METHODOLOGY

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2020 CORRUPTION PERCEPTIONS INDEX IS:

A global (180 countries/territories) aggregate index (up to 13 different data sources) capturing perceptions (experts/business executives) of corruption (abuse of power for private gain) in the public sector (public officials and institutions)
WHAT DOES THE CPI MEASURE

All of our sources measure public sector corruption, or certain aspects of public sector corruption, including:

- Bribery
- Diversion of public funds
- Use of public office for private gain
- Nepotism in the civil service
- State capture
- The government’s ability to enforce integrity mechanisms
- The effective prosecution of corrupt officials
- Red tape and excessive bureaucratic burden
- The existence of adequate laws on financial disclosure, conflict of interest prevention and access to information
- Legal protection for whistleblowers, journalists and investigators

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WHAT DOES THE CPI NOT CAPTURE

Based on the dimensions included in our external sources, the following aspects are not captured in the CPI:

- Citizen perceptions or experience of corruption
- Tax fraud
- Illicit financial flows
- Enablers of corruption (lawyers, accountants, financial advisors etc)
- Money Laundering,
- Any type of private sector corruption
- Informal economies and markets
METHODOLOGY - APPROACH

Step 1: Select data sources
Step 2: Rescale data sources
Step 3: Calculate the average
Step 4: Report uncertainty
What makes a valid source?

A. Methodological reliability and institutional reputation
B. Conceptual alignment of the data
C. Quantitative granularity
D. Cross country comparability
E. Multi year data availability
METHODOLOGY – RESCALING SOURCES

Reverse the data (if necessary)
- Low number = Highly corrupt
- High number = Very clean

Standardise original data to z scores

Standardise data to CPI scale (0-100)
- Transform Z scores to 0-100 scale
- Fix the spread of data to have a max 100, min 0
METHODOLOGY – RESCALING SOURCES

- **Very Clean**
- **Highly Corrupt**

The graph illustrates the rescaling of EIU data points from raw data to rescaled data. The points are plotted on a scale from 0 to 100, indicating a transformation from raw data to a more refined representation. The data points are marked as 'Very Clean' and 'Highly Corrupt' on the graph, highlighting the impact of rescaling on the data's perception.
At least three scores for each country

Simple average of scores

Each source counts equally (no weighting)
METHODOLOGY – CALCULATE THE AVERAGE

<table>
<thead>
<tr>
<th>Country X</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Varieties of Democracy Project</td>
<td>71</td>
</tr>
<tr>
<td>Global Insight Country Risk Rating</td>
<td>62</td>
</tr>
<tr>
<td>World Justice Project</td>
<td>71</td>
</tr>
</tbody>
</table>

Country X score \(= \frac{71+62+71}{3} = 68\)
To capture the uncertainty in the score

- Calculate a measure for the spread of the data source
- Report the standard error
- Calculate a 90% confidence interval
INTERPRETING THE RESULTS

Score:
On a scale of 0 – 100, where 0 means highly corrupt and 100 means very clean.

Allows for comparison with scores from previous years (between 2012 – 2020): The CPI score for 2020 can be compared with the CPI scores from the previous eight years and changes in scores can be interpreted appropriately.

Rank:
Out of the 180 countries/territories, a change in rank could be due to:
    a) Change in CPI score for the country between a year to another
    b) Change in scores of other countries included in the CPI
    c) Inclusion of additional countries in the index.
WHY DO WE STILL NEED THE CPI

The external audit re-iterated that the CPI is an important global indicator for the following reasons:

Coverage: The CPI covers more countries than any of the individual sources alone

Statistical reliability: The CPI is better than the sum of its parts as it compensates for eventual errors among sources by taking the average of at least 3 different sources and as many as 13.

Precision: The CPI’s scale (0-100) introduces more precision in comparison to other sources that may have scales of 1-5 or 1-7 (and where many countries are equally ranked).

Neutrality: The CPI reconciles different viewpoints on the issue of public sector corruption, it is also more neutral when handling different political regimes.