2008

TRANSPARENCY INTERNATIONAL

BRIBE PAYERS INDEX

ACKNOWLEDGEMENTS

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INTRODUCTION

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THE SECTORAL RANKINGS

Corruption and bribery are complex transactions that involve both someone who offers a benefit, often a bribe, and someone who accepts, as well as a variety of specialists or intermediaries to facilitate the transaction. By perpetuating the 'abuse of entrusted power for private gain' – Transparency International's (TI) definition of corruption – both the bribe payer and bribe taker cause damage in a number of ways. Ultimately, their corrupt dealings create extreme inequity – both in markets and in societies.

Much blame has been apportioned over the years to the bribe takers – those who pocket the wealth and take advantage of the influence and authority that corruption affords them. And, indeed, bribe takers must be exposed, prosecuted and appropriately punished. The systems that breed this behaviour require holistic reform, so that bribes are not demanded in the first place.

TI believes it is also critical to shine a spotlight on the bribe payers – whose supply of bribes, irregular payments and other forms of influence-buying fuel the machinery of corruption. It has been part of TI's mission for the past 15 years to curb the so-called supply side of corruption, both domestically and across borders.

This report presents highlights of a brand new survey commissioned by TI, the 2008 Bribe Payers Survey.[1] It looks in detail at the sources of corruption in the international marketplace, both in terms of where the bribes are paid and by which businesses. Above all, the Bribe Payers Survey illustrates how the supply of corruption is viewed by a global selection of senior business executives, who understand the markets and market pressures in their own countries, some of which drive corruption.

Based on the results of the 2008 Bribe Payers Survey, TI has produced an index and two sectoral rankings:

- **The 2008 Bribe Payers Index (BPI):** a ranking of 22 of the world's most economically influential countries according to the likelihood of their firms to bribe abroad.

- **Two new rankings of industrial sectors:** one that ranks sectors according to the likelihood of firms in that sector to bribe public officials; and another that ranks sectors according to the degree to which their firms use contributions to politicians and political parties to achieve undue influence on government policies, laws or regulations – a phenomenon often referred to as state capture.

The findings of the 2008 BPI and the sectoral rankings show that many of the world's most influential economies, and some key industrial sectors, continue to be viewed as greatly compromised by international corruption. As such, TI calls on governments and the private sector to renew their efforts to curb the supply side of corruption. It is only with concerted and continued effort that we can stop the abuse of power for private gain and mitigate the devastating impact it has on lives and livelihoods the world over.

SURVEY METHODOLOGY IN BRIEF[2]

The 2008 Bribe Payers Survey consists of 2,742 interviews with senior business executives in 26 countries and territories completed between 5 August and 29 October 2008. The survey was carried out on behalf of TI by Gallup International, which was responsible for the overall implementation of the survey and the data quality control process.[3] Gallup International relied on a network of partner institutions to carry out the survey locally.

The countries surveyed were selected on the basis of their Foreign Direct Investment (FDI) inflows and imports, and importance in regional trade. Total inflows of FDI and imports of goods from these 26 countries amounted to 54 percent of world flows in 2006.[4]

In each country there were a minimum of 100 senior business executives interviewed and samples in each country were designed taking into consideration the following variables: the size of firms, sector and location. Additionally, due to the nature of the phenomenon under analysis, the survey oversampled large and foreign-owned firms.

The 26 countries where executives were surveyed are:

Africa and Middle East	Asia Pacific	Central and Eastern Europe	Latin America	Western Europe and the United States
Egypt	India	Czech Republic	Argentina	France
Ghana	Indonesia	Hungary	Brazil	Germany
Morocco	Japan	Poland	Chile	United States
Nigeria	Malaysia	Russia	Mexico	United Kingdom
Senegal	Pakistan			
South Africa	Philippines			
	Singapore			
	South Korea			

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To assess the international supply side of bribery reflected in the 2008 Bribe Payers Index (BPI), senior business executives were asked about the likelihood of foreign firms from countries they have business dealings with to engage in bribery when doing business in the respondents' country. In short, senior business executives provided their informed perceptions of the sources of foreign bribery, and these views formed the basis of the 2008 BPI.

The 2008 BPI ranks 22 countries. The countries chosen are some of the world's largest and most influential economies, with combined global exports of goods and services and outflows of FDI that represented 75 percent of the world total in 2006.[5] Australia, Brazil, India and South Africa were also included for their role as major regional trading powers.

The 2008 BPI is calculated based on two questions from the Bribe Payers Survey.[6] Senior business executives were first asked which of the 22 countries to be ranked they have commercial relationships with. For those countries that they selected,[7] they were then asked to assess the frequency with which companies from these countries engage in bribery when operating in their own (the respondents') countries.

To construct the Index, the 5-point response scale used in the survey was reversed, converted into a 10-point scale system and then a simple average was calculated for each country. Assessments of a respondent's own country (12 countries in total)[8] were not included. The countries are then ranked based on the mean scores obtained for each country.

Table 1 (page 5) shows the 2008 BPI results along with additional statistical information that indicate the level of agreement among respondents about each country's performance, and the precision of the results.[9] Scores range from 0 to 10, indicating the likelihood of firms headquartered in these countries to bribe when operating abroad: the higher the score for a country, the lower the likelihood of companies from this country to engage in bribery when doing business abroad.

According to the senior business executives interviewed around the world, companies from Belgium and Canada were least likely to engage in bribery when operating abroad. These two countries are followed closely by the Netherlands and Switzerland.

At the other end of the spectrum, respondents ranked companies from Russia as those most likely to engage in bribery when doing business abroad.

No country receives a 9 or 10 in the 2008 BPI. This means that all of the world's most influential economies were viewed, to some degree, as exporting corruption.

Table 1. Bribe Payers Index 2008

Rank	Country/Territory	BPI 2008 Score	Standard Deviation	Confidence Interval 95%	
				Lower Bound	Upper Bound
1	Belgium	8,8	2,00	8,5	9,0
1	Canada	8,8	1,80	8,5	9,0
3	Netherlands	8,7	1,98	8,4	8,9
3	Switzerland	8,7	1,98	8,4	8,9
5	Germany	8,6	2,14	8,4	8,8
5	Japan	8,6	2,11	8,3	8,8
5	United Kingdom	8,6	2,10	8,4	8,7
8	Australia	8,5	2,23	8,2	8,7
9	France	8,1	2,48	7,9	8,3
9	Singapore	8,1	2,60	7,8	8,4
9	United States	8,1	2,43	7,9	8,3
12	Spain	7,9	2,49	7,6	8,1
13	Hong Kong	7,6	2,67	7,3	7,9
14	South Africa	7,5	2,78	7,1	8,0
14	South Korea	7,5	2,79	7,1	7,8
14	Taiwan	7,5	2,76	7,1	7,8
17	Brazil	7,4	2,78	7,0	7,7
17	Italy	7,4	2,89	7,1	7,7
19	India	6,8	3,31	6,4	7,3
20	Mexico	6,6	2,97	6,1	7,2
21	China	6,5	3,35	6,2	6,8
22	Russia	5,9	3,66	5,2	6,6

Source: Transparency International Bribe Payers Survey 2008.
Scores range from 0 to 10. The higher the score for the country, the lower the likelihood of companies from this country to engage in bribery when doing business abroad.
For number of observations see Appendix one.

Cluster Analysis

As in previous editions of the BPI, cluster analysis was applied to gain greater insight into the 2008 BPI results.

Cluster analysis of the 2008 BPI groups countries whose companies exhibit similar tendencies to engage in bribery when operating abroad. This analysis produced four groups of countries. Cluster 1 consists of countries from which companies are least likely to bribe when doing business abroad and Cluster 4 comprises those that are most likely to bribe, according to the senior business executives surveyed.

Cluster 1: Australia, Belgium, Canada, Germany, Japan, the Netherlands, Switzerland and the United Kingdom.

Cluster 2: France, Singapore, Spain and the United States.

Cluster 3: Brazil, Hong Kong, Italy, South Africa, South Korea and Taiwan.

Cluster 4: China, India, Mexico and Russia.

It is important to note that although Cluster 1 represents the best performers among the 22 countries, the BPI highlights that companies from all countries in the survey show some likelihood to pay bribes. As such, all countries need to improve their enforcement of anti-corruption legislation governing the private sector, and no company can be complacent about the strength of its anti-corruption systems along its entire supply chain.

Table 2. Bribe Payers Index 2008, as viewed by regions*

Africa and Middle East		Asia Pacific		Europe and the United States		Latin America	
Country/Territory	Score	Country/Territory	Score	Country/Territory	Score	Country/Territory	Score
Netherlands	9,1	Germany	8,7	Belgium	8,5	Germany	8,4
Japan	9,0	Canada	8,6	Switzerland	8,5	United States	7,9
Belgium	8,9	France	8,4	Germany	8,4	France	7,8
Germany	8,8	Japan	8,4	Netherlands	8,4	Brazil	7,5
United Kingdom	8,8	Australia	8,3	United Kingdom	8,3	Italy	7,5
United States	8,6	United Kingdom	8,3	France	7,8	Spain	7,4
Spain	8,4	Singapore	8,1	United States	7,6	China	7,3
France	8,3	Hong Kong	7,7	Spain	7,5		
Italy	8,1	Italy	7,6	Italy	6,5		
China	7,8	Taiwan	7,5	China	5,6		
South Africa	7,7	South Korea	7,4				
India	7,5	India	6,5				
		China	6,0				

Source: Transparency International Bribe Payers Survey 2008.
Scores range from 0 to 10. The higher the score for the country, the lower the likelihood of companies from this country to engage in bribery when doing business abroad.
*Scores only for the countries with more than 70 observations.

FOREIGN BRIBERY AS VIEWED BY REGIONS

When assessed on a regional rather than global basis, four regional groupings of senior business executives offered somewhat distinct views of the likelihood of foreign companies to bribe.[10]

- **Africa and Middle East:** Respondents in these countries (Egypt, Ghana, Morocco, Nigeria, Senegal and South Africa) suggested that when operating in the African continent, companies from the Netherlands and Japan are the least likely to engage in bribery. At the bottom of their ranking were companies from India. It is worth noting that South African companies were seen as likely to pay bribes when doing business abroad within the region.

- **Asia Pacific:** According to the informed perception of business executives interviewed in these countries (India, Indonesia, Japan, Malaysia, Pakistan, the Philippines, Singapore and South Korea), companies from Germany and Canada are seen to be the least likely to pay bribes. By comparison, companies from China were judged to be most likely to pay bribes when doing business in the region.

- **Europe and the United States:** For respondents in these countries (the Czech Republic, France, Germany, Hungary, Poland, Russia, the United States and the United Kingdom), Swiss and Belgian companies are seen to be the least likely to engage in bribery, while companies at the bottom include those from China. Italian companies are also judged to be more likely to bribe in this region than many of their European neighbours.

- **Latin America:** For Latin American executives (Argentina, Brazil, Chile and Mexico), Chinese companies were viewed as the most likely to engage in bribery when doing business in the region, while German companies were seen as the least prone to engage in such practices.

TYPES OF BRIBERY

The 2008 Bribe Payers Survey allows us to evaluate the informed views of foreign bribery by companies from the 22 countries even further, by exploring the frequency of different types of foreign bribery.

The three types of bribery assessed included:
- bribery of high-ranking politicians or political parties
- bribery of low-level public officials to 'speed things up'
- the use of personal or familiar relationships to win public contracts.

To evaluate these types of bribery, senior business executives were asked how often companies headquartered in each of the countries they knew about engaged in each form of bribery.[11] Figure 1 (page 8) depicts the results (see the full set of results in Table A1 in Appendix three).[12]

Overall, the results from this analysis agree with findings from the 2008 BPI. Companies from China, India, Mexico and Russia were reported by respondents to engage most often in the three practices. Similarly, the top 2008 BPI performers are seen to engage in them less frequently.

According to business executives with extensive knowledge of business practices in countries at the bottom of the index, companies headquartered there exhibit different bribery patterns when operating abroad. For example:

- About half of the respondents reported that companies from Russia often bribe high-level politicians and political parties and engage in bribery of low-level public officials, while somewhat fewer considered it common practice for Russian companies to use personal and familiar relationships to win public contracts.

- Companies from Mexico were reported by 38 percent of respondents to be likely to use personal and familiar relationships to win public contracts, but only by 32 percent to bribe high-level politicians, political parties or low-level public officials.

- 30 percent of respondents indicated that companies from India are likely to bribe low-level public officials to speed things up, which was a higher result than the other two types of foreign bribery assessed.

Figure 1.

Type of Foreign Bribery

Source: Transparency International Bribe Payers Survey 2008.

Figures were calculated as percentage of respondents answering 4 or 5 to the question:

"how often companies from these countries engage in...".

(1=never, 5=almost always)

"Don't know" responses were excluded.

- 🟥 Bribery to high-ranking politicans or political parties
- 🟦 Bribery to low-level public officials to "speed things up"
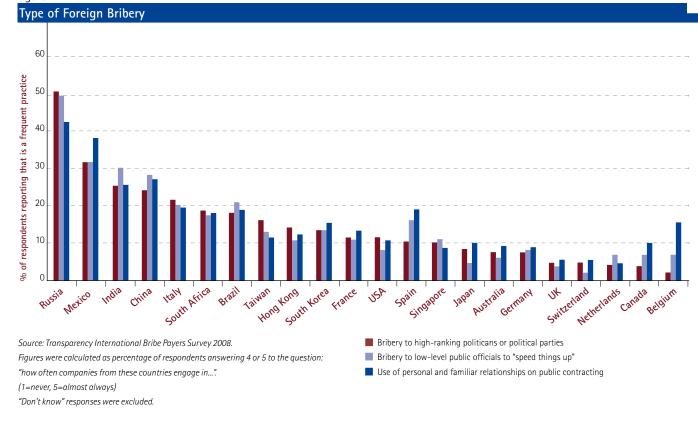- 🟦 Use of personal and familiar relationships on public contracting

Even top 2008 BPI performers were reported to be weaker in some areas than others:

- 16 percent of respondents considered Belgian companies to 'often' or 'almost always' use familiar or personal relationships to win public contracts.

- Ten percent reported that use of familiar or personal relationships is often engaged in by Canadian companies when operating abroad.

- Seven percent of respondents reported that companies headquartered in the Netherlands often engage in bribery to low-level public officials to 'speed things up' when operating abroad.

- When asked about the behaviour of Swiss companies, five percent of respondents reported that Swiss companies often engage in bribery to high-ranking politicians or to political parties or used personal and familiar relationships to obtain public contracts.

KNOWLEDGE OF THE LAW: AWARENESS OF THE OECD ANTI–BRIBERY CONVENTION

The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, commonly called the OECD Anti-Bribery Convention, is a crucial international legal instrument that focuses on the supply side of international bribery. The Convention came into force in 1999 and there are currently 37 parties to the Convention, including all G7 countries.

While the Convention's enforcement has been inconsistent across OECD countries, it remains a primary reference point for the fight against international bribery.[13] It is therefore both a surprise and a concern that three-quarters of senior business executives participating in the 2008 Bribe Payers Survey indicated that they were not at all familiar with the OECD Anti-Bribery Convention – with the least familiarity of all indicated by respondents from Western Europe and the United States.

It was also surprising that senior business executives from higher income countries were less familiar with the Convention than those from lower income countries: 79 percent as opposed to 68 percent respectively were 'not at all familiar' with the Convention. Furthermore, respondents from foreign-owned companies showed less knowledge than those from domestically-owned firms: 67 percent as opposed to 77 percent respectively were 'not at all familiar' with the Convention.

Table 3: Degree of Familiarity with the OECD Anti-Bribery Convention, by Region

	Not at all	Slightly	Moderately	Very	Extremely
Africa and Middle East	68%	15%	7%	6%	3%
Asia Pacific	74%	16%	8%	2%	0%
Central and Eastern Europe	79%	16%	5%	0%	0%
Latin America	73%	12%	8%	5%	1%
Western Europe and the United States	85%	10%	3%	1%	1%

Source: Transparency International Bribe Payers Survey 2008.

BRIBERY IN SECTORS

To provide a fuller picture of how corruption affects the private sector, TI has used data from the 2008 Bribe Payers Survey to create two new rankings of industry sectors. The first ranks sectors according to the degree to which firms in each sector are likely to bribe public officials. The second ranks sectors according to the degree to which firms in each sector use contributions to politicians and political parties to achieve undue influence on government policies, laws or regulations, a phenomenon often referred to as 'state capture'. These rankings, unlike the BPI, do not focus specifically on foreign bribery, but assess views of overall sector-specific corruption.

To tackle the supply-side of corruption, it is crucial to understand the vulnerabilities of different sectors to corruption risks. The sectoral indices show two of the significant ways that industries are seen to engage in corrupt practices. The first – the bribery of public officials – is a primary form of corrupt transaction. In this case, certain sectors, namely public works contracts/construction, real estate and property development, oil and gas, and heavy manufacturing and mining, are believed to bribe officials in their business dealings more than others. The cleanest sectors, in terms of bribery of public officials, were identified as information technology, fisheries, and banking and finance.

For the second sectoral ranking, TI sought to evaluate how certain sectors might exert undue influence on the policy process using financial or other means at their disposal. This practice is commonly referred to as state capture, a term coined by the World Bank and European Bank for Reconstruction and Development in their 2000 report on the Business Environment and Enterprise Performance Survey (BEEPS). In the report, state capture is defined as 'the efforts of firms to shape and influence the underlying rules of the game (i.e. legislation, laws, rules and decrees) through private payments to public officials'.[14] These payments may be legal or illegal, but they create a distortion of both the legal framework and policy process, with a negative impact on the broader economy and society.

The practice of state capture is of particular concern because it extends beyond efforts to secure a particular deal or business opportunity. State capture implies that the very framework governing a sector, or even the economy, is guided by a particular interest, rather than by the public interest. This practice obscures policy decisions and undermines public accountability.

In the 2008 Bribe Payers Survey, senior business executives indicated that public works contracts/construction, oil and gas, mining, and real estate and property development were the sectors most likely to engage in practices of state capture. Banking and finance was seen to perform considerably worse in terms of state capture than in public sector bribery, meaning it exerts considerable influence on the rules of the game. At the other end of the spectrum, agriculture, fisheries and light manufacturing are believed to be the sectors least likely to engage in state capture.

A total of 19 sectors have been evaluated in the 2008 Bribe Payers Survey.[15] For the rankings of both public sector bribery and state capture, respondents were asked their views on up to five sectors in which they had business relationships. As with the 2008 BPI, these sectoral rankings therefore draw on informed perceptions of senior business executives, each of whom evaluated an average of three sectors.

Table 4: Bribery of Public Officials by Sectors

Industrial Sector	Score 2008	Standard Deviation	Confidence Interval 95%	
			Lower Bound	Upper Bound
Public works contracts & construction	5,2	3,29	4,9	5,5
Real estate & property development	5,7	3,08	5,4	6,0
Oil & gas	5,9	3,18	5,5	6,2
Heavy manufacturing	6,0	2,93	5,7	6,3
Mining	6,0	3,13	5,4	6,5
Pharmaceutical & medical care	6,2	3,16	5,9	6,5
Utilities	6,3	3,06	6,1	6,6
Civilian aerospace	6,4	3,13	5,8	7,0
Power generation & transmission	6,4	3,03	6,0	6,7
Forestry	6,5	3,19	5,8	7,1
Telecommunications & equipment	6,6	2,74	6,4	6,8
Transportation & storage	6,6	2,91	6,4	6,7
Arms & defence	6,7	3,31	6,0	7,3
Hotels, restaurant & leisure	6,7	2,85	6,4	7,0
Agriculture	6,9	2,91	6,6	7,2
Light manufacturing	6,9	2,69	6,7	7,1
Information technology (computers & software)	7,0	2,75	6,8	7,2
Banking & finance	7,1	2,77	7,0	7,3
Fisheries	7,1	3,07	6,4	7,7

Source: Transparency International Bribe Payers Survey 2008.
Possible scores range from 0 to 10, with 0 representing the view that 'bribes are almost always paid' and 10 that 'bribes are never paid' by a sector.
For number of observations see Appendix one.

Table 5: State Capture by Sector

Industrial Sector	Score 2008	Standard Deviation	Confidence Interval 95%	
			Lower Bound	Upper Bound
Public works contracts & construction	5,6	3,23	5,3	5,9
Oil & gas	5,7	3,15	5,3	6,0
Mining	5,8	3,35	5,2	6,5
Real estate & property development	5,9	3,10	5,6	6,2
Heavy manufacturing	6,1	3,01	5,8	6,5
Pharmaceutical & medical care	6,2	3,15	5,9	6,5
Civilian aerospace	6,3	2,92	5,7	6,9
Arms & defence	6,4	3,21	5,8	7,1
Power generation & transmission	6,5	3,01	6,1	6,8
Telecommunications & equipment	6,5	2,87	6,3	6,7
Utilities	6,5	3,07	6,3	6,8
Banking & finance	6,6	2,95	6,5	6,8
Forestry	6,7	3,17	6,1	7,4
Transportation & storage	6,7	2,83	6,5	6,9
Hotels, restaurant & leisure	7,0	2,75	6,7	7,3
Information technology (computers & software)	7,0	2,78	6,8	7,2
Agriculture	7,1	2,81	6,8	7,4
Fisheries	7,1	2,87	6,5	7,7
Light manufacturing	7,2	2,75	7,0	7,4

Source: Transparency International Bribe Payers Survey 2008.
Possible scores range from 0 to 10, with 0 representing the view that 'bribes are almost always paid' and 10 that 'bribes are never paid' by a sector.
For number of observations see Appendix one.

BUSINESS AND GOVERNMENT

Are Governments Doing Enough to Curb Bribery?

In the 26 countries where the Bribe Payers Survey was carried out, two-thirds of senior business executives surveyed expressed the view that governments are ineffective in the fight against corruption. This result shows that senior representatives of the business community in many countries do not feel that governments are adequately addressing the issue of bribery and corruption.

Views vary across regions, however, almost half of all businesspeople polled in Latin American countries called government efforts to curb corruption 'very ineffective'. Western European and US senior business executives were more likely to express a positive response, with about 3 in 10 deeming government efforts effective.

Of the 26 countries surveyed, businesspeople in Pakistan, Senegal and South Africa were the most extreme in their criticism of government efforts.

At the other end of the spectrum, Singapore represented a unique case: nearly three-quarters of those surveyed felt the government was very effective in fighting corruption. Senior business executives from France and Indonesia were also overwhelmingly satisfied; more so than those in other countries surveyed.

Table 6: How would you assess the actions of the government in [your] country in the fight against corruption?

	Very Ineffective	Ineffective	Neither	Effective	Very Effective	DK/NA*
Africa and Middle East	39%	28%	8%	19%	4%	1%
Asia Pacific	31%	31%	12%	16%	10%	0%
Central and Eastern Europe	34%	33%	21%	7%	2%	2%
Latin America	49%	32%	6%	11%	2%	0%
Western Europe and the United States	18%	40%	7%	28%	4%	3%

Source: Transparency International Bribe Payers Survey 2008.
* Don't know/ not applicable.

Table 7: To what extent do you perceive the following institutions/agencies in this country to be affected by corruption?

	Total Sample	Africa and Middle East	Asia Pacific	Central and Eastern Europe	Latin America	Western Europe and United States
Political parties	3.8	3,7	3,6	4,0	4,2	3,5
Parliament/ legislature	3.4	3,5	3,4	3,5	3,8	3,0
Business/ private sector	2.9	3,0	2,8	3,3	2,8	2,9
Media	3.0	3,1	2,7	3,3	3,0	3,1
The military	2.5	2,5	2,6	3,0	2,4	2,1
NGOs (non governmental organisations)	3.0	2,4	2,5	2,8	2,5	2,5
Religious bodies	2.4	2,1	2,5	2,4	2,5	2,4
Education system	2.8	3,1	2,8	2,8	3,0	2,2
Judiciary	3.1	3,2	2,9	3,3	3,8	2,5
Medical services	2.9	3,0	2,7	3,6	3,0	2,5
Police	3.5	4,0	3,5	3,5	3,9	2,4
Registry and permit services (construction permits, licenses, permits, etc.)	3.4	3,7	3,3	3,6	3,5	2,7
Utilities (telephone, electricity, water, etc.)	2.6	2,7	2,7	2,4	2,8	2,4
Tax revenue authorities	2.8	3,1	3,0	2,6	2,9	2,3
Customs	3.1	3,6	3,2	2,9	3,4	2,2

Source: Transparency International Bribe Payers Survey 2008
(1=not at all corrupt, 5=extremely corrupt)
Score shown is average score; highlighting indicates institution is viewed as most corrupt.

Prevalence of Corruption in Public and Other Institutions

Senior business executives judged political parties, parliaments/ legislatures, police and registry and permit services to be the public institutions most affected by corruption in their respective countries. The military and religious bodies were viewed as least corrupt.

Lower-income country respondents offered the view that a number of institutions and agencies are more affected by corruption than their counterparts in wealthier countries. Many of these institutions, such as parliament/ legislature, education, police, registry and permit services, utilities, tax revenue authority and customs, are the public bodies often associated with petty corruption in the developing world.

Important differences emerge in the business executives' view of corruption in institutions across countries. Political parties are considered to be the most affected by corruption for respondents in Argentina, Brazil, Chile, the Czech Republic, France, Germany, Hungary, Japan, the United Kingdom and the United States. Meanwhile, for respondents in Ghana, India, Malaysia, Mexico, Nigeria, Pakistan and South Africa, the police are seen as the most affected. For respondents in Russia, the police share first place with registry and permit services. In Egypt, registry and permit services are viewed as most corrupt, while in the Philippines it is customs, and in Senegal, both sectors are given the worst scores. According to respondents from Indonesia and South Korea, the most serious challenge in terms of corruption is faced by the parliament and legislature. Business executives interviewed in Singapore rated religious bodies as most affected by corruption while, for respondents in Morocco, the judiciary faces the biggest challenge. (See Table A3 in Appendix 3)

APPENDIX ONE
DETAILED METHODOLOGY AND SURVEY PROTOCOL

The 2008 Bribe Payers Survey is a survey of senior business executives that includes a wide range of questions about the nature, scope and impact of bribery and corruption. The 2008 Bribe Payers Survey interviewed 2,742 respondents in 26 countries. It was designed and commissioned by Transparency International and implemented on behalf of Transparency International by Gallup International Association.

Coverage

The Bribe Payers Survey was conducted in 26 countries: Argentina, Brazil, Chile, the Czech Republic, Egypt, France, Germany, Ghana, Hungary, India, Indonesia, Japan, Malaysia, Mexico, Morocco, Nigeria, Pakistan, the Philippines, Poland, Russia, Senegal, Singapore, South Africa, South Korea, the United Kingdom and the United States.

These countries were selected on the basis of their Foreign Direct Investment (FDI) inflows and imports and their importance in regional trade patterns. Total inflows of foreign direct investment and imports of goods from these 26 countries amount to 54 percent of the world flows in 2006.[16]

Timing of fieldwork

The fieldwork for the survey was conducted between 5 August and 29 October 2008.

Sampling procedure

The sample was independent for each country included in the survey. The sample was stratified and probabilistic. Stratification was carried out by size of firms, sector and location. There was an oversampling of large and foreign-owned companies. Definitions:
* Large: 100 employees or more
* Foreign-owned: 20 percent or more of a firm's capital is owned by a foreign company.

Sample units

The unit of sampling and information were business establishments defined as an outlet with a distinct location and management.

Sample size

The total size of the sample was 2,742 respondents. In each country there were a minimum of 100 interviews. Interviews in which over 20 percent of the questions were not answered were not accepted.

Sample distribution

The tables opposite (page 15) show the distribution of the sample by job title of respondent, type of company and size of company.

Survey method

In each country the methodology most suitable for carrying out the survey was applied: 15 countries conducted the survey face-to-face, nine conducted the survey by phone, one conducted it online and one used a mixed mode (telephone or face-to-face depending on the respondent's preference).[17]

Data coding, quality check and analysis

The data coding and quality check was done by Gallup International. The data was analysed by Juanita Riaño of the Policy and Research Department at Transparency International's Secretariat.

Job title of respondent	Percentage
Chief Executive	14%
Owner/ Proprietor	15%
Partner	5%
Director	16%
General Manager	9%
Manager	24%
Finance Officer/ Accountant	8%
Legal Counsel	1%
Compliance/ Ethics officer	1%
Corporate Affairs Director	1%
Other	7%
Total Sample	2.742

Type of Company	Percentage
Foreign (>20% of capital is foreign)	20%
Domestic	80%
Total Sample	2.742

Company Size	Percentage
Small (5 to 49 employees)	53%
Medium (50 to 99 employees)	18%
Large (100 employees or more)	29%
Total Sample	2.742

Country	Methodology	Fieldwork date
Argentina	Face to Face	From 06/08 to 01/10
Brazil	Telephone	From 10/09 to 29/09
Chile	Face to Face	From 13/08 to 26/09
Czech Republic	Face to Face/ Telephone	From 14/08 to 30/09
Egypt	Face to Face	From 14/08 to 29/10
France	Telephone	From 02/09 to 23/09
Germany	Telephone	From 22/08 to 23/09
Ghana	Face to Face	From 29/08 to 02/10
Hungary	Face to Face	From 24/08 to 22/09
India	Face to Face	From 06/08 to 30/08
Indonesia	Face to Face	From 18/08 to 17/09
Japan	Telephone	From 17/08 to 09/09
Malaysia	Face to Face	From 05/08 to 16/09
Mexico	Face to Face	From 15/08 to 22/09
Morocco	Telephone	From 27/08 to 22/09
Nigeria	Face to Face	From 27/08 to 29/09
Pakistan	Face to Face	From 02/09 to 08/10
Philippines	Face to Face	From 11/08 to 16/09
Poland	Face to Face	From 20/08 to 27/09
Russia	Face to Face	From 17/08 to 28/09
Senegal	Face to Face	From 18/08 to 26/09
Singapore	Telephone	From 18/08 to 05/09
South Africa	Telephone	From 01/09 to 19/09
South Korea	Telephone	From 25/08 to 29/09
United Kingdom	Telephone	From 13/08 to 04/09
United States	Online	From 11/09 to 17/09

APPENDIX ONE

DETAILED METHODOLOGY AND
SURVEY PROTOCOL

BPI 2008	
Country/Territory	Observations
Australia	240
Belgium	252
Brazil	225
Canada	264
China	634
France	462
Germany	513
Hong Kong	288
India	257
Italy	421
Japan	316
Mexico	123
Netherlands	255
Russia	114
Singapore	243
South Africa	177
South Korea	231
Spain	355
Switzerland	256
Taiwan	287
United Kingdom	506
United States	718

Industrial Sector – Bribery to Public Officials	
Industrial Sector	Observations
Agriculture	348
Arms & defence	99
Banking & finance	1325
Civilian aerospace	109
Fisheries	92
Forestry	99
Heavy manufacturing	333
Hotels, restaurant & leisure	446
Information technology (computers & software)	697
Light manufacturing	644
Mining	117
Oil & gas	305
Pharmaceutical & medical care	376
Power generation & transmission	274
Public works contracts & construction	477
Real estate & property development	402
Telecommunications & equipment	836
Transportation & storage	941
Utilities	639

Industrial Sector – State Capture	
Industrial Sector	Observations
Agriculture	324
Arms & defence	92
Banking & finance	1298
Civilian aerospace	105
Fisheries	89
Forestry	93
Heavy manufacturing	323
Hotels, restaurant & leisure	425
Information technology (computers & software)	666
Light manufacturing	598
Mining	112
Oil & gas	296
Pharmaceutical & medical care	368
Power generation & transmission	272
Public works contracts & construction	447
Real estate & property development	393
Telecommunications & equipment	811
Transportation & storage	889
Utilities	599

APPENDIX TWO

LISTS OF COUNTRIES, REGIONS AND SECTORS

Country/Territory

Ranked in the 2008 BPI:	Where survey was conducted:
Australia	Argentina
Belgium	Brazil
Brazil	Chile
Canada	Czech Republic
China	Egypt
France	France
Germany	Germany
Hong Kong	Ghana
India	Hungary
Italy	India
Japan	Indonesia
Mexico	Japan
Netherlands	Malaysia
Russia	Mexico
Singapore	Morocco
South Africa	Nigeria
South Korea	Pakistan
Spain	Philippines
Switzerland	Poland
Taiwan	Russia
United Kingdom	Senegal
United States	Singapore
	South Africa
	South Korea
	United Kingdom
	United States

List of regions used for respondent countries

Africa and Middle East:
Egypt, Ghana, Morocco, Nigeria, Senegal, South Africa.

Asia Pacific:
India, Indonesia, Japan, Malaysia, Pakistan, Philippines, Singapore, South Korea.

Central and Eastern Europe*:
Czech Republic, Hungary, Poland, Russia.

Latin America:
Argentina, Brazil, Chile, Mexico.

Western Europe and the United States:
France, Germany, United Kingdom, United States.

Where data was limited, responses from this region were grouped with Western Europe and the United States for purposes of more robust analysis.

List of sectors surveyed

Agriculture

Arms & defence

Banking & finance

Civilian aerospace

Fisheries

Forestry

Heavy manufacturing

Hotels, restaurant & leisure

Information technology (computers & software)

Light manufacturing

Mining

Oil & gas

Pharmaceutical & medical care

Power generation & transmission

Public works contracts & construction

Real estate & property development

Telecommunications & equipment

Transportation & storage

Utilities

APPENDIX THREE
FULL COUNTRY TABLES

Table A1

Type of bribery, by ranked country/territory			
Percentage of respondents who indicate that the following forms of foreign bribery are prevalent			
Source country/territory	Bribery to high–ranking politicians or political parties	Bribery to low–level public officials to "speed things up"	Use of personal and familiar relationships on public contracting
Total Sample	13 %	13 %	15 %
Australia	7%	5%	9%
Belgium	3%	7%	16%
Brazil	17%	21%	18%
Canada	4%	7%	10%
China	24%	28%	26%
France	12%	11%	14%
Germany	7%	8%	9%
Hong Kong	15%	11%	13%
India	25%	30%	25%
Italy	22%	20%	20%
Japan	8%	4%	10%
Mexico	32%	32%	38%
Netherlands	4%	7%	5%
Russia	51%	50%	43%
Singapore	10%	11%	9%
South Africa	19%	16%	17%
South Korea	14%	14%	16%
Spain	11%	16%	19%
Switzerland	5%	2%	5%
Taiwan	17%	14%	12%
United Kingdom	5%	4%	7%
United States	12%	8%	11%

Source: Transparency International Bribe Payers Survey 2008.
Figures were calculated as the percentage of respondents answering 4 or 5 to the question of: 'how often companies from these countries engage in...'.
(1= never, 5= almost always)
"Don't know" responses were excluded.

Table A2

How would you assess the actions of the government in this country in the fight against corruption? (By country where business executives were interviewed)						
Country/Territory	Very Ineffective	Ineffective	Neither	Effective	Very Effective	DK/NA*	Respondents
Total Sample	34 %	32 %	11 %	16 %	5 %	1 %	2,742
Argentina	51%	38%	7%	3%	0%	1%	109
Brazil	51%	22%	3%	21%	3%	0%	100
Chile	41%	39%	13%	5%	2%	0%	100
Czech Republic	48%	39%	10%	1%	1%	1%	100
Egypt	29%	23%	13%	25%	7%	3%	103
France	11%	43%	0%	41%	4%	1%	100
Germany	14%	58%	2%	22%	2%	2%	100
Ghana	27%	31%	9%	27%	4%	3%	104
Hungary	41%	29%	16%	9%	2%	3%	104
India	42%	30%	20%	9%	0%	0%	117
Indonesia	13%	27%	15%	41%	4%	0%	100
Japan	19%	43%	22%	15%	1%	0%	100
Malaysia	27%	46%	9%	12%	6%	0%	100
Mexico	50%	30%	3%	15%	1%	0%	151
Morocco	27%	40%	3%	27%	3%	0%	100
Nigeria	32%	36%	6%	17%	7%	1%	108
Pakistan	72%	18%	4%	6%	0%	0%	100
Philippines	60%	32%	1%	7%	0%	0%	100
Poland	20%	34%	28%	13%	0%	5%	109
Russia	29%	32%	28%	7%	4%	1%	101
Senegal	60%	24%	8%	7%	1%	1%	106
Singapore	0%	1%	1%	26%	72%	0%	100
South Africa	56%	17%	10%	14%	2%	1%	101
South Korea	14%	55%	19%	10%	2%	0%	100
United Kingdom	21%	37%	7%	27%	5%	3%	100
United States	25%	26%	16%	22%	6%	6%	129

Source: Transparency International Bribe Payers Survey 2008.
* Don't know/ not applicable.

FULL COUNTRY TABLES

Table A3

Institutions/ agencies	Political parties	Parliament/ legislature	Business/ private sector	Media	The military	NGOs (non governmental organisations)	Religious bodies	Education system	Judiciary	Medical services	Police	Registry and permit services	Utilities	Tax revenue authorities	Customs
Total Sample	3,8	3,4	2,9	3,0	2,5	2,5	2,4	2,8	3,1	2,9	3,5	3,4	2,6	2,8	3,1
Argentina	4,1	3,9	2,7	3,2	2,5	1,8	1,8	2,3	3,7	2,7	3,9	3,3	2,6	2,6	3,6
Brazil	4,2	3,6	2,9	2,8	2,7	3,1	2,9	2,9	3,3	3,4	3,8	3,4	3,2	3,4	3,2
Chile	4,1	3,7	2,9	2,8	2,2	2,7	2,4	3,3	3,5	2,8	2,7	2,7	2,6	2,4	2,7
Czech Republic	4,3	3,9	3,1	3,2	3,6	2,7	2,5	2,7	3,5	3,4	3,9	3,7	2,5	2,6	2,8
Egypt	2,5	3,1	2,9	3,0	1,6	2,3	1,5	3,5	2,0	3,2	3,3	3,6	2,4	2,9	3,1
France	3,4	2,7	2,8	3,0	1,8	2,1	1,9	1,9	2,5	2,3	2,3	2,2	1,8	1,8	1,8
Germany	3,4	2,8	3,0	3,0	2,2	2,8	2,5	2,2	2,1	2,8	2,1	2,8	2,6	1,9	2,0
Ghana	4,0	3,4	3,2	3,9	2,2	2,9	2,3	3,5	3,7	3,2	4,6	4,1	3,4	3,7	4,1
Hungary	4,0	3,5	3,4	3,5	2,4	2,8	2,2	2,4	2,7	3,6	3,2	3,4	2,1	2,4	2,4
India	4,1	3,8	2,9	2,8	2,1	2,6	2,9	2,9	2,9	2,9	4,2	3,7	3,0	3,1	3,3
Indonesia	3,9	4,1	2,9	2,4	2,9	2,5	2,1	2,8	3,8	2,6	3,9	3,7	2,9	3,5	3,9
Japan	3,3	2,9	2,9	2,6	2,4	2,2	3,1	2,8	1,7	2,9	2,6	2,4	2,7	2,0	2,0
Malaysia	3,8	3,3	3,0	2,7	2,6	2,0	1,8	2,7	3,2	2,3	4,0	3,6	2,2	2,2	3,3
Mexico	4,5	3,9	2,7	3,2	2,4	2,3	2,7	3,3	4,3	3,1	4,7	4,1	2,8	3,2	3,7
Morocco	3,1	2,8	2,4	2,5	2,5	1,9	1,8	2,4	3,6	3,0	3,4	3,1	1,8	2,9	3,1
Nigeria	4,6	4,0	3,2	3,0	3,3	2,5	2,2	3,6	3,2	2,5	4,7	3,9	3,7	3,7	4,3
Pakistan	4,2	3,9	3,2	3,2	2,9	3,5	2,9	3,3	3,9	3,7	4,7	4,3	4,0	4,2	4,2
Philippines	4,0	3,8	2,8	2,8	3,4	2,3	2,1	3,0	3,5	2,8	4,1	4,0	2,6	4,1	4,4
Poland	3,8	3,5	3,1	3,2	2,4	2,6	2,8	2,6	3,1	3,9	3,0	3,3	2,3	2,3	2,7
Russia	3,7	3,4	3,4	3,2	3,3	3,0	2,3	3,5	3,9	3,7	4,0	4,0	2,6	3,2	3,6
Senegal	3,9	3,8	3,2	3,3	2,3	2,2	3,1	2,7	3,7	3,0	4,0	4,2	2,2	3,4	4,2
Singapore	1,5	1,4	1,9	1,7	1,3	1,8	2,0	1,4	1,4	1,5	1,4	1,4	1,3	1,4	1,4
South Africa	3,9	3,5	2,9	2,5	3,0	2,6	1,9	3,0	2,9	3,0	4,0	3,5	2,8	2,0	2,9
South Korea	3,9	4,0	3,1	3,6	3,0	2,9	3,1	3,4	3,1	3,2	3,4	3,5	2,5	3,2	3,0
United Kingdom	3,2	2,8	2,5	2,8	1,9	2,5	2,3	1,9	2,1	1,8	2,3	2,5	2,5	2,3	2,2
United States	3,8	3,6	3,2	3,3	2,5	2,6	2,8	2,7	3,1	2,8	3,0	3,1	2,8	3,2	2,8

To what extent do you perceive the following institutions in this country to be affected by corruption? (By country where business executives were interviewed)

Source: Transparency International Bribe Payers Survey 2008.
(1=not at all corrupt , 5=extremely corrupt)
Shaded scores are the highest for that particular country.

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ENDNOTES

1   In addition to this report, Transparency International anticipates publishing more analysis of the 2008 Bribe Payers Survey findings in 2009.

2   See Appendix One for a more detailed methodological description of the survey.

3   Gallup International Association was selected by TI through a competitive public tendering process.

4   United Nations Conference on Trade and Development (UNCTAD) 'Handbook of Statistics 2008'.
      (http://www.unctad.org/Templates/Page.asp?intItemID=1890&lang=1, 2008).

5   United Nations Conference on Trade and Development (UNCTAD) 'Handbook of Statistics 2008'.
      (http://www.unctad.org/Templates/Page.asp?intItemID=1890&lang=1, 2008).

6   The two questions on which the 2008 BPI draws are:
      'In your principal lines of business in this country, do you have business relationships (for example as a supplier, client, partner or competitor) with companies whose headquarters are located in these countries listed above?' Respondents are presented a list of 22 countries. Then, for each country selected, respondents had to score the country on a 5-point scale system (from 1=never to 5=almost always) answering the following question: *'How often do firms headquartered in (country name) engage in bribery in this country?'*

7   The average number of countries rated by each respondent was four.

8   Brazil, France, Germany, India, Japan, Mexico, Russia, Singapore, South Africa, South Korea, the United Kingdom and the United States.

9   The standard deviation is provided to give an indication of the degree of agreement among respondents in relation to each country: the smaller the standard deviation, the broader the consensus among respondents. The confidence intervals show the range of minimum and maximum values where with 95 per cent confidence the true value of the score lies. For number of observations please see Appendix Three.

10   For each regional grouping, only the scores of countries for which there were more than 70 observations were estimated.

11   From the BPI 2008 list of 22 countries, business executives from the 26 countries surveyed were asked to select up to five countries with which they have had the most business contact when working in their region during the past five years. Only these countries were then evaluated. 0.6 percent of respondents answered the question for more than five countries and their responses were also used for the analysis as they did not alter results.

12   All percentages in this section are estimated as the percentage of respondents answering 'often' or 'almost always' relative to total respondents, i.e. 'Don't know' responses are excluded.

13   For more information on the OECD Anti-Bribery Convention, including TI's latest progress report, please see:
      (http://www.transparency.org/global_priorities/international_conventions)

14   World Bank and European Bank for Reconstruction and Development, 'Measuring Governance and State Capture: the Role of Bureaucrats and Firms in Shaping the Business Environment', (http://www.ebrd.com/pubs/econo/wp0051.pdf, 2000) page 1.

15   For number of observations per sector, please see Appendix Three.

16   United Nations Conference on Trade and Development (UNCTAD) 'Handbook of Statistics 2008'.
      (http://www.unctad.org/Templates/Page.asp?intItemID=1890&lang=1, 2008).

17   See table on page 15 for details.

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