

Frequently Asked Questions

Transparency International *Global Corruption Report 2009*

- 1) What is the Global Corruption Report?
- 2) How is the GCR produced?
- 3) How does the GCR relate to other TI research products?
- 4) Who funds the GCR?
- 5) Why does the 2009 GCR focus on corruption in the private sector?
- 6) Is corruption in the private sector only about bribery?
- 7) What are the consequences of corruption in business?
- 8) Did corruption play a role in the global financial crisis?
- 9) Is the landscape of corporate corruption changing? What are the new risks?
- 10) What is TI doing to fight corruption in the private sector?
- 11) Who can I contact for more information, and how can I get a copy of the GCR?

1) What is the Global Corruption Report?

Since 2001, the *Global Corruption Report* (GCR) has offered an annual assessment of the state of corruption around the world. Produced by Transparency International (TI), the publication brings together leading experts and practitioners to analyse current issues, identify new challenges and explore solutions in the field of corruption.

The GCR is divided into three sections: thematic focus, country reports and research. The thematic section provides an in-depth analysis of a key issue and its corruption challenges. The 2009 GCR focuses on the private sector. Previous editions have analysed corruption in the water sector (2008) and the judiciary (2007).

The country reports section of the GCR presents a national perspective provided by corruption practitioners and experts working in the given country/territory. Through the case studies featured in these reports, the 2009 GCR traces corruption trends, reviews institutional reforms and identifies key private sector corruption issues in 46 countries.

The research section of the report showcases a collection of the latest empirical insights and methodological advances for diagnosing and assessing corruption.

The GCR offers the most comprehensive annual assessment of corruption risks and solutions, as well as the dynamics of reform from a global to a local level.

2) How is the GCR produced?

The GCR is produced annually by an editorial team working in the Policy and Research Department of TI's secretariat in Berlin. The team is supported by external editors, peer reviewers, fact-checkers, translators and an international editorial advisory panel of experts.

Country reports in the GCR are, for the most part, written by TI national chapters. All TI chapters are invited to submit a country report based on the year's thematic focus. Submissions are voluntary and each chapter decides independently whether they will make a contribution.

All contributions are peer-reviewed, independently fact-checked and professionally edited in accordance with TI's commitment to advance the fight against corruption through rigorous, balanced analysis and constructive engagement. This makes the GCR an annual reference source of unrivalled scope for professionals working in the thematic areas, policy-makers, researchers, civil society, the media and anyone else interested in corruption.

3) How does the GCR relate to other TI research products?

TI is an independent producer of empirical research on corruption. It has assembled a global research portfolio that combines qualitative approaches with quantitative ones, macro-level indicators with in-depth diagnostics, expert analysis with experience, as well as perceptions-based survey work. This body of research provides a comprehensive picture of the scale, spread and dynamics of corruption around the world. It also serves to mobilise and support evidence-based, effectively-tailored policy reform. TI's portfolio of global research products includes:

- **Corruption Perceptions Index (CPI):** an annual composite index covering more than 175 countries that draws on several different expert and business surveys on corruption and good governance.
- **Global Corruption Barometer (GCB):** an annual representative survey of more than 60,000 households in over 60 countries on people's perceptions and experiences of corruption.
- **Bribe Payer's Index (BPI):** a ranking of 30 leading, exporting countries according to the propensity of their firms to bribe abroad. It is based on a survey of executives focusing on the business practices of foreign firms in their country.
- **National Integrity System studies (NIS):** a series of studies produced in-country that involves an extensive diagnostic assessment of the strengths and weaknesses of the key institutions that enable good governance and integrity in a country.

The **Global Corruption Report** is the fifth integral pillar in this portfolio. It takes a thematic approach and explores corruption with regard to a specific sector or governance issue of particular relevance and timeliness. Alongside other corruption-related articles, the research section of the GCR showcases TI's most recently published empirical indicators as well as research by other organisations.

4) Who funds the GCR?

As one of TI's flagship publications, the GCR is supported by TI's core institutional budget, receiving additional support from external sponsors. The GCR is produced with complete editorial independence. The GCR editorial team receives input from a high-level editorial advisory panel and consults with a wide range of stakeholders and peer reviewers from all sectors, but retains full control over the content.

5) Why does the 2009 GCR focus on corruption in the private sector?

At no other time in history have private economic activities and markets been more intertwined with the economic prosperity, political stability and environmental sustainability of societies. The private sector plays a pivotal and expanding role in improving the well-being of societies, communities and individuals. Yet if corporate integrity is compromised, the private sector could fail at these endeavours, allowing corruption to flourish and ultimately undermining the very institutions and trusted relationships on which its existence depends, such as communities, markets, governments or international relations.

The last two decades have seen a flurry of activity with regard to corporate citizenship, anti-corruption compliance and regulation. This offers a timely opportunity to take stock and explore what works and what does not. Looking ahead to emerging corruption risks for business, the report identifies the next generation of innovative corporate integrity strategies and regulatory instruments for tackling these risks.

6) Is corruption in the private sector only about bribery?

As the 2009 GCR documents, bribery is a persistent and pervasive concern for businesses of all sizes, in all sectors and countries, in dealings with the public sector and in private business transactions. Yet corruption, defined as the misuse of entrusted power for personal gain, is a much broader challenge for business. Beyond bribery, corrupt practices frequently occur within a company in the form of corporate fraud and insider dealing. Collusive practices and illegal cartels are corruption challenges that affect the broader market. Corruption can also pose a particularly troublesome challenge at the business-government nexus when legitimate lobbying gives way to undue influence on public officials or by unfairly shaping policies and rules. The 2009 GCR illustrates how all these corrupt practices are interrelated and mutually reinforcing.

7) What are the consequences of corruption in business?

The 2009 GCR presents ample evidence that corruption significantly increases the costs of doing business while introducing reputational risks and vulnerability to extortion. It also makes access to capital more expensive, depresses company valuations and corrodes staff morale. In the broader market environment, corruption undermines fair competition, leads to lost business opportunities and nurtures corrupt bureaucracies.

Overall, corrupt practices invalidate the social licence to operate, damaging the legitimacy and trust that businesses rely on, particularly in times of crisis when tax-payer money is needed to shore up fragile markets.

When corruption allows reckless companies or employees to disregard laws and flout regulations, the consequences for society are far flung and often devastating as corruption contributes to unsafe products, exploitative work conditions and environmental degradation.

8) Did corruption play a role in the global financial crisis?

Many of the conditions that enabled the financial crisis are related to corruption risks. These include conflicts of interest entangling gatekeepers; misaligned incentives for decision-makers; insufficient transparency and accountability for market segments and market players; and serious lapses in corporate due diligence, governance and integrity.

Recent policy agendas for tackling corruption risks in business are also strongly linked to those intended to prevent a repeat of the financial melt down. The crisis has focused attention on the failings of regulators and critical problems in international cooperation – issues that the 2009 GCR also identifies as urgent concerns for the effective prevention and punishment of corruption in business.

9) Is the landscape of corporate corruption changing? What are the new risks?

A dynamic and increasingly globalised economic environment means that the landscape of corporate corruption risk is continuously evolving. New and important players from China, India, Brazil, Russia and other emerging economic centres urgently need to be brought on board to further develop a global climate of corporate integrity. Expanding markets – such as those for trading carbon offsets as part of the global response to climate change – require stronger oversight in order to work effectively. Up-and-coming actors, such as sovereign wealth funds which administer large parts of the national wealth of a country, must be held to particularly stringent standards of transparency and accountability.

10) What is TI doing to fight corruption in the private sector?

Tackling corruption in the private sector is one of TI's five global priorities. Many of TI's national chapters are taking on this issue and contributing to the development of improved corporate integrity. These efforts are supported and complemented by a dedicated team of private sector specialists which has developed a series of practical tools to help both small and large businesses address corruption. The team actively works with business executives, investors, trade groups, policy-makers and civil society to help tackle corporate corruption. In addition, several of TI's research tools – such as large scale business surveys and analyses of compliance disclosure programmes – are designed to identify and explore specific risk priorities for the private sector.

11) Who can I contact for more information, and how can I get a copy of the GCR?

- For media requests please contact: press@transparency.org.
- For general information on the *Global Corruption Report*, please contact the editorial team at gcr@transparency.org.
- To purchase a hard copy of the GCR please visit the Cambridge University Press website at www.cambridge.org/gcr2009 or contact your local bookseller.