



**Government Defence
Integrity Index**



2020



Country Brief:

AZERBAIJAN



AZERBAIJAN

Azerbaijan continues to be one of the most repressive and militarised countries in the world.¹ The Aliyev family has held the presidency since 1993, turning Azerbaijan into an autocratic authoritarian regime, with all powers highly centralised in the hands of current President Ilham Aliyev.² Opposition groups, NGOs and independent media are subject to harassment, threats and imprisonment, leaving little room for freedom of expression and activism.³ Corruption is rampant and centres around the ruling family, who have used a secret slush fund to pay off European politicians, launder money and accumulate extravagant wealth through what has become known as the Azerbaijani Laundromat.⁴

Much of Azerbaijan's defence policy is dictated by the conflict with Armenia over the disputed Nagorno-Karabakh territory and along the rest of its border, which has been the scene of heavy and sustained fighting at the time of writing, in a major flare-up of tensions.⁵ The conflict has driven massive military spending on both sides,⁶ with both Armenia and Azerbaijan in the top ten countries in the world for defence expenditure as a percentage of GDP.⁷ Under this military drive, Azerbaijan has signed significant arms deals with Israel, Russia, Turkey and Belarus, signalling a long-term commitment to military investment.⁸ Endemic corruption and tight presidential control mean that defence governance mechanisms are poor and corruption risks are critically high. Due to a lack of transparency, independent oversight, enforceable checks and balances and meaningful opposition, the defence sector has critical corruption vulnerabilities that undermine the effectiveness of the sector as a whole.

Member of Open Government Partnership	Yes
UN Convention Against Corruption	Ratified in 2005
Arms Trade Treaty	Has not signed

CEE Overview

As Central and Eastern European states become increasingly integrated with the EU and NATO through membership and partnerships, they are poised to play a key role in the continent's future, and in particular its security and defence decisions. Nevertheless, a combination of acute threat perceptions, rising defence budgets, and challenges to democratic institutions make states in Central and Eastern Europe and the Caucasus particularly vulnerable to setbacks in defence governance, which could threaten the progress made over the past decades. Already, authoritarian governments, particularly in the Western Balkans and Central Europe, have overseen significant democratic backsliding that has undermined the quality of defence governance and heightened corruption risk in the sector. Continuing and frozen conflicts in Ukraine, Moldova, Armenia and Azerbaijan, combined with Russian attempts to exert influence over the region through electoral interference, disinformation and corruption, contribute

to a delicate security situation in a strategically critical region. This will test the quality of defence governance across the region, which though fairly robust, has persistent gaps and deficiencies that need addressing. Weak parliamentary oversight and increasing alignment between the executive and legislature is undermining the quality of external scrutiny, while procurement continues to be shrouded in secrecy and exempted from standard contracting and reporting procedures. Equally, access to information and whistleblower protection systems are increasingly coming under threat and anti-corruption remains poorly integrated into military operations.



¹ Human Rights Watch, 'Azerbaijan'.

² Freedom House, 'Azerbaijan Country Report', 2019.

³ Human Rights Watch, 'Azerbaijan: Crackdown on Critics Amid Pandemic', *Human Rights Watch*, 16 April 2020.

⁴ OCCRP, 'The Azerbaijani Laundromat', September 2017.

⁵ Al-Jazeera, 'Fresh Fighting Erupts Dashing Ceasefire Efforts', Al Jazeera, 3 October 2020; Michael Safi, 'At Least 16 Dead in Armenia-Azerbaijan Clashes over Disputed Region', *The Guardian*, 27 September 2020.

⁶ Gubad ibadoghlu, 'What and Where Azerbaijan Spends on Defence', *Crude Accountability*, 10 February 2020.

⁷ Nan Tian, Alexandra Kuimova, Diego Lopes da Silva, Pieter D. Wezeman & Siemon T. Wezeman, 'Trends in World Military expenditure, 2019', *SIPRI Fact Sheet*, April 2020, p. 10.

⁸ Ayaz Rzayev, 'Assessing Azerbaijan's Indigenous Defence Industry Capabilities', *The Defense Post*, 7 May 2018.



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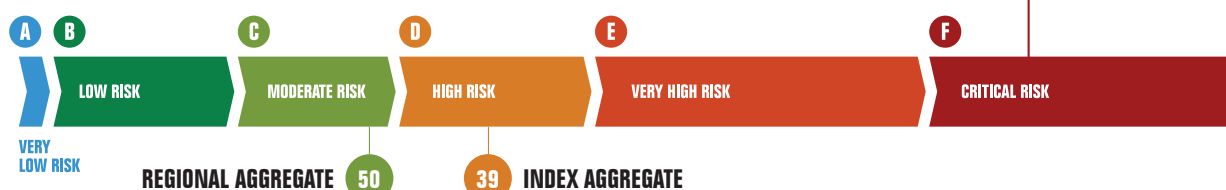
Overall scores

The size of the colour band corresponds to number of countries that fall into that category.

AZERBAIJAN SCORE CRITICAL RISK

F

15



A > 83-100 VERY LOW

B > 67-82 LOW

C > 50-66 MODERATE

D > 33-49 HIGH

E > 17-32 VERY HIGH

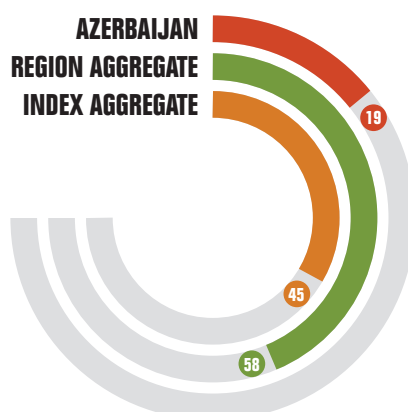
F > 0-16 CRITICAL

Risk Comparison

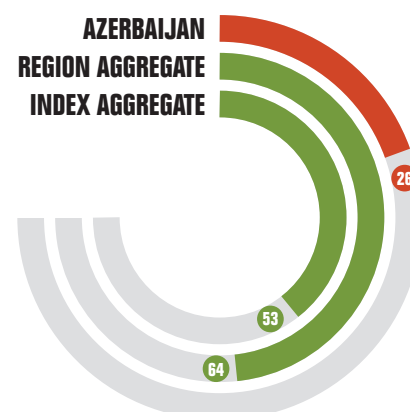
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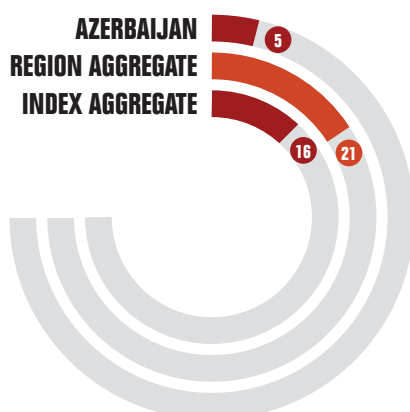
FINANCIAL



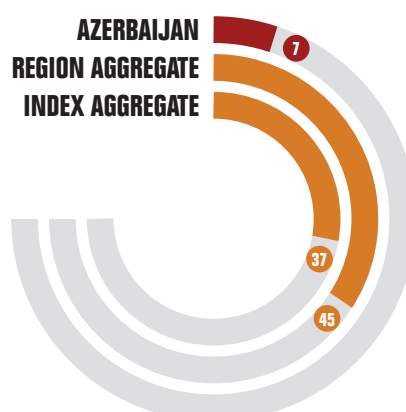
PERSONNEL



OPERATIONAL



PROCUREMENT





AZERBAIJAN

Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, IBP, 2019)	58/100
Military expenditure as share of government spending (SIPRI, 2020)	12.7%
Committee members with defence expertise (%)	16% (2 of 12)
# of meetings/year	12 (2019); 1 (2018); 0 (2017)
Last review of defence policy/strategy	Military Doctrine (2010)

There is no real political pluralism and participation in Azerbaijan due to a repressive media and political environment, along with a skewed electoral framework that makes it impossible for opposition parties to gain power through elections.⁹ Parliamentary elections in February 2020 were mired in reports of irregularities and saw Aliyev's party secure another majority, with just one opposition parliamentarian elected in the whole Assembly.¹⁰ The near complete absence of any opposition from the legislature has led to an erosion of parliamentary oversight of the executive and defence sector. Despite Parliament having constitutional rights of control over the Armed Forces, the Law on Armed Forces of December 2017 makes no mention of parliament as an oversight and control body for the military.¹¹ Control is instead entirely in the hands of the President and Parliament exercises no formal oversight. Military matters are actively kept secret from the legislature and are never discussed during sessions, with many parliamentarians fundamentally opposed to overseeing the sector, seeing secrecy as a pre-requisite for effectiveness.¹² This means that the executive can push through any legislation it chooses and Parliament acts as a rubber-stamp for executive directives, with very little actual influence or impact on the direction of defence policy or oversight of activities and budgets. Similarly, external and internal auditing of defence expenditure is extremely weak. Despite the passing of an internal audit law in 2007,¹³ there is currently no evidence that an internal audit unit exists in the Ministry of Defence or that defence institutions engage in internal reviews of their expenditure. With regards to external audits, the Chamber of Accounts has formal powers to scrutinise government spending.¹⁴ However, there is no publicly available evidence that it has conducted any defence audits and it has never published a report on defence spending.

Financial Transparency

Defence-related access to information response rates	(1) % granted full access: Data is not publicly available. (2) # subject to backlog: Data is not publicly available.
Defence-related complaints to ombudsman/commissioner #	Data is not publicly available.
Does the commissioner have authority over the MoD?	Yes
Audit reports on defence (2018-2020) #	None
Open Budget Survey (IBP, 2019)	35/100
World Press Freedom Index (RSF, 2021)	167th out of 180.

Azerbaijan has a relatively detailed legal framework around access to information and the constitution itself stresses the importance of freedom of information.¹⁵ The main law regulating the public's access to information is the Law on Access to Information, which outlines the parameters for information access and conditions for release.¹⁶ However, while the law includes defence information, the sector is also subject to the Law on State Secrets¹⁷ and Law on National Security.¹⁸ In practice, this means that the defence sector is largely exempted from freedom of information legislation, as the other laws provide blanket confidentiality for most defence information, in a classification process which the Council of Europe has judged "ostensibly opaque" and "broad".¹⁹ A 2014 Presidential Decree further restricted information access, allowing the government to "organise propaganda" and "bring to justice" those deemed to have disseminated state secrets and restrict access to the military to a select pool of accredited Ministry of Defence (MoD) journalists.²⁰ After this decree, it became almost impossible for NGOs and independent media to research the sector, and attempts to do so are met with significant pressure from the MoD and the State Security Service.²¹ The issue is compounded by the lack of comprehensive detail in the information that is shared by defence institutions. The defence budget is highly aggregated, lacks justifications and most areas are not publicly accessible.²² For instance, despite Azerbaijan spending billions of dollars on weapons in recent years, it is not possible to obtain any detailed information on how much of the budget this represents. There is also no publication of actual defence expenditure during the budget year. The Ministry of Finance publishes reports on the implementation of the state budget at the end of each quarter, but the information is not disaggregated and there is little defence-related detail, making it impossible to assess how defence funds are utilised.²³

⁹ Freedom House, 'Azerbaijan'.

¹⁰ RFE/RL, 'Ruling Party Declares Victory in Azerbaijan's Parliamentary Elections', *Radio Free Europe/Radio Liberty*, 9 February 2020.

¹¹ The Republic of Azerbaijan, *Law on the Armed Forces of the Republic of Azerbaijan*, 29 December 2017.

¹² Radio Liberty, 'MP Aqil Abbas: "Military Censorship Must be Applied in the Army"', 15 December 2017.

¹³ The Republic of Azerbaijan, *Law on Internal Audit*, 22 May 2007.

¹⁴ The Republic of Azerbaijan, *Law on the Chamber of Accounts*, 2 July 1999.

¹⁵ The Republic of Azerbaijan, *The Constitution of the Republic of Azerbaijan*, 1995.

¹⁶ The Republic of Azerbaijan, *Law on Freedom of Information*, 2005.

¹⁷ The Republic of Azerbaijan, *Law on State Secrets*, September 2005.

¹⁸ The Republic of Azerbaijan, *Law on National Security*, June 2004.

¹⁹ Council of Europe, 'Analysis of Azerbaijan Legislation on Freedom of Information', *Partnership for Good Governance*, 2017, p. 15.

²⁰ President of the Republic of Azerbaijan, 'Order of the President of the Republic of Azerbaijan on Some Security Measures on the Line of Contact of the Armed Forces of the Republic of Azerbaijan with the Armed Forces of the Republic of Armenia', 24 September 2014.

²¹ Caspian Defense Studies Institute, 'Public discussion of military problems in Azerbaijan is banned,' 2 April 2015.

²² Republic of Azerbaijan, *Law of the Republic of Azerbaijan on The State Budget of the Republic of Azerbaijan for 2020*, 2019.

²³ Ministry of Finance, 'Information on the State Budget Execution'.



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Personnel Ethics Framework

Whistleblowing legislation	No legislation
# defence-sector whistleblower cases	Data is not publicly available
# Code of conduct violations	Military: Data is not publicly available
	Civilian: Data is not publicly available
Financial disclosure system	# submitted: Data is not publicly available
	# of violations: Data is not publicly available

Anti-corruption safeguards for personnel management are weak in Azerbaijan, significantly increasing their vulnerability to corruption. For instance, there is no overarching code of conduct for military personnel in the defence sector. Some areas of the sector, such as the defence industry²⁴ and military prosecutor's office have codes of ethics,²⁵ but these cover only a very small portion of total personnel. For civilian personnel, the Law on Ethical Behaviour applies to all civil servants and does cover issues related to corruption, bribery and gifts and hospitality.²⁶ However, there is no publicly available information on whether and how this code is enforced, or on whether violations are recorded. There is also no evidence that defence personnel receive regular anti-corruption training, both as part of their induction and as part of ongoing training throughout their careers. The only training seems to be provided by external partners, such as courses by the Centre for Building Integrity in the Defence Sector (CIDS).²⁷ But there is little evidence that this training is systematic or that it covers the majority of defence personnel. Anti-corruption standards are also undermined by weak whistleblowing protections. Whistleblowing remains a dangerous practice in Azerbaijan. The country has no specific legislation on whistleblowing despite government commitments since 2016 to draft a framework.²⁸ In fact, the practice is discouraged and there are no public communications or information campaigns about it. Those reporting wrongdoing are, in many cases, humiliated, fired or arrested.²⁹ This holds particularly true in defence where a culture of secrecy and military exceptionalism curtails the implementation of proper whistleblowing mechanisms. Servicemen who have reported wrongdoing in the Ministry of Defence (MoD) or Armed Forces have often been arrested.³⁰ This track record means that there is very little faith in the MoD's "Trust Line" for anonymous reporting, which is rarely utilised.

Operations

Total armed forces personnel #	82,000
Troops deployed on operations #	2 in South Sudan (UNMISS), Unknown number in Nagorno-Karabakh

In total, 60% of Azerbaijan's military personnel, or more than 50,000 servicemen, are currently serving in frontline operations.³¹ In spite of these deployments, Azerbaijan's resilience to corruption risks on operations is poor. The military doctrine does not mention corruption as a strategic threat to the success of operations. It is also not considered in the forward planning of operations, be they on the line of contact with Armenia or during planning for peacekeeping missions. There are no official reports by the Ministry of Defence (MoD) on anti-corruption, and the government has so far refused to join NATO's Building Integrity programme. Moreover, systematic anti-corruption training is not delivered for personnel ahead of deployments, with evidence that the MoD and Armed Forces consider discussion of these issues as undesirable. Furthermore, any reports produced about operations are classified, even to Parliament. This makes assessing the extent to which corruption is monitored on missions difficult. Equally, the alleged deployment of Turkish-backed Syrian rebel forces in the Nagorno-Karabakh conflict in 2021, ostensibly to support Azerbaijan's armed forces in the region,³² represented corruption risks of its own, particularly related to the accountability and conduct of these units.

²⁴ Ministry of Defence, 'Ministry of Defence Industry: Ethical conduct', 28 August 2007.

²⁵ Prosecutor's Office, 'Code of Ethics for Employees of Prosecutor's Office of the Republic of Azerbaijan', 8 February 2008.

²⁶ Republic of Azerbaijan, *Law on Ethical Behaviour Rules of Civil Servants*, 31 May 2007.

²⁷ Centre For Integrity in the Defence Sector, 'CIDS' course on Building Integrity (BI) Institutional Enhancement (HRM)', September 22-24 2-15.

²⁸ OECD, *Anti-Corruption Reforms in Azerbaijan: Fourth Round of Monitoring of the Istanbul Anti-Corruption Action Plan*, OECD, Paris, 2016, p. 39.

²⁹ Transparency International Azerbaijan, 'Concept paper on Whistleblowing', April 2015.

³⁰ Bizim Yol, 'Most of the officers were blackmailed in the Peaceful Tabor - Shock Facts', *BizimYol*, 18 January 2014.

³¹ Real TV, 'Defense Minister Zakir Hasanov answered journalists' questions,' YouTube video, June 20, 2018, 40:57.

³² Veysi Dag, 'What are Syrian Mercenaries Doing in Azerbaijan?', *Open Democracy*, 2 October 2020; France24, 'Haut-Karabakh: Des Mercenaires Syriens, Soutenus par la Turquie, Epaulent l'Azerbaïdjan', *France24*, 2 October 2020.



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Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	2,173
Open competition in defence procurement (%)	Exact data is not publicly available
Main defence exports – to (SIPRI, 2016-20)	N/A
Main defence imports – from (SIPRI, 2016-20)	Israel, Russia, Turkey, Slovakia, Belarus

Public procurement in Azerbaijan is beset by shortcomings. The 2001 law that governs all public procurement is outdated and in urgent need of modernization.³³ Gaps in the legislative framework leave space for collusion and corruption, and there is no legal stipulation for public oversight over the procurement system. The result is a wholly non-transparent system, with high levels of corruption risk throughout the entire cycle.³⁴ The same holds true for procurement in defence. Blanket secrecy clauses mean that all defence procurement is considered a state secret, exempting it from independent oversight. There are no reports on defence procurement on the websites of the Chamber of Accounts, the State Service for Antimonopoly Policy or the Parliament. Moreover, the scandal-ridden State Procurement Agency was abolished in 2016 and its formal oversight powers now reside with the State Service for Antimonopoly Policy under the

Ministry of Economy,³⁵ which has itself been accused of directing tenders to companies owned by senior political and military figures. Tendering is conducted almost exclusively through closed procedures, with winners often the relatives of senior officials. Moreover, these closed tenders are not subject to oversight, with evidence pointing to high levels of influence from the ruling family and connected businessmen in the defence procurement process. These elements all add up to critical corruption risks in Azerbaijani defence procurement. This is particularly concerning as Azerbaijan is one of the world's largest military spenders, spending \$24 billion on its military between 2009 and 2018.³⁶ Moreover, purchases are not required to be strategically justified, and unplanned and ad-hoc purchases are common. While the military doctrine specifies some procurement requirements,³⁷ they are extremely broad and strategic procurement goals are unclear, as the Armed Forces do not have a strategy for building their capabilities.

³³ Republic of Azerbaijan, *Law of the Republic of Azerbaijan on Public Procurement*, 27 December 2001.

³⁴ Institute for Development of Freedom of Information, 'Azerbaijan', *Transparency Public Procurement Rating (TPPR) – Assessing Public Procurement Legislation and the Enforcement Process in the Eurasian Region*, Tbilisi, IDFI, 2017.

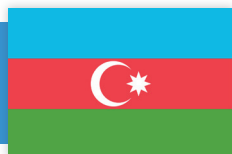
³⁵ APA, 'The State Procurement Agency has been Abolished', 15 January 2016.

³⁶ Sam Bhutia, 'Armenia-Azerbaijan: Who's the Big Defense Spender?', *Eurasianet*, 28 October 2019.

³⁷ Republic of Azerbaijan, 'Military Doctrine'.

Version 1.0, October 2021

GDI data collection for **Azerbaijan** was conducted June 2018 to June 2019. The narrative discussion in this GDI brief was produced at a later time with the most recent information available for the country, which may not be reflected in the GDI country assessments or scores.



AZERBAIJAN 2020 GDI Scorecard

		Grade	Score
Political Risk		E	18
Q1	Legislative Scrutiny	E	25
Q2	Defence Committee	F	10
Q3	Defence Policy Debate	E	19
Q4	CSO Engagement	F	8
Q5	Conventions: UNCAC / OECD	C	63
Q6	Public Debate	F	13
Q7	Anticorruption Policy	D	38
Q8	Compliance and Ethics Units	E	25
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	F	0
Q11	Acquisition Planning	E	25
Q12	Budget Transparency & Detail	D	38
Q13	Budget Scrutiny	F	0
Q14	Budget Availability	E	25
Q15	Defence Income	E	17
Q16	Internal Audit	F	0
Q17	External Audit	F	13
Q18	Natural Resources	D	33
Q19	Organised Crime Links	E	25
Q20	Organised Crime Policing	D	38
Q21	Intelligence Services Oversight	F	0
Q22	Intelligence Services Recruitment	F	0
Q23	Export Controls (ATT)	F	0
Q76	Lobbying	F	0
Financial Risk		E	19
Q24	Asset Disposal Controls	F	0
Q25	Asset Disposal Scrutiny	F	0
Q26	Secret Spending	F	0
Q27	Legislative Access to Information	F	0
Q28	Secret Program Auditing	F	0
Q29	Off-budget Spending	D	33
Q30	Access to Information	F	13
Q31	Beneficial Ownership	A	100
Q32	Military-Owned Business Scrutiny	F	0
Q33	Unauthorised Private Enterprise	C	63
Q77	Defence Spending	F	0
Personnel Risk		E	26
Q34	Public Commitment to Integrity	E	25
Q35	Disciplinary Measures for Personnel	D	38
Q36	Whistleblowing	F	0
Q37	High-risk Positions	F	0
Q38	Numbers of Personnel	D	33
Q39	Pay Rates and Allowances	F	0
Q40	Payment System	C	50
Q41	Objective Appointments	F	8
Q42	Objective Promotions	F	8
Q43	Bribery to Avoid Conscription	C	58
Q44	Bribery for Preferred Postings	C	50
Q45	Chains of Command and Payment	C	50
Q46	Military Code of Conduct	E	25

OVERALL COUNTRY SCORE

CRITICAL RISK



RISK GRADE

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



		Grade	Score
Personnel Risk		E	26
Q47	Civilian Code of Conduct	D	42
Q48	Anticorruption Training	F	13
Q49	Corruption Prosecutions	E	25
Q50	Facilitation Payments	E	17
Operational Risk		F	5
Q51	Military Doctrine	F	0
Q52	Operational Training	F	0
Q53	Forward Planning	F	0
Q54	Corruption Monitoring in Operations	F	0
Q55	Controls in Contracting	E	25
Q56	Private Military Contractors	NS	
Procurement Risk		F	7
Q57	Procurement Legislation	F	0
Q58	Procurement Cycle	F	0
Q59	Procurement Oversight Mechanisms	F	0
Q60	Potential Purchases Disclosed	F	0
Q61	Actual Purchases Disclosed	F	13
Q62	Business Compliance Standards	F	0
Q63	Procurement Requirements	E	17
Q64	Competition in Procurement	F	0
Q65	Tender Board Controls	E	25
Q66	Anti-Collusion Controls	E	19
Q67	Contract Award / Delivery	F	0
Q68	Complaint Mechanisms	D	33
Q69	Supplier Sanctions	E	17
Q70	Offset Contracts	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	

KEY

NEI Not enough information to score indicator
NS Indicator is not scored for any country
NA Not applicable



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