

# LyD Survey 2012: Corruption Levels Remain Steady

**In the survey carried out by Libertad y Desarrollo corruption remains at minimum levels, since the beginning of this survey 10 years ago, in practically all perception and event categories, with the exception of the Judicial Power, the Chamber of Deputies and the Senate.**

Corruption is a phenomenon which is present all over the world and which generates negative consequences not only on political issues – such as lack of confidence in the governments, hindering poverty uprooting and impairing democratic legitimacy-, but also on economical matters that impact growth and foreign investment. This situation means a deep challenge concerning the investigation and sanction of the officials involved in these illicit acts, so as to limit corruption to minimum values in the following years.

Due to the serious political and economical consequences derived from corruption, it is absolutely necessary to fight against it. Therefore, it is essential to know the nature, operating form and corruption rates in the country; thus, we require measurements aimed at investigating and analyzing the public institutions involved. Only then we will rely on adequate knowledge to develop a long-term public policy which can effectively reduce corruption levels.

There are different ways of measuring corruption, for example, the reporting of judicial complaints, related press articles or corruption perception surveys. None of these measurement systems is perfect; however, they all contribute with data concerning their origin and destination.

Libertad y Desarrollo has developed the Annual Survey on Public Officials' Irregularities (*Encuesta Anual sobre Irregularidades de*

*Funcionarios Públicos*) since 2002. Its purpose is to directly measure this phenomenon over time, complementing and strengthening the collected data. The survey is applied to businessmen and executives of the country, a population segment that, for this survey, has been considered more exposed to this phenomenon, thus giving information which is closer to reality.

The survey seeks to measure corruption from two different angles. First, we wish to establish what the country's perception level is, and the institutions that are perceived as being most involved. Second, we are looking for evidence indicating if the interviewees directly know of corruption cases, in addition to the analysis aimed at investigating the efficiency of the complaint and sanction system of the mentioned corruption cases. Finally, and for the first time, Libertad y Desarrollo incorporated in this year's survey new questions seeking to know the interviewees' evaluation regarding the Transparency Law (2009) and the ChileCompra system with respect to their contribution to the fight against corruption, together with their opinion on the interest shown by the government of President Sebastián Piñera in the fight against corruption.

For the purpose of this survey, Libertad y Desarrollo defines corruption as "the use of public goods and services, and regulations and legal bodies as well, to grant private privileges".

### **Corruption Perception**

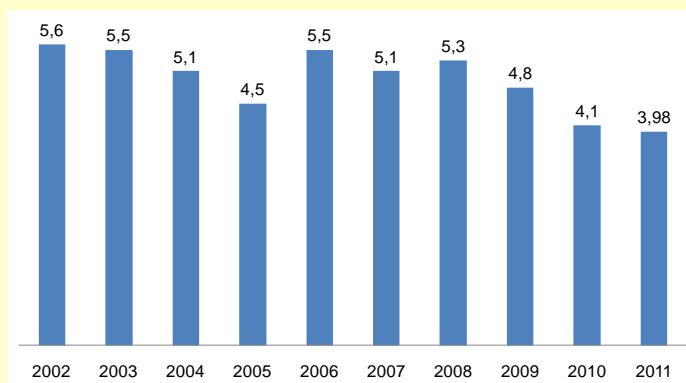
The Corruption Survey 2012 evaluating corruption perception and events occurred during 2011, yielded a perception result of 3.98 (in a scale where 0 is the minimum level and 10 is the maximum corruption level). Although this figure shows a reduction of 0.12 points in relation to the previous year, levels are considered steady, given the margin of error.

As for the corruption perception in the country with regard to a year earlier, 33.5% of the interviewees believes that corruption is less or much less. Although this figure shows a reduction of 13.9 percentage points with regard to 2010, it holds the second place compared with previous years. On the other hand, 55.6% believes that corruption has remained constant with regard to last year. Finally, those who believe that corruption is higher or much higher with regard to 2010 increased 4 percentage points, from 6.6% to 10.6%.

Likewise, 28.65% believes that corruption will be less or much less in the future; this figure decreased by 21.35% with regard to the previous year. However, the proportion of people who think that corruption will be higher or much higher increased from 21.26% to 30.08%, that is, 8.82 percentage points. On the other hand, 41.26% believes that corruption will remain steady in the future.

Chart 1

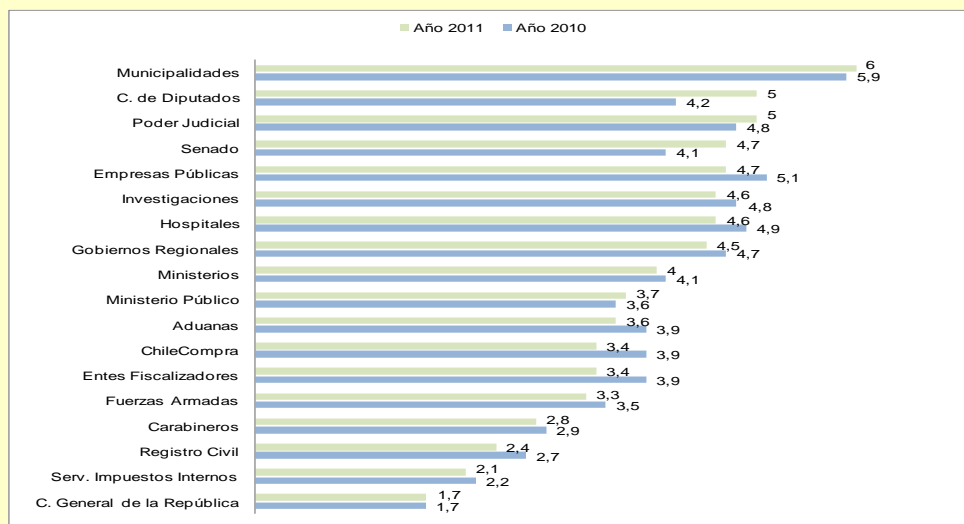
## CORRUPTION PERCEPTION LEVELS (0 MINIMUM, 10 MAXIMUM)



Source : Corruption Survey 2012, LyD.

Chart 2

## CORRUPTION PERCEPTION LEVELS, BY INSTITUTION



Source : Corruption Survey 2012, LyD.

With respect to the perception analysis by institutions, we observe that corruption perception levels remain relatively steady and at low levels, with the exception of the Chamber of Deputies and the Senate which rise 0.8 and 0.6 points, obtaining 5 and 4.7 respectively, in a scale from 0 to 10. Public firms decrease 0.4 in their perception. A substantial improvement is seen in the case of hospitals, which decreased from the 3<sup>rd</sup> place of most corrupted institutions to the 7<sup>th</sup> place. On the contrary, the Judicial Power went up 3 places, obtaining the 2<sup>nd</sup> place, while the Chamber of Deputies escalated from the 7<sup>th</sup> to the 3<sup>rd</sup> place, followed by the Senate which climbed from the 9<sup>th</sup> to the 4<sup>th</sup> place.

This ranking is led by Municipalities (6), followed by the Chamber of Deputies (5) and the Judicial Power (5).

For this survey, Libertad y Desarrollo included three new questions, with a scale where 0 means that it has not contributed at all and 10 that it has much contributed.

With the purpose of evaluating the 2009 Transparency Law, the interviewees were asked on this law's contribution to the fight against corruption in the country. Thus, the average obtained for 2011 was 4.98.

Likewise, in order to evaluate the ChileCompra system, people were asked on the effectiveness of this bidding and public purchase mechanism as to its contribution to reducing corruption in the public sector. The average obtained for 2011 was 5.39.

Finally, a new question was included to assess the interest degree shown by the government in fighting corruption. The resulting average was 7.06.

### **Corruption Events**

Regarding the corruption events, 41.2% of the interviewees said to have directly known at least one corruption case in 2011. Although it reflects a slight increase of 1.3 points in relation to the previous year, levels are still much lower than the levels shown at the beginning of this survey.

As for the knowledge of cases by institution, 41.2% of the interviewees that actually knew corruption cases directly, ranked municipalities in the first place –for the 5<sup>th</sup> consecutive year-, with

24.3% of the references. Ministries are in the second place, increasing 2 points with regard to the previous year (from 8.6% to 10.6%). Finally, the third place is for public companies, which show an auspicious 2.5% reduction in the corruption cases with regard to 2010, from 11.3% to 8.8% of the references.

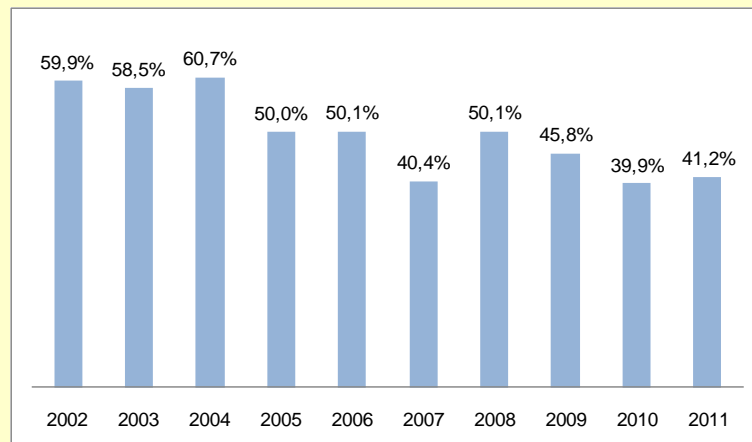
## Types and Purposes of the Illicit Acts

Following the trend of former years, the traffic of influence ranks again in the first place of the main corruption situations, with 52% of the cases. With 25%, illicit payments are ranked 2<sup>nd</sup>, decreasing 6.6 points in relation to the previous measurement. Finally, bad use of fiscal goods or resources occupies the third place, with 4% of the cases.

Another relevant issue refers to the main motivations that led public officials to get involved in corruption cases. In 2011, winning a tender occupies the first place with 33% of the references, decreasing by almost 3 points in relation to the previous year. Moreover, as for winning a tender, we appreciate that municipalities, the most named both in corruption events and perception, decrease from 24.7% to 18%.

Chart 3

### DIRECT KNOWLEDGE PERCENTAGE OF CORRUPTION EVENTS



Source : Corruption Survey 2012, LyD.

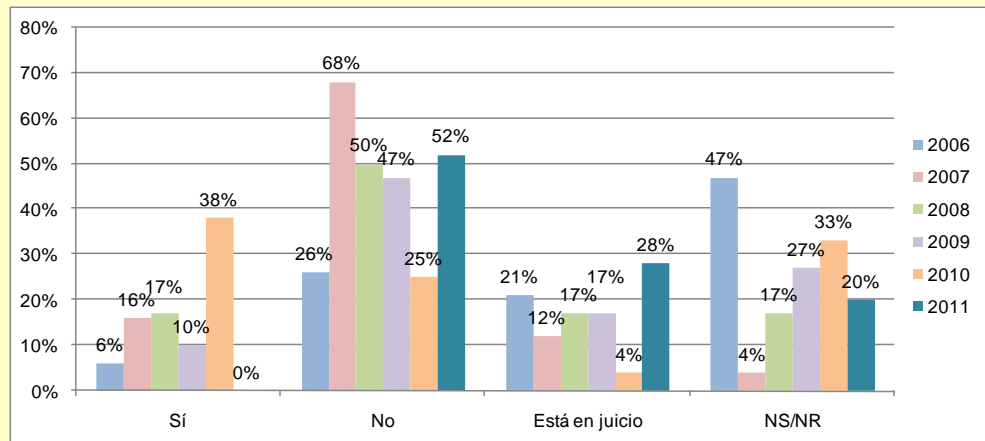
**Complaint and Sanction**

Concerning the results of the Corruption Survey 2012, we observe that 16.9% of the people who actually experienced corruption cases reported these events. This figure represents a slight increase of 1.8% in the complaints compared with 2010. On the other hand, those who preferred not to report decreased by 6.8% in relation to the previous year (from 66.9% to 60.1%), with detriment to those who did not answer the question since they increased from 2.2% to 6.8%.

In turn, in 2011 there were no entries from people indicating the existence of sanctions for corruption cases. Furthermore, the figure for lack of sanction increased from 25% in 2010 to 52% in 2011. On the other hand, the number of cases that are currently undergoing trial increased by 16% (from 4% in 2010 to 20% in 2011).

Chart 4

**WAS THERE ANY TYPE OF RESULTING SANCTION?**



Source : Corruption Survey 2012

**Conclusions**

In the survey carried out by Libertad y Desarrollo we observe that corruption remains at historical minimum levels in practically all perception and event categories, with the exception of the Judicial Power, the Chamber of Deputies and the Senate.

As for the perception analysis, we observe that the corruption perception level decreased from 4.1 to 3.98 on a scale from 0 to 10,

reaching its historical minimum (although it remains in the previous year's levels due to the margin of error).

The progress in the last years has been positive. Nevertheless, it is necessary to continue strengthening the institutions and to put our attention on those representing a significant number of corruption cases. Likewise, it is important to improve the citizens' confidence, so that they perceive that complaints have consequences indeed, and to try that corruption perceptions are transparent and close to reality, since this year they increased their differences.

### In brief...

#### **CORRUPTION PERCEPTION REMAINS AT LOW LEVELS:**

- The corruption perception level marginally decreased from 4.1 to 3.98 (4.0), reaching its historical minimum.
- The institutions' corruption perception remains steady, except for the Chamber of Deputies (5.0), which increases 0.8 percentage points, and the Senate, which goes from 4.1 to 4.7. On the other hand, it is possible to observe an improvement in public hospitals that go from the 3<sup>rd</sup> to the 7<sup>th</sup> place in the ranking.
- At global level, the interviewees who knew of a corruption event increased from 39.9% to 41.2%.
- The event ranking by institution is led by municipalities (24.3%), ministries (10.6%) and public companies (8.8%).