

ANNEX E

Composite indexes on public sector integrity

The composite indexes on public sector integrity (Index of Robustness of the Financial and Non-Financial Interest Disclosure System and Quality of Regulations Against Undue Influence Index) are a first attempt at measuring the quality and scope of regulations on practices that can hinder the governance of a country, such as illicit enrichment and undue influence on policy-making. These indexes are *de jure*, and do not measure the effective implementation of such regulations. They were originally published in *La Integridad Pública en América Latina y el Caribe 2018-2019: De Gobiernos Reactivos a Estados Proactivos* (OECD, 2019)

The data for both indexes come from the 2018 OECD Questionnaire on Public Integrity in Latin America to which 12 countries responded. Respondents were predominantly senior officials in central government, supreme audit institutions and electoral commissions. Since they are at their pilot stage, they are subject to change in the near future.

The Index of Robustness of the Financial and Non-Financial Interest Disclosure System measures the scope of regulations on financial and non-financial interest. It ranges from 0 to 1, being 0 the lowest and 1 the highest score, which entails a robust system. It has five main components:

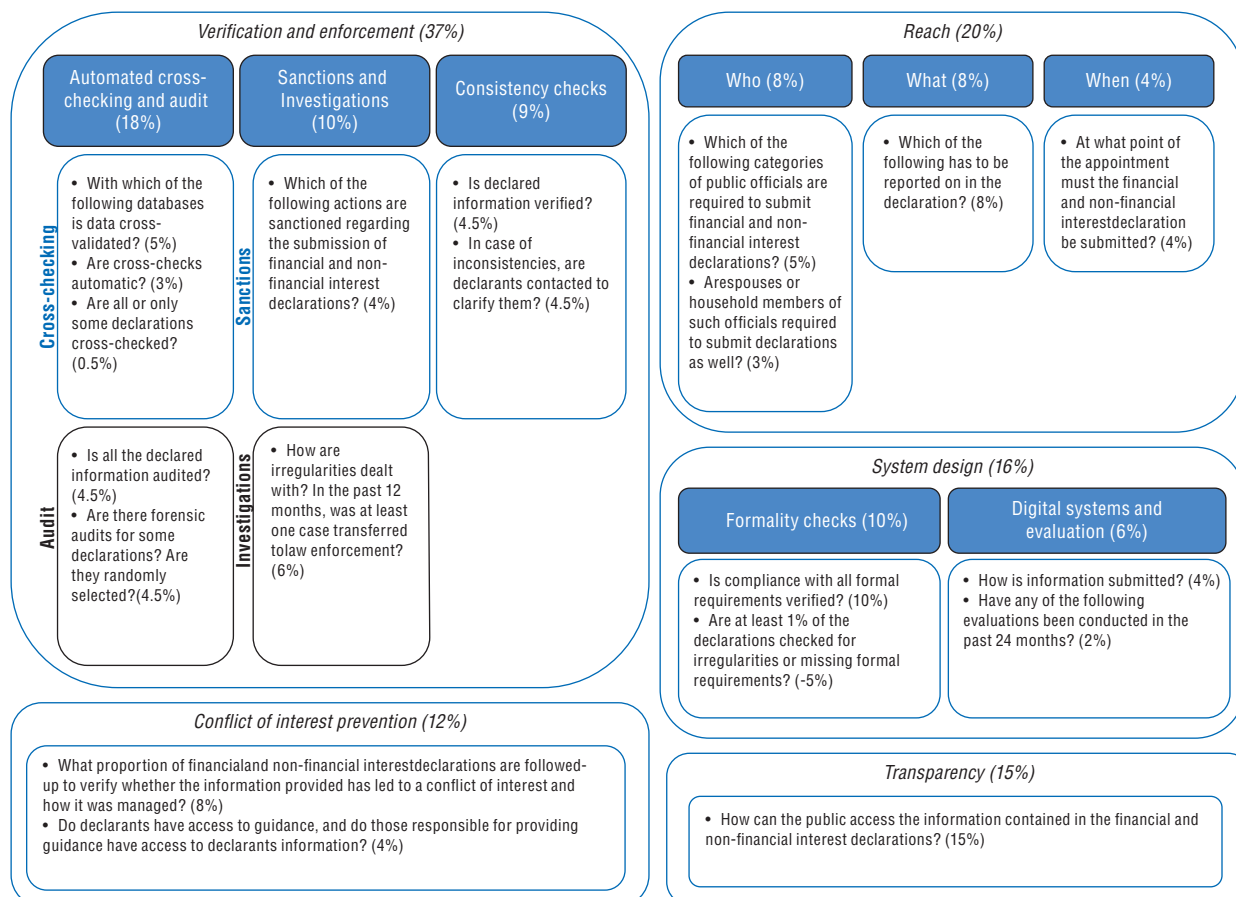
- verification and enforcement gauges whether the information submitted in asset declarations is verified and how, and the existence of sanctions in case of irregularities,
- reach considers the categories of public officials that are required to submit asset declarations, at what point of the appointment they must be submitted, and what information public officials must disclose,
- system design includes the degree of digitalisation of the system, among others,
- transparency captures whether asset declarations are made available to the public, and
- prevention of conflicts of interest considers the efforts to detect possible conflicts of interest and how these are managed and resolved.

Individual questions of the questionnaire were grouped by theme and included in each indicator, which are grouped into the five main components. Standardization was done at the level of indicators, which entails that indicator scores are comparable. Some indicators are highly biased (for instance, “when”, for this indicator all countries except one obtained the maximum score). Nevertheless, due to their conceptual relevance, and their potential discriminatory power, they have not been discarded. Since the sample of countries is smaller than the amount of indicators, it was not possible to conduct multivariate analysis (such as factor analysis or principal component analysis) to classify indicators into components in the index. The weighting of indicators followed a budget allocation approach (OECD/EU/JRC, 2008), where a total of 100 points were distributed by expert judgement following the underlying theoretical framework. The indicators that are not distinctively unique and can be analysed jointly with others form the subcomponents of the index (for instance, cross-checking and audit).

Index of Robustness of the Financial and Non-Financial Interest Disclosure System

The following items and weights have been used in the construction of the composite.

Figure E.1. **Components of the Index of Robustness of the Financial and Non-Financial Interest Disclosure System**



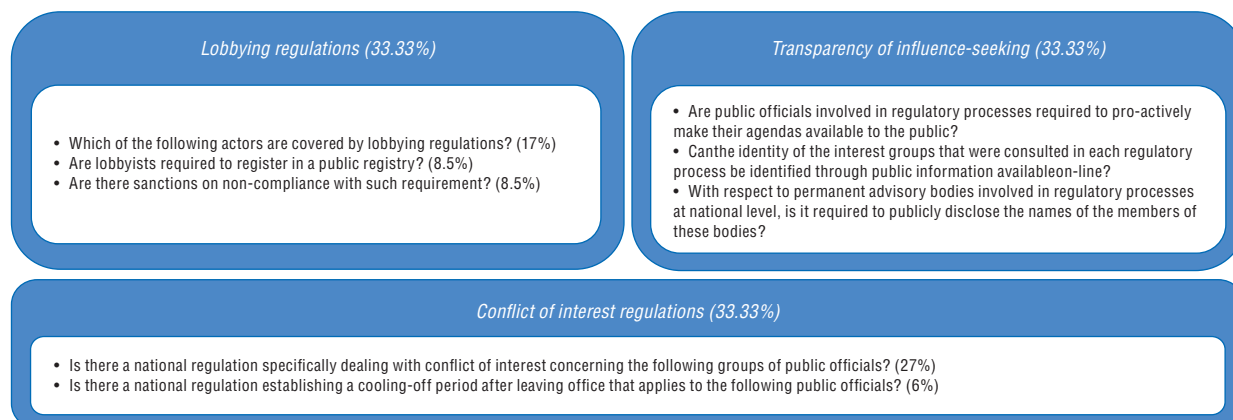
The Index of quality of regulations against undue influence is based on the OECD theoretical framework on undue influence. Such framework builds on the work of the OECD on conflict of interest (OECD, 2015a) and lobbying (OECD, 2015b). The indicator is not an integral measure of lobbying and conflict of interest regulations, it is a proxy that measures the most relevant and comparable measures to regulate them. It is thought that the existence of such measures allows gauging the strengths of regulations on undue influence on policymaking in general. It consists of three sub-indicators, lobbying regulations, transparency of influence seeking, and conflict of interest regulations, each one ranging from 0 (lowest) to 3 (highest). The total score corresponds to the unweighted aggregation of the three indicators, hence it ranges from 0 to 9.

Lobbying regulations covers the existence of relevant legislation and of a register of lobbyists. Transparency of influence-seeking considers whether the agendas of senior officials are made public, the possibility to identify those who were consulted in the legislative process through on-line public information (so-called legislative footprint) and the disclosure of members of permanent advisory bodies. Finally, conflict of interest regulations considers the existence of such regulations and cooling-off periods for members of legislative bodies, members of cabinet, appointed public officials and senior civil servants.. This indicator is at a pilot stage and no sensitivity analysis has been conducted until now.

Index of Quality of Regulations Against Undue Influence

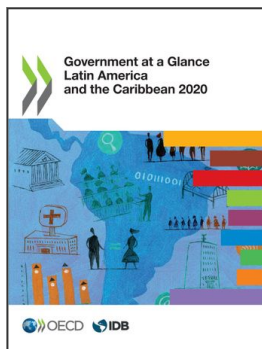
The following items and weights have been used in the construction of the composite.

Figure E.2. **Components of the Index of Quality of Regulations against Undue Influence**



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From:

Government at a Glance: Latin America and the Caribbean 2020

Access the complete publication at:

<https://doi.org/10.1787/13130fbb-en>

Please cite this chapter as:

OECD (2020), “Composite indexes on public sector integrity”, in *Government at a Glance: Latin America and the Caribbean 2020*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/a88dafd2-en>

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