



TRACE Bribery Risk Matrix

THE 2022 TRACE BRIBERY RISK MATRIX

METHODOLOGY REPORT

The TRACE Bribery Risk Matrix addresses an ongoing concern for companies doing business internationally: the possibility of being asked for a bribe by a foreign public official. Such a scenario can arise in countless ways, and the risk of it happening depends on myriad factors. Confronting this complexity requires marshalling information about multiple facets of any prospective or ongoing business venture, including the people involved; the dynamics of the industry; and the degree of bribery risk specific to a given market, region or country.

Quantifying that risk is a challenge, particularly given the range of contributing elements and the variety of ways they can combine to improve or degrade a country's ethical climate. Since its initial publication in 2014, the TRACE Matrix has been designed to reflect the multidimensional character of bribery and to capture the distinct aspects of its appearance within particular national contexts. In this paper, we will outline the analytical model used to produce the Matrix, identify and explain specific adjustments in our methodology and our selection of sources, and discuss how best to interpret this year's scores.

THE MODEL

The TRACE Bribery Risk Matrix both conveys and captures the multidimensional nature of bribery by using four separate risk domains, each comprising either two or three subdomains:

DOMAIN 1: OPPORTUNITY

Business Interactions with Government

Interaction
Contact with government

Expectation
Expectation of paying bribes

Leverage
Regulatory burden

DOMAIN 2: DETERRENCE

Anti-Bribery Deterrence and Enforcement

Dissuasion
Societal disapproval of bribery

Enforcement
Governmental anti-bribery enforcement

DOMAIN 3: TRANSPARENCY

Government and Civil Service Transparency

Processes
Transparency of governmental regulatory functions

Interests
Transparency and health of the civil service sector

DOMAIN 4: OVERSIGHT

Capacity for Civil Society Oversight

Free Press
Quality and freedom of media

Civil Society
Human capital and civic engagement

METHODOLOGY REPORT

In this model, the **Opportunity** domain concerns the immediate relation between a company (or its agents) and public officials, considering the frequency of interaction, the societal expectations surrounding bribery and the rent-seeking leverage a public official may wield. The **Deterrence** domain considers both formal enforcement mechanisms and the less formal ways in which bribery is discouraged. **Transparency** addresses the accessibility of information about the public sector, and **Oversight** examines the freedom and strength of non-governmental institutions that can act as checks on public corruption.

Each subdomain is composed of variables from publicly available data sets. Each variable within a subdomain is scaled to a normal distribution, and the subdomain score for each country is the average of these normalized variables. The domain score is calculated by averaging the subdomain scores. Both subdomain scores and domain scores are then scaled to a range between 1 and 100, and final scores are computed using a weighted average of the domain scores.¹

DOMAIN 1: OPPORTUNITY		
SUBDOMAIN 1.1: INTERACTION		
DESCRIPTION	SOURCE	DATASET
Online Service Index	United Nations	E-Government Development Index
State ownership of economy	V-Dem Institute	Varieties of Democracy
If there were visits, average number of visits or required meetings with tax officials	World Bank Group	Enterprise Surveys
Percent of firms with at least 10% of government/state ownership	World Bank Group	Enterprise Surveys
Senior management time spent dealing with the requirements of government regulation	World Bank Group	Enterprise Surveys
SUBDOMAIN 1.2: EXPECTATION		
DESCRIPTION	SOURCE	DATASET
Executive bribery and corrupt exchanges	V-Dem Institute	Varieties of Democracy
Legislature corrupt activities	V-Dem Institute	Varieties of Democracy
Public sector corrupt exchanges	V-Dem Institute	Varieties of Democracy
Bribery depth (percent of public transactions where a gift or informal payment was requested)	World Bank Group	Enterprise Surveys
Bribery incidence (percent of firms experiencing at least one bribe payment request)	World Bank Group	Enterprise Surveys

¹ Domain 1: 40%, Domain 2: 15%, Domain 3: 22.5%, Domain 4: 22.5%.

METHODOLOGY REPORT

Percent of firms identifying corruption as a major constraint	World Bank Group	Enterprise Surveys
Civil justice is free of corruption	World Justice Project	Rule of Law Index
Government officials in the executive branch do not use public office for private gain	World Justice Project	Rule of Law Index
SUBDOMAIN 1.3: LEVERAGE		
DESCRIPTION	SOURCE	DATASET
Days to clear direct exports through customs	World Bank Group	Enterprise Surveys
Days to clear imports from customs	World Bank Group	Enterprise Surveys
Days to obtain a construction-related permit	World Bank Group	Enterprise Surveys
Days to obtain an import license	World Bank Group	Enterprise Surveys
Days to obtain an operating license	World Bank Group	Enterprise Surveys
Percent of firms identifying business licensing and permits as a major constraint	World Bank Group	Enterprise Surveys
Government regulations are applied and enforced without improper influence	World Justice Project	Rule of Law Index

METHODOLOGY REPORT

DOMAIN 2: DETERRENCE

SUBDOMAIN 2.1: DISSUASION

DESCRIPTION	SOURCE	DATASET
Do laws, policies and practices guarantee equal treatment of various segments of the population?	Freedom House	Freedom in the World
Access to state business opportunities by social group	V-Dem Institute	Varieties of Democracy
Equal treatment and absence of discrimination	World Justice Project	Rule of Law Index
How often in country's elections voters are bribed	World Values Survey Association	World Values Survey
Justifiable: Cheating on taxes	World Values Survey Association	World Values Survey
Justifiable: someone accepting a bribe	World Values Survey Association	World Values Survey
Post-materialist index	World Values Survey Association	World Values Survey

SUBDOMAIN 2.2: ENFORCEMENT

DESCRIPTION	SOURCE	DATASET
Anti-corruption policy	Bertelsmann Stiftung	Transformation Index
Independent judiciary	Bertelsmann Stiftung	Transformation Index
Prosecution of office abuse	Bertelsmann Stiftung	Transformation Index
Regional cooperation	Bertelsmann Stiftung	Transformation Index
Are safeguards against official corruption strong and effective?	Freedom House	Freedom in the World
Is there an independent judiciary?	Freedom House	Freedom in the World
Public sector theft	V-Dem Institute	Varieties of Democracy
Criminal justice	World Justice Project	Rule of Law Index
Government officials are sanctioned for misconduct	World Justice Project	Rule of Law Index

METHODOLOGY REPORT

DOMAIN 3: TRANSPARENCY

SUBDOMAIN 3.1: PROCESSES

DESCRIPTION	SOURCE	DATASET
Does the government operate with openness and transparency?	Freedom House	Freedom in the World
Open Budget Index	International Budget Partnership	Open Budget Index
E-Government Index	United Nations	E-Government Development Index
Transparent laws with predictable enforcement	V-Dem Institute	Varieties of Democracy
Publicized laws and government data	World Justice Project	Rule of Law Index
Right to information	World Justice Project	Rule of Law Index

SUBDOMAIN 3.2: INTERESTS

DESCRIPTION	SOURCE	DATASET
Bureaucratic remuneration	V-Dem Institute	Varieties of Democracy
Executive embezzlement and theft	V-Dem Institute	Varieties of Democracy
Government powers are effectively limited by independent auditing and review	World Justice Project	Rule of Law Index

METHODOLOGY REPORT

DOMAIN 4: OVERSIGHT

SUBDOMAIN 4.1: FREE PRESS

DESCRIPTION	SOURCE	DATASET
Freedom of expression	Bertelsmann Stiftung	Transformation Index
Free and independent media	Freedom House	Freedom in the World
Press Freedom Index	Reporters Without Borders	World Press Freedom Index
Academics as critics	V-Dem Institute	Varieties of Democracy
Government internet filtering in practice	V-Dem Institute	Varieties of Democracy
Print/broadcast media critical	V-Dem Institute	Varieties of Democracy
Print/broadcast media perspectives	V-Dem Institute	Varieties of Democracy
Freedom of opinion and expression is effectively guaranteed	World Justice Project	Rule of Law Index

SUBDOMAIN 4.2: CIVIL SOCIETY

DESCRIPTION	SOURCE	DATASET
Civil society participation	Bertelsmann Stiftung	Transformation Index
Political participation	Bertelsmann Stiftung	Transformation Index
Human Development Index	United Nations Development Programme	Human Development Index
Civil society organization participatory environment	V-Dem Institute	Varieties of Democracy
Engaged society	V-Dem Institute	Varieties of Democracy
Engagement in independent non-political associations	V-Dem Institute	Varieties of Democracy
Civic participation	World Justice Project	Rule of Law Index
Government powers are subject to non-governmental checks	World Justice Project	Rule of Law Index

METHODOLOGICAL DEVELOPMENTS

While this edition of the Matrix retains essentially the same methodology as last year, it has been substantially affected by the loss of certain data sources. Following the revelation of improper adjustments to certain countries' scores in 2018 and 2020,² the World Bank discontinued its Ease of Doing Business index and accompanying dataset. Further, the World Economic Forum has not resumed production of its Global Competitiveness Report following its disruption by the COVID-19 pandemic. Together, these two sources supplied more than a quarter of the 74 data points from which last year's Matrix scores were calculated, particularly in Domain One ("Opportunity"). Where possible, we have added new data points to maintain robust assessments for each subdomain and domain. Unavoidably, however, these changes have affected this year's Matrix scores and rankings in a way that may only partially reflect actual changes in the corruption environment.³

INTERPRETATION AND COMPARISON

The Bribery Risk Matrix is designed to reflect our current best understanding of country-level bribery risk conditions worldwide; it is not designed to reliably track changes in country status from year to year. Direct comparison of a country's score or rank to those of previous years should not be deemed to carry any particular significance, especially given the changes in data sources for this year's edition. A better understanding of year-to-year developments may be reached by using the Matrix Data Browser at matrixbrowser.TRACEinternational.org to examine the histories of the current underlying data points on which the Matrix scores are based.

The distribution of scores this year is approximately Gaussian, with a mean of 49.26 and a standard deviation of 18.25. Norway's overall score of 4 is 2.48 standard deviations better than average, while North Korea's score of 93 is 2.40 standard deviations worse than average.

The TRACE Matrix aims both to provide a resource for quantifying the bribery risk in a given country and to make possible a more nuanced understanding of the particular aspects of a country's risk profile. Its scores reflect the outcome of one among many possible approaches to summarizing an extremely complicated and difficult-to-measure phenomenon. We remain convinced that it represents the best and most theoretically informed method currently available to assess the country-level contributors to business bribery risk.

² See The World Bank, *Review of Data Irregularities in Doing Business* (16 Dec. 2020), available at <https://www.worldbank.org/en/news/statement/2020/12/16/world-bank-group-statement-on-doing-business-data-corrections-and-findings-of-internal-audit>.

³ By our estimate, the change in data points accounts for an average change in score of approximately 2.9 points.