



**Government Defence
Integrity Index**

Methods Paper



**TRANSPARENCY
INTERNATIONAL**
Defence & Security

ACKNOWLEDGEMENTS

We would like to thank the UK Foreign Commonwealth and Development Office (FCDO) and the Ministry of Foreign Affairs of the Kingdom of the Netherlands for their generous financial support of the production of the Government Defence Integrity Index.



Foreign, Commonwealth
& Development Office



Ministry of Foreign Affairs of the
Netherlands

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Transparency International Defence & Security is a global programme of Transparency International based within Transparency International UK.

Transparency International UK's registered charity number is 1112842.

<https://ti-defence.org/gdi/>

info@transparency.org.uk

GDI

Government Defence Integrity Index

Government Defence Integrity Index
Methods Paper, Version 3.0

6 February 2020

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What is the GDI?

The Government Defence Integrity Index (GDI) is the first global analysis of institutional and informal controls to manage the risk of corruption in defence and security institutions. It is premised on the idea that better institutional controls reduce the risk of corruption. It is thus a comprehensive assessment of the quality of institutional controls in the defence sector. As such, it has a crucial role to play in driving global defence reform and improving defence governance.

What is the purpose of the GDI?

Good practice standards for the governance of the defence sector

The GDI provides a framework of good practice that promotes accountable, transparent, and responsible governance in the defence establishment. The index recognises that corruption within the defence and security sector limits a country's ability to defend itself and provide meaningful security to its population. The secrecy that often envelops the defence sector wastes resources and weakens public institutions, enabling diversion of state resources for private gain through defence institutions. Effective state institutions play a pivotal role in preventing the waste of public funds, the abuse of power, and fraud within the defence and security sector and, as a result, they are the focus of this index. This standard of good practice stems from Transparency International Defence & Security's extensive work over the last decade in working towards more accountable defence sectors and highlighting the connection between corruption and instability.

Evidence-based advocacy

As an assessment of the weaknesses in the institutional controls of a country's defence sector, the GDI is a useful tool for civil society to collaborate with Ministries of Defence, the armed forces, and with oversight institutions, to build

their capacity in advocating for transparency and integrity in the defence & security sector. The GDI sets the standard for evidence-based advocacy at Transparency International Defence & Security (TI-DS), and is the world's leading assessment of corruption risks in defence establishments.

It provides rigorous evidence-based data that can be used by civil society organisations, research institutions, international organisations, investors, and the media focusing on the nexus of corruption and defence.

Robust programmatic approaches

Transparency International Defence & Security has extensive experience of using the GDI to support reform efforts and a track record of ensuring our work has a real and lasting impact. We have done this in partnership with other institutions, especially national civil society organisations. In the past, this has included: assisting with drafting or critiquing an integrity action plan, supporting 'building integrity' training sessions or workshops, facilitating a consultation process with civil society, organising capacity-building workshops to sensitise civil society on defence integrity, helping to build capacities of parliamentarians to exercise oversight, and creating secondment opportunities to enhance officials' expertise.

What the GDI does not measure

The GDI is not a measurement of corruption. It is not concerned with measuring the amount of funds that are lost, identifying corrupt actors, or estimating the perceptions of corruption by the general public. The GDI is a corruption risk assessment of the defence and security sector within a country, which assesses the quality of mechanisms used to manage corruption risk – and evaluating the factors that are understood to facilitate corruption, together with the dynamics that provide an environment in which corruption can flourish unchecked. It should be noted that the index focuses primarily on internal issues, with only a minority of questions being applicable to the country's external impact through arms exports and military operations.

Despite being considered critical to evaluating defence corruption risk, there are also certain factors included within our corruption risk assessment that will contain qualitative data, but which we have chosen not to score. These are elements for which there is no good practice standard yet established, or areas that are

too context-dependent to be consistently and appropriately measured with the same metric across a variety of countries. This decision is based on the difficulties involved in scoring these questions consistently over time, and in this iteration of the index. These circumstances extend only to the following indicators:

Q9. Does the public trust the institutions of defence and security to tackle the issue of bribery and corruption in their establishments?

It is not yet known whether there is a certain level of trust that protects against corruption, and indeed, the relationship between trust and the military depends on many other factors besides anticorruption and integrity. Unfortunately, there are very few, if any, surveys/assessments that specifically measure the extent to which the public trusts the institutions of defence and security to tackle the issue of bribery and corruption in their establishments. TI-DS however, maintains

Continued overleaf 

that trust in, and perceptions of, corruption are important indicators, as shown by their inclusion in other Transparency International indices such as the Corruption Perceptions Index.

Q30B. Does the government operate a system of classification of information under a clear legal framework to ensure that information is adequately protected?

The thresholds for confidentiality in the defence and security sectors are generally much lower than for other sectors, and dependent on the security and stability of the enabling environment in the country. Although the Tshwane Principles establish clear standards for the defence sector in terms of access to information, there is still uncertainty as to how these standards should be implemented within a specific country context. This makes good practice standards difficult to establish for the sector in a way that can be appropriately measured.

TI-DS maintains the position that while some items may need to remain classified, opacity should be a well-founded exception, not a rule. It is simply not certain yet which exceptions are appropriate across the board, and whether we should consider the use of balancing tests (harm and public interest tests) in our evaluation of access to information in the defence and security sector.

Q56. Are private military contractors employed and if so, are they subject to a similar level of scrutiny as for the armed forces?

It is TI-DS' position that the use of private military contractors should either be forbidden by law, or strictly regulated for extremely limited circumstances. However, the definition of private military contractors remains a challenge, as security forces employed by governments may

not necessarily be considered contractors under the law, nor would they always be used for military engagements or operations, e.g., used as private security for government officials within country. Conversely, private security companies may be used in traditional military situations or roles. We have, therefore, chosen to eliminate scoring for this indicator until a clear definition and appropriate operational uses can be agreed upon.

Q57A. Does the country have clear and comprehensive legislation that covers all defence and national security purchases with no exemptions?

Our research demonstrates that the scope of application for procurement legislation is often unclear. While the defence sector may officially fall within the scope of the law, a broad range of exceptions may serve to completely exempt the sector from legal requirements. It is not yet clear how to determine whether procurement within the defence and security sector is sufficiently regulated, in the face of such varied exemptions across contexts.

Q75. How common is it for defence acquisition decisions to be based on political influence by selling nations?

Good practice standards establish that clear and justifiable military need should be cited for purchases and for using particular suppliers, and that almost no acquisitions are granted as a result of political influence by selling nations or domestic political pressures. However, the arms trade is inextricably linked to diplomatic relations and global politics, and may not adhere to purely technical or other specifications of military need. It is not yet clear how to disentangle military need from domestic politics or regional/global stability risks in a quantifiable manner.

Content of the Index

Structure

At its top level of organisation, the GDI has five main risk areas: political, financial, personnel, operational, and procurement.

Political risk

The use of powers by government officials or their networks for illegitimate private gain is considered high-level political corruption. This kind of risk can lead to defence legislation and controls being distorted, and oversight mechanisms failing to provide appropriate checks and balances. If a corrupt individual or group is able to influence defence and security policy (for example, to create a requirement for procurement of fast jets when no such need truly exists), national security interests can be compromised in favour of private interests.

Financial risk

In the defence sector a culture of secrecy can create an environment in which good financial practices are not undertaken on the grounds of national security. These practices include how budgets are secured, what sort of income underpins defence institutions, and whether its sourcing and disposal are well controlled. Yet much public trust can be gained by being more transparent. In any organisation or department, sound management of assets, with timely and efficient accounting systems, is one of the most powerful devices for maintaining integrity. The better the systems in place, the less opportunity there will be for corruption. As well as providing opportunity for fraud, a poor and disconnected accounting system makes it easy to conceal irregularities. Even if irregularities are found, poor accounting makes it impossible to identify those responsible, and hold them to account.

Personnel risk

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.

Operational risk

Military operations are complex—with a wide array of actors, a constantly changing environment, and often serious consequences. Their complexity, as well as focus on key military and security issues rather than on management and governance of the forces in question, mean that they are rife with opportunities for corruption. The military's image during operations at home and abroad is vital in promoting and retaining public confidence and respect. Operations are the context in which a general population has most face-to-face daily conduct with a military and its officials. Therefore, their conduct is of paramount importance.

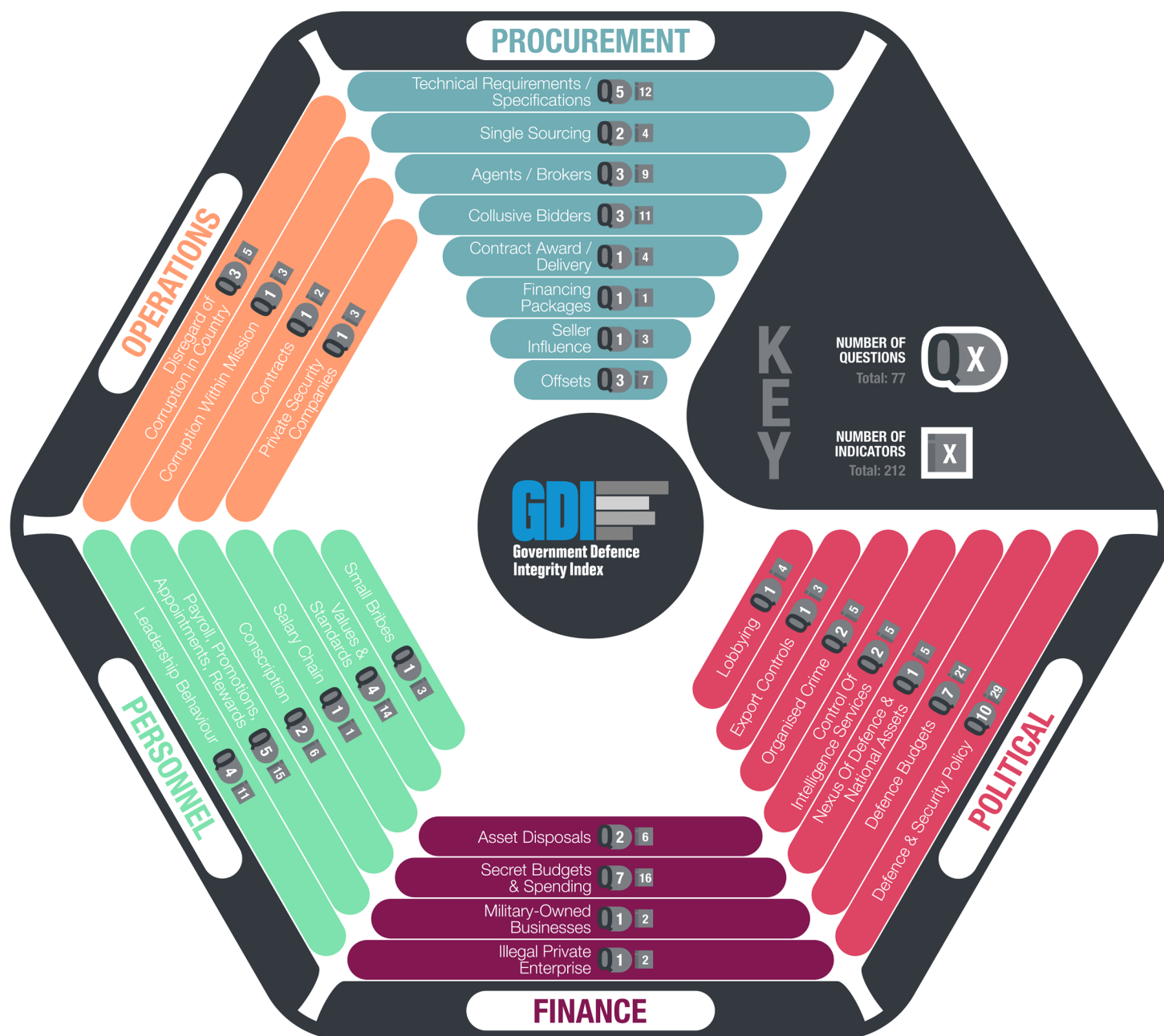
Procurement risk

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 Index

Under these risk areas, the GDI identifies 29 corruption risks specific to the defence and security sector¹. The GDI is further organised into 77 main questions, which are broken down into 212 indicators².

In order to provide a broad and comprehensive reflection of these risk areas, the GDI assesses both legal frameworks (de jure) and implementation (de facto), as well as resources and outcomes.



¹ See Annex 1 for descriptions of the defence corruption risks in the GDI.

² See Annex 2 for a list of all 77 questions. The GDI questionnaire with all underlying indicators is available online.

Underlying Anti-Corruption Themes

The content of the GDI reflects a set of important themes that characterise good governance and integrity in the defence and security sector. These are areas that TI-DS works on consistently through our advocacy and programmatic work, and serve as the conceptual basis for the GDI:

Implementation

Passing laws, even excellent ones, can only effect so much change. It is implementation that is crucial in achieving outcomes across government, yet it continues to be a critical failure point in reform efforts. Implementation is a function of political commitment, expertise, and availability of resources, and includes not only policies and practices, but also plans and stable institutional arrangements. The gap between the quality of the legal framework and the effectiveness of implementation cuts across all areas of risk, affecting ministries and militaries in equal measure.

Oversight

Oversight functions exist in the form of anticorruption bodies, audit functions, and/or parliamentary committees, but defence institutions have historically enjoyed frequent exemptions 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.

Civil society engagement

Civilian involvement in defence affairs requires an engaged, informed civil society, and an open defence sector prepared to interact with CSOs. Effective involvement of civil society enhances

the planning capacity of defence sectors and improves military performance by generating external accountability and monitoring, and by offering relevant expertise that is not always readily available within military institutions. Public trust in institutions is bolstered by engagement with civil society groups and openness to public debate of defence policy and strategy.

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.

Institutional Independence

The power disparity among different actors in the defence establishment can lead to situations of undue influence, in which one party uses their status to pressure another into making decisions that are not in the best interest of the state. Often it is the executive that coerces parliament or the defence sector in acquisitions, exports, or prosecutions. Any situation in which a process of scrutiny or decision-making is not independent can lead to undue influence, such as with personnel recruitment and oversight mechanisms.

Selection of Countries and Institutions

The 2020 Index uses a revised and more rigorous methodology to the 2015 iteration, which translates into a more time and labour-intensive process. As such, the number of countries in the 2020 GDI is reduced from the 2015 Index.

This set of 86 countries was chosen for reasons that include their significant and/or high-profile roles in the global arms trade, recent political or defence-related instability, or recent reforms that have been expected to result in changed circumstances for defence integrity. Countries were also chosen for their relevance to TI-DS's and partners' existing work and advocacy.

<i>Albania</i>	<i>Colombia</i>	<i>Japan</i>	<i>Nigeria</i>	<i>Switzerland</i>
<i>Algeria</i>	<i>Côte d'Ivoire</i>	<i>Jordan</i>	<i>Norway</i>	<i>Taiwan</i>
<i>Angola</i>	<i>Denmark</i>	<i>Kenya</i>	<i>Oman</i>	<i>Tanzania</i>
<i>Argentina</i>	<i>Egypt</i>	<i>Kosovo</i>	<i>Palestine</i>	<i>Thailand</i>
<i>Armenia</i>	<i>Estonia</i>	<i>Kuwait</i>	<i>Philippines</i>	<i>Tunisia</i>
<i>Australia</i>	<i>Finland</i>	<i>Latvia</i>	<i>Poland</i>	<i>Turkey</i>
<i>Azerbaijan</i>	<i>France</i>	<i>Lebanon</i>	<i>Portugal</i>	<i>UAE</i>
<i>Bahrain</i>	<i>Georgia</i>	<i>Lithuania</i>	<i>Qatar</i>	<i>Uganda</i>
<i>Bangladesh</i>	<i>Germany</i>	<i>Macedonia</i>	<i>Russia</i>	<i>Ukraine</i>
<i>Belgium</i>	<i>Ghana</i>	<i>Malaysia</i>	<i>South Sudan</i>	<i>United Kingdom</i>
<i>Bosnia</i>	<i>Greece</i>	<i>Mali</i>	<i>Saudi Arabia</i>	<i>United States</i>
<i>Botswana</i>	<i>Hungary</i>	<i>Mexico</i>	<i>Serbia</i>	<i>Venezuela</i>
<i>Brazil</i>	<i>India</i>	<i>Montenegro</i>	<i>Singapore</i>	<i>Vietnam</i>
<i>Burkina Faso</i>	<i>Indonesia</i>	<i>Morocco</i>	<i>South Africa</i>	<i>Zimbabwe</i>
<i>Cameroon</i>	<i>Iran</i>	<i>Myanmar</i>	<i>South Korea</i>	
<i>Canada</i>	<i>Iraq</i>	<i>Netherlands</i>	<i>Spain</i>	
<i>Chile</i>	<i>Israel</i>	<i>New Zealand</i>	<i>Sudan</i>	
<i>China</i>	<i>Italy</i>	<i>Niger</i>	<i>Sweden</i>	

The types of institutions and entities that are addressed in the GDI are those that matter for an understanding of defence integrity. These institutions include :

- Parliamentary defence committees and finance committees
- Ministries of defence, security, and finance
- Internal audits departments within ministries
- Supreme audit institutions or courts of account
- Procurement agencies and tender boards
- Compliance and ethics units within ministries of defence
- National intelligence agencies
- Promotion and appointment committees within ministries of defence
- Military police
- Military-owned businesses
- Anticorruption institutions
- Information commissioners

Depending on the country context, these institutions may figure more or less prominently in relation to corruption risk. The GDI aims to provide not only a score for each indicator, but also a full picture of defence governance, with the roles played by different institutions highlighted depending on their significance and relevance. This includes their interlinkages and working relationships, and whether they are effective at addressing the five corruption risk areas.

Research Process

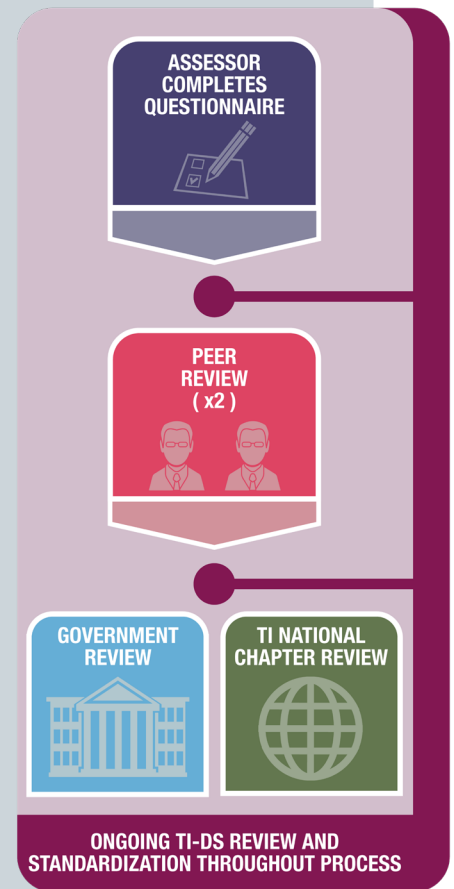
The core of the GDI methodology consists of a lead Country Assessor scoring and answering the questionnaire, which spans the range of 29 corruption risks relevant to the defence and security sectors. Assessors are expected to conduct both desk research and interviews with key individuals in government, military, academia, and civil society, allowing for confidentiality to protect the safety of informants.

Given that scores are awarded on the basis of both quantitative and qualitative data, with a heavy reliance on narrative justification, it is imperative that all evidence be properly cited and triangulated for accuracy and objectivity. Assessors are expected to adhere to the follow standards for data collection:

- Qualitative data must be original. Explanatory text must be context-specific, and well-evidenced. There must be a defensible and balanced judgment to justify the score of each indicator.
- The narrative justification is, as far as possible, objective, and takes into account the sources

used to as evidence. Multiple perspectives are encouraged where an issue is controversial or risks a subjective reading.

- The text must be qualified, i.e. when the information presented is the opinion of an interviewee or a reflection of public opinion, the subjectivity must be openly admitted, and reliability of all subjective opinion examined. These sources are evaluated critically, and information provided is verified with other sources.
- Responses are supported by at least two recent sources, except in the cases of de jure indicators, such as where there is only one piece of guiding legislation. If only one source is retrieved, the circumstances are explained. A lack of any evidence for something might, for example, indicate a lack of transparency which in itself implies more corruption risk. In some cases, responses require proving a negative, in which case evidence of thorough desk and interview research is required.



Country Assessors are usually PhD-level researchers, journalists and specialists with proven experience doing desk research, accessing primary sources and carrying out interviews. They are sector specialists who know where to find relevant, current information, have the necessary network for relevant interviews, and can identify the difference between evidence/facts and perceptions/opinions.

Peer Reviewers are experienced academics, and experts with proven experience and recognition in the field. They have in-depth knowledge about the defence sector in a country and can point out weaknesses in the quality of evidence or accuracy of scores. They are usually well-respected within their field and provide unparalleled contributions.

The entire research process for one country lasts about 12-14 months, from launch of data collection to publication of results. At each stage that the assessor submits their work, TI-DS conducts comprehensive checks for coherence of explanations, justification for scores, and adequacy of evidence. Once completed, the assessment is sent to two independent peer reviewers for review and comment as part of the drafting process. Peer reviewers are asked to check and validate the assessor's research, while providing insights based on their expertise. Peer review comments are considered part of the drafting and revision process for the GDI assessment. Assessors are expected to respond to all peer reviewer comments, either by integrating the information into the assessment as appropriate, or by explaining why the assessment need not be amended in light of reviewer comments.

An integral part of the research process for the GDI is the involvement of governments in verifying the accuracy of data in their country assessments and providing additional commentary or evidence to justify scores. All governments from countries in the index are formally invited to appoint a reviewer to work with TI-DS on a thorough review of the assessment. Their comments are evaluated and incorporated where relevant. Governments are also invited to submit a formal statement on the GDI findings, which will be posted online with country data. In addition, each nationally-based Transparency International chapter is provided with the GDI findings for their country in order to verify accuracy and provide commentary, which

Scoring

The scoring rubric for each of the 212 indicators provides 5 distinct levels of scoring for each indicator from 0-100 (0-25-50-75-100), with the highest score indicating best practice for the area. The scoring rubric provides a breakdown for each indicator, which allows users to identify the specific areas of strength and weakness within each indicator area. In the example below, the indicator addresses the legal framework, its implementation/practice, and its oversight.



Indicator scores are aggregated using a simple aggregation method (no weighting) to determine the 77 question scores, the risk area scores, and the overall country score.

Scores are then assigned to a band from A to F, which is intended to reflect the level of corruption risk (not levels of corruption) in defence sector institutions and practices.

TI-DS recognises that information on defence issues is highly secretive, and we consider 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 impacts 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 indicators may not be assigned a score due to a lack of evidence, though this measure is used sparingly.

As outlined above, the review process is extremely comprehensive, with a wide range of actors viewing the draft GDI data. Participants in data collection or review should note that scores may change slightly throughout the process and, in particular, after TI-DS does a comprehensive review of scoring across the dataset. This comprehensive review of the data is the final step before publication, and is undertaken to ensure that the scoring rubric has been applied consistently across all countries. No scores should be considered final until data is officially released on the TI-DS website.

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

Comparability

While the main 77 questions are unchanged from 2015 to 2020, the underlying scoring rubric is different. The indicators, and their individual scoring rubrics, were introduced prior to the start of data collection for the 2020 Index in order to narrow the field of analysis, so that assessments are focused on specific and measureable areas of interest. This allows for more reliable comparisons

across countries and over time and, additionally, for a more robust framework of analysis due to the more specific and targeted nature of the indicators. As a result of this strengthened approach to measurement in the current index, comparisons over time should be limited to individual indicators, if done at all.

In order to reflect these significant changes, the name of the index was changed from the Government Defence Anticorruption Index (GI) to the Government Defence Integrity Index (GDI). This name change reflects the focus on building institutional controls within the defence sector and government writ large, rather than highlighting areas of corruption, the latter of which has never been possible with the index.

Interpretation of the 77 questions in 2015 was broader and, therefore it is highly likely that some areas of focus in the 2020 index will not

be present for every country in the 2015 index. Thus, changes in overall country scores from 2015 to 2020 will not reflect the entirety of the new index, and should not be seen as an indication of improvement or weakening of country institutions.

Regional and cross-country comparisons using the 2020 data are reliable and are encouraged. This is not time-series data, but it does provide benchmarking. TI-DS will be producing publications that showcase regional and global patterns in the 2020 data.

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Annex 1:

GDI Defence Corruption Risks

Political Risk

Defence and Security Policy and Policy Transparency

A defence process can be manipulated or complicated in order to hide corrupt decisions and illicit enrichment, for example, if a policy approval procedure is lacking or policy decisions are not published. In the most extreme cases, defence corruption at the highest level might represent 'state capture', if an elite is able to shape state decisions across much wider policy areas.

Defence Budgets

Transparency and openness in defence budgets, and effective auditing, help ensure that expenditure is subject to scrutiny and debate, which helps prevent wasteful, compromised, or illicit spending. It is important that the sources of income streams that make up the defence budget are identifiable, to ensure that these sources are legitimate and are not connected to corrupt activity.

Nexus of Defence and National Assets

Where countries are rich in natural assets, such as oil, timber, minerals or fish, the military or security forces can become closely or improperly connected with their exploitation.

Organised Crime

Organised crime is present in every country and is a growing transactional security threat. Increasingly technology-enabled, it does not respect national or international boundaries. Motivated by the acquisition of wealth, it is arguably beyond the power of any one agency or nation to contain effectively, and may have penetrated defence, security, and intelligence establishments.

Control of Intelligence Services

Intelligence services gather information that has potential economic and political leverage. This makes them highly prone to corruption.

Export Controls

Arms export controls are susceptible to the risk of corruption as a vehicle for illegal arms transfers with negative consequences for international humanitarian law, human rights, and sustainable development. Arms deals tend to be surrounded by high levels of commercial and national security. This makes the trade particularly susceptible to the risk of corruption as a vehicle for illegal and undesirable arms transfers.

Lobbying in Defence

Unchecked and unregulated lobbying by the arms industry can shape a country's approach to security and defence by distorting national security aims for the benefit of corporate interests.

Financial Risk

Asset Disposals

Asset disposals are a common category for corrupt management. This can occur through the misappropriation or sale of property portfolios and surplus equipment. Even large assets can be poorly controlled and easy to sell off corruptly or undervalued.

Secret Budgets

Secret defence and security budgets are a perennially difficult issue, but these are open to abuse. A broader risk is when there are budgets outside defence that are also used by the military or security forces, but are not identified as defence or security budgets. A crucial ingredient in the creation of accountable armed forces and defence and security establishments is an effective and transparent process of allocating, managing, and overseeing their resources. Secret budgets here

are defined as the budgets allocated to intelligence agencies and national security.

Military-owned Businesses

In many countries, defence and security establishments maintain income sources separate to their state revenue streams. These include military-owned businesses, either civilian businesses or defence companies, which are directly or indirectly owned by the defence establishment. A lack of oversight poses significant risks, as they enjoy a privileged position in the state economy, which allows them to skew the playing field and draw advantages away from other players.

Illegal Private Enterprise

Misuse of assets extends to illegal private enterprises, with individuals gaining an income

from state-owned assets. This may be through the payment of exorbitant fees to cronies for consultancy or other services, or the use of service personnel for private work. It can also include bankrolling of the military by private enterprises in return for military protection of their business interests. The development of a system of patronage between the military and private business is highly detrimental; the more profitable it becomes, the more difficult it is to counter.

Actual Military Spending

The vast majority of actual defence spending must be fully disclosed to facilitate effective oversight of defence expenditures and procurement. Timely and comprehensive information allows for critical review of both mismanagement and potential misuse of financial authority.

Continued overleaf ➡

Personnel Risk

Leadership Behaviour

For top officials and officers themselves, strong leadership requires committed and visible engagement to organisational values. They, in turn, need feedback through honest and objective assessment through, for example, third parties and opinion surveys. When leaders engage in corruption themselves, or knowingly permit it, the integrity of the organisations they lead is greatly compromised.

Payroll, Promotions, Appointments, Rewards

There are numerous key areas of integrity spanning other aspects of personnel. Areas of particular concern include corruption involving skimming and misdirection of the payroll, favours in appointments, fees to avoid or gain selection in conscription, and misuse of reward and discipline

processes. Rewarding those who can pay, giving positions or money to those who haven't earned it, and sabotaging others to preserve power are unethical practices that undermine defence and security establishments.

Conscription and Recruitment

Corruption to avoid conscription into the military was recognised as a problem as early as Napoleonic times. Individuals may pay bribes to avoid service, or to enter preferred postings.

Salary Chain

The salary chain is the long link from the national treasury right down to payment to the individual soldier. In many corrupt environments those funds are stolen or diverted en route, so that far less of the due amount finally reaches the soldier.

Values and Standards

Tackling corruption requires attention to the values and ethical behaviour of troops, officers and officials. Building a strong ethical culture of adherence to policies, rules, and guidelines minimises corruption risk. This is particularly relevant in defence and security establishments, which traditionally have a strong custom of compliance to written regulations.

Small Bribes and Favours

Many citizens' experience of corruption is likely to be in the payment of small bribes in daily life. These might include facilitation payments, bribes at checkpoints or payments to avoid predatory police. Policymakers who put in place a plan that focuses only on high-value corruption are unlikely to succeed; the general public needs to see benefit at a local level.

Operational Risk

Disregard of Corruption in-Country

When international forces intervene in a country in conflict, or domestic forces are deployed to manage or contain conflict, their approach to corruption once in theatre is critical to the success of their mission. Disregard of corruption in-country runs a high risk of being seen as complicit in it, and can facilitate corrupt schemes.

Corruption within Mission

There are too many cases where intervention or peacekeeping forces are themselves a source of corrupt behaviour, and corruption within mission occurs. Corruption during operations is not a one-

way street, and military missions must address the corruption risks in their ranks as well as those in the countries they operate in. In many countries the military is used to provide internal security, often in circumstances where the police are unable to operate.

Contracting

In a conflict environment, the flow of money into a country through local contracting and logistics – whether aid money or military support – is an important part of promoting development and security. With all the problems in a conflict situation, it is easy for corrupt contracts to be awarded, and for non-performance to be tolerated.

If carried out effectively, local contracting holds the potential to be a vehicle for resuscitating the local economy, but with corruption risks not controlled, widespread international military contracting runs the risk of increasing corruption through creating opportunities for diversion of resources.

Private Security Companies

Private military contractors are a growing feature of military operations. These companies often operate without the ethical guidelines, accountability to the public, and oversight that govern most traditional armed forces. The risk of corruption is therefore higher.

Continued overleaf ➡

Procurement Risk

Government Policy

Corruption risk will be particularly high where legislation exempts or ineffectively governs defence and security procurement, and where scrutiny is lacking. Government policy may be conducive to corruption where there exist privileged defence relations, questionable defence budgets, or external financing with improper payback terms.

Capability Gap and Requirements Definition

Who defines where there is a capability gap or need for procurement? Where requirements are backed by a solid, transparent strategy, and where openly published security classifications are applied to defence procurement, we may be more comfortable that corruption prompted by exaggerated and inaccurate 'requirements' will be averted.

Tender Solicitation, Assessment and Contract Award

Corruption risk is increased where there is lack of open competition for procurement awards, where bidders are in any way favoured, and where assessment criteria are not objective or fair. Collusion between bidders poses a further risk.

Contract Delivery and In-Service Support

Where procurement staff are knowledgeable of suppliers' obligations in procurement contracts,

and corrupt suppliers are appropriately punished, we can be more confident that procurement officials themselves are likely to be clean. This is enhanced where companies are given protection to complain about corrupt activity. It is also important that there is scrutiny of money flows during the in-service performance of equipment: corrupt exchanges may occur when payment is made for modifications and repairs.

Offset Contracts

Offsets are arrangements when a government procuring goods or services makes the foreign supplying company reinvest a portion of the contract back into the importing country. Vulnerability to corruption arises from frequent lack of due diligence of potential improper beneficiaries, no monitoring of performance on offset contracts, no audits of what was delivered compared to pledges and no publication of offset results, benefits or performance. The complexity of offset contracts, where investment may span a variety of companies and subsidiaries, exacerbates the risk.

Agents / Brokers

Agents and brokers bring with them a variety of corruption risks. The use of undisclosed agents or middlemen is more widespread in defence than in any other industry. Whilst representatives have legitimate tasks in assisting companies

to operate in unfamiliar cultures and styles of government, there is no doubt that the use of middlemen also facilitates the payment of bribes to decision makers. Nearly every case of defence sector bribery shows that an agent is the conduit through which bribes were paid. Arrangements involving agents and brokers tend to be secretive and they add an additional layer between the supplier and the supplied parties. Scrutiny of these intermediaries may be insufficient or lacking entirely.

Financing Package

Complex and secretive financing packages, where payment timelines, rates, and terms and conditions are poorly defined, pose a clear corruption risk. In many cases the main defence contract has a high level of scrutiny, but the same is very rarely true of the financing package.

Seller Influence

When procuring defence and security equipment and services, the interests of the armed forces should be the central issue. International political deals and arm-twisting can mean that the contract is awarded to a company because of its nationality, rather than its bid. To avoid corruption, it is important that the government bases procurement decisions on legitimate need, and is not pressured into purchases by sellers.

Annex 2:

GDI Content: 77 Questions

Q1. Is there formal provision for effective and independent legislative scrutiny of defence policy?

Q2. Does the country have an identifiable and effective parliamentary defence and security committee (or similar such organisations) to exercise oversight?

Q3. Is the country's national defence policy or national security strategy debated and publicly available?

Q4. Do defence and security institutions have a policy, or evidence, of openness towards civil society organisations (CSOs) when dealing with issues of corruption?

Q5. Has the country signed up to the following international anti-corruption instruments: UNCAC and the OECD Convention?

Q6. Is there evidence of regular, active public debate on issues of defence? If yes, does the government participate in this debate?

Q7. Does the country have an openly stated and effectively implemented anti-corruption policy for the defence sector?

Q8. Are there independent, well-resourced, and effective institutions within defence and security tasked with building integrity and countering corruption?

Q9. Does the public trust the institutions of defence and security to tackle the issue of bribery and corruption in their establishments?

Q10. Are there regular assessments of the areas of greatest corruption risk for ministry and armed forces personnel, and are the findings used as inputs to the anti-corruption policy?

Q11. Does the country have a process for acquisition planning that involves clear oversight, and is it publicly available?

Q12. Is the defence budget transparent, showing key items of expenditure? And it is provided to the legislature in a timely fashion?

Q13. Is there a legislative committee (or other appropriate body) responsible for defence budget scrutiny and analysis in an effective way?

Q14. Is the approved defence budget made publicly available? In practice, can citizens, civil society, and the media obtain detailed information on the defence budget?

Q15. Are sources of defence income other than from central government allocation (from equipment sales or property disposal, for example) published and scrutinised?

Q16. 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)?

Q17. Is there effective and transparent external auditing of military defence expenditure?

Q18. 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?

Q19. 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?

Q20. Is there policing to investigate corruption and organised crime within the defence services and is there evidence of the effectiveness of this policing?

Q21. Are the policies, administration, and budgets of the intelligence services subject to effective and independent oversight?

Q22. 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?

Q23. Does the government have a well-scrutinised process for arms export decisions that aligns with Articles 7.1.iv, 11.5, and 15.6 of the Arms Trade Treaty (ATT)?

Q24. How effective are controls over the disposal of assets, and is information on these disposals, and the proceeds of their sale, transparent?

Q25. Is independent and transparent scrutiny of asset disposals conducted by defence establishments, and are the reports of such

scrutiny publicly available?

Q26. 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?

Q27. 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?

Q28. Are audit reports of the annual accounts of the security sector (the military and intelligence services) subject to parliamentary debate?

Q29. In law, are off-budget military expenditures permitted, and if so, are they exceptional occurrences that are well-controlled? In practice, are there any off-budget military expenditures? If so, does evidence suggest this involves illicit economic activity?

Q30. Are mechanisms for accessing information from the defence sector effective?

Q31. 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?

Q32. Are military-owned businesses subject to transparent independent scrutiny at a recognised international standard?

Q33. Is there evidence of unauthorised private enterprise by military or other defence ministry employees? If so, what is the government's reaction to such enterprise?

Q34. 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?

Q35. Are there effective measures in place for personnel found to have taken part in forms of bribery and corruption, and is there evidence that these measures are being carried out?

Q36. Is whistleblowing encouraged by the government, and are whistle-blowers in military and defence ministries afforded adequate protection from reprisal for reporting evidence of

Continued overleaf 

corruption, in both law and practice?

Q37. 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?

Q38. Is the number of civilian and military personnel accurately known and publicly available?

Q39. Are pay rates and allowances for civilian and military personnel openly published?

Q40. Do personnel receive the correct pay on time, and is the system of payment well-established, routine, and published?

Q41. Is there an established, independent, transparent, and objective appointment system for the selection of military personnel at middle and top management level?

Q42. 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.

Q43. 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?

Q44. Is there a policy of refusing bribes to gain preferred postings? Are there appropriate procedures in place to deal with such bribery, and are they applied?

Q45. Are chains of command separate from chains of payment?

Q46. Is there a Code of Conduct for all military personnel that includes, but is not limited to, guidance with respect to bribery, gifts and hospitality, conflicts of interest, and post-separation activities? Is there evidence that breaches of the Code of Conduct are effectively addressed?

Q47. Is there a Code of Conduct for all civilian personnel that includes, but is not limited to, guidance with respect to bribery, gifts and hospitality, conflicts of interest, and post-separation activities? Is there evidence that breaches of the Code of Conduct are effectively addressed?

Q48. Does regular anti-corruption training take place for military and civilian personnel?

Q49. 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?

Q50. Are there effective measures in place to discourage facilitation payments (which are illegal in almost all countries)?

Q51. Do the armed forces have military doctrine addressing corruption as a strategic issue on operations?

Q52. 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?

Q53. Is corruption as a strategic issue considered in the forward planning of operations? If so, is there evidence that commanders at all levels apply this knowledge in the field?

Q54. Are trained professionals regularly deployed to monitor corruption risk in the field (whether deployed on operations or peacekeeping missions)?

Q55. Are there guidelines, and staff training, on addressing corruption risks in contracting whilst on deployed operations or peacekeeping missions?

Q56. Are private military contractors employed and if so, are they subject to a similar level of scrutiny as for the armed forces?

Q57. Does the country have legislation covering defence and security procurement with clauses specific to corruption risks, and are any items exempt from these laws?

Q58. 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?

Q59. Are defence procurement oversight mechanisms in place and are these oversight mechanisms active and transparent?

Q60. Are potential defence purchases made public?

Q61. Are actual defence purchases made public?

Q62. 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?

Q63. Are procurement requirements derived

from a national defence and security strategy, and are procurement decisions well-audited? Are defence purchases based on clearly identified and quantified requirements?

Q64. Is defence procurement generally conducted as open competition or is there a significant element of single-sourcing (that is, without competition)?

Q65. Are tender boards subject to regulations and codes of conduct and are their decisions subject to independent audit to ensure due process and fairness?

Q66. Does the country have legislation in place to discourage and punish collusion between bidders for defence and security contracts?

Q67. Are there mechanisms and procedures that ensure that contractors meet their obligations on reporting and delivery?

Q68. 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?

Q69. What sanctions are used to punish the corrupt activities of a supplier?

Q70. When negotiating offset contracts, does the government specifically address corruption risk by imposing anti-corruption due diligence on contractors and third parties?

Q71. How does the government monitor offset contracts?

Q72. What level of competition are offset contracts subject to?

Q73. How strongly does the government control the company's use of agents and intermediaries in the procurement cycle?

Q74. Are the principal aspects of the financing package surrounding major arms deals, (such as payment timelines, interest rates, commercial loans or export credit agreements) made publicly available prior to the signing of contracts?

Q75. How common is it for defence acquisition decisions to be based on political influence by selling nations?

Q76. Does the country regulate lobbying of defence institutions?

Q77. Is comprehensive data on actual spending on defence published during the budget year?

