



Transparency Rwanda, asbl



Corruption and Governance in Rwanda

VOLUME I: HOUSEHOLD SURVEY FINDINGS
VOLUME II: ENTERPRISE SURVEY FINDINGS

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Foreword



It is a pleasure for Transparency Rwanda to share with our partners and other stakeholders the findings of the national survey on corruption and governance in Rwanda.

This research comes an opportune moment, and i hope that our findings will help re-focus the fight against corruption, without which data and information that Transparency Rwanda is now making available, such anti-corruption institutions would only flounder.

It is to be hoped that these findings will be used as a tool by decision makers, regulators, as well as civil society organizations to fight corruption and also streamline governance issues. Using evidence-based research is always a great advantage to users because of its very nature of objectivity and balance, depending on the instruments used to carry out the research.

I would like to thank the African Development Bank (AfDB) for the support rendered to us, and also the many levels of public and private sector respondents that answered our questions so that we get the data we are now availing to the public.

I would also like to recognize the great input of our consultancy firm, CESS, which gave technical skills, knowledge and guidance on corruption and governance issues during the period of research.

Transparency Rwanda is committed to continue contributing to the fight against corruption and forging better governance decisions through continuous research, and making evidence based advocacy for systemic change.

I wish you a good reading and I welcome your contribution in the fight against corruption in our country.

Mme. INGABIRE MARIE IMMACULÉE
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GENERAL INTRODUCTION

As soon as the emergency period ended in the late 90s, Rwanda embarked on a sustainable development path. As this phase progresses, it is marked by a set of political and economic transformation whose pillar is undeniably putting in place a system of good governance.

Good governance is a broad concept and it has various meanings in different contexts. Overall, it pursues a set of economic, social and political objectives the common denominator of which remains the promotion of social well-being of the population. This requires, among other things, an efficient, honest, equitable, transparent and accountable exercise of power at various levels of government. Good governance also includes the influence, needs, contributions and responsibility of the civil society and the private sector in building a management system that empowers people and ensures that the society takes ownership of the process.

However, the involvement of the civil society, the private sector and other stakeholders of good governance is not enough to make the process efficient. It is also of paramount importance that there is a set of institutions, processes and traditions, and practices that guide the exercise of power, decision-making and the way citizens make their voices heard. In this way, governance is not just a prerogative of government, but also a matter of concern for all those involved in decision-making.

The establishment of institutions and mechanisms mainly aim at two results: the effectiveness and efficiency of services as well as transparency in managing public affairs. These elements are common to all visions of good governance despite their inevitable contextual differences. No country can do without these values and aspire to reach a truly effective management of public affairs.

For the World Bank, governance is defined as all institutions and traditions through which authority is exercised in a country for the common good. This includes:

- i) the process by which leaders are selected, monitored and replaced;
- ii) the ability of governments to manage effectively the resources available to them, and to implement appropriate policies; and
- iii) the respect that the citizens and the government have for institutions that govern their economic and social interactions.

Like good governance, corruption has no universal definition. The contextual differences of each society guide its meaning and determine its content. However, in general, corruption is defined as the misuse of delegated power for private purposes such as illicit enrichment of oneself or of a third party. Corruption entails the fact that a civil servant, a representative of the people, an employee in the private sector or any other person avoids doing or facilitates doing something by taking advantage of his position or office, in exchange for some amount of money, a gift, favors, or other fringe benefits. Corruption can be active or passive. Whatever

its form, corruption is a selfish practice that sacrifices the right of a person for the sake of the interests of another person.

Corruption is often seen as a symptom of bad governance. In this framework, only a system of effective governance reflected in particular by setting up transparency mechanisms may discourage corrupt practices. It is therefore clear that the process of good governance presupposes actually combating corruption. This means having the data on the state of corruption first.

However, for the case of Rwanda, it is clear that there is not, to date, reliable data on this phenomenon. We get lost in general comments saying that there is corruption in the country, without giving any details regarding the level of this corruption or its causes, its consequences or areas most threatened by this phenomenon.

As defined by Transparency International, Corruption is the abuse of power that one has been entrusted to for the sake of private interests. It affects everyone whose life, livelihood or welfare depends on the integrity of those who occupy a position of authority.

Therefore, Rwanda is eager to conduct a nationwide study to assess its performance in terms of good governance. It is in this context that Transparency Rwanda undertook a study, the first of its kind, on corruption and governance. The need to analyze at the same time corruption and governance stems from the relationship of cause and effect that binds the two in an inseparable tandem.

It is within this framework that two studies have been conducted on corruption and governance in Rwanda, one focusing on households and the other on enterprises. They adopted a dual approach: quantitative and qualitative. The first survey on the household focused on the population aged 15 and above, regardless of sex, while the second was conducted among firms (large, medium, small and informal).



VOLUME I: HOUSEHOLD SURVEY FINDINGS

1.Objectives of the Study

This survey was conducted among households and focused on the state of corruption and governance in Rwanda. This survey had the following objectives:

- Showing the state of governance in Rwanda especially in relation to the participation of the population in public life, the quality of services, accountability, rule of law, freedom of speech and political pluralism;
- Inquiring about the perception on the phenomenon of corruption among households;
- Identifying attitudes towards corrupt practices among households;
- Inquiring about the experience of the phenomenon of corruption in public institutions;
- Identifying ways to fight against corruption.

Volume I discusses the following aspects:

- Methodological aspects,
- The socio-demographic characteristics of the respondents,
- Governance in Rwanda,
- The perception of the corruption phenomenon,
- Attitudes toward corrupt practices,
- Experience on the phenomenon of corruption,
- The fight against corruption.

1. Methodological aspects

- The household survey on corruption and governance in Rwanda whose sample size was estimated at 2400 households spread across the country divided as follows:
- 480 households in Kigali City (20%)
- 270 households in other urban areas (11.2 %)
- 1650 households in rural areas (68.8%).
- The survey questionnaire was administered to informants aged 15-64 or heads of households as appropriate.

2. Characteristics of respondents

- Age of respondents by sex: The survey counted 55.3% of female respondents against 44.7% male, with a predominance (58.9%) of young people under 35 years.
- Educational level of respondents
The educational level of respondents is mainly primary:
- 35% have completed primary education,
- 25% dropped out of school before completing primary school,
- 15% have secondary education and
- less than 2% have a tertiary education level.

Marital status of respondents

- The marital status of respondents showed a numerical superiority of women over men:
- 17.3% single women against 16% single men,
- 28.7% of married women against 27.6% married men,
- 1.7% divorced / separated women against 0.3% divorced / separated men and
- 6.5% of widows against 0.4% of widowers.

Respondent's occupation

- As for the occupation of respondents,
- the vast majority are employed people (72.9%), followed by 15% of students and
- 4% of those who stay at home.

- There are more females in whatever category one takes into account.

3. Governance in Rwanda

The survey analysed several indicators of good governance which can anticipate the likelihood of success in the fight against corruption.

Belong to an association

Regarding the participation of the population in public life, the survey showed that

- only 49% of the respondents belong to an association,
- but despite the low membership in associations, existing associations are widely consulted by the authorities (84%), and
- their views are taken into account (93%) by the leaders.
- Consideration of the needs of population by Political leaders:
- It is also the same with regard to the importance that the elected leaders give to the needs of the population (91%).

Quality of public services

Regarding the quality of public services, respondents felt that

- the quality of customer care by the grassroots leaders to the population is quite high (92%)
- the processing of their requests is fast (89%), and
- the vast majority (79%) of respondents would like to carry their grievances to the head of the village,
- the nearest health center is located thirty minutes away or less for someone walking to 75% of respondents, and
- 82% of respondents felt that the provision of health services is good;
- the nearest primary school is located thirty minutes away or less for someone walking by 68% of respondents,
- 91% of respondents said that education services are of good quality.
- The nearest market is thirty minutes or less for someone walking by 73% of respondents.
- On the other hand, 68% of respondents found that access to credit is difficult,
- 50% have no sure access to safe drinking water,
- 72% of respondents did not have sure access to electricity.
- As for the quality of the roads, the situation is mixed (50% of respondents find it good while 50% say that it is fairly good).
- Transport services are of fair quality by 52% of respondents.
- Security for the public is ensured to the satisfaction of 94% of respondents,
- the delivery of justice is good by 90% of respondents.
- Although 60% of respondents reported having proper arable land, 78% believe that land distribution was not equitable.

Accountability

As for the accountability duty of the leaders,

- 85% of respondents reported that all their requests have received satisfactory answers from the authorities.
- However, 22% reported that the authorities provide replies to queries of the population only in written form.
- This low level in terms of written correspondence is due to the negligence and inefficiency of administrative structures.

Rule of law

Concerning the rule of law and transparency in the management of public affairs,

- 95% of respondents found that the state treats all citizens fairly.
- It is the same for transparency in the selection of leaders where 95% of respondents felt that this degree of independence is high.

Civil liberties and political rights

Regarding freedom of speech and the way political parties are treated,

- 90% of respondents said they enjoy freedom of speech.
- However, membership in associations is still low in Rwanda, since 58% said they are members of at least one association, although membership is free as witnessed by 90% of the respondents. Likewise, the functioning of associations is free as testified by 96% of respondents.
- With regard to the way political parties are treated by government structures, 65% of respondents believe that all parties are treated the same way.

4. Corruption in Rwanda

Perception of corruption phenomenon

Among the socio-economic issues discussed, corruption does not seem to be a big problem in Rwanda: the indices are 0.07, 0.06 and 0.04 respectively for corruption in the public sector, corruption in the private sector and corruption of politicians.

The existence of corruption in Rwanda is perceived differently depending on the profile of respondents:

- 62.6% of men against 58.2% women,
- 36.2% against 23.5% of young adults and
- 69% of dwellers of urban areas against 55.4% rural area dwellers believe that the phenomenon of corruption exists in Rwanda.

Experience of corrupt practices

Regarding the existence of corrupt practices, respondents gave their views on existing practices in Rwanda among which the most detestable are:

- using one's authority or one's relations to influence another person's decision (48.1 %),
- giving jobs to close relatives or friends with no qualifications (45.8%) and
- making an unofficial payment in order to qualify (45.2%).

On the extent of corruption in the public and private sectors, respondents believe that the following services would be most affected by corruption:

- the National Police (Index = 0.269),
- the procurement units (0.244) and
- customs service (Index = 0.241).

On the question of whether the phenomenon of corruption has changed over the period 2005 to 2007,

- 66.1% of respondents feel that corruption has declined somewhat, while 29.3% believe it has greatly reduced during this period.

This decrease is the result of more responsible behavior of organs of the Government for 53.6% of respondents, and it is due to strategies against corruption for 25.6% of them.

Although corruption has decreased between 2005 and 2007, respondents believe that there are still some causes that promote corruption in Rwanda.

- The first three causes cited are the desire for personal enrichment (index = 0.200),
- absence of punitive measures against those who practice corruption (index = 0.192) and
- low salaries for civil servants (index = 0.172).

With regard to the perceived frequency of corruption in the private sector throughout the country, the perception index was the highest recorded in commerce / banking / microfinance institutions (0.053),

- the construction / housing (0.048) and
- NGOs (0.030).
- In urban areas, construction / housing (0.075) ranks first, followed by commerce / banking / microfinance institutions (0.057) and NGOs (0.040).

Regarding the perceived frequency of corruption in certain categories of people across the country,

- respondents found that the categories of people most corrupt are businessmen (0.084),
- those coming from the same region (0.081) and relatives / friends of a government official (0.079).
- In urban areas, it is the category of people coming from the same region (0.115) which comes first, followed by
- businessmen and politicians (0.113 respectively) and friends / relatives to a government official (0.111).

In terms of perception of corruption in the political world, across the country, respondents believe that people engage in politics for two main reasons:

- the desire of “getting rich” (65, 1%) and “power” (65%) for urban dwellers; and
- “contributing to the development of the country (61.5%) and the desire of “ getting rich “(60.7%) for rural area dwellers.

Regarding the perception of reasons for persistence of corruption, respondents gave their views that corruption persists because of economic, legal and moral and intellectual reasons.

- The economic reasons for the persistence of corruption raised by the respondents are mostly “low wage / high cost of living (39.2%) and
- the” need for money “(33.9%) for urban dwellers, and “need money” (46.9%) and “low wage / high cost of living” (29.8%) for rural area dwellers.

The legal factors contributing to the persistence of corruption mentioned by respondents in both areas (urban and rural) is the absence of tough punitive measures in place against those who ask or receive bribes and those who give them.

As for the moral and intellectual reasons behind the persistence of corruption,

- it is “envy” for 88.4% of urban dwellers and 86.5% in rural areas,
- “greed” for 82.8% of rural area dwellers and 79.3% of urban residents, and
- “lack of conscience” for 71.8% of people from urban areas and 66.3% rural area dwellers.

Attitudes towards corrupt practices

- All corrupt practices listed in this work have been characterized as unacceptable by the vast majority (between 83% and 91%) of respondents.
- As for the behavior of respondents against the risks of corruption, a significant number (between 44% and 74%) of respondents would respond by filing a complaint following the appropriate procedures or channels.
- On the other hand, would give in to it (from 11% and 36%) believing that there is “no problem, everything will come with time” or “nothing, because there is nothing to do”,
- Others would fall into the trap of corruption (between 10% and 25%) using their connections with influential people, which is another form of corruption.

Experience on the phenomenon of corruption

The analysis of the experience of corruption during the three years preceding the survey indicates that corruption was almost non-existent in Rwanda.

- It is recognized by a small proportion of respondents (0.9% in 2005; 1.3% in 2006 and 1.8% in 2007).
- This reflects a more or less slow increase of the phenomenon of corruption (44% for the first period and 38% for the second period).

- At the individual level, corruption mostly takes the form of giving money (2.6% of respondents) and the payment is usually done directly (76% of cases of corruption) rather than through an intermediary.
- At the institutional level, the overall index shows that the respondents have more contacts with public institutions (0.0683) than private institutions (0.0470).
- On the other hand, there are many more contacts with public institutions in the City of Kigali (0.0767), whereas there are many more contacts with private institutions in other urban centers (0.0585).
- The overall index of the corruption frequency in institutions, both public and private, shows that the phenomenon of corruption is low on the one hand, and at the first place comes the category of administrative authorization services (0.0506) and then comes the police (0.0388). Overall, corruption has achieved the expected result (81%).
- In the public sector in particular, the bribe is paid at the level of local government authorities (2% of respondents).
- Obtaining a permit is the main reason (45%) of corruption that is paid over to the local authority employee (72%).
- As for the case of the service of police, corruption accounting for 0.6% is primarily intended to avoid a fine (52%) and it is paid mostly to the traffic police officer (52%).
- In terms of health services, corruption accounting for 0.17%, is usually given in order to get admitted / examined or seek treatment (43%, respectively). It is given to the nurses (29%).
- In the judiciary, corruption accounting for 0.28% is mostly given in order to reduce the penalty (45%); it is given to the judges (36%).
- Corruption in the service of water supply and electricity is around 0.3% and its main reason is to get water / power (73%). In this category the head of the technical unit is the most corrupt of the institution (86%).
- For the previous five selected public institutions, the overall index ranked first the police (0.1522) for the frequency of corruption, whereas electricity and water supply services are at the top for the satisfaction of the briber (0.3333).

Means of Combating Corruption

- With regard to the means of fighting against corruption, the first tool that individual citizens can utilize is to refuse to give bribery in order to obtain services (27%).
- The associations have as their main weapon in this fight to report any behavior contrary to the laws (31%),
- Media are fighting against corruption mostly through the space of information control and debates (30%) at their disposal, but also using the radio (29%) as the most effective medium.
- The role of government in the fight against corruption at the control and punishment of offenders (24%), but also by educating and informing citizens about their rights and civic duties (22%).
- When asked whether respondents are willing to fight against corruption, 96% of them said that they are willing to fight against corruption, with a relatively higher proportion in the city of Kigali (98%). Their level of commitment is demonstrated by their refusal to give corruption for a service (52%), but also by fighting against inertia and inaction (31%).
- Respondents acknowledged, however, that if their means of fighting against corruption individually was to fail, they would use the national police (91%), services of the Ombudsman (82%) and local government and the press (73% respectively) in order to expose corruption.
- Whatever means of fighting against corruption is used, 30% of respondents believe that it is not possible to eliminate corruption. Nevertheless, the results of appeals made in the fight against corruption have been satisfactory for 52% of respondents.



VOLUME II: ENTERPRISE SURVEY FINDINGS

1.Objectives of the study

The survey on corruption and governance conducted among enterprises had the objectives below:

- Inquiring about the perception of the phenomenon of corruption among enterprises;
- Understanding the level of knowledge of the concept of governance among enterprises;
- Identifying the business clusters that are particularly the most vulnerable to corruption;
- Examining governance mechanisms, principles, practices and institutions in Rwanda in the light of the grand theory on governance;
- Classifying sectors according to the risk and frequency of corruption;
- Identifying the causes, motivations and the degree of acceptability of various practices of corruption;
- Determining the nature, forms, frequency and extent of corrupt practices;
- Inquiring about the experience of corruption in public services and trends in the evolution of this phenomenon over time;
- Inquiring about the appreciation of the system of governance in Rwanda among enterprises;
- Assessing the level of confidence in the complaints mechanisms and in effective enforcement of sanctions against corruption.

This survey discusses the following issues:

- Methodological aspects,
- The characteristics of enterprises
- Barriers to enterprise development in Rwanda
- Corporate governance,
- The perception of the phenomenon of corruption in Rwanda by business leaders,
- Experience concerning corporate corruption,
- Corruption in public procurement.

2. Methodological aspect

The survey of 300 companies on governance and corruption in Rwanda was sampled as follows:

- 300 companies including 129 in the informal sector (43%),
- 101 small enterprises (34%),
- 48 medium (16%) and 22 large enterprises (7%).

According to the industry sectors;

- 81% are in the service sector, and
- 15% of manufacturing

3. Enterprise characteristics

- Most businesses are run by Rwandan citizens (94%),
- about 4% are run by foreigners of African origin and

- 2% have a leader of another nationality.
Among these leaders,
- 31% have a higher educational level,
- 29% have secondary education and
- 37% finished primary or post-primary education (respectively 27% and 10%).
- Nearly 2% of entrepreneurs are uneducated.

Regarding the legal status, the surveyed firms are:

- mainly family businesses (42%),
- corporations (14%),
- without status (13%),
- limited liability enterprises (11%) and
- cooperatives (9%).

The initial capital of various companies is from Rwandan entrepreneurs mainly (88%)

- a small portion from foreign entrepreneurs (12%) and
- the Rwandan government (6%).

The survey shows that almost all companies surveyed do not export (91%).

- While 66% of the companies import nothing,
- 20% in average import 70% or more of their annual purchases.
- These are mostly large firms and to a lesser extent,
- medium and small enterprises (77%, 33% and 25%).

As for the turnover achieved in transactions with the government, it is not significant overall, 82% of companies surveyed do not have transactions with government agencies.

Although this turnover is less important, there are still some considerable proportions: 18% of large companies do have transactions with the government between 10% and 30% of their turnover, and 8% of medium-sized enterprises have, thus, realised between 50% and 69% of their turnover.

4. Barriers to enterprise development

- While 74% of companies surveyed say that the rules governing the creation of the company is not an impediment to development,
- 19% are of the view that red tape hampers business creation at a significant level (14%) or even a very significant level (5%).
- This hindrance to development reaches an intensity of 27% in large companies, 21% in medium enterprises and informal sector enterprises, and 14% in small businesses.

With regard to the system governing foreign trade,

- 44% of companies surveyed believe that regulations are not a problem, with a smaller number in large firms (32%).
- In contrast, 37% of companies surveyed are of the opposite view and are more prevalent in the

category of large enterprises (64%).

- Public procurement is not a development obstacle for 42% of companies surveyed, an assertion more pronounced in large enterprises (55%).
- The contrary view is at 29% of firms with a relatively higher proportion in small enterprises (33%).
- Regarding access to credit, 57% of companies believe that it is not a constraint to development
- Although it is only 29% of companies experiencing difficulties in accessing credit in all, this proportion is higher in informal sector enterprises (48%).

On corruption in government and the private sector:

- 45% of companies said that corruption in public administration is not a problem, against 39% who think that corruption is an impediment to the development of enterprises. In the private sector, 29% of companies say that corruption in the private sector is an obstacle to enterprise development.
- It was noticed that corruption is perceived as more of an obstacle to development in larger firms than in other categories of businesses, regardless of the industry sector, 50% in the public sector and 41% in private.
- The availability of inputs is a constraint to development for 50% of all enterprises.
- This problem has more intensity in the medium-sized enterprises (58%) and large enterprises (55%).
- While 59% of companies surveyed state that human resources are not a constraint to business development, about 73% of large companies are facing the problem of development because of cost, skills and labor regulations of their human resources.
- In the other categories, the situation is less alarming: 42% in medium enterprises, 41% in small enterprises and 31% in the informal sector enterprises.

The lack of confidence in the judiciary is at 26% of the companies surveyed.

- Those who do not trust the judiciary are mostly among the large enterprises (41%) and a smaller proportion in the category of the informal sector enterprises (24%).

With regard to the problem of security,

- 81% of CEOs surveyed said that security is not a problem for business development.

All types of businesses share this view with proportions varying between 64% (large companies) and 83% (informal sector). It was noted, however, that according to 24% of large companies, security is a constraint to business development.

5. Governance in companies

The clustering or business combination in associations or common interest groups reflects the policy of good governance.

- Of 300 companies surveyed, 123 companies, i.e. 41% are grouped in association.
- On the other hand, 109 of them, about 87%, said they operate freely and 117 companies or 95% say that one has freedom to join the associations.

With regard to the consultation by government bodies at the stage of drafting

laws and sector policies,

- 97 companies, 79% said they are consulted, large firms with higher proportions than smaller ones:
- large companies (93%) medium companies (86%), small (75%) and informal sector (71%).
- However, the consultation undertaken by the government has not the same frequency for most (90%) it is done always (22%), often (41%) or occasionally (27%).

As for the reasons why the government might not consult companies, the responses vary as follows:

- Do not know / ignorance (61%), inadequate input (28%) from companies, and suggestions that go off-track from the government's vision and merely formal consultation (6%).
- As far as equality before the law is concerned, at more or less the same rate of 85% of the enterprises, business leaders believe that the Government treats the enterprises the same way regardless of the region in which the enterprise is located and the origin of its head or owner.
- For all categories of enterprises, the rates relating to this question are very high, ranging from 85% to 91%.
- With regard to the administrative and financial control mechanisms, the study shows that these mechanisms exist in most enterprises (respectively 79% and 80% of enterprises).
- The operation of these mechanisms is efficient (efficient and very efficient) at 93.6% for administrative control and 93.3% for financial control. Note that this operation is estimated at 90% or more in all categories of enterprises, with the exception of administrative control which has a rate of 82% in large companies.
- The practice of handing over in business management, which is also a factor of good governance assessment is planned and carried out in 56% of companies.
- This average is low because only 40% of the informal sector enterprises fulfil this criteria, while the handover is respected in the formal firms, in rates ranging between 61% (small companies) and 91% (large companies).

The enterprises' freedom of public intervention in certain issues is quite high.

The four areas of public intervention selected by the study have been classified in the order of their importance regarding the existence of freedom:

- (i) giving opinions on matters of public interest (76%),
- (ii) exposing the unfair practices of leaders (63%),
- (iii) criticizing the decisions of the government authorities and
- (iv) giving opinions that are contrary to those of government officials (58%, respectively).

Concerning the institutional environment in which businesses thrive and the laws and policies governing the sector of activities of the enterprises which took part in the study, the survey shows that enterprises are very satisfied, 84% for the institutional framework and 85% for the legal framework.

6. Corruption Perception among Company Officials

Overall, 52% of the companies that took part in the survey believe that corruption influences, in one way or another, personal and family life but at different degrees:

- a little (31%),
- average (13%),
- a lot (8%).

The investigation showed that this influence is mostly perceived by large enterprises:

- large enterprises (77%),
- medium enterprises (56%),
- small enterprises (55%), and
- informal sector enterprises (44%).
- It was noted that according to 43% of the enterprises, corruption does not affect personal and family life at all.

The survey findings indicate that the influence of corruption on the professional environment is perceived up to 41% of all businesses and at different degrees as follows:

- a little (20%),
- average (11%), and
- a lot (10%).

At the level of different business categories, this perception is in rates that are not very different:

- large enterprises (41%),
- medium enterprises (48%),
- small enterprises (44%) and
- informal sector enterprises (37%).

As for the influence of corruption on political life, it was confirmed in 32% of companies, a rate that is distributed according to the degree as follows:

- a little (20%),
- average (6%),
- a lot (6%).

The different types of companies perceive this influence with more or less the same intensity:

- large enterprises (27%),
- medium enterprises (38%),
- small enterprises (32%) and
- informal sector enterprises (30%).

Regarding the perception of changes in the level of corruption over the three years preceding the survey,

- 77% of business managers believe that corruption has declined,
- 6% believe it has not declined, while 4% find it has increased.
- Depending on the enterprise categories:
the proportion of those which find that corruption has declined is higher in the informal sector (81%) and
and
• lower in large enterprises (41%).
- Those which say that it has not decreased have a higher proportion in large enterprises (14%) and lower in small enterprises (4%).
- Others believe that corruption has rather increased; their proportion is higher in large enterprises

(18%) and lower in medium-sized enterprises (2%).

Regarding the prediction of changes in the level of corruption over the period of the coming three years,

- 79% of business leaders are convinced that corruption will have declined,
- 4% believe it will have not decreased while
- 6% think it will have increased.

In the various categories of enterprises, the proportion of those who think that corruption will have diminished is far higher in small and medium enterprises (about 82%) than in large enterprises (46%).

On the other hand, the proportion of those which believe it will have not decreased is higher in large enterprises (14%) and lower in medium-sized enterprises (2%).

Likewise, the proportion of those which say that corruption will have increased is higher in large enterprises (18%), and lower in the informal sector enterprises (3%).

For most firms that took part in the study, the Government's actions in the fight against corruption are positively perceived because

- 92% of officials believe that these actions are successful: very efficient (46%) and fairly efficient (46%).
- Only 3% believe the government is not at all efficient.

Depending on the enterprise category, the proportion of business leaders saying the government is very efficient is higher in the informal sector (51%) and lower in large enterprises (36%). The actions against corruption are estimated efficient enough with proportions ranging from 42% (in the informal sector) and 55% (in large companies).

For various reasons, 79% of corporate executives who took part in this survey believe that government employees are exposed to corruption against 21% who do not share this opinion. The exposure of these civil servants is expressed in a higher proportion in large firms (91%) and lower proportions in the informal sector (75%). On the other hand, the proportion of those who find that government employees are not exposed to the practice of corruption is highest in the informal sector (25%) and lowest in large companies (9%).

Regarding the main causes of corrupt practices among civil servants, the overall index ranked first the "Desire for personal gain" (0.1888), followed by "non-transparent and discretionary criteria for appointing officials" (0.1169), "low salaries" (0.1153) and "Absence of sanctions against those who practice corruption" (0.1118).

The last reasons, according to this ranking, include the following causes:

- "Everybody does it" (0.0582) and
- "Lack of rules / clear code of conduct" (0.0578).
- However, it was noted that these indices are very close to one another and relatively close to zero.

The main practices that are likely to encourage corruption among civil servants are classified by degree of influence on personal and family life of business leaders using the composite index, which indicates that the indices are very close to one another and close to zero. This rating ranks first:

“Choosing as location for a business one’s own constituency or area where one’s friends live” (0.0651) and

“Giving favours or additional payment in order to facilitate or expedite an administrative process” (0.0522).

The last practice as per this ranking order is “Accepting money or gifts in exchange for favours” (0.0442).

The main situations deemed likely to expose business leaders to corruption are:

- (i) the unfair seizure of goods or the threat of paying penalties,
- (ii) access to public services threatened unjustly,
- (iii) suspicion of the person in charge of public procurement to not respect the legal procedures,
- (iv) the suspicion of a political leader to favour certain enterprises, and
- (v) delays in obtaining a permit or License which are constantly increasing.

The reaction of business leaders with regard to the four first situations of risk of corruption is primarily filing a complaint following appropriate channels or procedures (the proportions vary between 53% and 82%). As for the fifth situation, opinions are divided between:

- “filing a complaint under the appropriate channels or procedures (47%) and
- “not being worried hoping that everything will be fine with time “(33%).

Business perceptions of the extent to which different sectors and services are affected by public and private corruption is ranked using the synthetic index calculated for this purpose. Although the degree of the negative impact of corruption is still low (because the index is close to 0), this ranking places at the top:

- the National Police (0.1127),
- the legal system (0.0806) and
- customs (0.0799).

According to this ranking order, the institutions that come at the bottom include:

- Rwanda Defence Force (0.0041),
- religious institutions (0.0161) and
- Parliament (0.0178).

The comparison with results of similar studies conducted in Cameroon and Morocco reveals that Rwanda is less affected by corruption than those two countries, with a bigger difference compared to Cameroon.

With regard to the prevention and fight against corruption, key attitudes expressed in all companies involved in the survey are:

- avoiding giving unofficial payments or gifts (51%),
- sensitizing the public to avoid making unofficial payments or gifts (17%) and

- expose corruption to public agencies (5%).

Moreover, it was noticed that:

- 11% of business executives believe they would do nothing personally.
- “Avoiding giving gifts or unofficial payments” is chosen most in small businesses (55%) and least in large businesses (41%).

In contrast, “Sensitising the public in order to avoid making unofficial payments or gifts” is mostly chosen in large companies (36%).

“There is nothing one can do personally since the prevention and the fight against corruption must be done at the level of the government” is a statement made in the informal sector (13.2%) more than elsewhere.

7. The experience of Corporate Corruption

The practice of corporate corruption in the twelve months preceding the survey is:

- low, about 6% of all businesses.
- The presence of corruption is relatively higher in large firms (14%) and lowest in the informal sector (4%).
- Paradoxically, using the composite index, the survey found out that the frequency of corruption is higher in the informal sector (0.2167) and less in small firms (0.1111).

Regarding the main causes of corruption:

- companies give bribes to expedite procedures (44%)
- to obtain an administrative document / service (13%) and
- to avoid paying a fine (6%).
- For 38% of the companies surveyed, the bribe was motivated by reasons other than those provided by the questionnaire survey.

As regards the institutions involved in corruption, the results of the survey provide information that corruption has more intensity in the following institutions:

- the departments in charge of administrative authorizations (23%),
- (ii) Parliament / the Legislature and the National Police (15%), and
- (iii) international agencies and customs services (5% each).

It was noticed that in 31% of businesses, corruption was practiced in the institutions not suggested by the survey.

No company having given bribes in the last 12 months has filed any complaint, mainly for the following reasons:

- lack of necessary evidence (21%), followed by
- “it would have taken too long”,
- “it would not change anything” and
- “it would have brought about troubles” (14%), respectively.

However, most of these companies said they would have had recourse to the police or the direct

superior of the offending employee, with 36%, respectively.

As for measures against corporate corruption,

- 81% of companies surveyed reported having taken measures to prevent and fight against corruption among the personnel of any category of firms.
- Their proportions vary between 78% (small companies) and 86% (large companies).
- On the other hand, the measure of prevention and fight against corruption that is mainly cited is raising the awareness of staff (40%), followed by disciplinary action of dismissal (23%) and warning (16%).

8. Corruption in Public Procurement

Participation of the surveyed companies in invitations to tender for public contracts during the two years preceding the survey was rare because:

- 69% of companies surveyed had not participated whereas
- 28% have participated at least once and
- 3% gave no answer.
- The survey shows that 15% of the companies surveyed had planned to take part in those invitations to tender,

But among these, some gave up mainly for

- a very important reason (36%),
- an important reason (16%) and
- without reason (27%).

Regarding contracts based on mutual agreement, 82% of firms said they had never participated in such types of contracts.

Concerning the experience of corruption in public procurement,

- 7% of companies surveyed said they have given illicit payments for the execution of public contracts (always = 1%, frequently = 6%). Besides, 5% of companies go through local intermediaries to obtain a public contract and this practice has a relatively higher rate in small enterprises (10%).

As for the quality of procedures followed in public invitation to tender,

overall, 9% to 13% of companies surveyed believe that it is a highly transparent and 22% to 33% find it fairly transparent. On the other hand, the procedure of public tendering is thought to be of little transparency for 16% to 21% of businesses and of very low transparency for 5% to 9%.

Taking into account the institution or the funding source, the study shows that the quality of public tenders is estimated transparent (very transparent and fairly transparent) in the following ranking order:

- (i) public or semi-public (43%),
- (ii) projects financed by private companies and central government ministries (42%), and
- (iii) projects financed by donors and local authorities / Local government (36%).

SAY NO

TO CORRUPTION





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