

RESULTS

G20

**GOVERNMENT DEFENCE
ANTI-CORRUPTION INDEX**

GI



2015

AUTHORS: Tehmina Abbas, Eva Anderson, Katherine Dixon

CONTRIBUTORS: Adnane Allouaji, Burak Bekdil, Matthew Bordewick, Bruno Brandao, Jeffrey J. Chalifoux, Dhruv Chawla, Keith Christensen, Liliane Correa, Ryan Craig, Santi Dharmawan, Elise Dufief, Aurelie Gaudron, Han-Beom You, Dedi Haryadi, Paul Holden, Hilary Hurd, Lucia Ixtacuy, Subin Kim, Karolina MacLachlan, Víctor S. Peña, Sérgio Praça, Tabassum Rasheed, Gavin Raymond, John Stupart, Paz Tibiletti, Ben Wheatland. Some contributors have chosen to remain anonymous.

CONTRIBUTING TRANSPARENCY INTERNATIONAL CHAPTERS: Australia, Canada, Germany, India, Indonesia, Italy, Japan, Mexico, South Africa, South Korea, UK, USA. Some contributing Transparency International chapters have chosen to remain anonymous.

DESIGN: Ivo Jongejan, SVI Design, Rational International

© 2015 Transparency International UK. All rights reserved. Reproduction in whole or in parts is permitted, providing that full credit is given to Transparency International UK (TI-UK) and provided that any such reproduction, in whole or in parts, is not sold or incorporated in works that are sold. Written permission must be sought from Transparency International UK if any such reproduction would adapt or modify the original content.

Published November 2015

ISBN: 978-1-910778-05-0

Printed on 100% recycled paper.

Every effort has been made to verify the accuracy of the information contained in this report. All information was believed to be correct as of November 2015. Nevertheless, Transparency International UK cannot accept responsibility for the consequences of its use for other purposes or in other contexts.

Transparency International UK's registered UK charity number is 1112842.

THANKS

Transparency International Defence & Security would like to thank all the governments and individuals who have encouraged us to do this study and those who engaged with us throughout the process.

Transparency International Defence & Security would like to thank the Netherlands Ministry of Foreign Affairs for their generous support. The views expressed do not reflect the Netherlands government's official policies.

Transparency International Defence & Security would like to thank the UK Department for International Development (DFID) for their generous support. This material has been funded by UK aid from the UK government. The views expressed do not reflect the UK government's official policies.

This index measures the risk of corruption in national defence and security establishments worldwide.

These are the results for the G20.

The results for MENA and Asia-Pacific have already been published. Results for NATO, Europe, Africa and the Americas will follow shortly.

The Government Defence Anti-Corruption Index (GI) assesses the existence and effectiveness of institutional and informal controls to manage the risk of corruption in defence and security institutions as well as their respective enforcement. Our team of experts draws together evidence from a wide variety of sources and interviewees across 77 indicators to provide the government with a detailed assessment of the integrity of their defence institutions. This briefing provides the country risk rankings derived from our data for G20 countries.

Recommendations for each country based on the GI results can be found on government.defenceindex.org.

Regional Results

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

Please note that the order in the respective band is alphabetised.

Full country assessments and data-sets available online:

government.defenceindex.org

UNITED KINGDOM **A**

AUSTRALIA **B**

CANADA **B**

GERMANY **B**

JAPAN **B**

UNITED STATES **B**

ARGENTINA **C**

FRANCE **C**

ITALY **C**

MEXICO **C**

SOUTH KOREA **C**

INDIA **D**

INDONESIA **D**

RUSSIA **D**

SOUTH AFRICA **D**

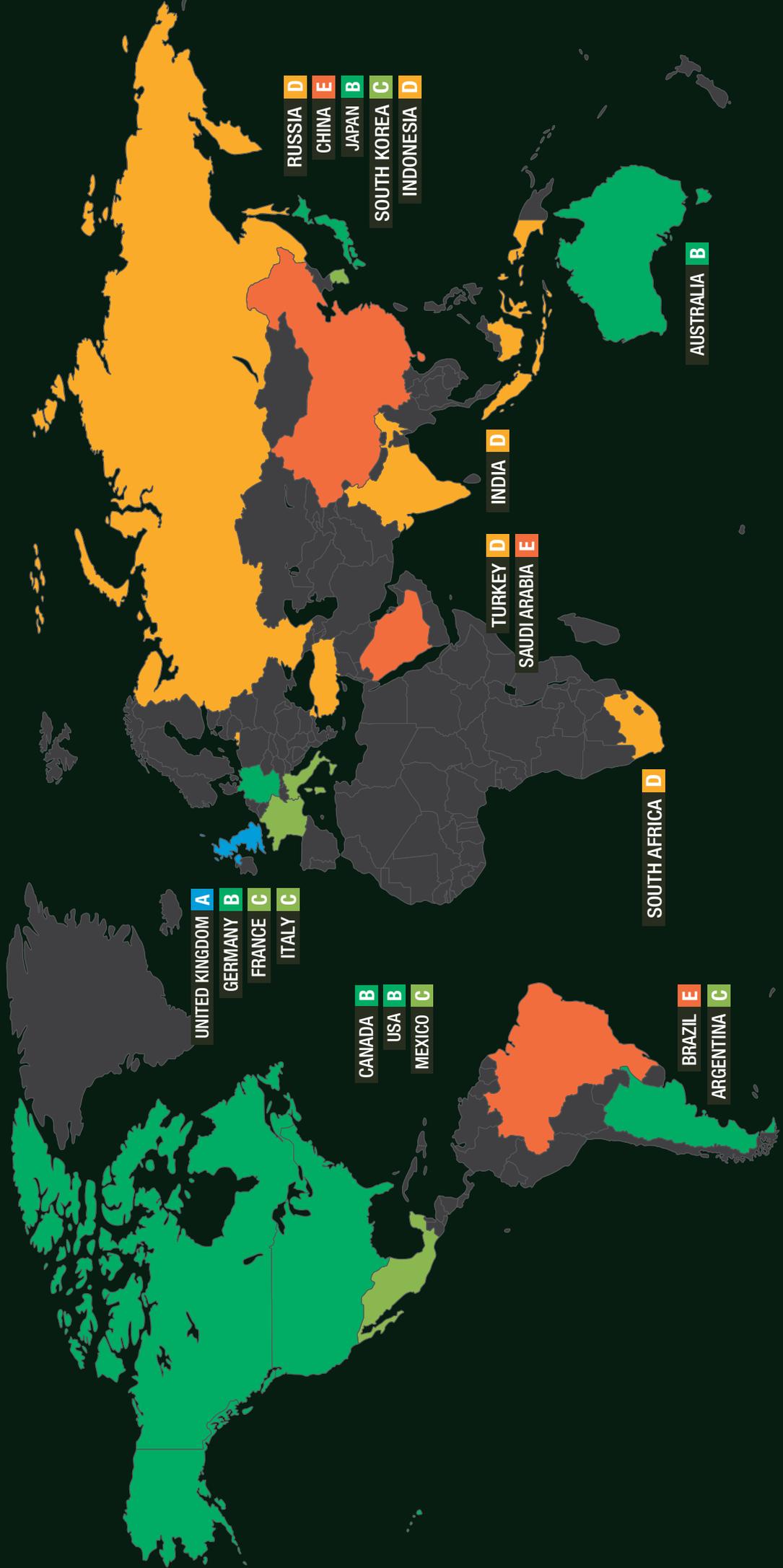
TURKEY **D**

BRAZIL **E**

CHINA **E**

SAUDI ARABIA **E**

G20



UNITED KINGDOM **A**
GERMANY **B**
FRANCE **C**
ITALY **C**

CANADA **B**
USA **B**
MEXICO **C**

BRAZIL **E**
ARGENTINA **C**

SOUTH AFRICA **D**

SOUTH KOREA **C**
INDONESIA **D**

RUSSIA **D**
CHINA **E**
JAPAN **B**

INDIA **D**

TURKEY **D**
SAUDI ARABIA **E**

AUSTRALIA **B**

1 ■ The G20: Living up to global responsibilities

The G-20 Summit was created as a response to economic crisis. It was a recognition that the global economy was fundamentally interconnected and that effective governance depended on cooperation and common approaches across the world's major powers.

Together, the G20 represents about 80 per cent of global trade and 85 per cent of the world's economic output. But if weight alone is a determiner, then this group should also assume significant responsibility for global security. Accounting for 82 per cent of global defence spending, the G20's impact on the international security environment is no less significant than its impact on the global economy, and the need for responsible governance no less acute.

But while G20 defence spending has been increasing rapidly - by 55.7 per cent per cent in the ten years between 2004 and 2014 – there is little common understanding about how this power should be governed. And global military expenditure is rising fastest in exactly those places where governance appears weakest - the BRICs top the table for growth: Chinese military spending has increased by 441 per cent in the last decade, Brazil by 225 per cent, Russia by 303 per cent and India by 147 per cent. All of these states have a high to critical risk of corruption in their defence sector.

In this more militarised, multi-polar, and uncertain world, global security depends on the most powerful nations establishing acceptable ways of managing military might, based on accountability to citizens and basic transparency, through which effective domestic oversight over policy and budgets can be exercised. We call upon the leadership of the world's most powerful nations to demonstrate the foresight and vision to close the huge gulf of accountability and transparency evidenced by this report.

2. The G20 at a glance

- Only in three G20 countries – the UK, USA, and Germany – is there evidence that parliaments are provided with sufficient information over “secret” spending. And only seven countries had any meaningful oversight over the defence budget at all.
- No BRIC country scored higher than a “D”.
- Saudi Arabia was the poorest performer in the G20, but Brazil and China did little better. All three were placed in band “E”.
- While G7 countries did better on average, France is the only G7 country with a “very high” corruption risk rating in any risk area, found in the operations category.
- The UK was the only country in the G20 to receive an “A” rating.
- The bribing of foreign public officials is still legal in Australia, Brazil, Canada, Mexico, South Korea, and USA.
- Arms exports are subject to parliamentary debate in only eleven of the nineteen countries; in no country are export controls sufficiently robust for the highest score to be awarded.
- The G20 accounts for 16 of the 20 largest arms exporters (including EU Member States) and 92 per cent of global arms exports.
- Public procurement has been highlighted as a focus area in the 2015-16 G20 Anti-Corruption Implementation Plan. Only six countries (Australia, Canada, Germany, Japan, UK, and USA) were found to have procurement systems with low vulnerability to corruption risk.
- The USA and the UK, with ca. 156,000 and ca. 30,000 troops deployed respectively, are two of only four countries that face “low” corruption risks on operations.
- 94 of the top 100 global arms-producing and military service companies (2013) are from G20 countries.

3. Country results in detail

ARGENTINA

THIS COUNTRY IS PLACED IN BAND C

C

Political

C

Financial

C

Personnel

D

Operational

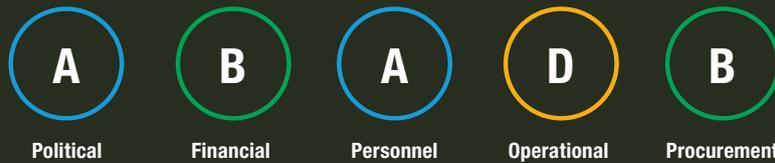
E

Procurement

- **Public debate but limited accountability.** Legislative oversight of defence is undermined by executive influence and a divided opposition. Defence policy is established by Presidential Directive with little debate. Budget oversight is also limited. Nonetheless, there is public debate on defence issues, involving expert commentators and academics, as well as government engagement with civil society organisations, which can be built upon for greater public oversight.
- **Minimal secret spending but limited oversight.** “Secret” budgets are not subject to adequate oversight by the Bicameral Committee for the Permanent Supervision of the Intelligence Bodies and Activities. Restrictions on off-budget military expenditure and ownership of businesses by the military limit the level of risks for corruption in finance.
- **Transparent personnel systems but insufficient accountability.** The strong payment system and open publication of force numbers/pay scales contribute towards an overall scoring of moderate corruption risks. However, greater oversight of personnel in sensitive positions is required. Another area for improvement is the enforcement of sanctions against personnel found to be involved in corrupt activities.
- **Poor strategic planning affects procurement.** Limited information on potential defence purchases, the inability of Parliament to scrutinise the whole acquisition planning process, combined with few sanctions for corrupt contractors all increase risks. The Law on Restructuring the Armed Forces, intended to improve strategic planning, has never been implemented. More recent efforts to ensure budgetary planning is in line with capability requirements is nonetheless encouraging.

AUSTRALIA

THIS COUNTRY IS PLACED IN BAND B



- **Political oversight is strong.** The public are engaged through formal consultations on strategy, and there is evidence of strong legislative oversight with detailed information provided on proposed defence expenditures.
- **Personnel management is particularly robust.** It is characterised by efficient and transparent systems. Merit-based selection is assured by the Office of the Merit Protection Commissioner and strong systems for encouraging whistleblowing exist, including through a Defence Ombudsman.
- **Defence procurement: significant reform but weak integrity requirements from companies.** Corruption risks are low following a 2012 review by the Senate References Committee on Foreign Affairs Defence and Trade. Yet, integrity requirements for companies are weak.
- **Weak anti-corruption on operations.** The Commonwealth Fraud Control Framework and Fraud policy is effective, binding on all government entities, and spanning several risk areas. However, it does not address corruption on operations, where evidence of regulation was weak.

BRAZIL

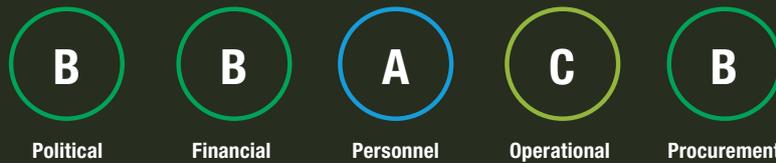
THIS COUNTRY IS PLACED IN BAND E



- **Brazil is in the lowest ranking for G20 countries**, along with China and Saudi Arabia.
- **Little to no oversight.** The military exercises significant autonomy, circumventing established mechanisms of oversight. There is no evidence of effective audit by the Federal Accounts Court. Public oversight is constrained by a lack of engagement with civil society organisations and public debate on defence issues, while legislative oversight over spending is critically weak.
- **A culture of impunity.** There is evidence of questionable expenses, illicit activities, and military scandals. Limited information exists on how or whether criminal activity is addressed. Nepotism appears to characterise military appointments and promotions.
- **Low financial transparency.** All three forces own significant real estate, but military businesses are not Transparency and subject to only limited scrutiny. Little information on the proceeds of asset disposals is made public.
- **No procurement transparency and accountability.** Military procurement is legally exempt from established mechanisms for procurement. High value acquisitions are usually single-sourced. Even where non-confidential, non-urgent purchases (e.g. stationary) are concerned, procurement laws are frequently bypassed. There is little evidence to suggest that allegations regarding the Ministry of Defence's exorbitant use of credit cards have been investigated.

CANADA

THIS COUNTRY IS PLACED IN BAND B



- **Canada stands out for its efforts to ensure a strong ethical culture among its military and civilian personnel.** Canada's Code of Values and Ethics, a comprehensive document providing extensive guidance and strong legal mechanisms related to whistle-blower anonymity and protection, epitomises Canada's work to promote ethical behaviour.
- **Accountability but more (public) debate needed.** Weaknesses include limited parliamentary debate and public consultation on defence policy. There is also evidence that oversight of "secret budgets" is constrained by a lack information provided to legislative committees.
- **Awareness of corruption as a strategic issue on operations but insufficient training.** Training on contracting specifically could be improved. Similarly, while Canadian Military Police officers are deployed to investigate conduct, there was no evidence of anti-corruption monitoring, which is a major risk area.

CHINA

THIS COUNTRY IS PLACED IN BAND E



- **Institutions characterised by absence of accountability and transparency.** China represents 30 per cent of the world's secretive defence spending (defined as expenditure which is open to neither public, nor legislative scrutiny). Only highly aggregated figures are available; special budgets covering important items like strategic forces, research and development, and the military components of space exploration are entirely hidden from view.
- **Little evidence of well-informed public debate.** Although China's defence strategy was published for the first time in 2015, this was strategy in abbreviation, containing insufficient information to enable an informed public discussion of China's defence policy.
- **Personnel management is better but subject to no independent oversight.** Higher scores for personnel management were largely due to the launch of a five-year plan to eliminate corruption in the People's Liberation Army which included anti-corruption campaigns, investigations, and public commitments to fight corruption by senior staff. Despite these efforts, institutional mechanisms for independent oversight are still missing.
- **Ineffective oversight and lack of transparency characterise defence procurement.** Nonetheless, there is evidence of extensive formal regulation. Meanwhile, the People Liberation Army's Military Industry Enterprises included businesses related to logistics, hotels, telecommunications – none of which operate transparently or are subject to appropriate scrutiny.

FRANCE

THIS COUNTRY IS PLACED IN BAND C



- **Europe's top military spender ranks at the bottom of the G7 nations.**
- **Some strong external institutions, though influence on defence is limited.** The Cour des Comptes has proven highly independent and active, but there is a lack of evidence of recommendations being implemented. Legislative oversight can be impaired by executive influence, and there is evidence of close links between the defence industry and political elites.
- **Low score for operations.** France deploys over 10,000 troops on international peacekeeping and stabilisation missions, exacerbating the lack of strong institutional measures.
- **Limited budget oversight.** While spending is governed by the Military Planning Law, it is frequently bypassed, and the budget is only submitted for legislative oversight when decision-making can no longer be impacted. Spending on peacekeeping is partially financed through defence sales and, according to the Cour des Comptes, not subject to consistent scrutiny.
- **Little evidence that accountability and transparency is taken seriously.** There was no evidence of a public commitment to integrity and anti-corruption by the leadership; no evidence of an anti-corruption policy; no evidence of anti-corruption training for personnel; and limited follow-up on anti-corruption recommendations by civil society.
- **Oversight of defence procurement is inefficient.** The sanctions framework for corrupt activities by defence companies was found to be weak, and there was limited evidence of private military contractors being subject to adequate scrutiny.
- **Preventing conflicts of interest and improving transparency:** In 2013, la « Haute Autorité pour la transparence de la vie publique » (HATPV) was created to improve transparency and prevent conflict of interests within France's public sphere. This independent authority requires MPs and government officials to declare their assets and interests publicly. All declarations are available online on the HATPV's website.

GERMANY



- **Robust and effective mechanisms for oversight are in place.** All military deployments must be approved by the Bundestag, although this has been bypassed due to short deployment timelines in the past. There is some evidence of inclusive public dialogue on defence, if not much evidence of engagement with civil society on anti-corruption.
- **High financial transparency.** The mechanisms for oversight of “secret” budgets are the most well-defined among G20 countries.
- **Anti-corruption is embedded as part of personnel culture.** The Government Directive on the Prevention of Corruption in the Federal Administration provides for regular anti-corruption training, conduct standards for personnel, and additional layers of scrutiny for personnel in high-risk roles. Sanctions on corrupt personnel are effective and consistent; outcomes of judgements and court decisions are made public.
- **Procurement risks are low, but where next with the ‘Transparency Initiative’?** There is extensive regulation governing procurement, with an explicit focus on anti-corruption, though government audits highlighted the need for a more strategic approach. The 2014 report shows limitations in transparency and questions the necessity of some procurement; it is also unclear if audits of tender board decisions are undertaken.
- **Weak controls on operations.** Despite an increasing awareness of corruption as a strategic issue, for example in Afghanistan, tackling corruption is judged as risky. Standards and training for anti-corruption on operations are needed. A transparent framework for regulating Private Military Companies is also needed, given the important supporting role these companies can play.

INDIA

THIS COUNTRY IS PLACED IN BAND D



- **Public accountability of the Ministry of Defence and Armed Forces is low.** Despite the existence of independent agencies such as the Public Accounts Committee (PAC), the Controller and Auditor General (CAG) and a well-structured internal audit division, there is insufficient public accountability. This is due to limitations in the scope of the PAC and CAG and weak independence of internal audit functions.
- **Weak institutional framework for defence procurement.** The world's largest buyer of arms (by volume) has no central legislation regulating defence procurement and no defence and security strategy to guide procurement requirements. However, Integrity Pacts have been a binding tool used to minimise the risk of bribery in the procurement process, with independent oversight and complaints mechanisms for companies.
- **India is the only major democracy with no provisions for legislative oversight of its intelligence agencies.** There is virtually no parliamentary scrutiny of "secret" spending (i.e. spending related to intelligence agencies and national security).

INDONESIA

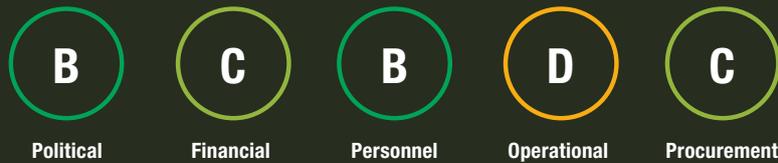
THIS COUNTRY IS PLACED IN BAND D



- **Independent oversight constrained by a lack of resources and expertise.** Oversight of defence is undertaken by Indonesia's People's Representative Council and Commission, with some evidence of effectiveness despite concerns regarding resourcing and expertise. Independent oversight is also increasing through the gradual expansion of jurisdiction by the anti-corruption commission, the Komisi Pemberantasan Korupsi.
- **Weak existing procurement apparatus is wasting public money.** Indonesia seeks to develop a Minimum Essential Force by 2024; however the existing procurement systems are weak. The burning up of an F-16 aircraft ahead of take-off caused the public to question how the decision to purchase 24 ageing U.S. warplanes was made. Agents and brokers distort tender procedures and decision-making through their involvement in procurement planning and there are also reports that suggest they may be pocketing up to 30-40 per cent of the total procurement value.
- **Low financial accountability.** Indonesia's Armed Forces have yet to fully emerge from the legacy of their historical commercial ties. While all directly owned military businesses have been legally transferred from their control, complex foundations and cooperatives remain under the Armed Forces without oversight and reportedly involve illicit activities.

ITALY

THIS COUNTRY IS PLACED IN BAND C



- **Anti-corruption plans and officers.** Italy scores highly for designing and implementing a defence specific anti-corruption strategy, conducting systematic corruption risk assessments, and for nominating an Anti-Corruption Supervisor.
- **Consultation but no oversight.** Parliament's role is restricted to consultation and advice over defence and security policy and spending, rather than oversight, including on acquisition decisions. Decision-making in this domain is the prerogative of the "Supreme Council of Defence," overseen by the President of the Republic. Parliament's role in approving arms exports is hindered by a lack of information.
- **Uncertainty regarding implementation of audit findings.** While there are internal audit functions and oversight by the Supreme Audit Institution (Corte dei Conti), there is no evidence that their findings are followed up by the Ministry of Defence.
- **Good legislative framework, but procurement exemptions are not well-justified.** The legislative framework for defence procurement is well-established, but the justification for exemptions is not always clear. Oversight is conducted by the Advisory Committee for Draft Contracts, but results are not made public.

JAPAN

THIS COUNTRY IS PLACED IN **BAND B**



- **Low political corruption risk and intense public debate.** Empowered and informed legislative bodies are able to hold defence institutions to account, and Japan's defence policy is subject to intensive public debate.
- **Procurement: improved transparency and clear strategic intent.** A comprehensive review of procurement has improved transparency, and the strategic intent defining procurement is displayed in published mid-term plans. Potential purchases are disclosed in annual reports.
- **Well-defined conduct standards.** Conduct standards for the Ministry of Defence (MOD) are well defined and the MOD has taken further steps to promote ethical behaviour through the establishment of the Deliberative Council on Defence Personnel Affairs. Personnel risk is therefore judged to be very low.
- **Future operations?** With changes to the role of self defence forces, Japan could do more to embed anti-corruption on operations, as well as through enforcement of anti-bribery laws when overseas.

MEXICO

THIS COUNTRY IS PLACED IN BAND C



- **Mexico is above the G20 average**, but some way from meeting international standards.
- **Improved transparency.** The Federal Law of Transparency has enhanced transparency by requiring the publication of budgets, defence personnel numbers, defence pay scales, the defence procurement cycle process, and defence procurement reviews.
- **Parliament: formal powers but limited scrutiny.** Parliament is vested with formal powers of defence supervision, though the quality of scrutiny by the Defence Committees is unclear, as reports are not published. While debate between the legislature, executive, and public on defence policy takes place, it is somewhat restricted.
- **Personnel: strong systems but infiltration by organised crime.** Strong systems are largely in place, but there is evidence of infiltration by organised criminal networks and uncertainty on whether prosecutions are always forthcoming. In addition, and in contrast to many other G20 governments, Mexico does not publicly disclose the interests and asset declarations of their senior defence employees, nor does the government explicitly outlaw unauthorised private enterprise by officials.
- **Defence procurement: more training and transparency, but still some gaps.** Transparency has not extended financing packages of arms deals, and the regulation of agents and transparency offset contracting remain risk areas. But training of procurement staff and suppliers on the use of the government e-procurement system is a strong point.
- **Limited financial oversight.** Although spending on intelligence services and national security is comparatively moderate, it is not subject to legislative scrutiny.

RUSSIA

THIS COUNTRY IS PLACED IN BAND E



- **Defence institutions are subject to few checks and balances.** Russia is the 2nd largest arms exporter in the world, and the military one of the country's biggest employers.
- **Defence institutions lack transparency and accountability.** Parliament and the Duma Defence Committee have formal rights of oversight, but their influence is limited, particularly where defence policy is concerned.
- **Formal efforts to engage civil society, but censorship and repression prevail.** The Ministry of Defence (MOD) 'Plan for Combatting Corruption in the Armed Forces for 2014 – 2015' includes civil society engagement on issues of corruption, and the Experts Council of the Open Government and the MOD Civic Council also provide this opportunity. However, dialogue is superficial and held against the backdrop of a multitude of restrictions on civil society organisations and censorship, which inhibits informed debate and engagement from translating to impact.
- **Selective enforcement of sanctions.** While some high level officials have been prosecuted, many appear to have avoided justice.
- **High risks of financial corruption.** "Secret" defence expenditure is an estimated 58.8 per cent of overall spending, and the MOD presides over vast enterprises, with little transparency or oversight.
- **Protocols surrounding procurement are very weak.** Procurement cited as the "most corrupt domain" in the armed forces by the Main Military Prosecutor Office (MMPO) in 2013. There have been improvements since and new legislation has led to greater external oversight. However, the lack of formalised processes to define procurement requirements is a major risk.
- **New institutions for tackling corruption.** The MMPO has admitted that corruption remains very deeply rooted in the Russian Armed Forces, but has faced criticism for its lack of action during a major corruption scandal including the then Minister of Defence. An Anti-Corruption Council has recently been created as a consultative structure. It is too soon to judge its effectiveness. However, given it is a division under the MOD, its independence and activity may face limitations.

SAUDI ARABIA

THIS COUNTRY IS PLACED IN BAND E



- **Saudi Arabia is the poorest performer among the G20 countries.**
- **Defence and security institutions exempt from scrutiny.** Institutions are headed by a small circle of influential elites; independent oversight is weak.
- **Impunity facilitates illicit arms transfers and drug smuggling.** Personnel risks are very high. Efforts to stem illicit arms transfers and drug smuggling, for example, have not addressed the role of defence and security personnel. Efforts to establish ethical standards among personnel are non-existent, save for a vague code of conduct. Defence and security personnel violating conduct standards are rarely held to account.
- **Military businesses are not transparent or accountable.** Finance risks are critical. Military businesses such as the Military Industries Corporation are not transparent or accountable. Personnel from the royal family essentially treat the country's natural resources as their own, as evidenced by their major ownership in petrochemical companies.
- **Most defence procurement is conducted off-budget.** Decision-making in the 2nd largest importer of arms (SIPRI, 2010-2014) is influenced by small circle of elites. Procurement is viewed as a way to strengthen relations with supplying countries. Offsets are becoming an increasing feature of Saudi defence imports but are not subject to appropriate regulation.

SOUTH AFRICA

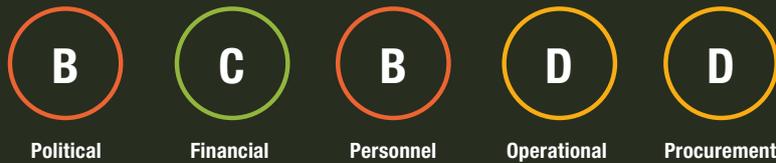
THIS COUNTRY IS PLACED IN BAND D



- **Extensive anti-corruption framework but low public trust.** The framework includes anti-corruption legislation, a defence corruption and fraud prevention plan, and the Directorate for Priority Crime Investigation (also known as the Hawks). The effectiveness of those systems is questionable and public trust in defence institutions is low. Allegedly, corrupt activities are not addressed appropriately, including in well-known scandals. The Hawks are seen to be affected by executive influence.
- **Political power structures and favouritism.** Political considerations play a strong role in the promotions of personnel and alignment to the ANC appears to increase one's chances of selection and promotion, even when there is no position to be filled. This may be one reason why South Africa has one of the highest general troop ratios world-wide, which is expensive and ineffective. It also has a significant impact on the morale of soldiers.
- **Classified procurement spending through the Special Defence Account.** Defence procurement transparency and accountability is severely limited by secret budgets, such as the Special Defence Account. Evidence indicates that this account is being used for a significant amount of non-secret procurement in order to avoid legislative provisions, reporting, and oversight. This is especially problematic as defence procurement has been marred by allegations of opportunistic purchases.
- **Opaque arms trade offsets.** Offset programmes are a substantial part of the South African defence trade worldwide. The use of arms trade offsets to bribe public officials has been a major allegation in defence procurement in recent years. There is very little detail given on past or current offset programmes. Furthermore, there is no evidence that offset contracts are subject to competition regulations or due diligence requirements.
- **Low financial accountability.** In 2014, the Auditor General (AG) found irregularities in expenditure to the tune of 1 billion South African Rand. However, there were no repercussions for the misappropriation of funds nor did the Defence Minister meet once with the Auditor General to discuss the findings and how they would be followed up.

SOUTH KOREA

THIS COUNTRY IS PLACED IN BAND C



- **Strong public oversight.** There is frequent, inclusive public debate on policy. There is also transparent publication of administrative data through the Government 3.0 Korea Open Data initiative.
- **Financial oversight, but more scrutiny needed.** Internal audit findings need another layer of scrutiny via parliament. There are also concerns about the independence and transparency of the state audit agency, the Bureau of Audit and Investigation.
- **Defence procurement systems insufficient.** Defences contracts are highly vulnerable to corruption and collusion. A lack of effective oversight, a weak culture of whistle-blowing, as well as evidence of collusion between former and serving personnel have contributed to an estimated US\$851 million of corrupt contracts, which have been retrospectively uncovered.

TURKEY

THIS COUNTRY IS PLACED IN BAND D



- **Political oversight is poor.** Turkey's National Security Policy is top secret and not available to the public. The National Assembly has almost no formal power to oversee the defence sector, including scrutinising defence spending, monitoring procurement, or examining the military's commercial activities. Laws requiring external audit reports to be submitted to Parliament are frequently ignored.
- **High financial risks, with off-budget income and no scrutiny.** Sources of defence income are similarly opaque. The Defence Industry Support Fund (SSDF) and Turkish Armed Forces Foundation (TSGV) are major contributors of extra-budgetary and off-budget income to the Turkish Armed Forces. Neither is subject to appropriate scrutiny.
- **Personnel: good systems but limited enforcement of sanctions.** Commercial activity by serving public officials is banned; a robust payment system is in place; and efforts are made to ensure training of defence procurement staff. However, enforcement of sanctions on corrupt personnel appears to be contingent on the political dynamic between the military and the executive.
- **Defence procurement is characterised by weak oversight.** The citation of "urgent requirements" is frequent, and there is no regulation on the use of agents. Turkey's 10 year procurement plan is unavailable to the public.

UNITED KINGDOM

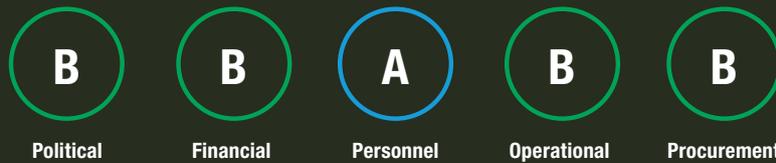
THIS COUNTRY IS PLACED IN BAND A



- **The UK's defence and security institutions have very low corruption risk.**
- **Oversight of defence institutions is established and effective.** There is strong parliamentary scrutiny and a National Audit Office. But one area of concern relates to arms export control, where scrutiny is retrospective, and the UK continues to export to countries whose democracies are weak and corruption is a major issue—despite the expressed concerns of the Parliamentary Committee on Arms Export Control.
- **Financial transparency and accountability is high.** Despite a large “secret” budget, associated oversight by the Intelligence and Security Committee and the Comptroller and Auditor General is found to be one of the most effective across G20 countries. A new Fraud Defence Board has also been established within the Ministry of Defence to examine and mitigate fraud and corruption.
- **Corruption is recognised as a strategic issue on military operations.** Though with approximately 30,000 troops deployed in complex environments, anti-corruption efforts on operation could be improved, specifically with regards to training and monitoring.
- **Procurement risks are generally low.** Single-sourced defence procurement accounts for over half of contracts over the past five years. The impact of the Single-Source Regulations Office (set up in 2014) is yet to be seen.

USA

THIS COUNTRY IS PLACED IN BAND B



- **Strong capacity for legislative oversight.** However, concerns have been raised about the influence of lobbying by defence companies on policymakers.
- **Oversight of defence expenditure is lacking.** Audit scope does not extend to the whole of Department of Defense (DOD) expenditure; how funds are allocated to the Overseas Contingency Operations fund, intended to fund overseas operations in areas of conflict, should be made more transparent; and defence expenditure published is too limited and fragmented to enable robust public oversight.
- **Clear recognition of strategic corruption threats on operations but limited training.** Despite a clear recognition of the strategic threat posed by corruption to operations in Iraq and Afghanistan, there is limited evidence of systematic, comprehensive anti-corruption training and guidelines related to operations for all officers pre-deployment.
- **High score in the category of defence procurement management.** Evidence suggests that there are robust systems and procedures for procurement.

Bibliography

SIPRI, Military Expenditure Database,
http://www.sipri.org/research/armaments/milex/milex_database

SIPRI, Arms Transfers Database,
<http://armstrade.sipri.org/armstrade/page/values.php>

G20, 2015-16 G20 Anti-Corruption Implementation Plan,
https://g20.org/.../G20_anti_corruption_working_group_implementation

G20 Australia, G20 2014, Agenda - Fighting Corruption,
http://www.g20australia.org/g20_priorities/g20_2014_agenda/fighting_corruption

Methodology

The Government Defence Anti-Corruption Index measures levels of corruption risk in national defence establishments and scores each country from A (the best) to F (the worst). These bands are based on scores in an assessment consisting of 77 questions—for each question, each government was scored on a 0-4 scale. The percentage of marks overall determined which band the government received. Countries were also scored in five risk areas: Political risk, Financial risk, Personnel risk, Operations risk, and Procurement Risk.

Each country is researched by an expert assessor using a standard set of questions and model answers. The assessment is then independently reviewed by up to three peer reviewers and, where possible, the Transparency International chapter in the country. We also invite the government to conduct a review of the assessment and submit additional information. Five governments from G20 countries provided a reviewer: Australia, Germany, Italy, Saudi Arabia, and the United Kingdom.

One of the most commonly-asked questions is how the index can assess countries where information on defence issues is highly secretive. TI-DSP considers a lack of transparency in the defence structures to pose as significant a corruption risk as the lack of structure itself. The level of independently verifiable information has therefore directly impacted the scoring on each question. Finally, it is worth noting that secrecy can make case studies and examples difficult to find, and may mean that they are slow to be exposed by journalists, researchers, or the law. For that reason, some of the examples cited in this index have occurred before 2013.

Assessor completes Questionnaire

Peer Review x 2

Government Review

TI National Chapters Review

Standardisation

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.

**TRANSPARENCY INTERNATIONAL
DEFENCE AND SECURITY WORKS TO
REDUCE CORRUPTION IN DEFENCE
AND SECURITY WORLDWIDE**

**GOVERNMENT.DEFENCEINDEX.ORG
TI-DEFENCE.ORG**