Phnom Penh, 26 November 2014

MEDIA ADVISORY

Press Conference: Launch of the 2014 Corruption Perceptions Index on 3 December

Dear Members of the Media,

Transparency International, the leading civil society organisation fighting corruption worldwide, will release its 20th annual *Corruption Perceptions Index* on Wednesday, 3 December 2014 at 5 am Berlin time (11 am Phnom Penh time).

This year's index ranks 175 countries and territories by their perceived levels of public sector corruption. The index draws on up to 12 surveys – seven in the case of Cambodia – covering expert assessments and views of business people.

The *Corruption Perceptions Index* is the leading global indicator of public sector corruption, offering a yearly snapshot of the relative degree of corruption by ranking countries from all over the globe. For more information click here: www.transparency.org/cpi2013

What: Launch of the 2014 Corruption Perceptions Index
When: Wednesday, 3 December 2014 from 10 am to 12 pm
Where: Raffles Hotel Le Royal, 92 Rukhak Vithei Daun Penh, Sangkat Wat Phnom, Phnom Penh

We are pleased to enclose a short methodology note, a source description document and an FAQ to help you grasp the ins and outs of the upcoming ranking, both in English and in Khmer.

Please kindly confirm your attendance to **Maud Salber**, Communications Officer, by phone: (+855) 17 509 401 or email: maudsalber@ticambodia.org, to help us on the headcount for logistics and other arrangements.

We look forward to receiving your RSVP and seeing you at the event.

# # #

Transparency International is the global civil society organisation leading the fight against corruption

Contact: Mr. Kol Preap, Executive Director of Transparency International Cambodia, email: kolpreap@ticambodia.org - Phone +855 12 877 833

TENTATIVE AGENDA

Press Conference/ Launch Event – 2014 Corruption Perception Index
Transparency International Cambodia

03 December 2014, 10:00am – 12:00pm

Date	Time	Session
03 December 2014	10:00 – 10:30	Registration
	10:30 – 11:00	Presentation of Methodology
	11:00 – 11:40	Presentation of the 2014 Corruption Perceptions Index and Press Statement
	11:40 – 12:00	Q & A
	12:00 onwards	Refreshments - Opportunity for journalists to do interviews

www.ticambodia.org

www.transparency.org

Contact: Mr. Kol Preap, Executive Director of Transparency International Cambodia, email: kolpreap@ticambodia.org - Phone +855 12 877 833

Corruption Perceptions Index 2014: Frequently Asked Questions

What is the Corruption Perceptions Index (CPI)?
The CPI scores and ranks countries/territories based on how corrupt a country's public sector is perceived to be. It is a composite index, a combination of surveys and assessments of corruption, collected by a variety of reputable institutions. The CPI is the most widely used indicator of corruption worldwide.

Why is the CPI based on perceptions?
Corruption generally comprises illegal activities, which are deliberately hidden and only come to light through scandals, investigations or prosecutions. There is no meaningful way to assess absolute levels of corruption in countries or territories on the basis of hard empirical data. Possible attempts to do so, such as by comparing bribes reported, the number of prosecutions brought or studying court cases directly linked to corruption, cannot be taken as definitive indicators of corruption levels. Instead, they show how effective prosecutors, the courts or the media are in investigating and exposing corruption. Capturing perceptions of corruption of those in a position to offer assessments of public sector corruption is the most reliable method of comparing relative corruption levels across countries.

Which countries/territories are included in the CPI 2014 and why?
For a country/territory to be included in the ranking, it must be included in a minimum of three of the CPI's data sources. If a country is not featured in the ranking, then this is solely because of insufficient survey information and not an indication that corruption does not exist in the country. This year 175 countries and territories are included in the index. In 2013, it was 177. Comparing to 2013 CPI, Brunei, Equatorial Guinea and Saint Lucia are not included in the 2014 CPI. Samoa is included in 2014 CPI but was not included in 2013 CPI.

What are the data sources for the CPI?
The 2014 CPI draws on data sources from independent institutions specialising in governance and business climate analysis. The sources of information used for the 2014 CPI are based on data gathered in the past 24 months. The CPI includes only sources that provide a score for a set of countries/territories and that measure perceptions of corruption in the public sector. Transparency International reviews the methodology of each data source in detail to ensure that the sources used meet Transparency International's quality standards. For a full list of the data sources, the type of respondents and the specific questions they ask, please see the CPI sources description document.

What is the difference between a country/territory's rank and its score?
A country/territory's score indicates the perceived level of public sector corruption on a scale of 0-100, where 0 means that a country is perceived as highly corrupt and a 100 means that a country is perceived as very clean. A country's rank indicates its position relative to the other countries/territories included in the index. Ranks can change merely if the number of countries included in the index changes.

Is the country/territory with the lowest score the world's most corrupt nation?
No. The CPI is an indicator of perceptions of public sector corruption, i.e. administrative and political corruption. It is not a verdict on the levels of corruption of entire nations or societies, or of their policies, or the activities of their private sector. Citizens of those countries/territories that score at the lower end of the CPI often show the same concern about and condemnation of corruption as the public in countries that perform strongly.

Further, the country/territory with the lowest score is the one where public sector corruption is perceived to be greatest *among those included in the list*. The CPI provides no information about countries/territories that are not included in the index.

Can the score of a country in the 2014 Corruption Perceptions Index be compared with the previous year?
Yes. As part of the update to the methodology used to calculate the CPI in 2012 we established the new scale of 0-100. Using this scale we can compare CPI scores from one year to the next. Because of the update in the methodology, however, CPI scores before 2012 are not comparable over time.

For a more detailed description of last year's change in methodology, please see Corruption Perceptions Index – An updated Methodology for 2012.

Does the CPI tell the full story of corruption in a country?
No. The CPI is limited in scope, capturing perceptions of the extent of corruption in the public sector, from the perspective of business people and country experts. Complementing this viewpoint and capturing different aspects of corruption, Transparency International produces a range of both qualitative and quantitative research on corruption, both at the global level from its Secretariat and at the national level through Transparency International's network of National Chapters based in over 90 countries around the world.

Complementing the CPI, Transparency International's other global research products include:

- *Global Corruption Barometer* (GCB): Measuring people's perceptions and experiences of corruption, the Global Corruption Barometer is a representative survey of more than 114,000 households in 107 countries. The most recent Global Corruption Barometer results (2013) can be found at: http://www.transparency.org/gcb2013/
- *Bribe Payers Index* (BPI): Measuring the supply side of corruption in international business transaction, the Bribe Payers Index is a ranking of leading exporting countries according to the perceived likelihood of their firms to bribe abroad. It is based on a survey of business executives capturing perceptions of the business practices of foreign firms in their country. The most recent Bribe Payers Index can be found at: http://bpi.transparency.org/bpi2011/
- *Global Corruption Report (GCR):* Exploring corruption issues in detail for a specific issue or sector, the Global Corruption Report is a thematic report which draws on a variety of expert research and analysis as well as case studies. The series of Global Corruption Reports, covering issues from the judiciary to education, can be found at: http://www.transparency.org//gcr

- *National Integrity System assessments* (NIS): a series of in-country studies providing an extensive qualitative assessment of the strengths and weaknesses of the key institutions that enable good governance and prevent corruption in a country. For more information on the National Integrity System reports, please see: http://www.transparency.org/whatwedo/nis
- *Transparency In Corporate Reporting (TRAC):* The study analyses the extent of transparency in the reporting on a series of anti-corruption measures by the world's largest companies. For further information, please see http://www.transparency.org/whatwedo/pub/transparency_in_corporate_reporting_assessing_the_worlds_largest_companies

Corruption Perceptions Index 2014: Short Methodology Note

The Corruption Perceptions Index aggregates data from a number of different sources that provide perceptions of business people and country experts of the level of corruption in the public sector.

The following steps are followed to calculate the CPI:

1. **Select data sources:** Each data source that is used to construct the Corruption Perceptions Index must fulfil the following criteria to qualify as a valid source:
   - Quantifies perceptions of corruption in the public sector
   - Be based on a reliable and valid methodology, which scores and ranks multiple countries on the same scale
   - Performed by a credible institution and expected to be repeated regularly
   - Allow for sufficient variation of scores to distinguish between countries

   The CPI 2014 is calculated using 12 different data sources from 11 different institutions that capture perceptions of corruption within the past two years. These sources are described in detail in the accompanying source description document.

2. **Standardise data sources** to a scale of 0-100 where a 0 equals the highest level of perceived corruption and 100 equals the lowest level of perceived corruption. This is done by subtracting the mean of the data set and dividing by the standard deviation and results in z-scores, which are then adjusted to have a mean of approximately 45 and a standard deviation of approximately 20 so that the data set fits the CPI's 0-100 scale. The mean and standard deviation are taken from the 2012 scores, so that the rescaled scores can be compared over time against the baseline year.

3. **Calculate the average:** For a country or territory to be included in the CPI, a minimum of three sources must assess that country. A country's CPI score is then calculated as the average of all standardised scores available for that country. Scores are rounded to whole numbers.

4. **Report a measure of uncertainty:** The CPI is accompanied by a standard error and confidence interval associated with the score, which capture the variation in scores of the data sources available for that country/territory.

Corruption Perceptions Index 2014: Full Source Description for Cambodia

7 data sources were used to construct the Corruption Perceptions Index 2014 in Cambodia:

1. Bertelsmann Foundation Transformation Index 2014
2. Economist Intelligence Unit Country Risk Ratings 2014
3. Global Insight Country Risk Ratings 2014
4. Political and Economic Risk Consultancy Asian Intelligence 2014
5. World Bank - Country Policy and Institutional Assessment 2013
6. World Economic Forum Executive Opinion Survey (EOS) 2014
7. World Justice Project Rule of Law Index 2014

1. Bertelsmann Foundation Transformation Index
Code: BF (TI)

Data Provider

The Bertelsmann Stiftung was founded in 1977 as a private foundation. As a think tank they work toward improved education, a just and efficient economic system, a preventative healthcare system, a vibrant civil society and greater international understanding. The Bertelsmann Stiftung is independent and nonpartisan. It designs, launches and runs its own projects.

The Transformation Index provides the framework for an exchange of good practice among agents of reform. Within this framework, the BTI publishes two rankings, the Status Index and the Management Index, both of which are based on in-depth assessments of 129 countries. The scores are based on detailed country reports which assess 52 questions divided into 17 criteria.

Assessments are provided by two experts per country. Country assessments consist of two sections: the written assessment of the state of transformation and management performance in a country (country report) and the numerical assessment of the state of transformation and management performance (country ratings). Scores are given by a country expert, which are then reviewed blind by a second country expert who also provides a second independent rating of the country.

Corruption Question(s)

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

Scores

Scores are assigned on a scale of 1-10 with 10 being the lowest level of corruption and 1 being the highest.

The score for each country is an average of the two questions.

Country Coverage

129 countries and territories are scored.

Country scores pass through an *intra-regional* review stage followed by an *inter-regional* review and ratings aggregation.

Data availability

The Transformation Index was first published in 2003, and has been published every two years since then.

The data is taken from the BTI 2014 report, published in January 2014, and data is publicly available online. It assesses a two-year period from 1 February 2011 to 31 January 2013.

http://www.bti-project.org/index/

2. Economist Intelligence Unit Country Risk Ratings
Code: EIU

Data Provider

The Economist Intelligence Unit (EIU) was established in 1946 as the research body for The Economist newspaper. Since then, it has grown into a global research and advisory firm that produces business intelligence for policy makers worldwide. 650 full-time and contributing analysts work in and on over 200 countries/territories.

Country Risk Ratings are designed to provide in-depth and timely analysis of the risks of financial exposure in more than 140 countries.

The EIU relies on teams of experts based primarily in London (but also in New York, Hong Kong, Beijing and Shanghai) who are supported by a global network of in-country specialists. Each country analyst covers a maximum of two or three countries/territories. The economic and political reports produced by EIU analysts are subjected to a rigorous review process before publication.

Corruption Question(s)

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 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?

Scores

Scores are given as integers on a scale from 0 (very low incidence of corruption) to 4 (very high incidence of corruption).

Country Coverage

120 countries/territories were scored in 2014.

Data availability

Country risk assessments have been produced by the EIU since the early 1980s. Updated summaries are provided monthly for 100 countries and quarterly for the rest.

The CPI draws on the most recent data available between the period Jan 2014 to August 2014 for 120 countries and data from 2013 was used for 23 countries.

Data is available to subscribers of EIU Country Risk Service.

http://www.eiu.com

3. Global Insight Country Risk Ratings
Code: GI

Data Provider

Founded in 1959, IHS is a global information company employing more than 5,100 people in more than 30 countries around the world. It provides a wide range of online services covering macroeconomics, country risk and individual sector analysis.

The Global Insight country risk rating system has been in operation since 1999 and provides a six-factor analysis of the risk environment in 204 countries/territories. The six factors are political, economic, legal, tax operational and security risk. The corruption risk score used in the CPI is drawn largely from the evaluation of operational risk, but also builds on the insight of the country experts in analysing the other areas of risk.

The assessments are made by over 100 in-house country specialists, who also draw on the expert opinions of in-country freelancers, clients and other contacts. The ratings reflect IHS Global Insights expert perceptions of the comparative level of the problem in each country/territory. The ratings assess the broad range of corruption, from petty bribe-paying to higher-level political corruption and the scores assigned to each country are based on a qualitative assessment of corruption in each country/territory.

Corruption Question(s)

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.

Scores

The ratings range from a minimum of 1.0 (minimum corruption) to 5.0 (maximum corruption) and allow for half-point intermediate scores (e.g. 3.5).

Country Coverage

203 countries/territories worldwide are scored.

Scores provided by country analysts are reviewed and benchmarked by IHS Global Insight's risk specialists at both the regional and global level.

Data availability

The Country Risk Rating System has been available since 1999 and is continuously maintained.

The data for the CPI 2014 was received in July 2014.

Data is available to customers of IHS' Country Intelligence.

http://www.ihs.com/products/global-insight/country-analysis/

4. Political and Economic Risk Consultancy 2014
Code: PERC

Data Provider

The Political and Economic Risk Consultancy or PERC is a consulting firm specialising in strategic business information and analysis for companies doing business in the countries of East and Southeast Asia. As part of its services, PERC produces a range of risk reports on Asian countries, paying special attention to critical socio-political variables like corruption, intellectual property rights and risks, labour quality, and other systemic strengths and weakness of individual Asian countries/territories.

PERC publishes fortnightly newsletters, which are available to subscribers, on a number of issues. The data for the CPI was gathered from the corruption newsletter, which gathers and interprets data from an executive opinion survey of local and expatriate businesspeople.

The survey was conducted via face-to-face, telephone and online interviews. Business people were asked about both the country in which they currently work and their country of origin. 100 business executives were surveyed in each country.

Corruption Question(s)

Survey respondents were asked a number of questions about corruption from different perspective and in different institutions. For the CPI we used the questions which ask specifically for perceptions of the level of corruption in the public sector:

“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

Scores

Answers to each question were scaled from 0 (not a problem) to 10 (a serious problem).

The results of the 11 separate scores for each position and institution were averaged to give one score for each country.

Country Coverage

15 Asian countries/territories plus the Unites States were surveyed in 2014.

The same questions and survey methodology were employed in each country surveyed. Individual respondents were asked both about the country they were from and the country they currently work in.

Data availability

The survey dates back 20 years and is conducted annually.

The data used for the CPI 2014 was gathered in a survey carried out between November 2013 and March 2014 and published in March 2014.

The data is available to subscribers.

http://www.asiarisk.com/

5. World Bank Country Policy and Institutional Assessment 2013
Code: WB

Data Provider

The World Bank was established in 1944, is headquartered in Washington, D.C and has more than 10,000 employees in more than 100 offices worldwide. The World Bank is made up of two development institutions: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).The IBRD aims to reduce poverty in middle-income and creditworthy poorer countries, while IDA focuses on the world's poorest countries.

The CPIA rates all IDA-eligible countries against a set of 16 criteria grouped in four clusters: (a) economic management; (b) structural policies; (c) policies for social inclusion and equity; and (d) public sector management and institutions. The criteria are focused on balancing the capture of those factors critical to fostering growth and poverty reduction against avoiding undue burden on the assessment process.

The ratings are the product of staff judgment and do not necessarily reflect the views of the World Bank's Board of Executive Directors or the governments they represent. The Bank has prepared guidance to help staff assess country performance, by providing a definition of each criterion and a detailed description of each rating level. Bank staff assess the countries' actual performance on each of the criteria, and assign a rating. The ratings reflect a variety of indicators, observations, and judgments based on country knowledge, originating with the Bank or elsewhere, and on relevant publicly available indicators.

Corruption Question(s)

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) 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."

Scores

The rating scale ranges from 1 (low levels of transparency) to 6 (high levels of transparency) and allows for half-point intermediate scores (eg. 3.5). The score is an aggregate of the three dimensions of corruption across national and sub-national government institutions in the country/territory.

Country Coverage

81 countries were scored in the CPIA 2013.
The process of preparing the ratings involves two phases: (a) the benchmarking phase, in which a small, representative, sample of countries is rated in an intensive Bank-wide process; and (b) a second phase, in which the remaining countries are rated using the derived benchmark ratings as guideposts. The process is managed by the Bank's Operations Policy and Country Services Vice-Presidency.

Data availability

First released in 2005 in its current form, the CPIA is now an annual exercise.
The ratings process typically starts in the fall and is concluded in the spring of the following year. The scores disclosed in June 2014 (the 2013 CPIA exercise) cover 2013 country performance.
The data is publicly available online.

http://data.worldbank.org/data-catalog/CPIA

6. World Economic Forum Executive Opinion Survey (EOS) 2014
Code: WEF

Data Provider

The World Economic Forum is an independent international organisation committed to improving the state of the world by engaging business, political, academic and other leaders of society to shape global, regional and industry agendas. Incorporated as a not-for-profit foundation in 1971, and headquartered in Geneva, Switzerland, the Forum is not tied to political, partisan or national interests.

The Executive Opinion Survey (EOS) is the World Economic Forum's annual survey of business executives. The survey has evolved over time to capture new data points essential to the Global Competitiveness Index (GCI) and other Forum indexes.

The Forum's Global Competitiveness and Benchmarking Network works closely with a network of over 160 Partner Institutes that administer the surveyin their respective countries/territories. They are selected because of their capacity to reach out to leading business executives as well as their understanding of the national business environment and their commitment to the Forum's research on competitiveness. The Partner Institutes are, for the most part, well-respected economics departments of national universities, independent research institutes or business organisations. An average of 94.7 business executives per country/territory were surveyed for the EOS 2013. The surveys are conducted according to detailed guidelines aiming at collecting a sample stratified by sector of activity and company size. The EOS administration process is reviewed on a yearly basis and underwent an external review in 2008 and 2012 by a renowned survey expert consultancy. See chapter 1.3 of the Global Competitiveness Report 2013-2014 for further details www.weforum.org/gcr.

Corruption Question(s)

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?”

Scores

Each question is scored by respondents on a scale of 1 - 7.
The results of parts a) to e) of the first question were aggregated into a single score. The results of the two questions were then averaged across all respondents to give a score per country/territory.

Country Coverage

In 2014 the survey captured the views of business executives in 143 economies.

The survey is conducted in each country/territory according to the sampling guidelines and therefore in a consistent manner across the globe during the same time of year.

Data availability

The World Economic Forum has conducted its annual survey for more than 30 years.

The data was gathered in a survey conducted between January and June 2014.

Some aggregated data is available in the appendix of the Global Competitiveness Report, the micro-level data is provided to TI by the World Economic Forum.

http://www.weforum.org/

7. World Justice Project Rule of Law Index 2014
Code: WJP

Data Provider

The World Justice Project (WJP) is an independent, not-for-profit organisation working to advance the rule of law for the development of communities of opportunity and equity. The WJP's multi-national, multi-disciplinary efforts are dedicated to developing practical programmes in support of the rule of law around the world. The work of the WJP is based on two complementary premises: the rule of law is the foundation for communities of opportunity and equity, and multi-disciplinary collaboration is the most effective way to advance the rule of law.

The WJP Rule of Law Index is an assessment tool designed by The World Justice Project to offer a detailed and comprehensive picture of the extent to which countries/territories adhere to the rule of law in practice. The Index provides detailed information and original data regarding a variety of dimensions of the rule of law, which enables stakeholders to assess a nation's adherence to the rule of law in practice, identify a nation's strengths and weaknesses in comparison to similarly situated countries, and track changes over time.

The Index's rankings and scores are the product of a rigorous data collection and aggregation process. Data comes from a global poll of the general public and detailed questionnaires administered to local experts. To date, over 2,000 experts and 66,000 other individuals from around the world have participated in this project.

Corruption Question(s)

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

Scores

Scores are given on a continuous scale between from a low of 0 to a high of 1.

Country Coverage

99 countries were scored in the 2013-2014 Rule of Law index.

The Index is deliberately intended to be applied in countries with vastly differing social, cultural, economic, and political systems.

Data availability

The first edition was published in 2010, with slight variation in methodology and country coverage.

Data for computing this index was collected between Spring 2011 and Autumn 2013. Data is publicly available online.

http://worldjusticeproject.org/rule-of-law-index/