

1. **What is the Bribe Payers Index 2006?**
2. **Which countries are included in the BPI 2006?**
3. **When, where, with whom and by whom was the survey carried out?**
4. **Why does the BPI rank countries and not companies?**
5. **What can a country do to improve its score?**
6. **What is the difference between the BPI 2006 and the BPI 2002 and 1999 and can we compare this year's ranking those of previous years?**
7. **How is the index computed?**
8. **How is the BPI funded?**
9. **What is the difference between the BPI and TI's Corruption Perceptions Index (CPI)?**
10. **What is the difference between the BPI and TI's Global Corruption Barometer (GCB)?**

1. What is the Bribe Payers Index (BPI) 2006?

The BPI is a ranking of 30 leading exporting countries according to the propensity of their firms to bribe abroad. This survey looks at the use of bribes by companies with headquarters in 30 of the world's leading exporting countries (either in global or regional terms). It is based on two questions¹ asked of 11,232 business executives from companies in 125 countries, who are surveyed about the business practices of foreign firms in their country. To assess the international supply-side of bribery, executives are asked about the propensity of the foreign firms that do the most business in their country to make undocumented extra payments or bribes. The survey is anonymous.

2. Which countries are included in the BPI 2006?

The 30 economies ranked in the BPI are: Australia, Austria, Belgium, Brazil, Canada, China, France, Germany, Hong Kong, India, Israel, Italy, Japan, Malaysia, Mexico, the Netherlands, Portugal, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Turkey, the United Arab Emirates, the United Kingdom and the United States.

The countries included are the leading international or regional exporting countries, whose combined global exports represented 82 percent of the world total in 2005 (source, IMF). While most of the countries in the survey are OECD countries, membership was not a selection criteria. Thus, OECD countries such as Norway and Denmark are not part of the list, while non-OECD countries like India, Israel, Singapore and South Africa for instance are included.

3. When, where, with whom and by whom was the survey carried out?

The BPI survey uses the Executive Opinion Survey (EOS)² carried out by the World Economic Forum's (WEF) partner institutes between February and May 2006. It surveyed 11,232 representatives from the private sector in 125 countries, whose combined Gross Domestic Product represent 98 percent of the world total.

The WEF is responsible for the overall coordination of the survey and the data quality control process, but relies on a network of partner institutes to carry out the survey locally. WEF's local partners include economics departments of national universities, independent research institutes, and / or business organisations. Contact details for WEF partner institutes can be found on the TI website at:

www.transparency.org/policy_research/surveys_indices/bpi

¹ Respondents were first asked:

"From the list of countries below, please select those nationalities of the foreign-owned companies doing most business in your country"
They then had to score countries on a 7-point scale system (from 1=bribes are common, to 7=bribes never occur) by answering the question:
"In your experience, to what extent do firms from the countries you have selected make undocumented extra-payments or bribes?"

Note that the BPI rankings are based on a standardised score out of 10.

² The data and indices generated from the EOS are the core ingredients of the Global Competitiveness Report, recognised as one of the most authoritative and comprehensive assessments of global competitiveness in the world. To see this year's Global Competitiveness Report go to: <http://www.weforum.org/gcr>

Due to the range of countries surveyed, the method of conducting the survey has been slightly adapted to suit the different operating environments. The survey was conducted through the following format: face to face interviews, by mail, by telephone and via internet (the online version represented 13 percent of the 11,232 responses).

The WEF makes every effort to ensure that the sample of respondents is representative of the national business sector, both in terms of the share of production by industry, the size of company and the range of company types (domestic, foreign and partly state owned). The BPI 2006 Analysis Report contains details of the number of respondents in each of the 125 countries in Table 2, Annex 1, page 13. While sample sizes vary according to the size of the economy, efforts are made to increase the sample size in the larger economies.

4. Why does the BPI rank countries rather than companies?

The supply side of corruption in international business transactions implies a shared responsibility between companies operating abroad and their home governments. This survey indicates the success and failure of governments to control corruption abroad by companies headquartered in their national borders. It also indicates the success and failure of companies to ensure their employees comply with the highest standards of business practice. This is the particular aspect the BPI is examining.

The BPI does not identify cases of corruption or assess behaviour at the company level. With more than 60,000 multinational corporations in operation worldwide, composed of more than 600,000 foreign affiliates, a ranking based on experience with each of these individual companies would require doing a market survey of a different nature. In addition, the evaluation and ranking of individual corporations requires a different type of assessment. By asking senior executives to assess the behaviour of foreign companies doing the most business in their country, rather than asking them to name companies, the survey is able to focus on clearly identifiable patterns based on respondents' own experiences, rather than specific cases.

5. What can a country do to improve its ranking in the BPI?

Scores for each country reflect both the responsibility of the authorities and of the companies, mainly multinationals, from those countries. There needs to be commitment and action from both governments and companies. Commitment can be expressed by adherence to existing international anti-corruption conventions at the country level and by inclusion of codes of conduct at the company level. Action must include both preventative and enforcement measures. Signing international conventions such as the OECD anti-bribery convention or the United Nations convention against corruption and passing laws outlawing bribery, though important, are not enough. The leading exporting countries need to properly enforce those laws. That means providing the resources to ensure that investigations and court proceedings can take place in an independent manner. It also means conducting strong education campaigns to ensure that the corporate sector is aware that bribery is illegal, at home and abroad.

The business community needs to take its commitment to anti-corruption more seriously and particularly to ensure compliance by its intermediaries abroad. The introduction, implementation and monitoring of anti-corruption compliance codes and business codes in all their offices around the world and provision of appropriate training are key measures to be taken by multinationals.

6. What is the difference between the BPI 2006 and the BPI 2002 and 1999? Can we compare this year's ranking with those of previous years?

There are important distinctions between the BPI 2006 and previous iterations of the BPI.

The BPI 2002 ranked 21 leading exporting countries in terms of the degree to which international companies with their headquarters in those countries were likely to pay bribes to senior public officials in 15 key emerging market economies. The BPI 2002 was conducted by Gallup International Association exclusively in those emerging market economies, with findings comprised of 835 interviews (779 in 1999). For more information and results from the BPI 1999 and 2002, see:

www.transparency.org/policy_research/surveys_indices/bpi

The 2006 index is based on a different methodology and different survey questions. The first methodological difference is that the sample is much bigger and broader. The survey captures the views of 11,232 business executives based in 125 countries (not only from emerging market economies as in previous editions of the BPI) on the companies that they are knowledgeable about coming from 30 of the leading exporting countries. Second, it asks about their propensity to bribe or make undocumented payments *in general* and not just to foreign officials. Because of these differences, it is not possible to compare the 2006 index with those of previous years. The 2006 edition does not include a ranking of sectors because we do not have data on sector but only on industry category. In addition, the statistical analysis conducted on the questions on industry identified some difficulties in using the data.

7. How is the index itself computed and produced?

TI has sought to improve the methodology of the BPI and to ensure the highest quality data analysis. The BPI methodology preparation and data analysis have been carried out in consultation with TI's Index Advisory Committee, consisting of leading international experts in the fields of corruption, econometrics and statistics. Members of the Committee may make suggestions for improving the BPI, but TI's management takes the final decisions on the methodology used. The statistical work on the BPI has been carried out by Prof. Gertrud Moosmüller, chair of statistics at the University of Passau, Germany³.

The keys steps in producing the index are the following:

The index relies on 2 questions.

Respondents were first asked:

“From the list of countries below, please select those nationalities of the foreign-owned companies doing most business in your country”.

They then had to score countries on a 7-point scale system (from 1=bribes are common, to 7=bribes never occur) by answering the question:

“In your experience, to what extent do firms from the countries you have selected make undocumented extra-payments or bribes?”

To facilitate the construction of the index, the 7-point scale is converted into a 10-point scale system. An average is calculated for each country based on the number of assessments provided by all respondents, except assessments of their own country. The countries are then ranked based on the mean scores obtained for each country.

The standard deviation provided in the BPI 2006 Analysis Report is given to indicate the degree of agreement among respondents in relation to each particular country: the smaller the standard deviation, the broader the consensus. The results are close together, despite their different ranking. The margin of error at a confidence of 95 percent is also provided. This shows that there is a 95 percent probability that the true value of the results lies within the range given by the margin of error above and below each score.

Further data analysis was carried out, presenting the results per type of respondents - per region, type of country (OECD-low income countries) and per type of company (foreign or local owned, small or large) - Those sensitivities can be found in the BPI 2006 Analysis Report at: www.transparency.org/policy_research/surveys_indices/bpi

8. Who funds the Bribe Payers Index?

Transparency International is funded by various governmental agencies, international foundations and corporations. Support from these sources contribute to the production of the BPI 2006. In addition, starting in 2006, TI's measurement instruments receive support from Ernst & Young. Acceptance of a donation by TI does not imply its endorsement of a donating company's policies or record. To learn more about Transparency International's sources of funding, please visit http://www.transparency.org/support_us.

9. What is the difference between the BPI and the CPI?

The Corruption Perceptions Index (CPI) ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians in those countries, while the BPI ranks countries in terms of the propensity of companies headquartered in their country to bribe abroad. A further difference is that the BPI reflects only the views of the private sector (local and foreign companies) on foreign bribery as based on their experience in a particular country of operation, while the CPI reflects the views of business people and analysts from around the world, including experts who are locals in the countries evaluated. The CPI is a composite index drawing on corruption-related data from multiple expert and business people surveys carried out by a variety of independent and reputable institutions. See: www.transparency.org/policy_research/surveys_indices/cpi. The BPI is a ranking resulting directly from the answers to a specialist survey.

There are, however, some complementarities as the scores from the BPI correlate strongly with those of the CPI (represented by a coefficient of correlation of 0.87).

10. What is the difference between the BPI and the Global Corruption Barometer?

The BPI assesses the international supply side of bribery from the perspective of private sector representatives, while the Global Corruption Barometer assesses the general public's attitudes toward, and experiences of, corruption in their country. See http://www.transparency.org/policy_research/surveys_indices/gcb.

³ Prof. Dr. Gertrud Moosmüller, Chair of Statistics, Faculty of Economics, University Passau, Germany.
-Transparency International Bribe Payers Index 2006 Q&A page 3 of 3 -