

# CORRUPTION PERCEPTIONS INDEX 2020

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## METHODOLOGY

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# 2020 CORRUPTION PERCEPTIONS INDEX IS:

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**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)

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# WHAT DOES THE CPI MEASURE

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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

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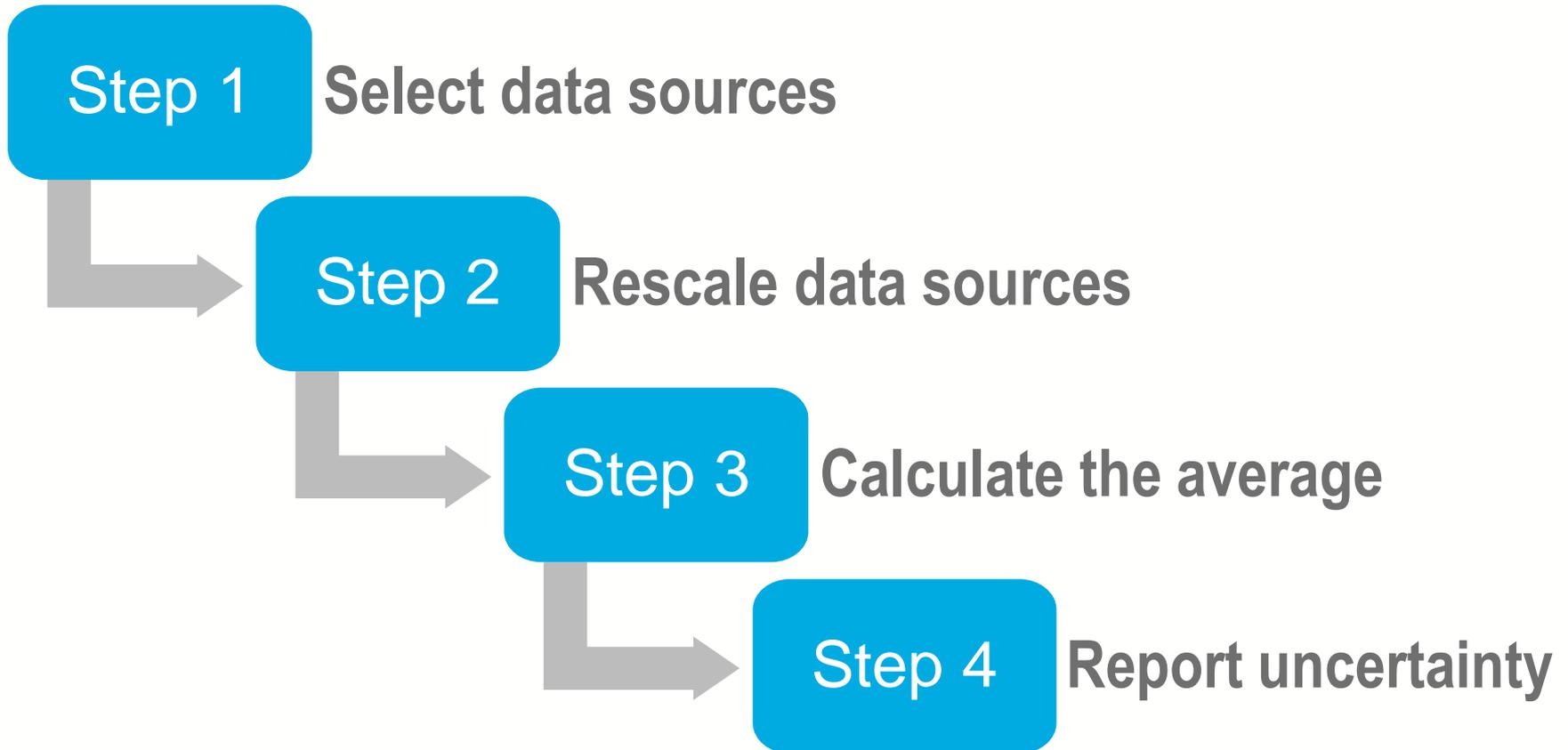
Based on the dimensions included in our external sources, the following aspects are not captured in the CPI:

- 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

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# METHODOLOGY - APPROACH

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# METHODOLOGY - SOURCES

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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



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UNIT**



**World Justice  
Project**

**WORLD  
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# METHODOLOGY – RESCALING SOURCES

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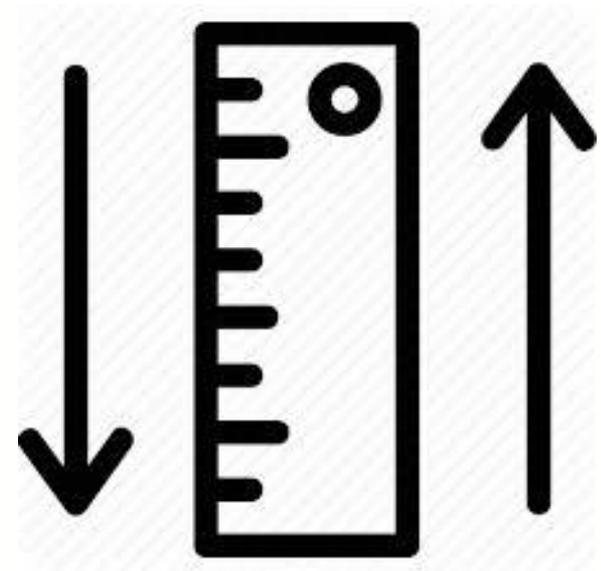
## Reverse the data (if necessary)

- Low number = Highly corrupt
- High number = Very clean

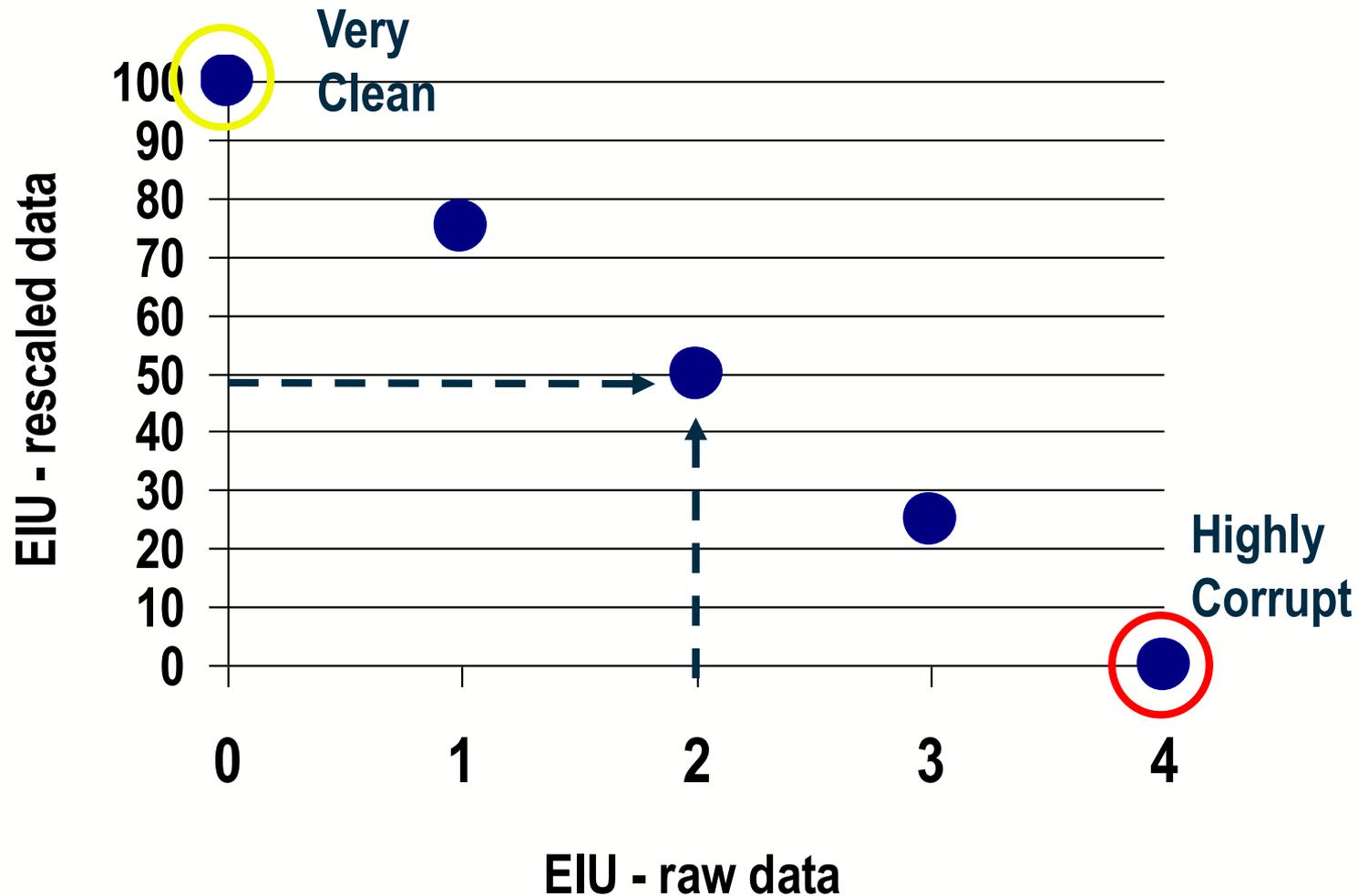
## Standardise original data to z scores

## 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



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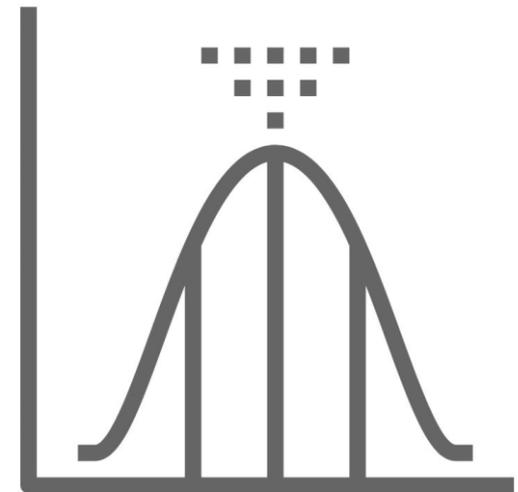
## METHODOLOGY – CALCULATE THE AVERAGE

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At least three scores for each country

Simple average of scores

Each source counts equally (no weighting)



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## METHODOLOGY – CALCULATE THE AVERAGE

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Country X	Score
Varieties of Democracy Project	71
Global Insight Country Risk Rating	62
World Justice Project	71

$$\begin{aligned}\text{Country X score} &= \frac{71+62+71}{3} \\ &= 68\end{aligned}$$

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## METHODOLOGY – REPORTING THE UNCERTAINTY

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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

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## INTERPRETING THE RESULTS

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### 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.

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# WHY DO WE STILL NEED THE CPI

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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 view points on the issue of public sector corruption, it is also more neutral when handling different political regimes.