



**Government Defence
Integrity Index**



2020

Country Brief:

CHILE





CHILE

Despite being considered a model of prosperity and democracy in Latin America,¹ since 2019 Chile has been in the midst of a prolonged period of political turmoil. Anger over mounting socioeconomic inequality, corruption and poor state services ignited a wave of protests that extended well into 2020.² Though the coronavirus pandemic disrupted the protests, the underlying tensions remain and President Sebastián Piñera's structural reforms have been criticised by opponents for not going far enough. At the same time, the deployment of the armed forces in response to the protests was widely criticised, and pervasive abuses by the defence and security forces only served to further inflame tensions.³ In the midst of this deep polarisation in 2020, Chileans overwhelmingly voted to rewrite the constitution, which dates to the military dictatorship of General Augusto Pinochet.⁴

A broadly representative constitutional assembly has been elected with the task of producing a new constitution, which will be submitted to a national vote in 2022.⁵ While this process is key to healing national divisions, the path to instituting a new constitution that meets Chileans' demands will not be straightforward.⁶ A key issue remains the enduring political power of the military, which has maintained significant economic and political strength that allows it to enjoy a high degree of independence from civilian control.⁷ In turn, this has curtailed transparency and accountability and has undermined overall governance in the defence sector where, despite some significant legislative progress over the past few years, corruption risk remains significant. Parliamentary oversight is still limited by enduring defence secrecy and exceptionalism that restricts access to information and parliamentary powers. Financial management and procurement remain secretive, in spite of recent progress in reducing off-budget spending. Whistleblowing is a critical gap, which undermines anti-corruption standards in personnel management, while operations are highly susceptible to corruption owing to a near complete lack of anti-corruption safeguards.

Member of Open Government Partnership	Yes
UN Convention Against Corruption	Ratified in 2006
Arms Trade Treaty	Ratified in 2018

Latin America

Latin America is experiencing one of the most difficult periods in its recent history. The coronavirus pandemic, steep economic contraction and significant democratic backsliding and political polarisation are threatening to undo much of the development, security and governance gains the region has achieved. The financial crisis has fed into public anger at rising inequality, corruption, poor public services and police brutality, with many states seeing massive public protests and social unrest. Insecurity is also on the rise, particularly in Mexico, Colombia, Venezuela and Brazil where powerful organised criminal groups have expanded their influence and capitalised on state dysfunction to strengthen their trafficking networks. Backsliding has been visible from Chile to Mexico, as democratic institutions have been undermined and the military has gained increased political power. The expanding role of the military is also raising questions about governance standards. Allegations of human rights abuses and abuses of power by defence and security forces are mounting, but these actors remain largely unaccountable to the public. Transparency in their activities, administration and financial management continues to be restricted and executive control has been tightened, to the detriment of external oversight. Procurement in particular is at high risk of corruption, while anti-corruption safeguards on operations are extremely weak.



¹ The Economist, 'Can Chile Reinvent Itself?', 14 May 2020.
² Andreas E. Feldman, 'Chile: A Fleeting Respite from Protests and Polarisation', in Thomas Carothers and Andrew O'Donohue (eds.), *Polarisation and the Pandemic*, Carnegie Endowment, 2020.
³ Paige Sutherland, 'In Chile, Protesters Continue to Defy the President and Military', *NPR*, 22 October 2019.
⁴ BBC News, 'Jubilation as Chile Votes to Rewrite Constitution', 26 October 2020.
⁵ Odette Magnet, 'Chile Begins 'Beautiful Challenge' of Drafting New Constitution', *Al Jazeera*, 4 July 2021.
⁶ Sam Lynch, 'Chile's Constitutional Rewrite: A Difficult Path Ahead, but a Recipe for Inclusion', *Council on Foreign Relations*, 6 May 2021.
⁷ Brian Loveman, 'Chile: Military and Politics in the 20th Century', *Oxford Research*, 17 December 2020.



CHILE

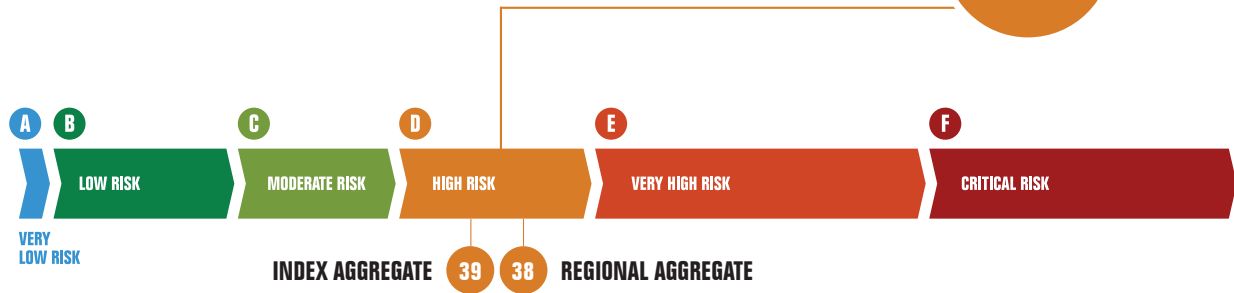
CHILE SCORE
HIGH RISK

D

34

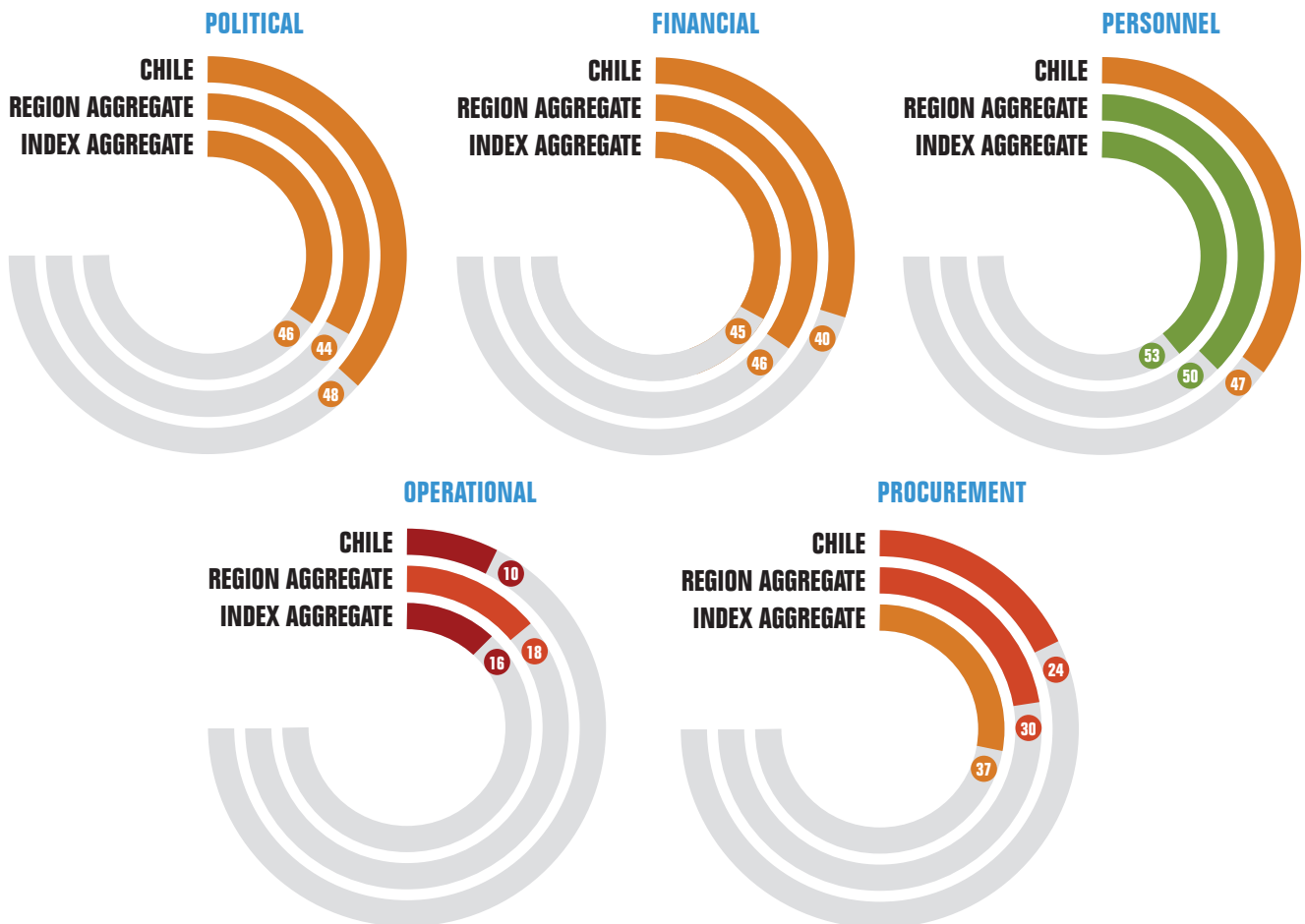
Overall scores

The size of the colour band corresponds to number of countries that fall into that category.



A > 83-100 VERY LOW **B** > 67-82 LOW **C** > 50-66 MODERATE **D** > 33-49 HIGH **E** > 17-32 VERY HIGH **F** > 0-16 CRITICAL

Risk Comparison





CHILE

Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	56/100
Military expenditure as share of government spending (SIPRI, 2020)	6.3%
Committee members with defence expertise (%)	Data is not publicly available.
# of meetings/year	22 (2018); 42 (2019); 39 (2020)
Last review of defence policy/strategy	2017 (Handbook on National Defence)

Chile's current constitution is designed around a strong executive, which can limit the power of Congress.⁸ Nevertheless, Congress has forced successive governments to compromise on key legal reforms and the current government, which lacks a majority, must negotiate all bills with opposition parties, making the parliament a key arena of political decision-making.⁹ However, when it comes to defence, Congress' role has been severely limited, in part due to constitutional regulations that have obstructed civilian control over the armed forces.¹⁰ By design, Congress is not considered a constitutive component of the system of national defence, which de-facto limits its ability to exercise influence in the sector.¹¹ Equally, while congressional committees, such as the Chamber of Deputies Committee (CDCD), regularly review and inform defence bills, their role is limited by a number of structural and operational issues. Although the government is required to notify the CDCD of upcoming acquisitions, the CDCD has no power to veto such decisions and its approval is not required to proceed,¹² thereby limiting the extent to which it can influence decisions. On the budgetary side, allocations are regulated by the Organic Law on the Armed Forces, which guarantees the financial stability of the military by fixing a minimum budget amount by law, restricting Congress' leeway in adjusting spending.¹³ On the operational side, limited experience amongst legislators is a significant barrier to effective oversight and has hindered civilian oversight. Excessive secrecy has also limited access to information: six of the ten official information requests submitted by a special parliamentary commission investigating irregularities in arms procurement were denied.¹⁴ Elsewhere, external financial auditing of defence has been strengthened in recent years. The General Comptroller's Office (CGR) is an autonomous oversight body and is responsible for auditing military expenditure. Significantly, its auditing activity in the defence sector has increased since 2008 when external audits of defence were almost nil.¹⁵ Nevertheless, a review of published reports suggest that assessments are mainly procedural and relatively superficial,¹⁶ while there are few mechanisms through which the CGR can compel the Ministry of Defence (MND) to implement its recommendations.

Financial Transparency

Defence-related access to information response rates	(1) % granted full or partial access: 83%
	(2) # subject to backlog: Data is not publicly available.
Defence-related complaints to ombudsman/commissioner #	Data is not publicly available.
Does the commissioner have authority over the MoD?	Yes
Audit reports on defence (2018-2020) #	Data is not publicly available.
Open Budget Index (IBP, 2019)	55/100
World Press Freedom Index (RSF, 2021)	54th out of 180

Financial transparency in defence in Chile has been consistently diminished by opaque budgeting, the prevalence of off-budget spending and the lack of clarity around sources of income. The defence budget, pertaining to the General Budget Law, is relatively comprehensive and contains an account of allocated resources across all branches of the military.¹⁷ However the degree of disaggregation is limited for key areas of expenditure, including personnel and procurement, where non-military items are specified but arms, hardware and equipment are not. This exclusion is due to a 1958 law that assigned 10% of the revenue from the national copper corporation to arms acquisitions.¹⁸ Though this law was partially repealed in 2019 and will be phased out over the coming years, for decades, spending on arms acquisitions was conducted entirely off-budget as a result.¹⁹ External oversight was extremely limited and transparency almost nil as the legislation restricted the availability of any information on expenditures. Aside from off-budget spending, budget reliability is also undercut by the lack of clarity around sources of income for defence. The Ministry of Finance publishes annual income obtained from asset sales, but it does not specify how this income is allocated.²⁰ Moreover, revenue generated by the armed forces' interests in commercial enterprises is not publicly declared. There is also no evidence that any of these enterprises, ranging from military and naval factories, to aeronautical companies, have been subject to audit by the General Comptroller's Office since 2015 and many companies have been the object of corruption allegations.²¹ Nevertheless, it should be noted that Chile's access to information framework is one of the most robust in the region and has an important role to play in furthering defence transparency. The Law of Access to Public Information establishes the procedures through which to access defence information and outlines information that can be denied for national security reasons.²² Statistical data published through the Transparency Portal shows an average response time of 13.5 days for defence institutions, which is consistent with the legally-mandated 20-day limit and shows that 83% of requests were answered,²³ indicating relatively strong implementation of the law.

⁸ Republic of Chile, *Political Constitution of the Republic of Chile*, 1980.

⁹ Bertelsmann Stiftung, *Chile*, p. 9.

¹⁰ Patricio Fuenzalida, 'The new intelligence of Chile: analysis of the political system of decision making in security and defence', *Estudios de Defensa*, Documento de Trabajo No 20, 2007.

¹¹ Ministry of Defence, *Handbook of National Defence*.

¹² El Mostrador Mercados, 'Controversy Over the Wasted F-16 Millions: The Government Confirms the Deal has Been Delayed to the end of the Year due to the Pandemic', 24 July 2020.

¹³ Ministry of Defence, *Law No. 18,948, Constitutional Organic Law of the Armed Forces*, 27 February 1990.

¹⁴ Chamber of Deputies, *Report of the Special Investigative Commission regarding irregularities against the Army in acquisition processes*, 28 January 2019.

¹⁵ Victor Rivera, 'The Comptroller's Office begins an audit of the Armed Forces', *La Tercera*, 2 January 2019

¹⁶ Comptroller General, 'Audit Reports'.

¹⁷ Ministry of Finance, 'Ministry of National Defence, 2020', *DIPRES*, 2020.

¹⁸ For more information, see 'Defence Procurement, p. 5'.

¹⁹ Dr Diego Lopes da Silva and Dr Nan Tian, 'Ending Off-budget Military Funding: Lessons from Chile', *SIPRI*, 16 December 2019.

²⁰ DIPRES, 'Ministry of Defence'.

²¹ Mauricio Weibel, 'Milicogate: Authorities Discover and Investigate Duplicate Invoices for 200 Million Dollars', *Radio Bio-Bio*, 9 July 2018.

²² Republic of Chile, *Law No. 20.285 on Access to Public Information*, Article 21, 20 August 2008.

²³ Council of Transparency, 'Transparency Portal'.



CHILE

Personnel Ethics Framework

Whistleblowing legislation	Law on the Protection of Public Officials for Reporting Irregularities (2007)
# defence-sector whistleblower cases	Data is not publicly available.
# Code of conduct violations	Military: Data is not publicly available. Civilian: Data is not publicly available.
Financial disclosure system	# submitted: Data is not publicly available. # of violations: Data is not publicly available.

The deployment of the military to quell mass protests in 2019 and 2020, and subsequent accusations of pervasive human rights abuses, have drawn the spotlight onto the Chilean military's ethics and behavioural standards.²⁴ In parallel, recent high profile corruption cases, including the misappropriation of \$11 million in the so-called 'Milicogate' case,²⁵ have also underlined weaknesses in anti-corruption safeguards for personnel. Codes of conduct for military personnel are dispersed throughout various regulations, laws and codes that fail to provide clear guidance on corruption-related risks and offences. While frameworks such as the Armed Forces' Disciplinary Regulations, prohibit corruption very broadly, they do not provide guidance for specific offences such as bribery or influence peddling.²⁶ Similarly, ethics codes, such as the 'Army's Ethos', do not have an overt anti-corruption focus and contain only broad rules that are devoid of specific guidelines.²⁷ There is also no evidence that ethics provisions are included in training programmes for personnel, owing in part to how fragmented and diffuse they are. The enforcement of ethics and anti-corruption rules has also proved irregular.²⁸ Civil society groups have criticised the comparatively weak penalties for bribery in Chile,²⁹ although modifications to the 2018 Penal Code have made formal penalties for offenders much more robust.³⁰ Integrity-building measures are limited by political influence in the selection process for senior military commanders.³¹ Nevertheless, in 2019 a new project to modernise military careers was initiated and one of its provisions is to make promotion to senior ranks contingent on selection boards providing recommendations and assessing candidates against clear criteria.³² A key deficiency in personnel anti-corruption standards is the weakness of whistleblowing mechanisms. The existing public disclosure law has been heavily criticised for excluding defence personnel and for its narrow scope.³³ Political will is also lacking in implementing the law and in encouraging whistleblowing, and efforts to promote the practice have been largely led by civil society, including Transparency International Chile.³⁴

²⁴ Human Rights Watch, 'Chile: Events of 2020', 2021.

²⁵ World Peace Foundation, 'Chile's Milicogate Scandal'.

²⁶ Ministry of Defence, 'Decree 1445, Discipline Regulations for the Armed Forces', 14 December 1951.

²⁷ Chilean Armed Forces, 'Manual – Ethos of the Chilean Army', 2018.

²⁸ El Mostrador, 'The report by Minister Rutherford where it shows the null collaboration of the Army to deliver information', 4 July 2019.

²⁹ Rodrigo Fuentes, 'Chile, where the crime of bribery is not punished accordingly', *Radio Universidad de Chile*, 3 July 2018.

³⁰ Ministry of Justice, *Law No. 21.121, Modifies the Penal Code and other Legal Norms for the Prevention, Detection and Persecution of Corruption*, 20 November 2018.

³¹ El Mostrador, 'Crisis of the military profession in Chile', 7 March 2019.

³² Bárbara Horzella, 'Military Careers Modernisation Project', *House of Deputies Technical Brief*, No. 12391-02, Match 2019.

³³ Francisco Sebastián Sánchez Lay, 'Protection of allegations of acts of corruption: the regulation of whistleblowing in comparative law', 2010.

³⁴ Transparency International Chile, 'Legal Anti-Corruption Advice Centre (ALAC)'.

Operations

Total armed forces personnel (World Bank, 2018)	122,000
Troops deployed on operations #	6 in Cyprus (UNFICYP), 4 in Colombia (UNVMC), 3 in Israel (UNTSO)

Chile has extremely weak anti-corruption safeguards for military operations that dramatically increases the military's vulnerability to corruption during deployments. At the strategic level, Chilean military doctrine does not address corruption as a strategic issue for operations. The only reference to corruption in military documents is in ethics codes and none of these include specific references to operations.³⁵ Without this strategic basis, corruption is not mainstreamed into operational planning either and, though the Ministry of Defence has indicated a desire to strengthen ethics frameworks in recent years, there is no evidence that operations is an area of focus. Personnel receive extremely limited pre-deployment anti-corruption training. While the Centre of Training for Peacekeeping Operations of Chile (Cecopac) references the UN's anti-fraud and anti-corruption frameworks, the training is extremely broad and there is little focus on corruption risk.³⁶ Furthermore, there is no evidence that the military deploys trained personnel for the purpose of corruption monitoring during deployments and no evidence of a monitoring and evaluation policy for such risks. As such, personnel are ill-equipped to identify and mitigate corruption risk in the field and there is a significant risk of corruption being unaddressed as a result.

³⁵ Chile Armed Forces, 'Ethics Manual'.

³⁶ United Nations Department of Peacekeeping Operations and Department of Field Support, 'Academic Program: Chilean Joint Peace Operations Centre, Santiago, Chile', *Core Pre-deployment Training Materials for United Nations Peacekeeping Operations*, 2019.



CHILE

Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	5,036
Open competition in defence procurement (%)	Data is not publicly available.
Main defence exports – to (SIPRI, 2016-20)	Uruguay
Main defence imports – from (SIPRI, 2016-20)	Australia, United States, Germany, Brazil, France

Chile's opaque, complex and disjointed defence procurement system has been the subject of sustained focus in recent years, and key structural reforms have sought to increase transparency and accountability in the process. Historically, defence procurement in Chile was largely funded by off-budget means. The 1958 Restricted Law on Copper required the state-owned copper corporation to transfer 10% of its revenue to pay for arms acquisitions for the armed forces,³⁷ a significant share which amounted to a quarter of Chile's total defence expenditure. Transactions under this law were highly secretive, beyond congressional authority and were not subject to oversight.³⁸ In September 2019 however, this law was partially repealed, and new legislation introduced a Multi-year Fund for funding acquisitions, which will require congressional approval and subject them to oversight by the General Comptroller's Office.³⁹ This represents an important milestone for Chile and is expected to significantly enhance transparency and

accountability in the process. The new legislation will also help to streamline and formalise Chile's planning process for acquisitions. Previously, there were few links between purchases and strategic requirements and there was no requirement for such links to exist. A new procurement planning process and more formalised procurement cycle is planned in the 2017 Defence Handbook, although to date there is little evidence that progress has been made in implementing this process. Whereas allocation to the Multi-year Fund will be included in the budget, actual expenditures will remain secret, a major obstacle to effective public financial management.⁴⁰ On the legislative side, defence procurement is regulated by both the Public Procurement Law⁴¹ and the Law on Acquisitions in the Armed Forces⁴² but there have been no efforts to systematise and coordinate the two laws, resulting in a convoluted legal framework that is difficult to apply.⁴³ On the contracting side, the new approach to procurement has yet to formalise an open tendering process, in order to reduce the reliance on non-competitive and secret procedures for acquiring defence goods.

³⁷ Republic of Chile, *Law No. 13.196, Restricted Law on Copper*, 1 January 1958.

³⁸ SIPRI, 'Ending Off-budget Military Funding'.

³⁹ Pamela Squella, 'The Keys to the New Multiannual Fund that Will Finance the Armed Forces of Chile, Now Ready to be Law', *Defensa*, 29 July 2019.

⁴⁰ SIPRI, 'Ending Off-budget Military Funding'.

⁴¹ Republic of Chile, *Law No. 19.886, Basic Law on Administrative Contracts for the Supply and Provision of Services*, 30 July 2003.

⁴² Republic of Chile, *Law No. 18.928, Sets Rules on Acquisitions and Disposals of Personal Property and Incorporated Assets and Services of the Armed Forces*, 13 February 1990.

⁴³ House of Deputies, *Report of the Special Investigative Commission*.

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GDI data collection for **Chile** was conducted March 2019 to November 2020. The narrative discussion in this GDI brief was produced at a later time with the most recent information available for the country, which may not be reflected in the GDI country assessments or scores.



CHILE 2020 GDI Scorecard

		Grade	Score
Political Risk		D	48
Q1	Legislative Scrutiny	C	58
Q2	Defence Committee	E	29
Q3	Defence Policy Debate	D	44
Q4	CSO Engagement	C	58
Q5	Conventions: UNCAC / OECD	B	75
Q6	Public Debate	D	38
Q7	Anticorruption Policy	A	88
Q8	Compliance and Ethics Units	D	42
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	C	50
Q11	Acquisition Planning	D	42
Q12	Budget Transparency & Detail	C	50
Q13	Budget Scrutiny	C	50
Q14	Budget Availability	C	50
Q15	Defence Income	D	33
Q16	Internal Audit	C	56
Q17	External Audit	B	69
Q18	Natural Resources	D	40
Q19	Organised Crime Links	C	63
Q20	Organised Crime Policing	F	0
Q21	Intelligence Services Oversight	C	50
Q22	Intelligence Services Recruitment	F	8
Q23	Export Controls (ATT)	B	67
Q76	Lobbying	C	56

		Grade	Score
Financial Risk		D	40
Q24	Asset Disposal Controls	C	58
Q25	Asset Disposal Scrutiny	B	75
Q26	Secret Spending	F	0
Q27	Legislative Access to Information	E	25
Q28	Secret Program Auditing	D	38
Q29	Off-budget Spending	E	25
Q30	Access to Information	B	75
Q31	Beneficial Ownership	C	50
Q32	Military-Owned Business Scrutiny	F	13
Q33	Unauthorised Private Enterprise	D	38
Q77	Defence Spending	D	44

		Grade	Score
Personnel Risk		D	47
Q34	Public Commitment to Integrity	C	50
Q35	Disciplinary Measures for Personnel	A	88
Q36	Whistleblowing	E	17
Q37	High-risk Positions	C	50
Q38	Numbers of Personnel	C	58
Q39	Pay Rates and Allowances	B	75
Q40	Payment System	A	100
Q41	Objective Appointments	D	33
Q42	Objective Promotions	D	33
Q43	Bribery to Avoid Conscription	E	25
Q44	Bribery for Preferred Postings	C	63
Q45	Chains of Command and Payment	E	25
Q46	Military Code of Conduct	C	50

OVERALL COUNTRY SCORE

HIGH RISK



RISK GRADE

- A > 83-100 **VERY LOW**
- B > 67-82 **LOW**
- C > 50-66 **MODERATE**
- D > 33-49 **HIGH**
- E > 17-32 **VERY HIGH**
- F > 0-16 **CRITICAL**



		Grade	Score
Personnel Risk		D	47
Q47	Civilian Code of Conduct	F	0
Q48	Anticorruption Training	F	0
Q49	Corruption Prosecutions	C	58
Q50	Facilitation Payments	B	67

		Grade	Score
Operational Risk		F	10
Q51	Military Doctrine	F	0
Q52	Operational Training	E	25
Q53	Forward Planning	F	0
Q54	Corruption Monitoring in Operations	F	0
Q55	Controls in Contracting	E	25
Q56	Private Military Contractors	NS	

		Grade	Score
Procurement Risk		E	24
Q57	Procurement Legislation	F	13
Q58	Procurement Cycle	NEI	
Q59	Procurement Oversight Mechanisms	D	42
Q60	Potential Purchases Disclosed	F	13
Q61	Actual Purchases Disclosed	A	88
Q62	Business Compliance Standards	F	0
Q63	Procurement Requirements	E	17
Q64	Competition in Procurement	NEI	
Q65	Tender Board Controls	F	0
Q66	Anti-Collusion Controls	C	58
Q67	Contract Award / Delivery	E	25
Q68	Complaint Mechanisms	B	75
Q69	Supplier Sanctions	NEI	
Q70	Offset Contracts	F	0
Q71	Offset Contract Monitoring	F	0
Q72	Offset Competition	F	0
Q73	Agents and Intermediaries	E	25
Q74	Financing Packages	F	0
Q75	Political Pressure in Acquisitions	NS	

KEY	Indicator	Description
NEI	Not enough information to score indicator	
NS	Indicator is not scored for any country	
NA	Not applicable	



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