



# COUNTRY OVERVIEW:



# KUWAIT

  
2020 Government Defence Integrity Index

## OVERVIEW: KUWAIT

The shifting dynamics in the geopolitics of the region with Gulf States expressing more assertiveness in the international arena, the perceived exacerbation of tensions between these states and Iran, and the diplomatic disagreement between some of Kuwait's neighbours and Qatar, has sparked an interest in Kuwait to improve anti-corruption mechanisms across governance structures. While Kuwait's defence capabilities are significantly more modest than other states in the region and its internal security situation comparatively more stable, like most MENA states Kuwait's defence sector is at very high risk of corruption. Yet, in light of growing destabilizing factors regionally and greater public discontent towards government institutions, the Kuwaiti leadership has shown a will to improve the reputation of its defence establishment through bolstering the competence and alertness of defence officials and stepping up efforts to improve integrity.

However, this new anti-corruption momentum has remained mostly symbolic up to now, as oversight institutions still have little leverage to exercise effective scrutiny over defence decisions and acquisitions, which is mainly the result of political influence – leading Kuwait to procure most weapons from the United States in a very opaque manner. Defence officials, lawmakers and the general public do occasionally discuss the country's use of its defence capabilities, but in a context where civil society organisations are forbidden by law<sup>1</sup> to 'intervene in politics', there is limited civilian oversight of the defence sector.



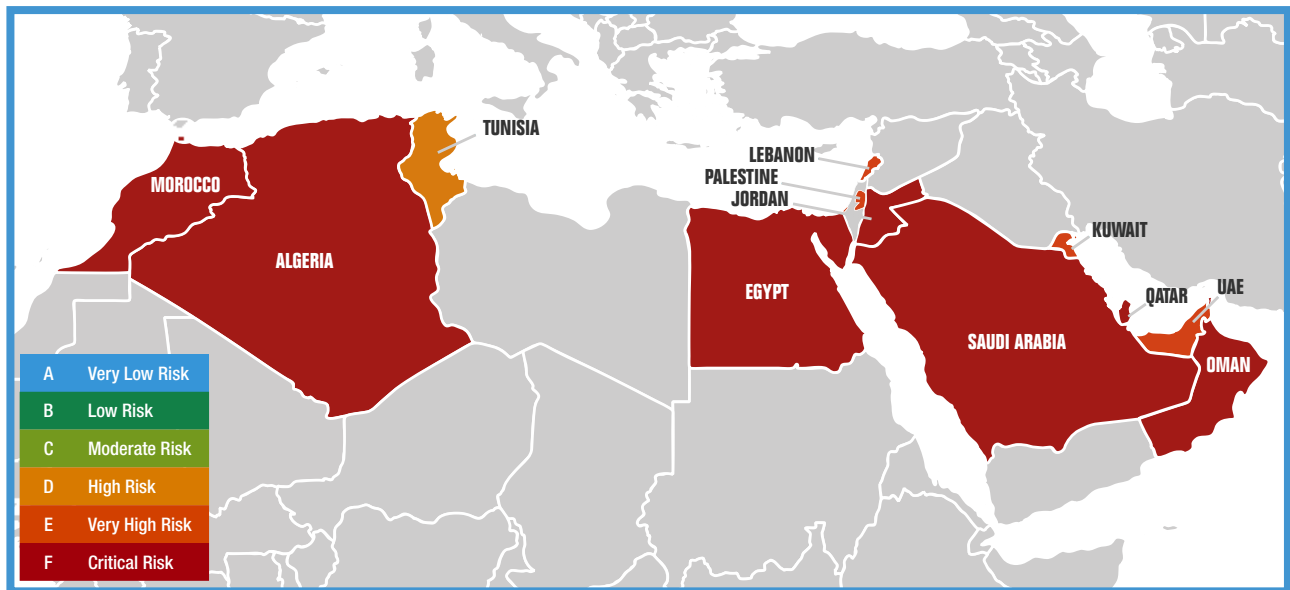
### Kuwait Quick Facts

OECD fragile state	No
Significant defence exporter*	No
Significant defence importer*	Yes
Volume of arms trade 2015-2018 (US\$ mil)*	0
Defence Budget (US\$ mil)*	7296
Defence Budget as % of GDP*	5.1%
Total armed forces personnel#	25,000
UN Convention Against Corruption	Ratified in 2007
Arms Trade Treaty	Not signed

\*SIPRI, #World Bank

<sup>1</sup> Article 6 of Law no. 24 of 1962

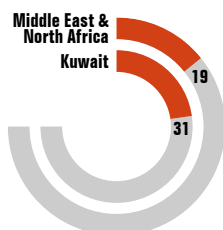
## Middle East & North Africa: Regional Issues in Defence Integrity



Defence sectors across the Middle East & North Africa (MENA) region continue to face a high risk of corruption. At the same time, protracted armed conflicts in Syria, Libya, and Yemen persist, while public protests against corruption and authoritarianism continue in a number of countries – reflecting an overall context of insecurity and fragility. Although some governments have publically committed to stepping up anti-corruption efforts, there remains a gap between existing legislation and implementation in practice. Military institutions in the region are characterised by a high degree of defence exceptionalism, resulting in a lack of transparency that precludes oversight actors from effectively scrutinising defence budgets and policies at a time when defence spending and arms imports continue to surge. These concerns are further compounded by authoritarian governance systems seen in many MENA countries. Resurgent protests and uprisings in the region after the 2011 Arab Spring demonstrate that corruption is a central and persistent public grievance. Continuing to treat the defence sector as an exception and failing to meet public expectations of transparency and accountability could further fuel public distrust, result in a loss of legitimacy for defence institutions, and facilitate the recruitment efforts of non-state armed groups. It is therefore crucial that governments in the region disclose more information about defence spending and strategy, make decisions that serve the public interest, and rectify loopholes that allow for corruption to thrive, in turn bolstering national security and stability.

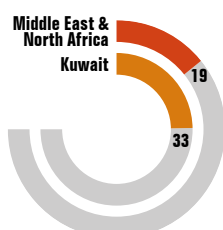
Despite mostly standing as a neutral party in the conflicts in its immediate neighbourhood, Kuwait's high risk of defence corruption could affect the long-term credibility of state institutions and affect its internal stability. The government of Kuwait should consider using its nascent anti-corruption momentum to encourage other countries in the region to follow suit in improving integrity and transparency in the defence institutions of the region.

## RISK AREAS



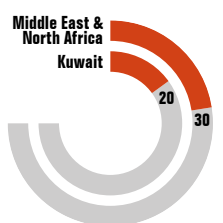
### Political Risk

The key improvement of the last years to enhance integrity in the defence system of Kuwait, has been the introduction of the Nazaha, an Anti-Corruption Authority tasked with investigating corruption allegations across government agencies. Despite this welcomed development however, Kuwait’s defence policies, finances and management remain highly opaque. Equally, the parliament notoriously lacks independence from the executive, as the Emir of Kuwait can easily overrule legislative recommendations or requests regarding defence issues. Despite formal rights to exercise oversight, in practice, the parliament does not weigh into defence decision-making and its role is mostly confined to reviewing the defence budget and spending.



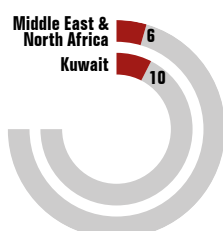
### Financial Risk

A key financial risk for the defence sector in Kuwait is the lack of a detailed budget being available to the parliament, which substantially affects its ability to conduct effective oversight. Unauthorized business activities are commonplace in the defence establishment, often found in the form of small-scale nepotistic dealings whereby a middle level defence official grants a defence procurement deal to the company of a relative. A sign of improvement in the integrity practice of the Ministry of Defence has been the drop in military and security spending going to unspecified projects – but still remains alarmingly high (50 percent in 2017/2018).



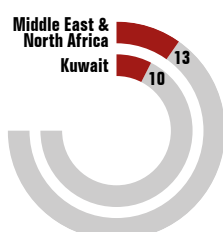
### Personnel Risk

With the establishment of the Nazaha (Anti-Corruption Agency), some progress has been achieved to ensure defence personnel share information about their personal finances and to provide anti-bribery trainings for personnel. However, there is no transparent appointment and promotion system for middle and senior management of the military, with evidence of intelligence positions specifically being regularly offered as rewards to allies of the Emir. Despite the existence of a Code of Conduct, it only loosely mentions bribery, and lacks credibility and political back-up. Although whistleblowing is authorized and encouraged, in practice defence personnel fear retaliation for speaking up.



### Operational Risk

The military leadership in Kuwait receives outward training on corruption issues and has occasionally admitted the need to take corruption into consideration in the forward planning of operations. However, corruption it is not addressed in any military doctrine nor any standard operating procedures. There is also no evidence that trainings occur for middle or junior-level defence officials on the corruption issues they may face during deployment. Besides, private military contractors are employed and their work appears to be completely unregulated.



### Procurement Risk

There is an internal audit function to the Ministry of Defence and formal rights for the State Audit Bureau and the Parliament to exercise oversight over defence procurement. However, limited scrutiny is exerted over defence purchases, as undue political interference is rampant, leaving Kuwait with no independent and mostly ineffective control mechanisms over defence procurement. Defence purchases do not seem to stem from well-established strategic objectives, as needs assessments are missing from the defence procurement cycle. The majority of defence procurements is not conducted as open competition, neither is it subject to the oversight of the Public Tenders Authority<sup>2</sup>.

<sup>2</sup> as laid out in Article 2 of Law no. 29 of 2016 for Public Tenders.

# THEMATIC FOCUS

The following section presents discussion of several challenges facing Kuwait in the realm of defence anti-corruption and integrity, and suggests areas of reform based on GDI findings.

## Oversight

Oversight functions exist in the form of anti-corruption bodies, audit functions, and/or parliamentary committees, but defence institutions have historically been exempt from this degree of scrutiny. Oversight mechanisms instil confidence that systems are resilient against undue influence and efficient in the face of resource challenges. Well-functioning oversight mechanisms ensure that national defence decisions around operations, budgets, personnel management, and arms acquisitions are robust and aligned with strategic needs, and can note problems at an early stage, before they threaten to hollow out defence and security institutions.

*If provided with sufficient independence and a strong mandate to test the effectiveness of institutional controls to manage the risk of defence corruption, audit mechanisms would help ensure that defence decisions, budget and acquisitions meet Kuwait's strategic needs. For Kuwait's parliament to succeed in providing independent scrutiny of defence, the government of Kuwait should look at reinforcing the independence of the Defence and Interior Affairs Committee and refrain from overruling legislative demands.*

## Transparency

Transparency facilitates more effective government, not only by allowing oversight mechanisms to function effectively, but also by creating opportunities to streamline processes for greater impact and efficiency. Its absence is marked by mistrust in government and insecure political power. A lack of transparency over military capability, defence budgets, and acquisitions can increase the risk of arms proliferation, which in turn creates the potential for instability and pressure to increase defence spending. While some items may need to remain classified, opacity should be a well-founded exception, not a rule.

*The Ministry of Defence of Kuwait should publish key information to the public on defence decisions. For information that is genuinely too sensitive for public release, the parliament or other external bodies must be granted access in order to exercise oversight. In addition, the classification of sensitive information should be regulated by clearly defined and published criteria. Justifications for projected expenditures should also be provided.*

## Personnel

Staff with trust in the establishment they work for, and operating with a clear understanding of expectations, are key to the functioning of the armed forces and defence and security establishments. Effective recruitment, promotions and pay systems help ensure the presence of an effective, motivated and capable force. Conversely, a lack of standards and standard operating procedures, established by leadership and through codes of conduct, can sap the efficiency of operations and incentivise military abuse for private gain.

*The Ministry of Defence of Kuwait should consider developing formal written procedures establishing an independent, transparent, and objective system for the appointment and promotion of military personnel at all levels. Defence officials should be prohibited from operating unauthorized commercial businesses as this constitutes a high risk for the effective functioning of the armed forces. The government of Kuwait should boost corruption-related investigations and prosecutions within defence institutions, and make the outcomes of investigations available to the public.*

## Procurement

Ineffective or corrupt procurement in the defence sector wastes significant state resources, not only because it is one of the largest areas of government expenditure. Exceptions for defence procurement in law, combined with weak rules and/or scrutiny, can lead to the overpriced purchases of sub-standard arms or ammunition, threatening the safety of military personnel in combat. It is essential for defence purchases to be aligned with military needs, subject to oversight, processed through open competition as much as possible, and without undue influence from middlemen or agents.

*The Ministry of Defence of Kuwait would benefit from publishing formal procedures for defining purchase requirements, based on clearly identified needs as well as an annual defence budget that includes detailed information on expenditures, including on acquisitions and disposal of assets. It should also consider limiting single-sourcing in defence procurement, except in clearly defined and limited circumstances and establishing procedures to ensure the government discriminates in its selection of suppliers and sub-contractors on the basis of their integrity – for instance, through formal and publicly declared anti-corruption programmes that adhere to minimum standards specified by the Public Tenders Authority.*

# COUNTRY SCORECARD: KUWAIT

**Overall Country Score** **E** **21** **Very High Risk**

<b>Political Risk</b>		<b>E</b>	<b>31</b>
Q19	Organised Crime Links	A	88
Q18	Natural Resources	B	67
Q5	Conventions: UNCAC / OECD	C	63
Q7	Anticorruption Policy	C	63
Q2	Defence Committee	C	50
Q12	Budget Transparency & Detail	D	38
Q13	Budget Scrutiny	D	38
Q6	Public Debate	D	38
Q15	Defence Income	D	33
Q16	Internal Audit	E	31
Q1	Legislative Scrutiny	E	25
Q10	Risk Assessments	E	25
Q11	Acquisition Planning	E	25
Q14	Budget Availability	E	25
Q17	External Audit	E	25
Q20	Organised Crime Policing	E	25
Q3	Defence Policy Debate	E	19
Q4	CSO Engagement	E	17
Q8	Compliance and Ethics Units	E	17
Q21	Intelligence Services Oversight	F	0
Q22	Intelligence Services Recruitment	F	0
Q23	Export Controls (ATT)	F	0
Q76	Lobbying	F	0
Q9	Public Trust in Institutions	NS	

<b>Financial Risk</b>		<b>D</b>	<b>33</b>
Q32	Military-Owned Business Scrutiny	A	100
Q29	Off-budget Spending	C	50
Q31	Beneficial Ownership	C	50
Q33	Unauthorised Private Enterprise	C	50
Q76	Defence Spending	E	31
Q26	Secret Spending	E	25
Q27	Legislative Access to Information	E	25
Q28	Secret Program Auditing	F	13
Q24	Asset Disposal Controls	F	8
Q25	Asset Disposal Scrutiny	F	8
Q30	Access to Information	F	0

<b>Personnel Risk</b>		<b>E</b>	<b>20</b>
Q40	Payment System	B	67
Q38	Numbers of Personnel	C	50
Q43	Bribery to Avoid Conscription	C	50
Q48	Anticorruption Training	D	42
Q36	Whistleblowing	E	25
Q46	Military Code of Conduct	E	25
Q44	Bribery for Preferred Postings	E	17
Q49	Corruption Prosecutions	E	17
Q35	Disciplinary Measures for Personnel	F	13
Q47	Civilian Code of Conduct	F	13
Q34	Public Commitment to Integrity	F	8
Q41	Objective Appointments	F	8
Q37	High-risk Positions	F	0
Q39	Pay Rates and Allowances	F	0

Q42	Objective Promotions	F	0
Q45	Chains of Command and Payment	F	0
Q50	Facilitation Payments	F	0

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

<b>Procurement Risk</b>		<b>F</b>	<b>10</b>
Q63	Procurement Requirements	D	42
Q59	Procurement Oversight Mechanisms	D	33
Q65	Tender Board Controls	E	31
Q58	Procurement Cycle	E	25
Q70	Offset Contracts	E	25
Q64	Competition in Procurement	F	13
Q67	Contract Award / Delivery	F	13
Q57	Procurement Legislation	F	0
Q60	Potential Purchases Disclosed	F	0
Q61	Actual Purchases Disclosed	F	0
Q62	Business Compliance Standards	F	0
Q66	Anti-Collusion Controls	F	0
Q68	Complaint Mechanisms	F	0
Q69	Supplier Sanctions	F	0
Q71	Offset Contract Monitoring	F	0
Q72	Offset Competition	F	0
Q73	Agents and Intermediaries	F	0
Q74	Financing Packages	F	0
Q75	Political Pressure in Acquisitions	NS	

Legend	Range of Scores	Corruption Risk
A	83 - 100	Very Low
B	67 - 82	Low
C	50 - 66	Moderate
D	33 - 49	High
E	17 - 32	Very High
F	0 - 16	Critical

## Key

NEI - Not enough information to score indicator.

NS - Indicator is not scored for any country

NA - Not applicable

## Transparency International Defence & Security

[www.ti-defence.org/gdi](http://www.ti-defence.org/gdi)

[twitter.com/ti-defence](https://twitter.com/ti-defence)