching percentiles technique. This uses the ranks of countries reported by each individual source. This method is useful for combining sources that have a different distribution. While there is some information loss in this technique, it allows all reported scores to remain within the bounds of the CPI, that is to say, to remain between 0 and 10.
7. A beta-transformation is then performed on scores. This increases the standard deviation among all countries included in the CPI and avoids the process by which the matching percentiles technique results in a smaller standard deviation from year to year.
8. All of the standardised values for a country are then averaged, to determine a country's score.
9. The CPI score and rank are accompanied by the number of sources, high-low range, standard deviation and confidence range for each country.
10. The confidence range is determined by a bootstrap (non-parametric) methodology, which allows inferences to be drawn on the underlying precision of the results. A 90 per cent confidence range is then established, where there is 5 per cent probability that the value is below and 5 per cent probability that the value is above this confidence range.
11. Research shows that the unbiased coverage probability for the confidence range is lower than its nominal value of 90 per cent. The accuracy of the confidence interval estimates increases with a growing number of sources: for three sources, 65.3 per cent; for four sources, 73.6 per cent; for five sources, 78.4 per cent; for six sources, 80.2 per cent; and for seven sources, 81.8 per cent.
12. The overall reliability of data is demonstrated in the high correlation between sources. In this regard, Pearson's and Kendall's rank correlations have been performed, which provided average results of .78 and .63 respectively.

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Further details on CPI can be obtained from [www.transparency.org](http://www.transparency.org)