

Middle East and North Africa Report

GOVERNMENT
DEFENCE
ANTI-
CORRUPTION
INDEX 2013



This Government Defence Anti-Corruption Index is the first ever review of corruption risk and corruption vulnerability in Defence Ministries and Armed Forces.

It offers governments, armed forces, civil society organisations, and citizens detailed knowledge and understanding of the corruption risks in their national defence and security establishments.

Armed with this knowledge they can press for change and improvement.

Foreword



Since the Arab spring began in 2010, corruption and security have been at the heart of public debate and struggle in the Middle East and North Africa (MENA). Demands for accountable governments that protect and serve their citizens, rather than themselves, have arisen throughout the region.

Defence and security forces that are trusted by the population are a central requirement of any government. But Defence Ministries can be secretive and impenetrable establishments, especially when corruption is being discussed. Entrenched networks of corrupt defence and security officials can act as spoilers to obstruct the path to accountable, responsive government and economic growth. Where countries are in conflict, corruption can prolong fighting and prevent sustainable peace. Bringing transparency to closed and uncooperative national defence systems is important: this detailed research can help initiate a public dialogue for positive change.

More positively, in our work with Defence Ministries since 2004, we have learnt that the secretive image of defence can often be misleading. We have found that senior defence officials, senior officers and ministers in many countries are well aware of the corruption risks in defence, and are

keen to take action to address the issue. This is a very positive shift in mind-set. It leads Defence Ministries to take the first step in fighting corruption by carrying out analysis of the corruption risks faced by their Ministry and Armed Forces. From this they can develop their own plan to address and minimise such risks.

This Index is an entirely new tool. It provides a benchmark for comparing nations in the MENA region and worldwide. The underlying country analyses are highly detailed and form an evidence base for focused action. We expect this analysis to stimulate dialogue and hope that it will lead to improvement in the transparency and accountability of defence forces in the MENA region. We welcome feedback from governments on their national assessments to help us deepen our understanding, and initiate a dialogue with us on reform.

A handwritten signature in black ink that reads "Mark Pyman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark Pyman
Director

Defence and Security Programme
Transparency International UK
February 6th, 2013

Table of Contents

Executive Summary	3
1. The Study	8
2. The Results	12
3. Regional Comparisons	18
4. Analysis by Risk Area	22
5. Actions	28
Glossary	30
List of questions	32

Executive Summary

Corruption in defence undermines national and global security. It is dangerous, it is divisive, and it is wasteful.

**www.defenceindex.org
www.ti-defence.org**

Corruption often leads to impunity, undermining public trust.

IT MATTERS FOR CITIZENS

Corruption often leads to impunity, undermining public trust. It threatens citizens' security, and when the military has the ability to act with impunity it puts peoples' lives at risk.

IT MATTERS FOR ARMED FORCES, SOLDIERS, AIRMEN AND SAILORS

They are put at risk by unnecessary or poor-quality defence equipment.

IT MATTERS FOR COUNTRIES

Corruption at the top of a defence establishment can enable capture of the state by a small clique. Ownership of businesses by the military can stifle the economy. Defence procurement is often subject to less scrutiny than other sectors, and can therefore be much more corruption-prone and wasteful than other sectors.

IT MATTERS FOR WORLD SECURITY

Arms races can be started just to satisfy the greed of individuals; international security can be put at risk through corrupt agendas being pursued under the guise of international cooperation.

In the past two years, a series of movements across the Middle East and North Africa (MENA) demanding accountable state institutions have been at the centre of world events. The role of defence and security institutions in these upheavals has been highly significant.

With various conflicts and rapid political transitions taking place, there is no more opportune time to analyse the transparency and institutional capacity of defence and security establishments in MENA countries. As the military is a dominant feature of many MENA nations and has a significant stake in political leadership, the issue of corruption in defence is ever more pressing.

The momentum set by the Arab Spring offers an opportunity that can be seized to encourage reform in defence and security. This Government Defence Anti-Corruption Index is a starting point for governments, armed forces and legislators to understand which changes and reforms should be prioritised.

THE STUDY

This Index provides governments and citizens with information on how their defence ministries and armed forces compare to others in tackling defence corruption. It measures the degree of corruption risk and vulnerability in **government defence establishments** – the defence ministry, the armed forces, and other government institutions in that country (such as auditing institutions) that may influence levels of corruption risk in the sector. It forms a basis for reform for concerned governments, and serves as a tool to identify where to concentrate efforts.

This MENA report joins the overall Index report, available at www.defenceindex.org, as an analytical summary of the detailed results.

This report and the underlying Index are the result of two years of research. Eighty-two countries across the globe, of which 19 were countries in the MENA region, were analysed by expert independent assessors. The research was carried out through responses to a questionnaire of 77 questions, which are clustered into five risk areas. These are: political risk, financial risk, personnel risk, operations risk, and procurement risk. Each of these five areas, in turn, has specific sub-risk areas, as shown in the diagram opposite.

The analysis was subjected to multiple levels of peer review to minimise the risk of bias in the responses. Governments were given opportunities to comment on the draft and to provide additional commentary if they desired. Each government has received a comprehensive report outlining the findings for each question, with references to all the sources used. These reports are publicly available on our website.

A second index has also been developed that analyses the anti-corruption systems of 129 major global defence companies. This index, the Defence Companies Anti-Corruption Index (www.companies.defenceindex.org), was published by Transparency International UK's Defence and Security Programme, on 4th October, 2012. Companies from Egypt, Israel, and the United Arab Emirates are included in this research.

29 Defence Corruption Risks

POLITICAL	PERSONNEL	PROCUREMENT
Defence and Security Policy	Leadership Behaviour	Technical Requirements / Specifications
Defence Budgets	Payroll, Promotions, Appointments, Rewards	Single Sourcing
Nexus of Defence & National Assets	Conscription	Agents / Brokers
Organised Crime	Salary Chain	Collusive Bidders
Control of Intelligence Services	Values & Standards	Financing Packages
Export Controls	Small Bribes	Offsets
FINANCE	OPERATIONS	Contract Award, Delivery
Asset Disposals	Disregard of Corruption in Country	Subcontractors
Secret Budgets	Corruption within Mission	Seller Influence
Military-owned businesses	Contracts	
Illegal Private Enterprises	Private Security Companies	

THE RESULTS

The countries are placed in one of six bands according to their final score.

The level of corruption risk associated with each band is as follows:

BAND	MIDDLE EAST & NORTH AFRICA COUNTRIES	REST OF COUNTRIES ASSESSED
A	—	AUSTRALIA, GERMANY
B	—	AUSTRIA, NORWAY, SOUTH KOREA, SWEDEN, TAIWAN, UNITED KINGDOM, UNITED STATES OF AMERICA
C	—	ARGENTINA, BRAZIL, BULGARIA, CHILE, COLOMBIA, CROATIA, CZECH REPUBLIC, FRANCE, GREECE, HUNGARY, ITALY, JAPAN, LATVIA, POLAND, SLOVAKIA, SPAIN
D	D⁺	BOSNIA & HERZEGOVINA, CYPRUS, INDIA, KENYA, MEXICO, NEPAL, SERBIA, SINGAPORE, SOUTH AFRICA, THAILAND, UKRAINE
	D⁻	BANGLADESH, BELARUS, CHINA, ETHIOPIA, GEORGIA, GHANA, KAZAKHSTAN, MALAYSIA, PAKISTAN, RUSSIA, RWANDA, TANZANIA, TURKEY
E	BAHRAIN, IRAN, IRAQ, MOROCCO, OMAN, QATAR, SAUDI ARABIA, TUNISIA	AFGHANISTAN, COTE D'IVOIRE, INDONESIA, NIGERIA, PHILIPPINES, SRI LANKA, UGANDA, UZBEKISTAN, VENEZUELA, ZIMBABWE
F	ALGERIA, EGYPT, LIBYA, SYRIA, YEMEN	ANGOLA, CAMEROON, DEMOCRATIC REPUBLIC OF CONGO, ERITREA

BAND	CORRUPTION RISK
A	VERY LOW
B	LOW
C	MODERATE
D	HIGH*
E	VERY HIGH
F	CRITICAL

*Band D, due to its size, has been further divided into the higher performing Band D countries, D+, and the lower performing Band D countries, D-.

CORRUPTION RISK

Across the five key types of corruption risk analysed in the Index, some noticeable results span countries in the MENA region:

- **Political corruption risks** relate to the risk of defence legislation and controls being compromised by corruption. In 63 per cent of MENA countries, there is either no independent legislature or one with no formal rights. This is matched by a lack of debate on defence policy and an absence of engagement with civil society with regard to defence issues.

- **Financial corruption risks** are linked to the abuse of large potentially secretive defence budgets and income. A large majority of MENA countries – 84 per cent – do not provide their legislatures with information relating to spending on secret items and programmes.

- **Personnel corruption risk** refers to corruption amongst the armed forces and the defence ministry personnel of a country. In no MENA country is there confidence in whistle-blowing provisions. Further, in a large majority of the countries in the region, there is no publicly verifiable evidence of special vetting requirements for personnel in sensitive positions.

- **Operations corruption risks** are those occurring during military operations at home or abroad. No country in the region has military doctrine addressing corruption issues in operations.

- **Procurement corruption risks** arise from the processes of purchasing defence equipment and arms. In over 70 per cent of MENA countries there is either little legislation covering defence and security procurement or the legislation in place is bypassed, with inadequate or non-existent independent oversight.

The analysis in this report considers **countries in conflict, countries in transition, and resource-rich countries**. Countries in conflict demonstrate weak regulations in areas such as military-owned businesses and procurement in general, while countries in transition tend to show a lack of scrutiny and oversight.

The research also underlines that resource-rich countries in the region (Algeria, Bahrain, Iran, Iraq, Kuwait, Libya, Oman, Qatar, UAE, Saudi Arabia, Syria and Yemen) perform worse than resource-poor countries (Egypt, Israel, Jordan, Lebanon, Morocco, Palestine and Tunisia). Any advantages incurred by being resource-rich do not translate into better anti-corruption controls in defence.

RECOMMENDATIONS

Using this analysis as a starting point, **Defence and Security Ministers, Ministry heads and Chiefs of Defence** can review the corruption risks in their institutions and develop a focused, prioritised plan to mitigate these risks. The issue of defence and security corruption should constitute an integral part of any national reform strategy.

Civil society can use information from the index to demand greater accountability from their defence and security establishments, seek engagement with their governments, and work with the media to highlight key defence-related issues.

Legislators can apply the results to monitor the major corruption risks in their countries, and open a dialogue about the subject in parliament and with the defence establishment.

One-page summaries and detailed country assessments are available on our website: www.defenceindex.org

The Study

This index measures corruption risk and vulnerability in government defence establishments.

Transparency International UK's Defence and Security Programme (TI-DSP) has been working to improve anti-corruption standards in the defence sector since 2004. We have found, during the course of our work, that governments and citizens repeatedly ask what constitutes 'good practice' in defence anti-corruption and integrity. The Government Defence Anti-Corruption Index is part of answering this question, and seeks to measure the degree of corruption risk in **government defence and security establishments** – the defence and security ministries, the armed forces, and other relevant government institutions in that country.

This report accompanies the general index report, but provides focused analysis on the MENA region.

COUNTRIES IN THE MENA REGION:

Nineteen countries from the MENA region are analysed in this study: Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Syria, Tunisia, the United Arab Emirates and Yemen.¹

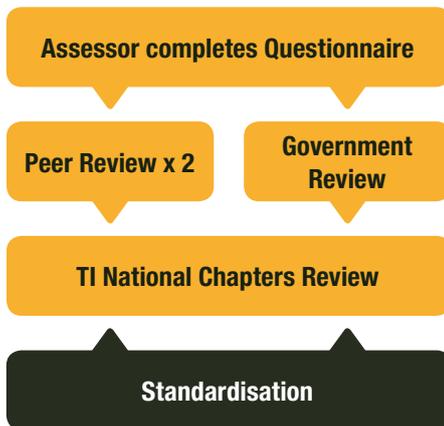
¹ While the generic term 'country' is used throughout the study, in one instance we include a non-independent territory: The Palestinian National Authority, referred to in this report as Palestine.

THE QUESTIONNAIRE:

The research was carried out through responses to a questionnaire of 77 questions, which are clustered into five **risk areas**, and further subdivided into specific topics. These risk and sub-risk categories follow the TI-UK Defence and Security Programme typology of risks in the sector, as displayed in the diagram opposite. The number of questions within each category and sub-category were deemed representative of the degree of importance of each topic we assigned to each category and sub-category, so no artificial weighting was used. A list of all the questions is also provided at the back of this report.

29 Defence Corruption Risks

POLITICAL	PERSONNEL	PROCUREMENT
Defence and Security Policy 10	Leadership Behaviour 4	Technical Requirements / Specifications 7
Defence Budgets 7	Payroll, Promotions, Appointments, Rewards 5	Single Sourcing 2
Nexus of Defence & National Assets 1	Conscription 2	Agents / Brokers 1
Organised Crime 2	Salary Chain 2	Collusive Bidders 1
Control of Intelligence Services 2	Values & Standards 4	Financing Packages 1
Export Controls 1	Small Bribes 1	Offsets 3
FINANCE	OPERATIONS	Contract Award, Delivery 3
Asset Disposals 2	Disregard of Corruption in Country 2	Subcontractors 1
Secret Budgets 6	Corruption within Mission 1	Seller Influence 1
Military-owned businesses 2	Contracts 1	
Illegal Private Enterprises 1	Private Security Companies 1	



THE ASSESSMENT PROCESS

The questionnaire was completed by a lead country assessor, whose responses were reviewed by two independent peer reviewers. Assessors used a wealth of material to come to their conclusions: media articles, specialist books and papers, and interview research. The researchers recruited were independent specialists across academia, journalism, and the anti-corruption movement, including TI national chapters. We sought individuals based in-country who had access to knowledge on the ground. In recruiting the set of researchers for each country, we sought to include individuals with varied experience. The country research was carried out across three stages between July 2011 and November 2012.

GOVERNMENT REVIEW OF THE RESULTS

We invited and encouraged all governments in the index to collaborate in the assessment.² This original aspect of index methodology enabled valuable dialogue between governments and researchers, and helped ensure accuracy in assessor responses. To encourage dialogue, we sent the draft results to each government where we had been given a point of contact and sent the final draft assessment to all Defence Ministers as well. Some provided a detailed review, while other governments responded to the research through

acknowledgement or submission of a set of general comments: these are available on our website, www.defenceindex.org.

This analysis is based on public information and our information will therefore sometimes be incomplete. This may be remedied simply by up to date information being provided by the Defence Ministry.

In the meantime, we welcome responses from nations on inaccuracies and omissions, and we will publish such responses on the Index website.

TRANSPARENCY INTERNATIONAL REVIEW

We invited Transparency International National Chapters, where present, to undertake a review. In addition, the TI-DSP team carried out detailed standardisation and consistency checks across all countries to ensure that the scores for each question were comparable, and in line with the model answers. TI-DSP is ultimately responsible for the finalised scores and banding.

² Where governments were late in responding to our invitation, they were invited to submit a report in response to the assessment which will be published separately on our website.

THE SCORING

Each question was scored from 0 to 4, using detailed model answers for guidance. Narrative justifications and lists of relevant references were provided by assessors for their scoring.

After being scored from 0 to 4 on each question, countries were scored overall in bands from A to F based on the percentage of marks they were awarded across the entire survey. The number of questions set for each category and sub-category reflected the importance of specific corruption risks, and as such was relied upon instead of any artificial weighting to derive the overall scores.

QUESTION SCORING PRINCIPLES

- 4 High transparency;** strong, institutionalised activity to address corruption risks.
- 3 Generally high transparency;** activity to address corruption risks, but with shortcomings.
- 2 Moderate transparency;** activity to address corruption risk, but with significant shortcomings.
- 1 Generally low transparency;** weak activity to address corruption risk.
- 0 Low transparency;** very weak or no activity to address corruption risk.

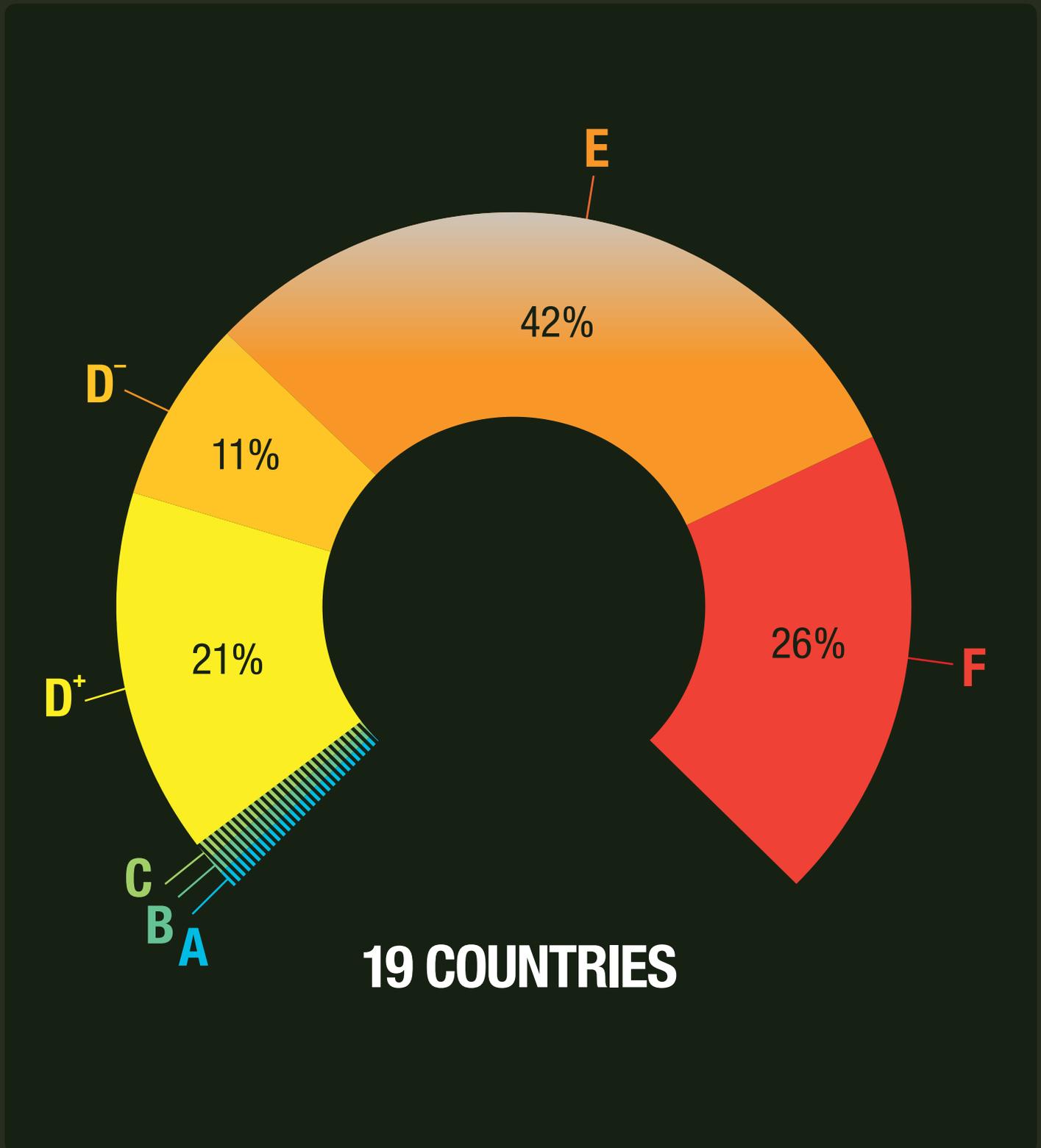
BANDING BRACKETS

Band	Lower % Score	Upper % Score	Corruption Risk
A	83.3	100	Very low
B	66.7	83.2	Low
C	50.0	66.6	Moderate
D	33.3	49.9	High
E	16.7	33.2	Very high
F	0	16.6	Critical

Due to the large number of countries clustered in **Band D**, countries were subdivided into D+ and D- sub-bands. The cut off mark was 41.6 per cent, the mid-point in the Band D range.

The Results

Distribution of MENA countries in bands



A 0 Countries

—

B 0 Countries

—

C 0 Countries

—

D 6 Countries

D⁺ ISRAEL, KUWAIT, LEBANON, UNITED ARAB EMIRATES (UAE)
D⁻ JORDAN, PALESTINIAN NATIONAL AUTHORITY

E 8 Countries

BAHRAIN, IRAN, IRAQ, MOROCCO, OMAN,
QATAR, SAUDI ARABIA, TUNISIA

F 5 Countries

ALGERIA, EGYPT, LIBYA, SYRIA, YEMEN

Results by Band

All countries in the region show high levels of corruption risk in defence and security. There is currently scarce focus on countering corruption in MENA national defence establishments.

D⁺ 4 CountriesISRAEL, KUWAIT, LEBANON,
UNITED ARAB EMIRATES (UAE)**D⁻** 2 Countries

JORDAN, PALESTINE

Almost a third of MENA countries are placed in Band D, reflecting high corruption risk. Israel, Kuwait, Lebanon, and the United Arab Emirates (UAE) distinguish themselves as the better performers in this group, outperforming other nations in the band with respect to several sub-risk areas.

The highest levels of transparency are seen in the personnel risk area, where Lebanon and the UAE have relatively strong controls to prevent corruption in the ranks of the defence forces.

Countries in Band D demonstrate that they have anti-corruption standards in place in the following areas:

- **Payment systems and receipt of payment:** Across countries in Band D, personnel tend to receive the correct pay on time. Well-established and routine systems of payment can help prevent corruption in the salary chain, and petty bribery by soldiers.

- **Organised crime:** There is little evidence to suggest that organized crime has infiltrated national defence and security institutions in countries in this band. In Lebanon, however, evidence indicates some penetration by organised crime in the armed forces.

- **Ghost soldiers:** Across the Band D countries, there is no evidence of ghost soldiers on the military or Ministry of Defence (MoD) payrolls. In Palestine, however, improvements are still needed in the payment system in order to minimize the risk that soldiers that do not actually exist are put on the payroll in order to supplement the salary of a commander.

Areas requiring improvement are:

- **Oversight of secret budgets:** Apart from Lebanon, none of the MENA countries in this band publicly reveal the percentage of spending on secret items and programmes. Their legislatures are not provided with any related information or audit reports. Israel and Lebanon are the only countries to allow a certain level of legislative oversight of secret spending, whilst the UAE stands out by providing its legislature with detailed audit reports of the security sector and other secret programs.

- **Engagement with civil society:** In most countries in the region, there is either no engagement between defence and security institutions and civil society organisations (CSOs), or engagement only with ones explicitly funded by or supportive of the nation's regime. Palestine distinguishes itself as its defence institutions have cooperated with civil society on sensitive issues related to the security apparatus, including training courses led by the local TI chapter, AMAN.

- **Corruption risk assessments:**

Assessments of the greatest corruption risk in defence and security establishments are either non-existent or partial. For instance, Israel's State Comptroller publishes regular reports regarding integrity and corruption risks in defence institutions - however it is unclear whether appropriate measures are put in place to mitigate them.

- **Defence budgets:** Highly aggregated or no defence budget information is provided to relevant committees for legislative scrutiny in the region. In Kuwait, some aggregated data is subject to oversight, although the strength of the related committee in terms of decision-making is uncertain. The approved defence budget is not available or highly difficult to obtain in all Band D nations excluding Kuwait and Lebanon, where the budget is available, but concerns have been raised over the accuracy of public information on the budget.

- There is a general failure to recognise **corruption as a strategic issue on operations.** Kuwait and Palestine do not address corruption as a strategic issue in any way with regard to operations. In Israel, Jordan, Lebanon, and the UAE, there is a degree of awareness of corruption as a concern in operations, although without associated military doctrine.

- **Defence procurement:** There are two weak areas in defence procurement that deserve special attention:

- **Competition regulation of offset contracts.** Offset contracts appear not to be subject to competition regulation in Israel, Kuwait, and the UAE, although Lebanon has controls to ensure a certain degree of competition in offset contracts.

- **Control of subcontractors and subsidiaries.** Governments do not have any requirement that main contractors ensure subcontractors and subsidiaries adopt anti-corruption programmes in three of the six Band D MENA countries. Jordan and Palestine are the only countries to have some vigilance in this regard, and in Israel there is no information available.

E 8 Countries

BAHRAIN, IRAN, IRAQ, MOROCCO,
OMAN, QATAR, SAUDI ARABIA, TUNISIA

Procurement, secrecy in defence financing, and operations are areas of corruption risks that stand out in Band E. The countries in this band exhibit very limited activity to counter corruption and enforce existing controls in the political realm.

There are eight MENA countries placed in Band E, which reflects very high corruption risk. Whilst there are many areas for improvement, several risk areas are nonetheless covered:

- **Systems of payment:** Payment systems are robust and regular in Bahrain, Iran, Morocco, Oman, Qatar, and Saudi Arabia. Delays in payment and limited transparency of the salary chain have, however, been found in Iraq and Tunisia.

- **Control of ghost soldiers,** Band E MENA countries generally have control systems in place to avoid their occurrence except for Iraq and Morocco, where there is evidence of 'ghost soldiers' or non-existent soldiers on the military payroll.

- **Military owned businesses:** There is no evidence of military institutions owning commercial businesses to a significant scale in Bahrain, Morocco, Oman, and Tunisia. Military-owned businesses exist and are lacking scrutiny in Qatar, Saudi Arabia, Iran, and Iraq, however.

With regard to **procurement**, several shortcomings in institutional requirements and enforcement indicate serious vulnerability to corruption risk. The defence procurement cycle is either not publicly disclosed at all or only available in a highly aggregated manner. For nations in Band E, the risk of improper purchases taking place is high, given that procurement requirements are not—or only partially—derived from a national defence and security strategy. In the countries where offsets are permitted as a part of defence procurement, controls are more or less absent. There is rarely any regulation of agents nor transparency in financing packages. Additionally, none of the governments require subcontractors and subsidiaries to have or implement anti-corruption

programmes. Morocco scores particularly badly in the area of procurement, indicating critically high corruption risks in this area.

Iraq and Iran have few controls in place to prevent corruption in the **financing** of defence and security. Secret budgets are again, as in Band D, an area of major concern. **None of the Band E countries publicly disclose the percentage of the national budget spent on secret items.** They also fail to provide their legislatures with any information on such spending, or to give their legislators audit reports on these. However, Bahrain's legislators are given highly abbreviated information on secret expenditure, and in Morocco, the legislature is provided with very basic audit reports.

Similarly poor results are seen with regard to the scrutiny of military asset disposals. Furthermore, off-budget military expenditure is legally permitted in each country.

Band E nations exhibit very limited activity to counter corruption and enforce existing controls in the **political** area of the sector. Legislators are either not fully independent or are rarely given the power or resources to adequately oversee defence and security. Legislative control and oversight of the intelligence services is very limited. Defence institutions are closed to civil society, restricting oversight. Regular assessments of areas most vulnerable to corruption risks within defence and security institutions are not undertaken in any of the countries.

None of the countries in this band show any focus on corruption as a strategic issue on **operations**, with no doctrine on the topic. Qatar is the only country known to address corruption risks in contracting on operations, albeit partially.

F 5 Countries

ALGERIA, EGYPT, LIBYA, SYRIA, YEMEN

Countries in this group have a critical level of defence corruption risk and provide little evidence of mechanisms in place to prevent corruption in defence and security establishments. These countries have all experienced decades of authoritarian rule, and while Egypt, Libya, and Yemen are taking steps towards a transition to democracy, much more needs to be done to develop the accountability of defence and security establishments in all these states.

The five countries in Band F have a severe lack of institutionalised controls in the field of **financial corruption risk**. None of them have evidence of institutional activity and transparency to prevent corruption in the disposal of assets, or in secret or off-budget military expenditure. Military-owned businesses are prevalent in each country, and are characterised by complete lack of transparency and absence of any form of oversight.

Corruption risks are also poorly addressed in the field of **procurement**. Evidence indicates that defence procurement is not held on a competitive basis, or in practice consists largely of single-sourcing of contracts. There is no accountability with regard to offset contracts in the countries where they are permitted or any regulation in the use of agents and intermediaries. Furthermore, transparency of financing packages and control of subcontractors and subsidiaries are not observed in any of the countries in this group. Algeria is the only nation to impose some formal requirements on companies' subcontractors and subsidiaries.

An absence of independent legislatures is a defining feature of each country in this group, contributing to high **political** corruption risk. Public debates and CSO engagement with respect to defence and security policy and issues are non-existent.

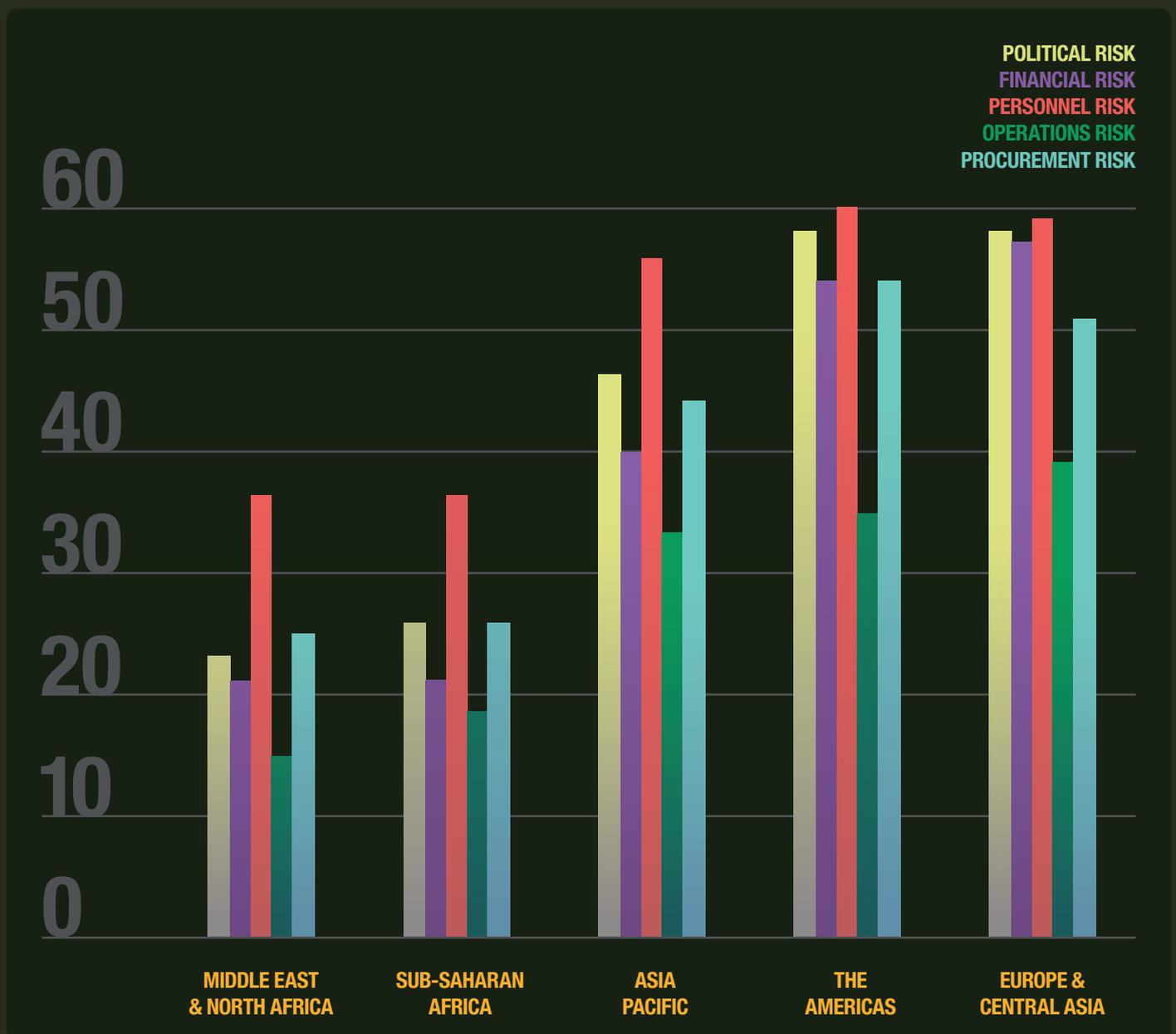
There have been no initiatives to analyse the areas most vulnerable to impropriety and corruption in defence and security institutions and there are no defined processes for acquisition planning. Evidence suggests that organised crime has penetrated the defence sector in some of these countries, and there is a serious lack of oversight over the intelligence services. Furthermore, there is rarely any accountability or public disclosure with regard to defence budgets. As per the information and sources gathered by the researchers, citizens perceive defence institutions as corrupt or indifferent to corruption and consider them to lack the political will to counter it.

The nations in this band fare slightly better with regard to **personnel** risk compared to the other risk areas, though the risk of corruption amongst personnel remains extremely high. It is not possible for citizens to identify the number of personnel in the defence and security structures or their pay rates and allowances. Payment systems tend to be weak due to their lack of separation from chains of command. Whistleblowing is not institutionally supported or informally encouraged, and facilitation payments are generally rampant. Most countries have no code of conduct for their personnel and where they do, breaches of the code—or corrupt activities committed by personnel in general—are not addressed. Corruption opportunities for personnel in sensitive positions are widespread, given the lack of associated oversight.

Regional Comparisons

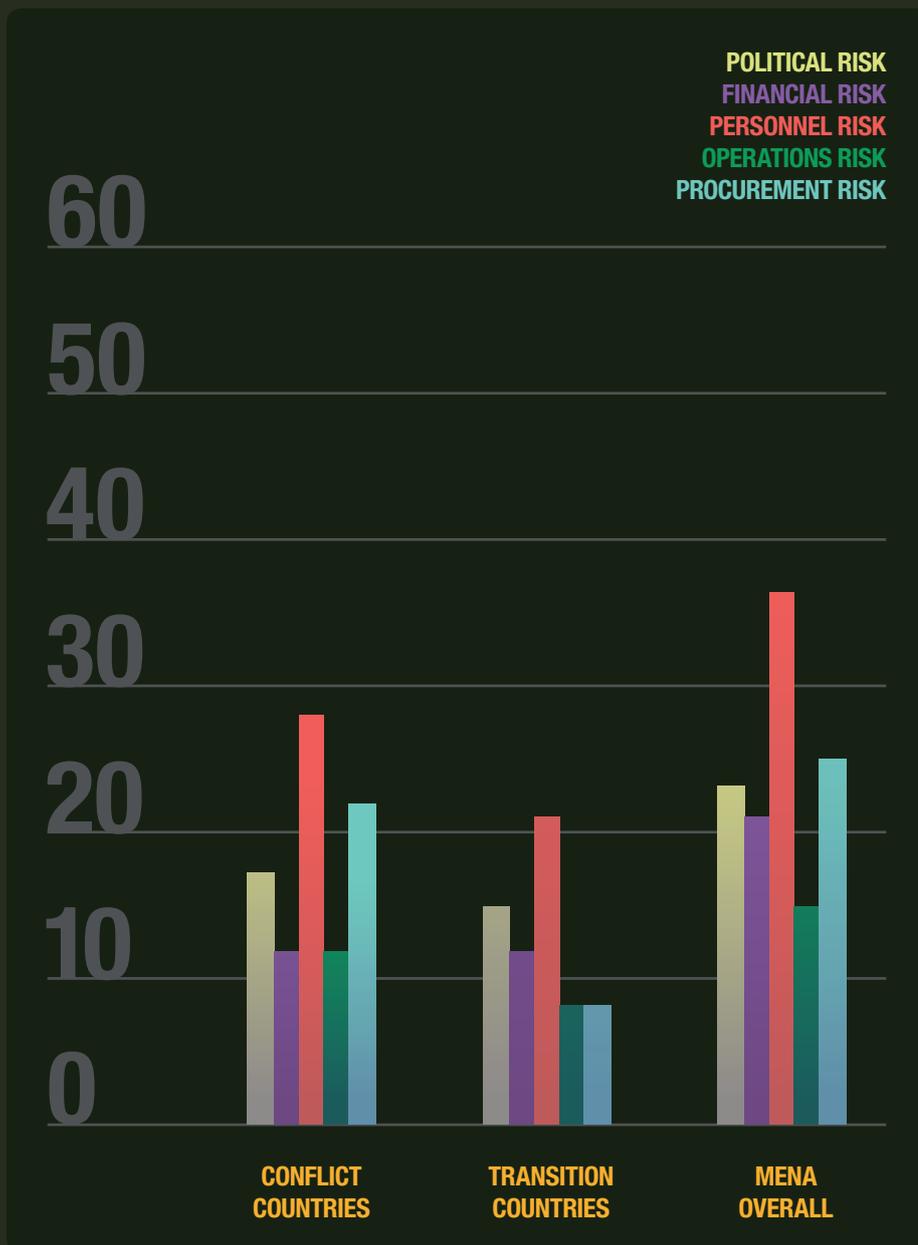
Globally the MENA countries show, on average, the poorest performance of all regions in operations, procurement, financial risk, and political risks.

Global Comparison



Countries in conflict and transition³

BAND	COUNTRIES IN CONFLICT	TRANSITION COUNTRIES
E	IRAN, IRAQ	TUNISIA
F	ALGERIA, SYRIA, YEMEN	EGYPT, LIBYA



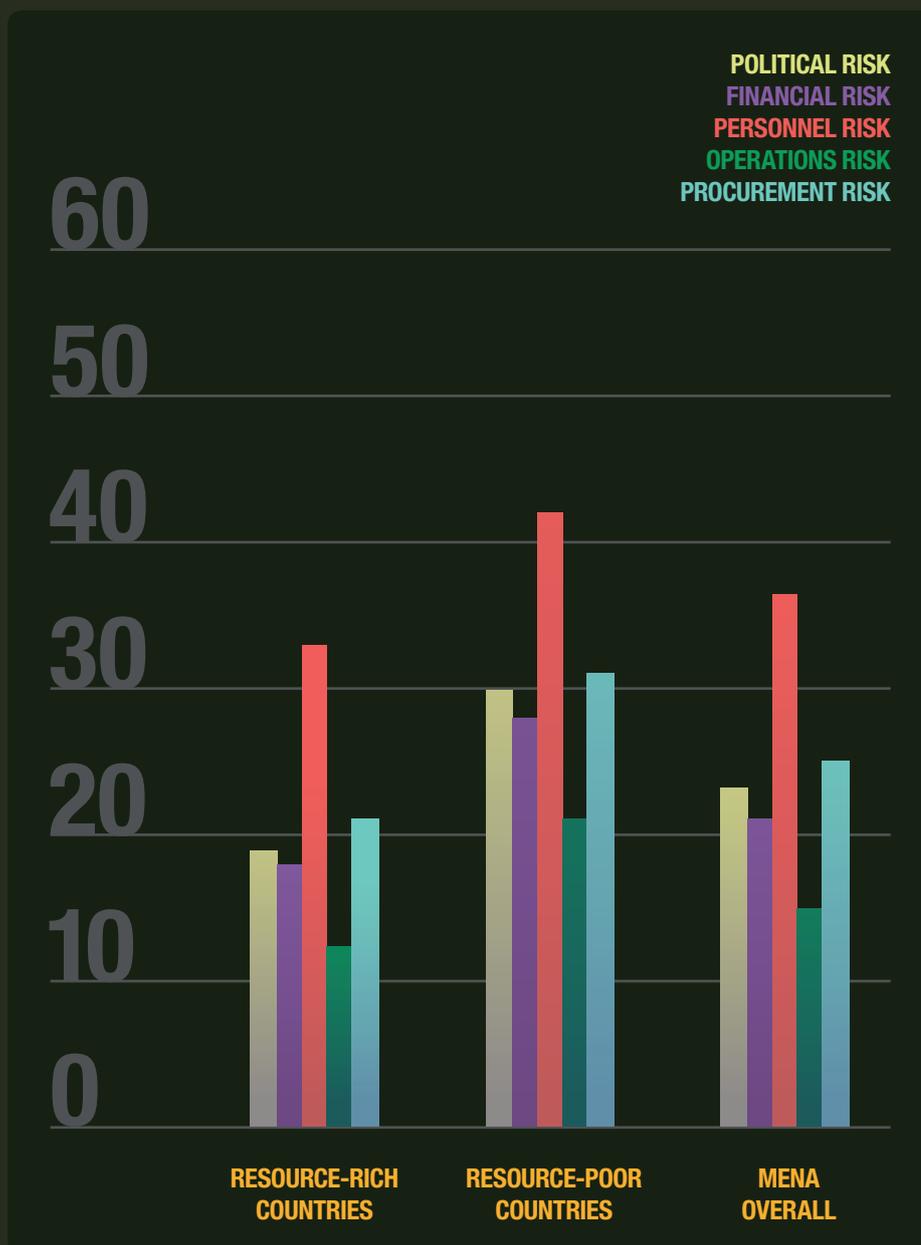
States afflicted by armed conflict and countries undergoing political transition populate the lowest two bands. The specific areas of greatest weakness were the following:

- Public disclosure of the number of civilian and military personnel of a nation.
- Secret spending relating to national security and intelligence services and associated legislative oversight.
- Publication and scrutiny of sources of defence income.
- Publication of the approved defence budget.
- Public trust in defence and security establishments.
- Selection of senior positions in the intelligence services.
- Military engagement in natural resource exploitation.

³ Uppsala University's Department of Peace and Conflict Research defines armed conflict as: "a contested incompatibility that concerns government and/or territory where the use of armed force between two parties, of which at least one is the government of a state, results in at least 25 battle-related deaths." The countries in the above category include those in 'war' and those with 'minor conflict', where 'war' is defined as conflict with 'at least 1,000 battle-related deaths in a given year' and minor conflict is defined as one with 'between 25 and 999 battle-related deaths in a given year'. Information was used from UCDP/PRIO's Armed Conflict Dataset v.4-2012, 1946 – 2011 and was updated for 2012 accordingly (Uppsala University (2012) UCDP/PRIO Armed Conflict Database v.4-2012, http://www.pcr.uu.se/research/ucdp/datasets/ucdp_prio_armed_conflict_dataset, Accessed 14 November 2012. Transition countries are those identified as being in political transition as per: US Department of State, Office of The Special Coordinator For Middle East Transitions, <http://www.state.gov/s/d/met/index.htm>, Accessed 14 November 2012.

Resource-rich and resource-poor countries⁴

BAND	RESOURCE-RICH COUNTRIES ⁵	RESOURCE-POOR COUNTRIES ⁶
D	KUWAIT, UNITED ARAB EMIRATES (UAE)	JORDAN, LEBANON, ISRAEL PALESTINE
E	BAHRAIN, IRAN, IRAQ, OMAN	MOROCCO, TUNISIA
F	ALGERIA, LIBYA, SYRIA, YEMEN	EGYPT



Resource-rich MENA nations are outperformed by countries poorer in natural resources with respect to each corruption risk area. Resource-poor countries are also noted to better control corruption risks in each category in comparison to the region as a whole. Wealth in terms of resources is no guarantee of controls to ensure probity in defence and security. The opposite appears to be the case: perhaps such wealth maintains and develops patronage networks and elites who in turn limit the openness and accountability of defence and security establishments.

4 As per the classification of 'resource-rich, labour importing economies', 'resource-rich, labour abundant economies' and 'resource-poor, labour abundant economies', provided by the World Bank in 'Searching for Signs of Sustained Private-Led Growth in MENA,' in From Privilege to Competition: Unlocking Private-Led Growth in the Middle East and North Africa (2009) http://arabworld.worldbank.org/content/dam/awi/pdf/Privilege_complete_Chapter2_Searching_for_Signs.pdf and Ross et al. 'The "Resource Curse" in MENA? Political Transitions, Resource Wealth, Economic Shocks, and Conflict Risk,' June 2011, <http://www.sscnet.ucla.edu/polisci/faculty/ross/Ross%20Kaiser%20Mazaheri%202011%20WBG%20WPS5742%20MENA%20Final.pdf>

5 As per the classification of resource-rich, labour importing economies and resource-rich, labour abundant economies provided by the World Bank in 'Searching for Signs of Sustained Private-Led Growth in MENA,' in From Privilege to Competition: Unlocking Private-Led Growth in the Middle East and North Africa (2009), http://arabworld.worldbank.org/content/dam/awi/pdf/Privilege_complete_Chapter2_Searching_for_Signs.pdf

6 As per the classification of resource-poor, labour abundant economies provided by the World Bank in 'Searching for Signs of Sustained Private-Led Growth in MENA,' in From Privilege to Competition: Unlocking Private-Led Growth in the Middle East and North Africa (2009), http://arabworld.worldbank.org/content/dam/awi/pdf/Privilege_complete_Chapter2_Searching_for_Signs.pdf

Analysis by Risk Area

POLITICAL CORRUPTION RISK

The countries of the MENA region vary widely in many ways, including socio-political structure, wealth and resources, and strategic interests. Several systemic problems shared by many countries in the region are borne out in the Index findings, which affects their performance:

PATRONAGE NETWORKS:

Patronage networks occur when individuals self-interestedly abuse public office to advantage those known to them personally. The impact of a patronage system is conveyed particularly in the questions in the Index that relate to appointments, promotions, and in controls of sensitive positions in defence and intelligence establishments. In Iraq, Bahrain, Egypt, Jordan, Kuwait, Algeria, Yemen, Syria, Morocco, Oman, Palestine, and Saudi Arabia, the Index assessors noted that selection for sensitive posts or intelligence positions are likely to be influenced by vested interests.

RESTRICTIONS ON PUBLIC DEBATE:

Compared with other regions analysed in the Index, the results for the MENA region show particularly high levels of secrecy regarding the defence sector, often drawing upon national security as the justification for opacity.

RESTRICTIONS ON CIVIL SOCIETY:

Throughout the region, engagement between the defence and security establishments and civil society, including the media, is very limited. CSOs and the media are key intermediaries between

government and citizens; restricting and controlling a dialogue on defence and security issues reduces accountability to the public. Only the defence establishments in Tunisia and Palestine have shown active engagement with CSOs. The Palestinian security establishment, for example, has participated in training with the TI chapter in Palestine.

In other countries studied in the region, officials may impart some information to the public, for example through the media, but fail to take part in exchanges on these issues or foster genuine dialogue. In recent years, civil society has begun to raise these issues, despite the prevailing challenges.

SPECIFIC POLITICAL CORRUPTION RISKS:

Across the MENA region, inadequacies in policies, institutionalised activity, and enforcement are apparent with regard to several political risk areas:

- **Legislative scrutiny:** In 63 per cent of the region's countries, there is either no independent legislature or one exists but is undermined or has no formal rights.
- **Defence committee:** In 42 per cent of MENA countries, there is no independent parliament, defence committee, or similar institution in charge of scrutinising the defence sector. In the same proportion of nations, a defence committee or similar institution exists but with negligible formal rights of oversight.
- **Defence policy debate:** There is no defence policy or no publicly available evidence of a defence policy in 47 per cent of the countries in the region. Further, in almost a third of countries, the defence policy has not been debated publicly, and is only available in highly aggregated form.
- **Defence budgets:** In 18 of the 19 MENA

countries there is no legislative committee to scrutinise the defence budget or, if such a committee exists, it is likely to receive only aggregated information. In over 60 per cent of the nations, the defence budget is not publicly available at all, or it is extremely difficult to obtain any detail regarding it.

- **Intelligence services:** No country in the region has strong or even moderate parliamentary oversight of the intelligence services. In 47 per cent of the MENA countries, there is no external oversight of any aspect of the intelligence services, and no evidence of internal controls, while in 42 per cent, there is evidence of internal controls, but no provision for independent external oversight. Furthermore, in 83 per cent of the countries, evidence indicates that senior positions in the intelligence services are decided entirely by the executive without appropriate investigation of the individuals' suitability or prior conduct. There appears to be no clarity regarding the criteria for the selection of such positions in these countries.
- **Risk assessment:** No MENA country is known to regularly undertake corruption risk assessment in their respective defence institutions. In 15 of the 19 countries, there is no evidence that such assessments are undertaken at all.

The region exhibits more positive scoring with regard to signing up to international anti-corruption instruments such as the UN Convention against Corruption (UNCAC) and the OECD Anti-Bribery Convention. All countries barring one (Oman) have signed up to the relevant instruments and 74 per cent have ratified them. However, there is limited evidence of formal ratification being accompanied by compliant activity.

KUWAIT'S POSITIVE STEPS TO CURB POLITICAL CORRUPTION RISKS

Kuwait has achieved strong transparency & control of corruption risks in three areas:

- In addition to full publication of all sources of income, the money received, and the destination, the State Audit Bureau annually publishes complete reports of the Ministry of Defence's budget, albeit with the exception of the secret portion of the defence budget.
- There is no indication of any penetration of organised crime into the sector. Kuwait's awareness and preparedness in this regard is indicated by efforts made by its Ministry of the Interior to engage with the United Kingdom's Minister of State for Security and Counter-Terrorism and the International Organisation for Migration on transnational organised crime and trafficking.
- Defence institutions are prevented by law from having controlling or financial interests in businesses associated with Kuwait's natural resources.

FINANCIAL CORRUPTION RISK

There is insufficient control of financial corruption risks in the region. 58 per cent of the countries in the MENA region failed to pick up more than a quarter of the available marks in this area. Failure to control corruption risks in the realm of secret budgets is the most significant concern within the financial risk category:

- In 18 of the 19 MENA countries, the level of defence budget expenditure allocated to secret items and programmes is not publicly disclosed.
- Nearly 85 per cent of the nations do not provide their legislatures with any information on secret spending relating to military intelligence and national security.
- The defence establishments in only four MENA countries provide their legislatures with audit reports on secret expenditure. Details are excluded in three of these countries.

Another area requiring considerable reform is that of **asset disposals**. There is little or no public information available regarding the procedures and controls governing asset disposals by defence and security establishments. In twelve countries, there is no evidence that any form of oversight body scrutinises asset disposals.

All countries legally permit **off-budget military expenditure** to varying degrees, but only two have clear provisions in place for reporting on them.

Better performance can be observed with regard to **military-owned businesses**.

Twenty-six per cent of MENA countries' defence establishments do not own commercial businesses to a significant degree, although a similar percentage own a large number of such businesses, with no attendant transparency or public accountability. With regard to the scrutiny of military-owned businesses, there is no evidence to indicate any form of scrutiny or auditing in 37 per cent of countries while in over 16 per cent, some oversight takes place but it is not public and is known to lack independence and effectiveness.

YEMEN: LACK OF CONTROL OVER FINANCIAL CORRUPTION RISKS

In Yemen, the military is reportedly the least controlled and scrutinised government sector, with no evidence of efforts to contain financial corruption risks.

Asset disposals are carried out at the will of commanders of units, without oversight by even the Ministry of Defence. All military spending is presented as a single line item in the government budget, and almost all military expenditure is off-budget. Furthermore, the military owns several commercial businesses, none of which are independently scrutinised. According to the index research, such businesses serve the purpose of channelling wealth to top military officials rather than financially supporting defence institutions.

It is encouraging that since the appointment of the new President in 2012, a few of the aforementioned risks have been recognised and certain steps are being taken to address them. For example, the President asked the MoD to form a committee mandated with producing an inventory list of all assets. He also contracted an international company to produce an asset inventory list for the main commercial enterprise of the military, YECO (Yemen Economic Corporation), although this would not include auditing or any other form of scrutiny.

PERSONNEL CORRUPTION RISKS

Corruption risks in the area of personnel are the best controlled of the five types of corruption risk considered in the Index. In 69 per cent of the assessed MENA countries, **payment systems** are well-established, or have only minor shortcomings, and personnel generally receive the correct pay in a timely manner. Furthermore, in close to 80 per cent of the region's countries, there is no firm evidence of **ghost soldiers**, although there have been cases of non-existent soldiers reported on the MoD payrolls in several MENA countries.

However, **whistle-blower protection** mechanisms are uniformly poor in the MENA region: there are no legal mechanisms to aid whistle-blowing or protect whistle-blowers in eight countries, while in the remaining countries, such reporting of corruption is either not actively encouraged or is not effectively implemented.

Similarly, there appears to be no special attention paid to **personnel in sensitive positions** (for example in defence procurement, contracting, financial management, or commercial management): in 53 per cent of the MENA countries, vetting requirements are not publicly verifiable, while in another 42 per cent there is no evidence of any special attention being given to relevant personnel.

Almost half the MENA countries have **no anti-corruption training** at all for their personnel and almost none has a policy in place to make public prosecutions of defence personnel for corruption.

CONTROL OF CORRUPTION RISKS IN PERSONNEL IN THE UAE

The UAE's personnel integrity score reflects low corruption risk.

- Payment systems are well-established and a 'wage protection system' is in place to guarantee the safe transmission of workers' wages.
- The salary chain is accountable, with no reports of ghost soldiers on the military payroll and separation of chains of payment from command chains.
- The Dubai Penal Code and the Federal Penal Code penalise bribery and facilitation payments.

OPERATIONS CORRUPTION RISK

Control of corruption risk in operations is severely lacking in the MENA region. No country has any **military doctrine** addressing corruption issues in operations, with 15 of the 19 nations in the region making no reference to corruption as a strategic issue in peace and conflict missions. Approximately 90 per cent of the MENA nations in the index cannot publicly demonstrate that they provide **training for commanders** on corruption issues they might encounter in the field. Governments in the region appear to have little or no effective oversight of **private military contractors** or **private security companies**.

OPERATIONS RISK IN LIBYA UNDER THE GHADDAFI REGIME

During the Ghaddafi regime in Libya, the military was characterised by special privileges bestowed upon it: nepotism, disregard of pervasive corruption and a marked lack of institutional activity to stem corrupt activities in the sector. Despite Libya having participated in some international missions during this time, there was no indication of military doctrine addressing corruption issues, anti-corruption training for commanders on deployment, guidelines to addressing corruption in contracting, or steps taken to monitor corruption issues in the field. Private Military Contractors were used by Ghaddafi during the civil war in 2011, without oversight and with impunity amidst widespread reports of corruption and human rights violations. There is no evidence to suggest that efforts have been made to comprehensively control risks in these areas in the post-Ghaddafi regime.

PROCUREMENT CORRUPTION RISK

MENA countries are severely limited in their ability to control corruption risks in defence procurement. Almost two thirds of the MENA countries received less than 30 per cent of the available marks. On the plus side, formal mechanisms are in place for suppliers to complain about perceived misconduct in procurement.

Over 70 per cent of MENA countries either have no legislation covering defence and security procurement, or such legislation is in place but is largely bypassed without independent oversight of exempt items. Details regarding the procurement cycle are either not disclosed publicly, or are divulged only in a highly abbreviated way, in close to 90 per cent of nations. In no MENA country are procurement requirements derived from an openly published, audited national defence and security strategy. In almost half the countries, no such strategy is in existence, paving the way for opportunistic purchases. Additionally, approximately 84 per cent of countries either have no evidence of defence procurement oversight mechanisms or such mechanisms are *de jure* only, and highly non-transparent and inactive.

Offset contracts are permitted in nine MENA countries. In five of these, no due diligence requirements appear to be imposed on contractors, while four do not impose high requirements of transparency of offset contracts and programmes. Furthermore, in seven of these nations, offset contracts appear not to be subject to

any level of competition regulation. In 83 per cent of countries, no details regarding financing packages of defence contracts are publicly available. Only one country, Kuwait, releases information related to **financing packages** comprehensively. Eighty-three per cent of MENA countries do not impose formal requirements on the main contractor to ensure **subsidiaries and sub-contractors** adopt anti-corruption programmes.

JORDAN'S PROGRESS IN PROCUREMENT RISK CONTROL

In Jordan, public procurement mechanisms for regulation and oversight are actively in place. A public procurement website discloses information on floated tenders, bids and tenders under evaluations. It has made efforts to improve procurement staff capabilities. Mechanisms are in place for companies to complain about malpractice and sanctions exist to punish corrupt suppliers.

Actions

DEFENCE LEADERSHIP: MINISTERS, MINISTRY HEADS AND CHIEFS OF DEFENCE

1. Analyse the corruption risks in your national defence and security establishments. Use the detailed information in this Index as a starting point.

2. Develop and implement an action plan to tackle the identified risks. Consider setting up a dedicated unit within the Defence Ministry, charged with overseeing anti-corruption initiatives and controls. Consider also setting up a Taskforce that can develop a common understanding of the corruption risks and remedies across the armed forces and MOD. Consider inviting civil society or academic experts into a committee that will have oversight of progress of the anti-corruption initiative.

3. Publish the defence budget in detail each year. Publish the percentage of the defence budget that is secret. Ensure that there is informed scrutiny of both by appropriate committees of the legislature or equivalent body.

4. Ensure that robust internal and external audit programmes exist to scrutinise defence spending and to analyse particular corruption risks in each audit plan.

5. Engage civil society organisations and research groups in the process of increasing transparency and accountability. They can be valuable partners in carrying out reform.

6. Develop accessible codes of conduct and standards for the behaviour of officers, officials and soldiers against corruption. Ensure that personnel are aware of them and are regularly trained on these issues.

7. Put in place robust mechanisms for whistle-blowing and stringent controls for their protection.

8. Open your systems to greater legislative and public oversight. Ensure that procurement and policy decisions are open and based on published strategic needs.

CIVIL SOCIETY

1. Demand that defence and security establishments be accountable and open. Work with the media and citizens through both formal and non-traditional media outlets, and use the information in the analysis to make demands for greater accountability in this crucial area. Collect and publish stories in your country related to defence corruption to show the impact of defence corruption on citizens.

2. Seek partners and allies within the government wherever possible, and combine pressure with engagement to build sustainable change. This may include members of Parliament, members of the armed forces or the MOD/MOI, or auditors.

There are many people within these institutions who are frustrated with levels of corruption in their institutions and want to fight it, and would be glad to find support from outside. Become actively and constructively involved in holding your government to account through external oversight and monitoring.

3. Develop further research, using the Index as a starting point. Look into areas of vulnerability for your country, and work with other organisations, think tanks and academics to discover more about the problems – and potential solutions. Use this research to connect with government institutions, with the media, and with any other interested organisations.

LEGISLATORS

1. Use this Index as a tool for monitoring corruption risk in this sector, and to open a dialogue about the subject in parliament and with the defence establishment.

2. Review levels of parliamentary oversight in your country, and, where they fall below international best practice, push for greater controls.

3. Identify allies in civil society, the media, and defence and security establishments, and work together to investigate any cases of defence corruption, research the issues more broadly, and develop plans for reform.

Glossary

Agents and Brokers: Middlemen used by governments and companies in the procurement process.

Asset Disposals: The process of selling, auctioning or otherwise disposing of military assets, which can include: land and buildings, single use military equipment (which cannot be used for civilian purposes), equipment or materiel in construction, transportation equipment, plants and machinery, and IT or communications software.

Collusive bidding: Also known as collusion, this is a phenomenon that occurs when supplier companies supposedly competing against one another secretly agree on who will win the contract. These companies may have agreements for sharing the profits, for rotating the contract between the bidders, or for agreeing who is to be the successful bidder in a range of different contracts.

Compulsory Conscription: Mandatory military service, usually for individuals of a set age.

Corruption Within Mission: When international forces intervene in a country, they can be a source of corruption. Corruption within mission refers to corruption by an intervening force and is linked to disregard of corruption in country.

Disregard of Corruption In-Country: When on military operations abroad, the failure of a country's armed forces to address the corruption risks in the country they are operating in.

Export Controls: Legal mechanisms in place, enforced by governments, to limit and control the export of arms.

Financing Package: The detailed way in which purchases are paid for, which may include interest rates, commercial loans or export credit agreements, and may cover things like a fixed price for equipment maintenance fees. It may specify time periods for a government to pay for the equipment, for example, and penalties incurred for late payment.

Ghost Soldiers: Fake soldiers that exist only on the payroll of defence institutions and can be used as a way of siphoning funds.

Illegal Private Enterprises: A form of misuse of assets whereby an individual uses defence assets or connections to profiteer; for example, the payment of exorbitant fees to cronies for consultancy or other services, or the use of service personnel for private work.

Military-Owned Businesses: Civilian businesses or defence companies owned, in whole or part, by the government defence establishment or the armed forces. This does not include private businesses lawfully owned by individuals in the defence establishment.

Offsets: Arrangements made by governments and companies when entering a procurement contract requiring the company to reinvest a percentage of the value of the deal in the importing country.

Salary Chain: The path that money takes from the national treasury to individual soldiers.

Seller Influence: Pressure or lobbying by one government to another, in order to encourage the purchasing government to award a contract to a company due to a company's nationality or due to political issues, rather than due to the merit of the company's bid.

Single Sourcing: Also known as non-competitive defence procurement, single sourcing refers to procurement carried out without a usual competitive bidding process between companies; instead, one supplier is used and its bid is not compared to others.

Small Bribes / Facilitation Payments: Bribes paid or demanded in order to receive basic services, pass checkpoints, or to speed administrative procedures.

Subcontractors: When a company hired to do a project contracts a company to undertake some or all of the work associated with the project, the company is said to be subcontracted; this subcontractor may, in turn, subcontract that work further, leading to a chain of subcontractors.

Voluntary Conscription: an established period or programme of military service that individuals of a certain age may opt in or out of; this may form a part of a wider national service programme.

Private Military Contractors: see Private Security Companies.

Private Security Companies: Companies that provide security and related services, such as training, either to governments or private institutions. The term may also be used to refer to Private Military Contractors, whose activities may extend to providing soldiers-for-hire and mercenary activity.

List of Questions

POLITICAL

1. Is there formal provision for effective and independent legislative scrutiny of defence policy?
2. Does the country have an identifiable and effective parliamentary defence and security committee (or similar such organisation) to exercise oversight?
3. Is the country's national defence policy debated and publicly available?
4. Do defence and security institutions have a policy, or evidence, of openness towards civil society organisations (CSOs) when dealing with issues of corruption? If no, is there precedent for CSO involvement in general government anti-corruption initiatives?
5. Has the country signed up to international anti-corruption instruments such as, but not exclusively or necessarily, UNCAC and the OECD Convention?
6. Is there evidence of regular, active public debate on issues of defence? If yes, does the government participate in this debate?
7. Does the country have an openly stated and actively implemented anti-corruption policy for the defence sector?
8. Are there independent, well-resourced, and effective institutions within defence and security tasked with building integrity and countering corruption?
9. Does the public trust the institutions of defence and security to tackle the issue of bribery and corruption in their establishments?
10. Are there regular assessments by the defence ministry or another government agency of the areas of greatest corruption risk for ministry and armed forces personnel, and do they put in place measures for mitigating such risks?
11. Does the country have a process for acquisition planning that involves clear oversight, and is it publicly available?
12. Is the defence budget transparent, showing key items of expenditure? This would include comprehensive information on military R&D, training, construction, personnel expenditures, acquisitions, disposal of assets, and maintenance.
 - 12a. Is there a legislative committee (or other appropriate body) responsible for defence budget scrutiny and analysis in an effective way, and is this body provided with detailed, extensive, and timely information on the defence budget?
 - 12b. Is the approved defence budget made publicly available? In practice, can citizens, civil society, and the media obtain detailed information on the defence budget?
13. Are sources of defence income other than from central government allocation (from equipment sales or property disposal, for example) published and scrutinised?
14. Is there an effective internal audit process for defence ministry expenditure (that is, for example, transparent, conducted by appropriately skilled individuals, and subject to parliamentary oversight)?
15. Is there effective and transparent external auditing of military defence expenditure?
16. Is there evidence that the country's defence institutions have controlling or financial interests in businesses associated with the country's natural resource exploitation and, if so, are these interests publicly stated and subject to scrutiny?
17. Is there evidence, for example through media investigations or prosecution reports, of a penetration of organised crime into the defence and security sector? If no, is there evidence that the government is alert and prepared for this risk?
18. Is there policing to investigate corruption and organised crime within the defence services and is there evidence of the effectiveness of this policing?

19. Are the policies, administration, and budgets of the intelligence services subject to effective, properly resourced, and independent oversight?

20. Are senior positions within the intelligence services filled on the basis of objective selection criteria, and are appointees subject to investigation of their suitability and prior conduct?

21. Does the government have a transparent and well-scrutinised process for arms control decisions that align with international protocols?

FINANCIAL

22. How effective are controls over the disposal of assets, and is information on these disposals, and the proceeds of their sale, transparent?

23. Is independent and transparent scrutiny of asset disposals conducted by defence establishments, and are the reports of such scrutiny publicly available?

24. What percentage of defence and security expenditure in the budget year is dedicated to spending on secret items relating to national security and the intelligence services?

25. Is the legislature (or the appropriate legislative committee or members of the legislature) given full information for the budget year on the spending of all secret items relating to national security and military intelligence?

26. Are audit reports of the annual accounts of the security sector (the military, police, and intelligence services) and other secret programs provided to the legislature (or relevant committee) and are they subsequently subject to parliamentary debate?

27. Off-budget military expenditures are those that are not formally authorised within

a country's official defence budget, often considered to operate through the 'back-door'. In law, are off-budget military expenditures permitted, and if so, are they exceptional occurrences that are well-controlled?

28. In practice, are there any off-budget military expenditures? If so, does evidence suggest this involves illicit economic activity?

29. In law, are mechanisms for classifying information on the grounds of protecting national security subject to effective scrutiny?

30. Do national defence and security institutions have beneficial ownership of commercial businesses? If so, how transparent are details of the operations and finances of such businesses?

31. Are military-owned businesses subject to transparent independent scrutiny at a recognised international standard?

32. Is there evidence of unauthorised private enterprise by military or other defence ministry employees?

PERSONNEL

34. Do the Defence Ministry, Defence Minister, Chiefs of Defence, and Single Service Chiefs publicly commit—through, for example, speeches, media interviews, or political mandates—to anti-corruption and integrity measures?

35. Are there effective measures in place for personnel found to have taken part in forms of bribery and corruption, and is there public evidence that these measures are being carried out?

36. Is whistleblowing encouraged by the government, and are whistle-blowers in military and defence ministries afforded adequate protection from reprisal for reporting evidence of corruption, in both law and practice?

37. Is special attention paid to the selection, time in post, and oversight of personnel in sensitive positions, including officials and personnel in defence procurement, contracting, financial management, and commercial management?

38. Is the number of civilian and military personnel accurately known and publicly available?

39. Are pay rates and allowances for civilian and military personnel openly published?

40. Do personnel receive the correct pay on time, and is the system of payment well-established, routine, and published?

41. Is there an established, independent, transparent, and objective appointment system for the selection of military personnel at middle and top management level?

42. Are personnel promoted through an objective, meritocratic process? Such a process would include promotion boards outside of the command chain, strong formal appraisal processes, and independent oversight.

43. Where compulsory conscription occurs, is there a policy of not accepting bribes for avoiding conscription? Are there appropriate procedures in place to deal with such bribery, and are they applied?

44. With regard to compulsory or voluntary conscription, is there a policy of refusing bribes to gain preferred postings in the recruitment process? Are there appropriate procedures in place to deal with such bribery, and are they applied?

45. Is there evidence of 'ghost soldiers', or non-existent soldiers on the payroll?

46. Are chains of command separate from chains of payment?

47. Is there a Code of Conduct for all military and civilian personnel that includes, but is not

limited to, guidance with respect to bribery, gifts and hospitality, conflicts of interest, and post-separation activities?

48. Is there evidence that breaches of the Code of Conduct are effectively addressed, and are the results of prosecutions made publicly available?

49. Does regular anti-corruption training take place for military and civilian personnel?

50. Is there a policy to make public outcomes of the prosecution of defence services personnel for corrupt activities, and is there evidence of effective prosecutions in recent years?

51. Are there effective measures in place to discourage facilitation payments (which are illegal in almost all countries)?

OPERATIONS

52. Do the armed forces have military doctrine addressing corruption as a strategic issue on operations?

53. Is there training in corruption issues for commanders at all levels in order to ensure that these commanders are clear on the corruption issues they may face during deployment? If so, is there evidence that they apply this knowledge in the field?

54. Are trained professionals regularly deployed to monitor corruption risk in the field (whether deployed on operations or peacekeeping missions)?

55. Are there guidelines, and staff training, on addressing corruption risks in contracting whilst on deployed operations or peacekeeping missions?

56. Are private military contractors employed and if so, are they subject to a similar level of scrutiny as for the armed forces?

PROCUREMENT

- 57.** Does the country have legislation covering defence and security procurement with clauses specific to corruption risks, and are any items exempt from these laws?
- 58.** Is the defence procurement cycle process, from assessment of needs, through contract implementation and sign-off, all the way to asset disposal, disclosed to the public?
- 59.** Are defence procurement oversight mechanisms in place and are these oversight mechanisms active and transparent?
- 60.** Are actual and potential defence purchases made public?
- 61.** What procedures and standards are companies required to have – such as compliance programmes and business conduct programmes – in order to be able to bid for work for the Ministry of Defence or armed forces?
- 62.** Are procurement requirements derived from an open, well-audited national defence and security strategy?
- 63.** Are defence purchases based on clearly identified and quantified requirements?
- 64.** Is defence procurement generally conducted as open competition or is there a significant element of single-sourcing (that is, without competition)?
- 65.** Are tender boards subject to regulations and codes of conduct and are their decisions subject to independent audit to ensure due process and fairness?
- 66.** Does the country have legislation in place to discourage and punish collusion between bidders for defence and security contracts?
- 67.** Are procurement staff, in particular project and contract managers, specifically trained and empowered to ensure that defence contractors meet their obligations on reporting and delivery?
- 68.** Are there mechanisms in place to allow companies to complain about perceived malpractice in procurement, and are companies protected from discrimination when they use these mechanisms?
- 69.** What sanctions are used to punish the corrupt activities of a supplier?
- 70.** When negotiating offset contracts, does the government specifically address corruption risk by imposing anti-corruption due diligence requirements on contractors? Does the government follow up on offset contract performance and perform audits to check performance and integrity?
- 71.** Does the government require high standards of transparency of all offset contracts and programmes?
- 72.** Are offset contracts subject to the same level of competition regulation as the main contract?
- 73.** How strongly does the government control the company's use of agents and intermediaries in the procurement cycle?
- 74.** Are all principal aspects of the financing package, including payment timelines, interest rates, commercial loans or export credit agreements (and others, as applicable), publicly available prior to the signing of procurement contracts?
- 75.** Does the government formally require that the main contractor ensures subsidiaries and sub-contractors adopt anti-corruption programmes, and is there evidence that this is enforced?
- 76.** How common is it for defence acquisition decisions to be based on political influence by selling nations?

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