[Global Corruption Report,2004] Corruption research

Part three
Corruption research

9 Introduction

Pablo Zoido and Larry Chavis[1]

Does corruption hit poor people harder than the middle class? Corruption hinders growth, yes, but through what channels? What policies work best in fighting corruption? Do organisational structures hamper women's ability to fight corruption once they achieve significant power? Is corruption worse in eastern or western Russia? Which Colombian institutions are clean and which ones corrupt? Does public mistrust lead to more corruption, or is it the other way around?

These are the kinds of questions social scientists are researching today. Questions about how to measure corruption or how to improve on current forms of measurement still linger, but the view that corruption cannot be measured, or that evidence is purely impressionistic or anecdotal, has been soundly defeated. A deeper understanding of how corruption works is allowing us to move from the broad questions to the specifics.

Since 1995, when Transparency International (TI) first published its Corruption Perceptions Index (CPI), empirical research on the effects of corruption has grown tremendously and ultimately matured. Few continue to argue that corruption might 'grease the wheels of commerce', as suggested by Samuel Huntington and others in the 1960s. The demand for data and analysis continues to grow and research is starting to have a direct impact on policy-making, as demonstrated by the inclusion of a corruption index in the Millennium Challenge Account (MCA), the most recent US aid-allocation initiative. The fight against corruption has barely started but we are beginning to see signs of progress – it is easier now to find success stories, or to come up with a set of policies that work and point to results (for an example, see Chapter 23 by Reinikka and Svensson, page 326). In sum, exciting new lines of research are adding to our knowledge about the causes and consequences of corruption.

Many of these new lines of research are present in this year's contributions to the *Global Corruption Report*. Below, we review these contributions, which can be divided into three groups: corruption indices, micro-level research and studies of poverty and corruption.

Corruption indices: from measurement to impact

Corruption indices have proved both controversial and remarkably successful. The CPI was the first index of its kind, and it is widely used to raise awareness, fight corruption and conduct statistical analysis. The 2003 CPI provides a new and enhanced look at relative levels of corruption across countries (Chapter 10, page 282).

Subjected to statistical analysis, indices such as the CPI have helped establish the link between corruption, growth and development (see Paolo Mauro's seminal 1995 paper[2]), and more recently they are having a direct policy impact, in particular in aid allocation. One of the main criticisms made of perceptions indices, however, is that they do not reflect the actual situation in a country. Seligson, for example, stresses the need to measure what percentage of a population actually experiences various forms of corruption (Chapter 17, page 307). Kaufmann and Kraay, presenting their latest set of governance indicators (Chapter 16, page 302), counter that objective measures may contain measurement error or be mere proxies for what they are intended to quantify. As a result, they argue, subjective measures are just as precise as objective ones. But Kaufmann and Kraay also warn against using corruption indices alone to determine policy decisions, since their imprecision may lead to the misclassification of countries.

Corruption indices have also motivated new areas of research, notably the channels through which corruption affects an economy and, in particular, the relationship between corruption and foreign direct investment. In studying the impact of corruption on development, Lambsdorff stresses the correlation between high levels of corruption (low CPI scores), lower annual capital inflows and also lower productivity (Chapter 18, page 310). Corruption may deter foreign investors because of its associated lack of secure property rights or 'low bureaucratic quality'. Habib and Zurawicki find that corruption is associated with lower levels of investment, especially from foreign investors (Chapter 19, page 313). Local investors may be less affected because they are used to 'navigating' the local conditions, or do not have the option to invest abroad. It is also important to take into account the level of corruption of a foreign investor's home country, since this may also have an impact on investment decisions.

Empirical corruption research: from macro to micro

But it is in micro-studies that the field of empirical corruption research is growing fastest and where the most exciting research is taking place. A large proportion of the contributions in this year's report are micro-level studies on a range of issues: measurement challenges, the role of information in the fight against corruption and women's participation in government as an anti-corruption strategy. The micro-studies in this year's report target very varied groups, including victims of crime, business people, elites and households. One of the most challenging areas for current research is the impact of corruption on poor households, to which we turn below.

Measurement challenges at the micro level

Cross-country measures of corruption are often criticised on the grounds that assigning a single score for an entire country is, at best, simplistic. How can one capture the varied perceptions of corruption or governance in countries as large and diverse as India, Indonesia or Russia? Indeed, diversity signals the need for a more in-depth understanding of how corruption varies across a single country. Two contributions in this year's report address this issue.

In his study, Court finds that perceptions of corruption in a wide array of institutions appear very similar across four widely diverse Indian states (Chapter 21, page 319). A

single score, he argues, can accurately portray the situation in a whole country. Using a different angle, Chirkova and Bowser conducted an extensive preliminary survey covering about half of Russia (Chapter 13, page 295). They have produced a corruption map where the indices vary significantly across Russia's regions and territories. Understanding the source of this variance may be one of the most interesting challenges that lie ahead. Taken together, Court and Chirkova and Bowser suggest that while a single index score might be a valid means of comparison across countries, more country-specific analysis is needed to understand the corruption and governance problems within a country.

Single-country studies have the advantage of being able to utilise local expertise and integrate country-specific idiosyncrasies. The fruits of this kind of analysis are visible in the work of Transparencia por Colombia and TI Bulgaria. In Colombia, Transparencia por Colombia created an index to monitor the performance of a number of public institutions, marrying hard data with survey responses (Chapter 12, page 292). In Bulgaria, data from a sociological survey and from the National Audit Office were combined to create an index of the transparency of political party financing (Chapter 14, page 298). These new approaches integrate the methodological advances made in corruption research at the macro level with the advantages of solid micro-level studies.

Studies of business, elites and victims of crime

Micro-level analyses have also focused on multiple countries and various social groups. Concentrating on victims of crime, Seligson suggests that there is a strong correlation between being a victim of corruption and a lack of trust in public institutions (Chapter 17, page 307). Steen also brings out the issue of trust and corruption in his review of surveys of business, government and cultural elites in Russia and the Baltic States (Chapter 22, page 323). The main challenge facing this line of research is establishing whether it is corruption that leads to mistrust – or the other way around.

Bray's contribution draws out the perceptions of senior decision-makers in international businesses (Chapter 20, page 316). In a study commissioned by Control Risks Group, Bray assesses the effect of international treaties, such as the OECD Anti-Bribery Convention, on the attitudes of international businesses. He finds that the new legislation is beginning to have an impact on the way they behave, but that there are major gains to be made in enforcement. He stresses that many companies believe that the United States and other OECD countries use undue political pressure to win business advantage.

Corruption and information

If corruption is to be eliminated, it must first be exposed. The power of publicising information is most obvious in the Uganda research presented by Reinikka and Svensson (Chapter 23, page 326). By making public the amount of education grants given to school districts, the government was able to reduce the degree of capture of these funds from 80 per cent in 1995 to 20 per cent in 2001. The research is important because of the potential the Uganda example has for similar measures elsewhere. What may be more significant for research in corruption diagnostics, however, is that identifying such low-cost policies would be impossible without the initial surveys to quantify the leakage in education funding.

Other examples of successful anti-corruption policies are the studies carried out by the International Budget Project (IBP) (Chapter 24, page 330). Working with national experts and NGOs, IBP has made extensive studies of budget processes across Africa and Latin America with the intention of identifying the specific areas where reforms are needed to promote more transparency.

Though very different in approach, the work of Azfar and Nelson also illustrates the benefits of transparency (Chapter 25, page 333). Using an experimental economic model, they demonstrate in a controlled environment how corruption is reduced when more information is made available to the electorate. Because of the lack of direct data on corrupt transactions, the use of experimental settings has great potential to help explain corrupt behaviour in certain situations. The results from Azfar and Nelson give both possible policy prescriptions and areas for further testing.

Corruption and gender

One area of corruption research that continues to receive attention is the role played by gender. If men are inherently more corrupt than women, increasing women's participation in public life would seem likely to reduce the incidence of corruption. However, the studies presented here indicate important subtleties. More research will be needed if we are to understand the impact on corruption of increasing the participation of women in government.

The work of Mukherjee and Gokcekus suggests that, while gender does affect corruption, the reason may have more to do with organisational dynamics than with gender-specific characteristics (Chapter 26, page 337). Either a low proportion of men or a low proportion of women in a public organisation can foster corruption. Thus, what may be needed to reduce corruption is a better balance of male and female employees in an organisation.

In a study of local government in India, Vijayalakshmi fails to find a correlation between female participation and the level of local corruption (Chapter 27, page 340). Vijayalakshmi points to the entrenched nature of corruption networks, the fact that new officials are drawn into these networks early in their careers and the limited ability of groups of women to affect decision-making.

Poverty and corruption: challenges ahead

Analysis of household data is an important and challenging area for the study of the relationship between corruption and poverty. The principal finding that emerges from this literature is that corruption affects the poor disproportionately. The poor spend more on bribes as a share of their income, and their access to public services is severely curtailed.

Thampi's contribution is a good example of this line of research (Chapter 15, page 300). Summarising the results of surveys commissioned by TI national chapters in South Asia and covering 15,000 households across five countries, Thampi stresses that 'the poor in these countries face the danger of exclusion from public services due to the high artificial barriers, economic and otherwise'.

Herrera and Roubaud's report from a representative survey of nearly 20,000 households in Peru (Chapter 28, page 343) refines the picture. Their findings indicate that the poor pay less to corrupt officials than the non-poor, but that such payments weigh more heavily on their budget. Razafindrakoto and Roubaud present the findings of surveys across French-speaking Africa (Chapter 29, page 346), focusing on factors that determine the chance of becoming a victim of corruption, such as social status, gender and religion. One interesting finding is that civil servants are less likely to become victims of corruption at the hands of their colleagues. Both studies argue that the impact of corruption on the poor is often not direct – as many of the poor have so little access to public services – but indirect, as corruption is one factor that contributes to the lack of access.

TI's new Global Corruption Barometer, which also shows the impact of corruption on the poor (Chapter 11, page 288), relies on surveys of more than 40,000 people in 47 countries. Two out of five respondents on low incomes believe that corruption plays a very significant part in their personal and family lives, whereas only one in four high-income individuals expresses the same belief. Such results lead to the conclusion that corruption hits the poor and vulnerable hardest.

Conclusion

The array of research presented here reflects how research on corruption has moved forwards. While comparative indices continue to garner wide attention, they now represent only one strand in this research. The majority of research presented here has a micro-level focus. The level of research analysis is shifting as we move away from comparing countries to the study of regions or groups within countries. This approach is helping to build a more comprehensive picture of how corruption operates within different societies.

There are many other avenues still to explore. As anti-corruption programmes take off, research such as Reinikka and Svensson's offers an evaluation of anti-corruption measures at work (Chapter 23, page 326). Such studies are valuable policy tools. To address the current interest in micro-level studies on corruption, more work is required that uses the firm as a unit of analysis, with the aim of providing a broader view of the impact of corruption in an economy. One current weakness of macro-level research is that the CPI and other cross-country indices do not allow for the comparison of changes in corruption over time. As new tools become available, we will be better able to track changes that help to identify the policies that are most useful in fighting corruption.

Notes

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2. Pablo Mauro, 'Corruption and Growth', *Quarterly Journal of Economics*, no. 110 (1995).

10 Corruption Perceptions Index 2003

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Transparency International's Corruption Perceptions Index (CPI) has been published annually since 1995 and continues to be widely used by social scientists as an indispensable instrument in investigating the causes and consequences of corruption. It aggregates the perceptions of well-informed people with regard to the extent of corruption, defined as the misuse of public power for private benefit. The extent of corruption reflects the frequency of corrupt payments and the resulting obstacles imposed on businesses.

While methodological innovations are introduced continuously, the results from different years show a high level of consistency. The most remarkable improvement this year is the expansion of the index from 102 to 133 countries.

This year's CPI used data collected between 2001 and 2003. The CPI is a composite index. Altogether 17 data sources were used in the 2003 CPI, from 13 different institutions: (1) the World Economic Forum; (2) the Institute of Management Development (in Lausanne); (3) the Economist Intelligence Unit; (4) Information International from Beirut (Lebanon); (5) the World Markets Research Centre (London); (6) Gallup International, on behalf of Transparency International; (7) Freedom House's *Nations in Transit*; (8) PricewaterhouseCoopers; (9) the Political and Economic Risk Consultancy (in Hong Kong); (10) the World Business Environment Survey of the World Bank; (11) Columbia University; (12) a multilateral development bank; and (13) the Business Environment and Enterprise Performance Survey of the EBRD and the World Bank.

One precondition for the inclusion of a source in the index is that it must provide a ranking of nations. Another is that it must measure the overall level of corruption. Ensuring these conditions is essential to guarantee that we are not mixing apples with oranges. Sources exist that merge the level of corruption with other variables, such as xenophobia, nationalism, political instability or expected risks due to changes in corruption. Including such sources would distort the measurement of perceived levels of corruption, rendering a resulting composite index defective for wide areas of academic research and public awareness. We take a conservative approach, only including sources that strictly compare levels of corruption.

The strength of the CPI lies in the combination of multiple data sources in a single index, which increases the reliability of each individual score. The benefit of combining data in this manner is that erratic findings from one source can be balanced by the inclusion of at least two other sources, lowering the probability of misrepresenting a country's level of corruption.

The high correlation of the different sources used in the CPI indicates its overall reliability. The reliability is also depicted in Figure 10.1, which shows the 90 per cent confidence intervals for each country included in the 2003 CPI. This range indicates how a country's score may vary, depending on measurement precision. Most countries are measured with sufficient precision to allow a ranking of nations.

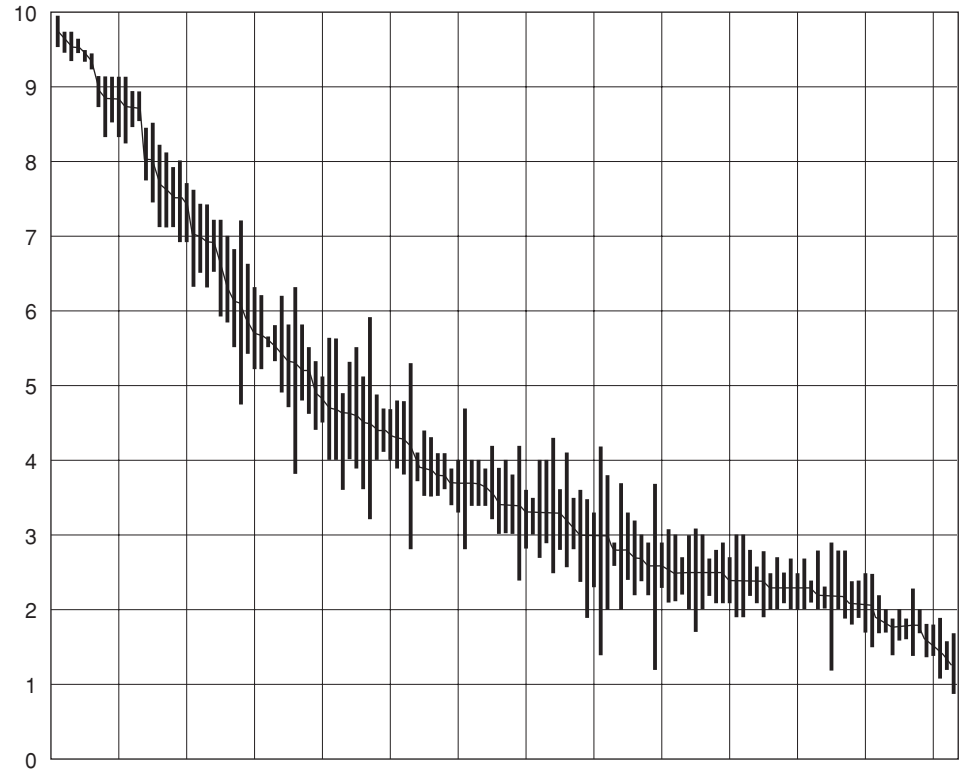

Figure 10.1: 2003 CPI and 90% confidence intervals

The index provides an annual snapshot of the views of decision-makers. Comparisons with the results from previous years should be based on a country's score, not its rank. A country's rank can change simply because new countries enter the index. However, year-to-year comparisons of a country's score result not only from a changing perception of a country's performance, but also from a changing sample and methodology – each year different viewpoints are collected and somewhat different questions are asked. Nevertheless, current research indicates that the effect of the changing sample and methodology is small, particularly when looking at long-term trends in the CPI.

The CPI gathers perceptions that are invariant to cultural preconditions and represent a global perspective. The robustness of the CPI findings is enhanced by the fact that surveys containing residents' viewpoints were found to correlate well with surveys that poll expatriates. In the past, the viewpoint of less-developed countries seemed under-

Table 10.1: Corruption Perceptions Index 2003

Country rank	Country	CPI 2003 score[a]	Surveys used[b]	Standard deviation[c]	High–low range[d]	90% confidence range[e]
1	Finland	9.7	8	0.3	9.2 – 10.0	9.5 – 9.9
2	Iceland	9.6	7	0.3	9.2 – 10.0	9.4 – 9.7
3	Denmark	9.5	9	0.4	8.8 – 9.9	9.3 – 9.7
	New Zealand	9.5	8	0.2	9.2 – 9.6	9.4 – 9.6
5	Singapore	9.4	12	0.1	9.2 – 9.5	9.3 – 9.4
6	Sweden	9.3	11	0.2	8.8 – 9.6	9.2 – 9.4
7	Netherlands	8.9	9	0.3	8.5 – 9.3	8.7 – 9.1
8	Australia	8.8	12	0.9	6.7 – 9.5	8.3 – 9.1
	Norway	8.8	8	0.5	8.0 – 9.3	8.5 – 9.1
	Switzerland	8.8	9	0.8	6.9 – 9.4	8.3 – 9.1
11	Canada	8.7	12	0.9	6.5 – 9.4	8.2 – 9.1
	Luxembourg	8.7	6	0.4	8.0 – 9.2	8.4 – 8.9
	United Kingdom	8.7	13	0.5	7.8 – 9.2	8.5 – 8.9
14	Austria	8.0	9	0.7	7.3 – 9.3	7.7 – 8.4
	Hong Kong	8.0	11	1.1	5.6 – 9.3	7.4 – 8.5
16	Germany	7.7	11	1.2	4.9 – 9.2	7.1 – 8.2
17	Belgium	7.6	9	0.9	6.6 – 9.2	7.1 – 8.1
18	Ireland	7.5	9	0.7	6.5 – 8.8	7.1 – 7.9
	USA	7.5	13	1.2	4.9 – 9.2	6.9 – 8.0
20	Chile	7.4	12	0.9	5.6 – 8.8	6.9 – 7.7
21	Israel	7.0	10	1.2	4.7 – 8.1	6.3 – 7.6
	Japan	7.0	13	1.1	5.5 – 8.8	6.5 – 7.4
23	France	6.9	12	1.1	4.8 – 9.0	6.3 – 7.4
	Spain	6.9	11	0.8	5.2 – 7.8	6.5 – 7.2
25	Portugal	6.6	9	1.2	4.9 – 8.1	5.9 – 7.2
26	Oman	6.3	4	0.9	5.5 – 7.3	5.8 – 7.0
27	Bahrain	6.1	3	1.1	5.5 – 7.4	5.5 – 6.8
	Cyprus	6.1	3	1.6	4.7 – 7.8	4.7 – 7.2
29	Slovenia	5.9	12	1.2	4.7 – 8.8	5.4 – 6.6
30	Botswana	5.7	6	0.9	4.7 – 7.3	5.2 – 6.3
	Taiwan	5.7	13	1.0	3.6 – 7.8	5.3 – 6.2
32	Qatar	5.6	3	0.1	5.5 – 5.7	5.5 – 5.6
33	Estonia	5.5	12	0.6	4.7 – 6.6	5.3 – 5.8
	Uruguay	5.5	7	1.1	4.1 – 7.4	4.9 – 6.2
35	Italy	5.3	11	1.1	3.3 – 7.3	4.7 – 5.8
	Kuwait	5.3	4	1.7	3.3 – 7.4	3.8 – 6.3
37	Malaysia	5.2	13	1.1	3.6 – 8.0	4.8 – 5.8
	United Arab Emirates	5.2	3	0.5	4.6 – 5.6	4.6 – 5.5
39	Tunisia	4.9	6	0.7	3.6 – 5.6	4.4 – 5.3
40	Hungary	4.8	13	0.6	4.0 – 5.6	4.5 – 5.1
41	Lithuania	4.7	10	1.6	3.0 – 7.7	4.0 – 5.6
	Namibia	4.7	6	1.3	3.6 – 6.6	4.0 – 5.6
43	Cuba	4.6	3	1.0	3.6 – 5.5	3.6 – 4.9
	Jordan	4.6	7	1.1	3.6 – 6.5	4.0 – 5.3
	Trinidad and Tobago	4.6	6	1.3	3.4 – 6.9	3.9 – 5.5
46	Belize	4.5	3	0.9	3.6 – 5.5	3.6 – 5.1
	Saudi Arabia	4.5	4	2.0	2.8 – 7.4	3.2 – 5.9
48	Mauritius	4.4	5	0.7	3.6 – 5.5	4.0 – 4.9
	South Africa	4.4	12	0.6	3.6 – 5.5	4.1 – 4.7

Table 10.1: *continued*

Country rank	Country	CPI 2003 score[a]	Surveys used[b]	Standard deviation[c]	High–low range[d]	90% confidence range[e]
50	Costa Rica	4.3	8	0.7	3.5 – 5.5	4.0 – 4.7
	Greece	4.3	9	0.8	3.7 – 5.6	3.9 – 4.8
	South Korea	4.3	12	1.0	2.0 – 5.6	3.8 – 4.8
53	Belarus	4.2	5	1.8	2.0 – 5.8	2.8 – 5.3
54	Brazil	3.9	12	0.5	3.3 – 4.7	3.7 – 4.1
	Bulgaria	3.9	10	0.9	2.8 – 5.7	3.5 – 4.4
	Czech Republic	3.9	12	0.9	2.6 – 5.6	3.5 – 4.3
57	Jamaica	3.8	5	0.4	3.3 – 4.3	3.5 – 4.1
	Latvia	3.8	7	0.4	3.4 – 4.7	3.6 – 4.1
59	Colombia	3.7	11	0.5	2.7 – 4.4	3.4 – 3.9
	Croatia	3.7	8	0.6	2.6 – 4.7	3.3 – 4.0
	El Salvador	3.7	7	1.5	2.0 – 6.3	2.8 – 4.7
	Peru	3.7	9	0.6	2.7 – 4.9	3.4 – 4.0
	Slovakia	3.7	11	0.7	2.9 – 4.7	3.4 – 4.0
64	Mexico	3.6	12	0.6	2.4 – 4.9	3.4 – 3.9
	Poland	3.6	14	1.1	2.4 – 5.6	3.2 – 4.2
66	China	3.4	13	1.0	2.0 – 5.5	3.0 – 3.9
	Panama	3.4	7	0.8	2.7 – 5.0	3.0 – 4.0
	Sri Lanka	3.4	7	0.7	2.4 – 4.4	3.0 – 3.8
	Syria	3.4	4	1.3	2.0 – 5.0	2.4 – 4.2
70	Bosnia & Herzegovina	3.3	6	0.7	2.2 – 3.9	2.8 – 3.6
	Dominican Republic	3.3	6	0.4	2.7 – 3.8	3.0 – 3.5
	Egypt	3.3	9	1.3	1.8 – 5.3	2.7 – 4.0
	Ghana	3.3	6	0.9	2.7 – 5.0	2.9 – 4.0
	Morocco	3.3	5	1.3	2.4 – 5.5	2.5 – 4.3
	Thailand	3.3	13	0.9	1.4 – 4.4	2.8 – 3.6
76	Senegal	3.2	6	1.2	2.2 – 5.5	2.6 – 4.1
77	Turkey	3.1	14	0.9	1.8 – 5.4	2.8 – 3.5
78	Armenia	3.0	5	0.8	2.2 – 4.1	2.4 – 3.6
	Iran	3.0	4	1.0	1.5 – 3.6	1.9 – 3.5
	Lebanon	3.0	4	0.8	2.1 – 3.6	2.3 – 3.3
	Mali	3.0	3	1.8	1.4 – 5.0	1.4 – 4.2
	Palestine	3.0	3	1.2	2.0 – 4.3	2.0 – 3.8
83	India	2.8	14	0.4	2.1 – 3.6	2.6 – 2.9
	Malawi	2.8	4	1.2	2.0 – 4.4	2.0 – 3.7
	Romania	2.8	12	1.0	1.6 – 5.0	2.4 – 3.3
86	Mozambique	2.7	5	0.7	2.0 – 3.6	2.2 – 3.2
	Russia	2.7	16	0.8	1.4 – 4.9	2.4 – 3.0
88	Algeria	2.6	4	0.5	2.0 – 3.0	2.2 – 2.9
	Madagascar	2.6	3	1.8	1.2 – 4.7	1.2 – 3.7
	Nicaragua	2.6	7	0.5	2.0 – 3.3	2.3 – 2.9
	Yemen	2.6	4	0.7	2.0 – 3.4	2.1 – 3.1
92	Albania	2.5	5	0.6	1.9 – 3.2	2.1 – 3.0
	Argentina	2.5	12	0.5	1.6 – 3.2	2.2 – 2.7
	Ethiopia	2.5	5	0.8	1.5 – 3.6	2.0 – 3.0
	Gambia	2.5	4	0.9	1.5 – 3.6	1.7 – 3.1
	Pakistan	2.5	7	0.9	1.5 – 3.9	2.0 – 3.0
	Philippines	2.5	12	0.5	1.6 – 3.6	2.2 – 2.7
	Tanzania	2.5	6	0.6	2.0 – 3.3	2.1 – 2.8
	Zambia	2.5	5	0.6	2.0 – 3.3	2.1 – 2.9

Table 10.1: *continued*

Country rank	Country	CPI 2003 score[a]	Surveys used[b]	Standard deviation[c]	High–low range[d]	90% confidence range[e]
100	Guatemala	2.4	8	0.6	1.5 – 3.4	2.1 – 2.7
	Kazakhstan	2.4	7	0.9	1.6 – 3.8	1.9 – 3.0
	Moldova	2.4	5	0.8	1.6 – 3.6	1.9 – 3.0
	Uzbekistan	2.4	6	0.5	2.0 – 3.3	2.2 – 2.8
	Venezuela	2.4	12	0.5	1.4 – 3.1	2.1 – 2.6
	Vietnam	2.4	8	0.8	1.4 – 3.6	1.9 – 2.8
106	Bolivia	2.3	6	0.4	1.9 – 2.9	2.0 – 2.5
	Honduras	2.3	7	0.6	1.4 – 3.3	2.0 – 2.7
	Macedonia	2.3	5	0.3	2.0 – 2.7	2.1 – 2.5
	Serbia & Montenegro	2.3	5	0.5	2.0 – 3.2	2.0 – 2.7
	Sudan	2.3	4	0.3	2.0 – 2.7	2.0 – 2.5
	Ukraine	2.3	10	0.6	1.6 – 3.8	2.0 – 2.7
	Zimbabwe	2.3	7	0.3	2.0 – 2.7	2.1 – 2.4
113	Congo, Republic of the	2.2	3	0.5	2.0 – 2.8	2.0 – 2.8
	Ecuador	2.2	8	0.3	1.8 – 2.6	2.0 – 2.3
	Iraq	2.2	3	1.1	1.2 – 3.4	1.2 – 2.9
	Sierra Leone	2.2	3	0.5	2.0 – 2.8	2.0 – 2.8
	Uganda	2.2	6	0.7	1.8 – 3.5	1.9 – 2.8
118	Côte d'Ivoire	2.1	5	0.5	1.5 – 2.7	1.8 – 2.4
	Kyrgyzstan	2.1	5	0.4	1.6 – 2.7	1.9 – 2.4
	Libya	2.1	3	0.5	1.7 – 2.7	1.7 – 2.5
	Papua New Guinea	2.1	3	0.6	1.5 – 2.7	1.5 – 2.5
122	Indonesia	1.9	13	0.5	0.7 – 2.9	1.7 – 2.2
	Kenya	1.9	7	0.3	1.5 – 2.4	1.7 – 2.0
124	Angola	1.8	3	0.3	1.4 – 2.0	1.4 – 1.9
	Azerbaijan	1.8	7	0.3	1.4 – 2.3	1.6 – 2.0
	Cameroon	1.8	5	0.2	1.4 – 2.0	1.6 – 1.9
	Georgia	1.8	6	0.7	0.9 – 2.8	1.4 – 2.3
	Tajikistan	1.8	3	0.3	1.5 – 2.0	1.7 – 2.0
129	Myanmar	1.6	3	0.3	1.4 – 2.0	1.4 – 1.8
	Paraguay	1.6	6	0.3	1.2 – 2.0	1.4 – 1.8
131	Haiti	1.5	5	0.6	0.7 – 2.3	1.1 – 1.9
132	Nigeria	1.4	9	0.4	0.9 – 2.0	1.2 – 1.6
133	Bangladesh	1.3	8	0.7	0.3 – 2.2	0.9 – 1.7

[a] 'CPI 2003 score' relates to perceptions of the degree of corruption as seen by business people, academics and risk analysts, and ranges between 10 (highly clean) and 0 (highly corrupt).

[b] 'Surveys used' refers to the number of surveys that assessed a country's performance. A total of 17 surveys were used from 13 independent institutions, and at least three surveys were required for a country to be included in the CPI.

[c] 'Standard deviation' indicates differences in the values given by the sources: the greater the standard deviation, the greater the differences of perceptions of a country among the sources.

[d] 'High–low range' provides the highest and lowest values given by the different sources.

[e] '90% confidence range' provides a range of possible values of the CPI score. It reflects how a country's score may vary, depending on measurement precision. There is a 5 per cent probability that the score is above this range and 5 per cent that it is below. This interval, particularly when only three sources are available, should only be regarded as a rough guide.

represented. For the 2003 CPI, however, Gallup International on behalf of Transparency International surveyed respondents from less-developed countries, asking them to assess the performance of public servants in industrial countries. The same approach was applied by Beirut-based Information International. The results from these groups of expatriates correlate well with the other sources used in the 2003 CPI.

A more detailed description of the methodology is available at www.transparency.org/cpi/index.html#cpi or at www.gwdg.de/~uwvw

Note

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11 Global Corruption Barometer 2003

Transparency International

The Global Corruption Barometer is a new global, public opinion survey of perceptions, experiences and attitudes towards corruption. The barometer was carried out in association with Gallup International, as part of their first Voice of the People survey. The Voice of the People Survey involved interviews in July 2002 with 40,838 people in 47 countries across all continents.[1]

Complementing TI's Corruption Perceptions Index, the barometer involved questions intended to capture different aspects of corruption's extent and impact. Questions addressed the impact of corruption on different spheres of life, as well as perceptions of change in previous years and expectations of the future. TI hopes to repeat the survey in future years, which would allow an assessment of trends over time in both the perception and experience of corruption.

The most striking finding came when respondents were asked from which institution they would choose to eliminate corruption first if they had a magic wand. The overwhelming first choice was political parties, followed by the courts and the police. Political parties was the most frequently chosen institution in 33 of the 45 countries where this question was asked,[2] most notably in Argentina and Japan, where more than 50 per cent of respondents picked political parties. In total, almost 30 per cent of all respondents worldwide singled out political parties as the institution from which they would most like to eliminate corruption (see Figure 11.1).

The courts were selected by 14 per cent of respondents worldwide, most notably in Cameroon, Indonesia and Peru, where they were pinpointed by more than 30 per cent. The police were singled out by 12 per cent of respondents worldwide, but by more than 30 per cent in Hong Kong, Malaysia, Mexico and Nigeria. The medical services, the fourth choice globally, were selected by more than 20 per cent of respondents in Bosnia and Herzegovina, Croatia and Poland.

The survey also posed a series of questions about the effect of corruption on personal and family life, on the business environment, on political life and on the culture and values of society. Notably the survey found that corruption hits the poor hardest (see Table 11.1). More than 40 per cent of respondents who indicated they were on a low income believe that corruption has a very significant effect on their personal and family life. The same answer came from only 25 per cent of respondents who indicated they were on a high income. The correlation with income was found to be very significant.

It was found that attitudes towards corruption and its impact vary substantially across the world, and that they do not necessarily correlate with corruption levels.

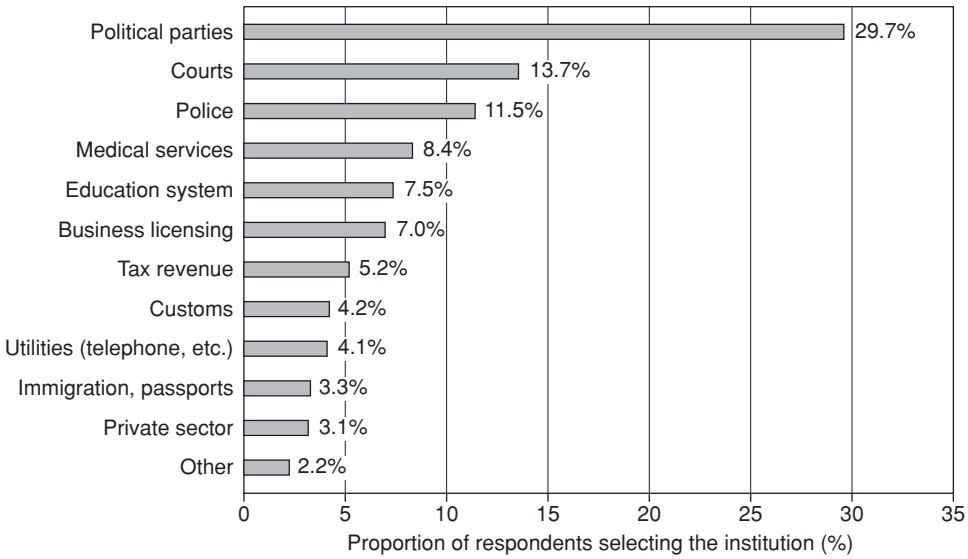

Figure 11.1: Priorities for eliminating corruption[a]

[a] Respondents were asked: 'If you had a magic wand and you could eliminate corruption from one of the following institutions, what would your first choice be?'

Table 11.1: The perceived impact of corruption by income level

Income-level	Respondent's beliefs about how corruption affects his personal and family life		
	Not significantly (%)	Somewhat significantly (%)	Very significantly (%)
Low income	29.7	29.3	41.0
Medium income	36.7	35.7	27.5
High income	44.5	30.1	25.4
Refused to answer question on income[a]	40.9	28.0	31.1
TOTAL	35.2	31.1	33.7

[a] One in six respondents (17.4%) refused to provide information about their income.

Table 11.2 (with a small sub-sample of countries) shows that in some countries with a relatively low incidence of corruption (for example, Canada), people view corruption as having a significant impact. On the other hand, some countries with a relatively high incidence of corruption (including Pakistan) view its impact as low.

Two questions addressed perceptions of change in corruption levels over time. Firstly, respondents were asked how they felt corruption had changed over the past three years. Of those surveyed 47 per cent felt that it had increased, and only one in 10 felt

Table 11.2: The perceived impact of corruption on different spheres of life

	Percentage of respondents saying corruption has a 'very significant' effect on:			
	Personal and family life	Business environment	Political life of society	Culture and values
Argentina	64.4	87.9	93.0	85.1
Bosnia and Herzegovina	69.7	75.5	81.4	82.3
Canada	42.5	16.6	13.1	17.0
Hong Kong	14.7	81.8	25.5	28.5
Italy	15.4	69.7	59.8	37.2
Korea	19.2	39.5	51.3	31.5
Pakistan	10.0	7.4	9.5	9.9
USA	26.5	7.4	7.1	9.6
AVERAGE for 45 countries[a]	33.8	48.6	55.1	43.7

[a] Data were missing for Brazil and China. Data from the Palestinian Authority are not included in the overall total.

Table 11.3: Expected change in corruption over the next three years

	Increase a lot (%)	Increase a little (%)	Stay the same (%)	Decrease a little (%)	Decrease a lot (%)	Don't know/ no response (%)
The optimists (more than 50% expect decrease in corruption):						
1. Colombia	14.0	10.0	11.7	28.3	32.0	4.0
2. Indonesia	10.0	7.8	25.9	41.0	13.7	1.6
The pessimists (more than 50% expect increase in corruption):						
1. India	55.8	18.5	13.6	6.7	1.2	4.1
2. Netherlands	21.5	37.9	20.0	4.5	0.0	16.2
3. Israel	19.0	39.5	23.0	7.4	1.6	9.6
4. Turkey	37.2	19.4	14.7	9.0	3.0	16.7
5. Georgia	34.6	20.6	11.5	9.2	1.3	22.8
6. Cameroon	39.4	15.1	13.3	15.3	4.7	12.1
7. South Africa	36.1	14.7	13.5	19.3	10.8	5.6
8. Norway	6.7	43.5	29.2	10.5	1.6	8.5
Overall: AVERAGE for 45 countries[a]	20.1	22.0	27.1	15.4	4.6	10.8

[a] Data were missing for Brazil and China. Data from the Palestinian Authority are not included in the overall total.

that it had decreased. This finding mirrors the 2002 Bribe Payers Index, where less than one-third of respondents thought that international bribery involving senior public officials had declined over the past five years, and only 6 per cent experienced a significant decline.

When asked about the future, more people expected corruption to increase than expected it to fall over the next three years. While 42 per cent predicted it would

increase either 'a lot' or 'a little', only 20 per cent predicted it would fall (see Table 11.3). In Colombia and Indonesia, the most optimistic in the survey, more than 50 per cent expected corruption levels to decrease. By contrast, the majority of respondents in Cameroon, Georgia, India, Israel, Netherlands, Norway, South Africa and Turkey expected corruption to increase in their countries.

The data analysis was conducted by Frances Smith and Professor Ross Homel of the Key Centre for Ethics, Law, Justice and Governance at Griffith University, Queensland, Australia. The full data is available at www.transparency.org/surveys

Notes

1. The 47 countries were: Argentina, Austria, Bolivia, Bosnia and Herzegovina, Brazil, Britain, Bulgaria, Cameroon, Canada, China, Colombia, Costa Rica, Croatia, Denmark, Dominican Republic, Finland, Georgia, Germany, Guatemala, Hong Kong, India, Indonesia, Ireland, Israel, Italy, Japan, Luxembourg, Macedonia, Malaysia, Mexico, Netherlands, Nigeria, Norway, Pakistan, Panama, Peru, Poland, Portugal, Romania, Russia, South Africa, South Korea, Spain, Sweden, Switzerland, Turkey and the United States. Data on corruption questions were missing for Brazil and China. In a separate survey, 1,315 people were surveyed in the Palestinian Authority by the Palestinian Center for Policy and Survey Research in April 2003, the results of which are not included in the overall totals reported here.
2. Data were missing for this question in Brazil, China and Pakistan, but was available in the Palestinian Authority.

12 Integrity Index for Public Institutions: measuring corruption risks in Colombia

Transparencia por Colombia[1]

Transparencia por Colombia, TI's national chapter in Colombia, developed an Integrity Index for Public Institutions in 2002, comparing corruption risks in the country's public institutions. It is the first tool of its kind developed by an independent civil society organisation. The project aims to generate awareness of corruption and integrity issues in Colombia, improve monitoring, and produce information that can be used for the design of further anti-corruption policies.

The overall index score is the average of 16 indicators, most of which are objective measures, with the others reflecting the opinions of a sample of public officials from each institution. The indicators focus on integrity – the measures taken by institutions to prevent and penalise corruption – rather than on the level of corruption. The indicators were therefore designed more to encourage reform than to point the finger of blame. The indicators fall into three groups:

- *Transparency*. Four indicators, including: information found on the institution's web page, existence of mechanisms for filing complaints and obtaining information on the phone, and ratings from public servants in each institution on transparency and institutional autonomy.
- *Control and punishment*. Eight indicators, including: the number of complaints presented, investigations opened, charges filed and sanctions issued by the attorney general's office; the number of fiscal sanctions issued by the office of the general comptroller, and the cost of penalties resulting from sentences and settlements.
- *Efficiency and institutionality*. Four indicators, including: scores from a sample of public servants in each institution on the simplicity of organisational processes, performance of the internal control function, incentives for employees, and the commitment of personnel.

The process of constructing the index revealed how limited public access to information is in Colombia. Hard data is scattered, disorganised and barely systematised, while officials often refuse or are 'inefficient' when asked to provide information to civil society organisations.

Only institutions that could provide enough information for all of the scores to be calculated were included. In total, the 2002 Integrity Index rated 88 national public

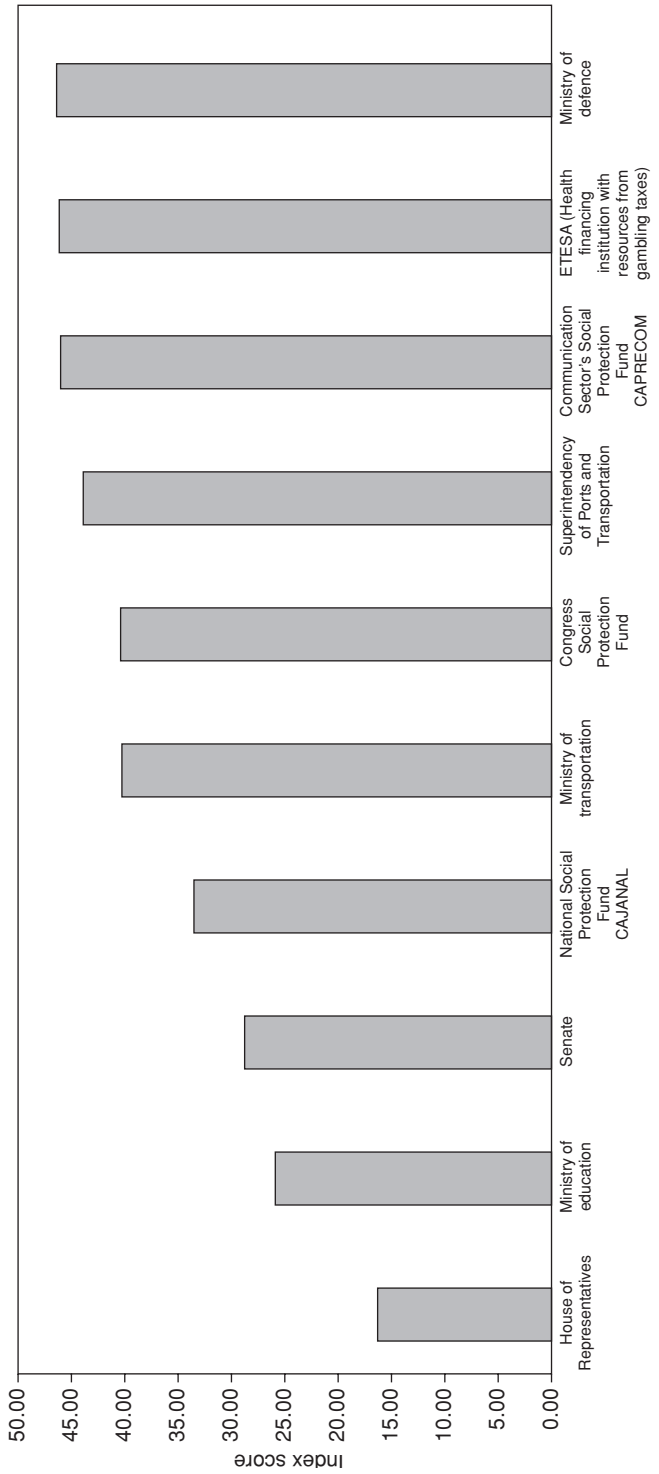

Figure 12.1: Institutions with a high risk of corruption (index scores lower than 50)

institutions. The institutions covered most functions of the state, from policy definition and implementation, legislation and regulation to the relevant punishment mechanisms. They include the executive, legislative and judicial branches, tax offices, the attorney general's office and the ombudsman.

On a scale from 0 to 100 (where 100 is the best possible score), only one institution exceeded 90 points, while 22 institutions obtained a score of between 70 and 90 points. Sixty-five institutions fell below this level.

The most worrying results were those of the 10 institutions that scored below 50 points (see Figure 12.1). This group included the national congress (senate and chamber of representatives), several ministries responsible for large portions of budget (transport, education and defence), four of the funds and institutions managing health and social security resources, and two important institutions for rural development.

The index will be published annually, allowing the monitoring of performance over time. A number of institutions have already stated their interest in making internal reforms to improve their performance in future indices.

The task now is to improve the index's potential by including new institutions, improving procedures for assessment and overcoming obstacles to the acquisition of information. Publication of the index has already encouraged the government to adopt policies aimed at improving the availability of relevant information.

For more information about the index, see www.transparenciacolombia.org.co

Note

1. At Transparencia por Colombia, Marcela Rozo Rincón is research director and Ana Maria Torres Soto is head researcher. Contact: indiceintegridad@ transparenciacolombia.org.co