

Contribution to Beyond GDP „Virtual Indicator Expo“

<http://www.beyond-gdp.eu>

Name of the indicator/method: **Bribe Payers Index**

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Aims and Objectives

The BPI assesses the supply side of corruption, targeting policy makers in developed countries and emerging market economies. By measuring the extent to which a state appears to engage in corrupt business practices, it helps identify where reforms and enforcement are needed. In turn, this helps advocates push for change.

The BPI results demonstrate clearly which countries are paying bribes, and where. It provides the views of the private sector (representatives of local and foreign companies) on foreign bribery, based on their experience in a particular country of operation. Given the criminalisation of bribery through laws and conventions such as that of the Organisation for Economic Co-operation and Development, the supply side of corruption in international business transactions implies a shared responsibility between companies operating abroad and their home governments. The BPI highlights achievements and failures of governments to control the corruption by companies headquartered within their national borders when they operate abroad, and indicates, for their part, whether companies have successfully ensured that their employees comply with the highest standards of business practice. Thus, it serves as benchmark for assessing enforcement.

The BPI Approach

The Bribe Payers Index 2006 (BPI) is a ranking of 30 leading exporting countries according to the propensity of their firms to bribe abroad. It is the most comprehensive survey of its kind, capturing the direct experience of business executives with foreign firms paying bribes in their country. It asks business executives about the practices of foreign firms operating in their country, specifically their propensity to pay bribes or to make undocumented extra payments.

The BPI was first released in 1999, with further editions in 2001 and 2006. The first two editions of the survey scored 19 and 21 countries respectively through surveys in emerging market economies. The 2006 edition ranked 30 leading exporting countries by surveying respondents in more than 125 countries worldwide, the largest and broadest sample to date.

The BPI Method in 2006

The BPI 2006 is based on the responses of 11,232 business executives from companies in 125 countries to two questions about the business practices of foreign firms operating in their country. It was carried out as part of the World Economic Forum's Executive Opinion Survey 2006. The combined Gross Domestic Product of the 125 economies covered represents 98 percent of the world total.

The sample of respondents was 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). Respondents were asked to rate the countries of origin of foreign-owned companies doing the most business in their country on a scale of 1 (bribes are common) to 7 (bribes never occur). The answers were then converted into a 10-point scale, in which 10 represents the lowest propensity of companies to bribe abroad. The ranking reflects the simple averages of responses.

The countries ranked were: 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 BPI 2006 results

The BPI 2006 shows a considerable propensity of companies from all states to bribe when operating abroad. Companies from the wealthiest countries rank in the top half of the index (indicating less perceived tendency to bribe), with Switzerland leading the ranking at 7.8. However, companies from these countries tend to behave differently when operating in OECD countries than in developing countries, where they still routinely pay bribes. Companies from emerging export countries are perceived to be the most likely to pay bribes in order to win contracts abroad, with India, China and Russia ranking among the worst.

For more information

For more information on the CPI, please contact Juanita Riaño at the TI Secretariat at jriano@transparency.org or +49 30 34 38 20 417. Please visit: http://transparency.org/policy_research/surveys_indices/bpi

Rank	Country / Territory	BPI Score	Number of Respondents	Margin of error (at 95% confidence)	% of global exports (2005)
1	Switzerland	7.8	1744	0.12	1.2
2	Sweden	7.6	1451	0.14	1.3
3	Australia	7.6	1447	0.14	1
4	Austria	7.5	1560	0.13	0.5
5	Canada	7.5	1870	0.12	3.5
6	UK	7.4	3442	0.09	3.6
7	Germany	7.3	3873	0.09	9.5
8	Netherlands	7.3	1821	0.12	3.4
9	Belgium	7.2	1329	0.15	8.9
	US	7.2	5401	0.07	3.3
11	Japan	7.1	3279	0.1	5.8
12	Singapore	6.8	1297	0.17	2.2
13	Spain	6.6	2111	0.12	1.9
14	UAE	6.6	1928	0.14	1.1
15	France	6.5	3085	0.11	4.3
16	Portugal	6.5	973	0.18	0.3
17	Mexico	6.5	1765	0.15	2.1
18	Hong Kong	6.0	1556	0.16	0.4
	Israel	6.0	1482	0.16	2.8
20	Italy	5.9	2525	0.12	3.6
21	South Korea	5.8	1930	0.13	2.8
22	Saudi Arabia	5.8	1302	0.17	1.8
23	Brazil	5.7	1317	0.16	1.2
24	South Africa	5.6	1488	0.16	0.5
25	Malaysia	5.6	1319	0.17	1.4
26	Taiwan	5.4	1731	0.15	1.9
27	Turkey	5.2	1755	0.15	0.7
28	Russia	5.2	2203	0.14	2.4
29	China	4.9	3448	0.11	5.5
30	India	4.6	2145	0.14	0.9