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# World Bank Corruption Surveys

In recent years, research and analysis have provided overwhelming evidence that corruption is a regressive tax on the poor. Corruption distorts public resource allocation and impedes access to basic services such as health and education. It discriminates against small and medium enterprises in their access to markets. Evidence shows that poor people tend to spend a larger proportion of their incomes on bribes than citizens in other income categories. Corruption undermines the legitimacy and functioning of the state, affecting even its ability to ensure basic security of life and property.

In 1996–97 the World Bank began exploring the use of surveys as a means to “measure” corruption. Illicit and secretive, corruption by its very nature is difficult to quantify using survey instruments. In fact, for many years it was thought that data on corruption were impossible to capture. But experience over the last few years has shown that if designed, targeted, and implemented well, surveys can elicit from victims and even perpetrators of corruption—including households, the private sector, and public officials themselves—perceptions of, as well as experiences with, corruption across the range of public sector institutions. Thus far, the Bank’s experience has demonstrated that:

- Surveys can help diagnose the extent and source of institutional dysfunction in a country, help set reform priorities, and inform policy dialogue;
- They can help quantify the economic and social costs of corruption, and evaluate the quality of public service delivery and of the business environment;
- They represent an empirical approach that turns the policy debate away from a focus on individuals toward a focus on institutions;
- Surveys allow the establishment of baselines against which progress on anti-corruption can be measured;
- Surveys can also provide public information on corruption, which in turn can encourage attention by the executive, parliamentary scrutiny, and greater participation of civil society to stimulate the demand for better governance and measures against corruption.

In short, surveys can be powerful components of strategies to combat corruption and improve governance.

Since its initial efforts in 1996–97, the Bank has developed and adapted a range of survey instruments and applied them in a variety of contexts, countries, and regions. A few key efforts are highlighted below.

## Global Surveys of the Private Sector

### ***Surveys of Firms for World Development Report 1997***

One of the Bank's first attempts to use surveys to understand the causes and consequences of corruption was a survey of firms carried out to inform *World Development Report 1997: The State in a Changing World* (WDR97). This large-scale survey, covering more than 3,600 firms in 69 countries, aimed at understanding the institutional framework faced by the private sector. Entrepreneurs from a range of small to large firms were asked to evaluate different institutional conditions in their country, such as the security of property rights, the predictability of rules and policies, judicial reliability, problems with corruption and discretionary power in the bureaucracy, and disruption due to political transitions.

Analysis of the survey data flagged the enormous extent to which corruption disrupts private sector activity and development. Respondents in all countries except the high-income OECD countries rated corruption in their countries as among the top three impediments to doing business. As noted in WDR97, "Overall, more than 40 percent of entrepreneurs reported having to pay bribes to get things done as a matter of course. In industrial countries, the figure was 15 percent, in Asia about 30 percent, and in the CIS over 60 percent. ... Furthermore, over half the respondents worldwide did not regard a bribe as a guarantee that the promised service would be delivered."<sup>147</sup> It was also found that general arbitrary action by governments (including corruption and red tape) forced businesses to spend excessive amounts of time on negotiating laws and regulations with public officials, rather than on productive activities.<sup>148</sup>

### ***The World Business Environment Survey***

The World Business Environment Survey (WBES), initiated in 1999–2000, was intended to build and expand upon the WDR97 survey approach. Under this effort, surveys of at least 100 firms in each of at least 100 countries are envisioned, in order to develop a global dataset on corruption from the perspective of business. The survey instrument is designed to elicit detailed information about bribes in public procurement and bribes as a share of firm revenues. While the dataset is intended primarily for global comparisons, individual country analyses such as those in a May 2001 report on West Bank Gaza<sup>149</sup> have also been gleaned from the survey results. One of the best large-scale examples of the WBES effort has been the Business Environment and Enterprise Performance Surveys (BEEPS).

### ***Business Environment and Enterprise Performance Surveys***

Commissioned jointly by the World Bank and the European Bank for Reconstruction and Development, the BEEPS involved surveys of more than 3,000 enterprise owners and senior firm managers in 22 transition countries in ECA. Among other things, BEEPS aimed to identify the many forms of corruption across transition countries. For the first time, it provided the basis

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<sup>147</sup> World Bank 1997.

<sup>148</sup> World Bank 1997.

<sup>149</sup> Sewell 2001.

upon which empirical evidence could be gathered on the means through which firms influence the state, leading to introduction of the concept of “state capture” into the anti-corruption lexicon.<sup>150</sup> Whereas administrative corruption refers to the abuse of existing rules, regulations, laws, and policies for private gain, the term “state capture” refers to the actions of individuals, groups, or firms in both the public and private sectors to *influence the formation* of laws, regulations, decrees, and other government policies to their own advantage as a result of the illicit and nontransparent provision of private benefits to public officials.<sup>151</sup>

The report *Anticorruption in Transition: A Contribution to the Policy Debate* used the BEEPS data to explore reform options for the 22 transition countries, using a typology of corruption based on the relative levels of administrative corruption and state capture in each country.<sup>152</sup> The options for reform are presented as integral parts of a multipronged strategy for combating corruption. This multipronged strategy includes addressing institutional restraints, political accountability, a competitive private sector, civil society participation, and public sector management. The recommendations of the report are increasingly being integrated into country analysis, strategy, and policy dialogue in ECA.

## Country-Specific Corruption Surveys

While the surveys discussed above have primarily involved the application of a single survey instrument to firms across a range of countries, country-specific instruments have also been developed. One such approach has entailed simultaneous surveys of households, firms, and public officials to develop multidimensional profiles of corruption in a country. The surveys of households and firms help establish the status of governance conditions in the country and identify the costs (for example, in the form of lost public revenues, investments, and poverty impacts) of weak governance and corruption. The surveys of public officials also try to get at the sources of weak governance, such as levels of pay, incentive structures, and reporting mechanisms. Given the nature of the phenomena under observation, a triangulation approach is favorable because it allows for corroboration of responses across the different groups of respondents.<sup>153</sup> These tripartite surveys gather information on both perceptions of and actual experiences with corruption.

### ***First Steps in Albania, Georgia, and Latvia***

The triangulation approach was pioneered in the ECA region in 1998. Albania, Georgia, and Latvia were the first countries in which such surveys were used, primarily because they were among the first to request assistance from the World Bank on anti-corruption. The analysis of these surveys and comparisons of the results across the three countries revealed in particular that each country faced unique patterns of problems and that the problems had different institutional causes in each country. Notably, the surveys revealed that bureaucrats in all three countries

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<sup>150</sup> Hellman and others 2000.

<sup>151</sup> World Bank 2000.

<sup>152</sup> World Bank 2000b.

<sup>153</sup> Kaufmann and others 2000.

purchased positions based on expected illicit gains, and that private enterprises would be willing to pay higher taxes rather than deal with corruption.<sup>154</sup>

The results of these surveys were widely disseminated in each of the countries and led to broad public debate. Albania subsequently launched an anti-corruption program, tackling, among other things, patronage in judicial appointments and the civil service, two key sources of corruption. In Georgia, where the surveys pointed to excessive licensing and regulations as prime causes of corruption, subsequent Bank assistance has helped put in place the legal and institutional framework for procurement, licensing, and tax reform. The surveys in Latvia revealed high-level corruption as a serious problem. Accordingly, a key feature of Latvia's governance PSAL entails the strengthening of institutions to expose and resolve the conflicts of interest that lie at the core of high-level corruption in the country.

### ***Expanding Country Coverage and Adapting Approaches***

Country-specific surveys have since been conducted in a range of countries including Bolivia, Bosnia and Herzegovina, Cambodia, Ecuador, Ghana, Paraguay, Peru, Romania, and Slovakia, and in Uttar Pradesh in India. Smaller-scale surveys have also been conducted at the local and municipal levels, including in Ukraine and Venezuela. In each case, the surveys have been adapted to the particularities of the country environment. In Poland, a different approach was taken with a view to using the process of data collection to build momentum behind the results and encourage ownership of the reform process. Existing surveys conducted by reputable local organizations, polls, audits, and other existing reports and research supplemented a large number of targeted and face-to-face interviews with parliamentarians, judges, government officials, business people, academics, media workers, and NGO representatives.<sup>155</sup>

Although the surveys differ in approach and methodology, there has been common agreement on the wisdom of garnering perspectives from many segments of society, including public officials. Another underlying commonality has been that in all cases the surveys have been conducted at the request of the client governments. In most cases, the survey results have helped inform anti-corruption strategies, formulated in collaboration with a wide range of stakeholders. Workshops and other mechanisms for building coalitions across all segments of society to formulate, implement, and monitor strategies for change have also been an important common feature in most cases.

### ***Surveys of Public Officials***

In addition to the corruption surveys discussed above, surveys of public officials, while not directly targeted at measuring corruption, have nevertheless proved useful in getting at the same questions of the incentives, costs, causes, and consequences of corruption. Through a set of stand-alone surveys, conducted by the Bank with funding from the Bank Netherlands Partnership Program, more than 7,000 public officials have been surveyed in 16 countries including Albania, Argentina, Bangladesh, Bolivia, Bulgaria, Guyana, Indonesia, Kenya, Macedonia, Moldova, and

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<sup>154</sup> World Bank 1998a.

<sup>155</sup> World Bank 1999b.

countries of the East Caribbean region. These surveys form part of a broader effort to inform work on civil service reform in these countries, and have primarily been used to analyze the institutional factors underlying poor performance in public organizations in developing countries. They have solicited direct input from public officials about the signals they receive from policies, the flow of resources, their perceptions of the formal and informal rules in their organizations, and the consequences of adhering to or breaking these rules.

While these surveys have not been targeted toward measuring corruption *per se*, the survey questionnaires include explicit questions about perceptions of corruption in the public officials' agencies and in the public sector at large. As with the surveys discussed above, the design has been adapted to fit each country context, and each survey has been followed by a report presenting country-specific findings. Among the varied country results, concerns about poor accountability and corruption emerge as common themes. Solutions for reform, some suggested by the public officials themselves, are being incorporated into economic and sector work such as Institutional and Governance Reviews, and are informing civil service reform strategies in the participant countries.

## **Practical Considerations in Using Surveys for Anti-corruption**

### ***Costs and Resources***

The costs of conducting country-level surveys vary widely among countries depending upon country size, the level of domestic capacity, local conditions and the scope and complexity of the survey exercise. Nevertheless, some cost ranges may be noted. The tripartite country-level corruption surveys have typically cost between \$30,000 and \$50,000, with an additional \$50,000–\$100,000 for the processes of country dialogue, design, analysis, dissemination, and linkage to country programs. The public officials surveys funded by the Bank-Netherlands Partnership Program have generally cost between \$40,000 and \$50,000.

Funding for these surveys has largely been provided by bilateral donors such as USAID and the Dutch government. The Bank has mostly funded staff time for dialogue, analysis, outreach, dissemination, and linkages to country programs. Core knowledge and capacity for designing and conducting surveys have been developed in the regional PREM units, WBIGF, and the PREM anchor. These units have developed a host of materials, websites, and other resources (referenced in the list of sources below) that are easily accessible to staff and external audiences looking for country reports, lessons and experiences, and information on methodologies.

### ***Challenges and Considerations***

Data from surveys, as noted above, can be a powerful tool to gauge the extent and nature of corruption and governance problems; to identify practical areas for policy change; and to build the impetus for reform and empowerment. However, data on corruption can also be used ineffectively, or worse still, abused. In using anti-corruption surveys, therefore, some considerations are key:

- Survey methodologies must be carefully designed and adapted, and the analysis must be conducted in a rigorous fashion.
- Surveys should only be implemented in appropriate country environments. Ownership on the part of in-country stakeholders, as well as the capacity and political commitment to follow up on survey findings, is critical to ensure the utility of survey exercises and the credibility of the reform processes during which survey exercises are undertaken. Identifying and building constituencies for reform before embarking on a labor-, time-, and resource-intensive survey is a precondition for effectiveness.
- Public dissemination of survey results is obviously crucial, but the process of dissemination must be carefully considered, and just as importantly, owned and agreed to by the client government. In addition, cross-country comparisons must be made with care, given the many different underlying methodologies, as well as the delicate relationships of trust that enable the Bank to conduct corruption surveys in its client countries.

The key challenge remains that of translating data on corruption, a fundamentally negative phenomenon, into positive strategies and action for change.

## Resources

Hellman, Joel, Geraint Jones, and Daniel Kaufmann. 2000. "Seize the State, Seize the Day: An Empirical Analysis of State Capture and Corruption in Transition." Policy Research Working Paper 2444. World Bank, Development Research Group, Washington, D.C.

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- . 2000b. *Anti-corruption in Transition: A Contribution to the Policy Debate*. Washington, D.C.: World Bank.

## Websites

### **World Bank Anti-corruption**

[www.worldbank.org/publicsector/anticorrupt](http://www.worldbank.org/publicsector/anticorrupt)

### **WBI Governance and Anti-corruption**

[www.worldbank.org/wbi/governance](http://www.worldbank.org/wbi/governance)

### **Administrative and Civil Service Reform**

[www.worldbank.org/publicsector/civilservice](http://www.worldbank.org/publicsector/civilservice)