



**Government Defence
Integrity Index**



2020



Country Brief:

DENMARK



DENMARK

Denmark's 2018-2023 Defence Agreement provides a sobering analysis of regional security dynamics. The Agreement frames the existing threats to Denmark as more serious than at any other time since the fall of the Berlin Wall,¹ and this is without taking into account the geopolitical, economic and social impacts of the COVID-19 pandemic. The threat of an increasingly assertive Russia and the destabilising effect of conflict in the Middle East and North Africa as drivers of extremism and irregular migration flows are central concerns.² The renewed focus on the Arctic from the United States, China and Russia is also likely to draw Denmark in a complex geopolitical game of chess as it seeks to safeguard its interests and its strategic control of Greenland.³

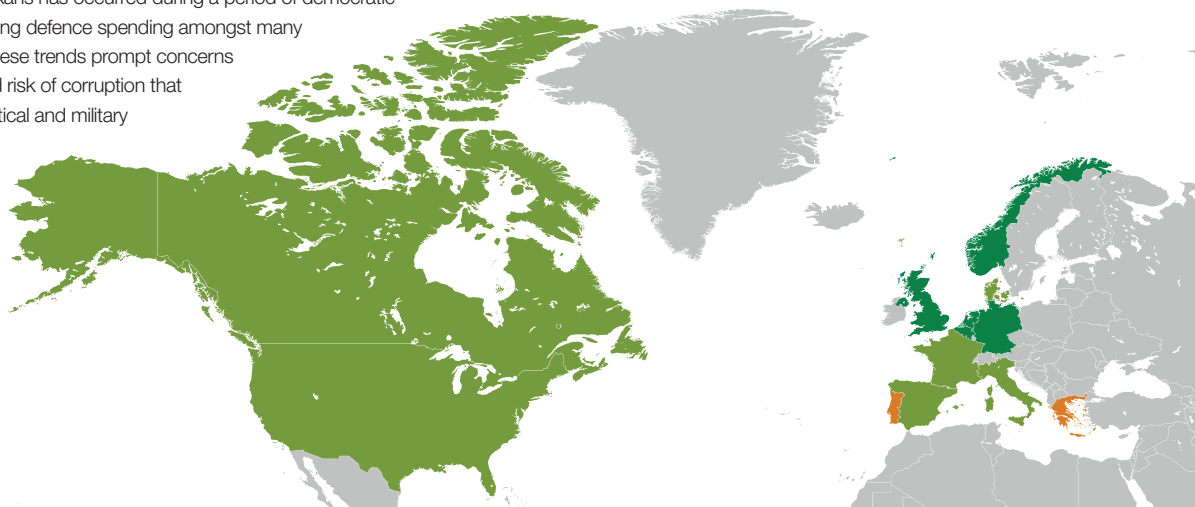
Member of Open Government Partnership	Yes
UN Convention Against Corruption	Ratified in 2006.
Arms Trade Treaty	Ratified in 2014.

As questions mount over the future of multilateralism, Denmark continues to perceive NATO as the cornerstone of its defence strategy and argues that the alliance is needed now more than ever. In this context, defence spending has increased noticeably, with the defence budget forecast to increase by 20 per cent by 2023.⁴ Denmark's robust defence governance mechanisms are well equipped to deal with such an increase in resources and political focus. Parliamentary oversight of defence is effective and functional, supported by a well-established external auditing process. Civilian democratic control of the armed forces is assured with consistent public engagement on defence matters. Procurement processes are formalised and largely transparent, as is financial management more broadly. However, a marked increase in cases of defence corruption in recent years is a stark warning against complacency, while legislative gaps remain which could negatively impact the sector in relation to personnel and some aspects of arms acquisitions.

NATO Overview

In a global context marked by the fragmentation of global power, a loss of faith in multilateralism and the rise of non-conventional conflict, NATO faces an uncertain future. In the twilight of its long-standing operation in Afghanistan, there is a pressing need for it to retool and revamp itself to better address current and future challenges. Externally, these include an increasingly belligerent and assertive Russia, the continued rise of China and the increased global instability that the current decade heralds. Within the alliance, NATO's expansion in the Western Balkans has occurred during a period of democratic backsliding and rising defence spending amongst many member states. These trends prompt concerns about an increased risk of corruption that threatens both political and military

stability, at a time when NATO can ill afford governance failings undermining its capacity to respond to threats. Whilst the Building Integrity programme has proved generally effective at mitigating defence sector corruption and fostering good governance, maintaining the high standards of defence governance that are critical to NATO's ability to exercise its mandate will likely pose a significant challenge to the alliance in coming years.



¹ Ministry of Defence, *Defence Agreement 2018-2023*, Copenhagen, 2017, p. 1.

² Ministry of Defence, *Defence Agreement*, p. 1.

³ Greenland is part of the Kingdom of Denmark, and defence policy is the prerogative of the Kingdom. However, Greenland has its own government which legislates on issues other than defence and foreign policy related.

There was a new defence agreement in February 2021, which focused on the investment in the security of the Arctic Command. See, Abhishek Saxena, 'The Return of Great Power Competition in the Arctic', *The Arctic Institute*, 22 October 2020; Ministry of Defence, 'New Political Agreement on Arctic Capabilities for 1.5 Billion DKK', 11 February 2021.

⁴ Ministry of Defence, *Defence Agreement*, p. 3.



DENMARK

Overall scores

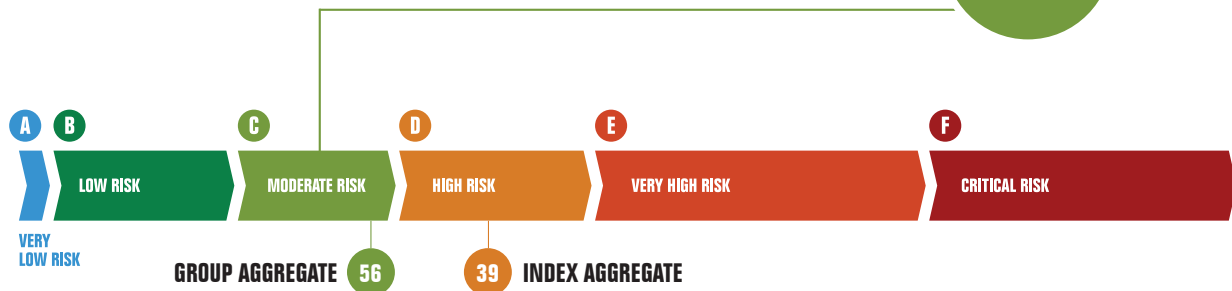
The size of the colour band corresponds to number of countries that fall into that category.

DENMARK SCORE

**MODERATE
RISK**

C

62



A > 83-100 VERY LOW

B > 67-82 LOW

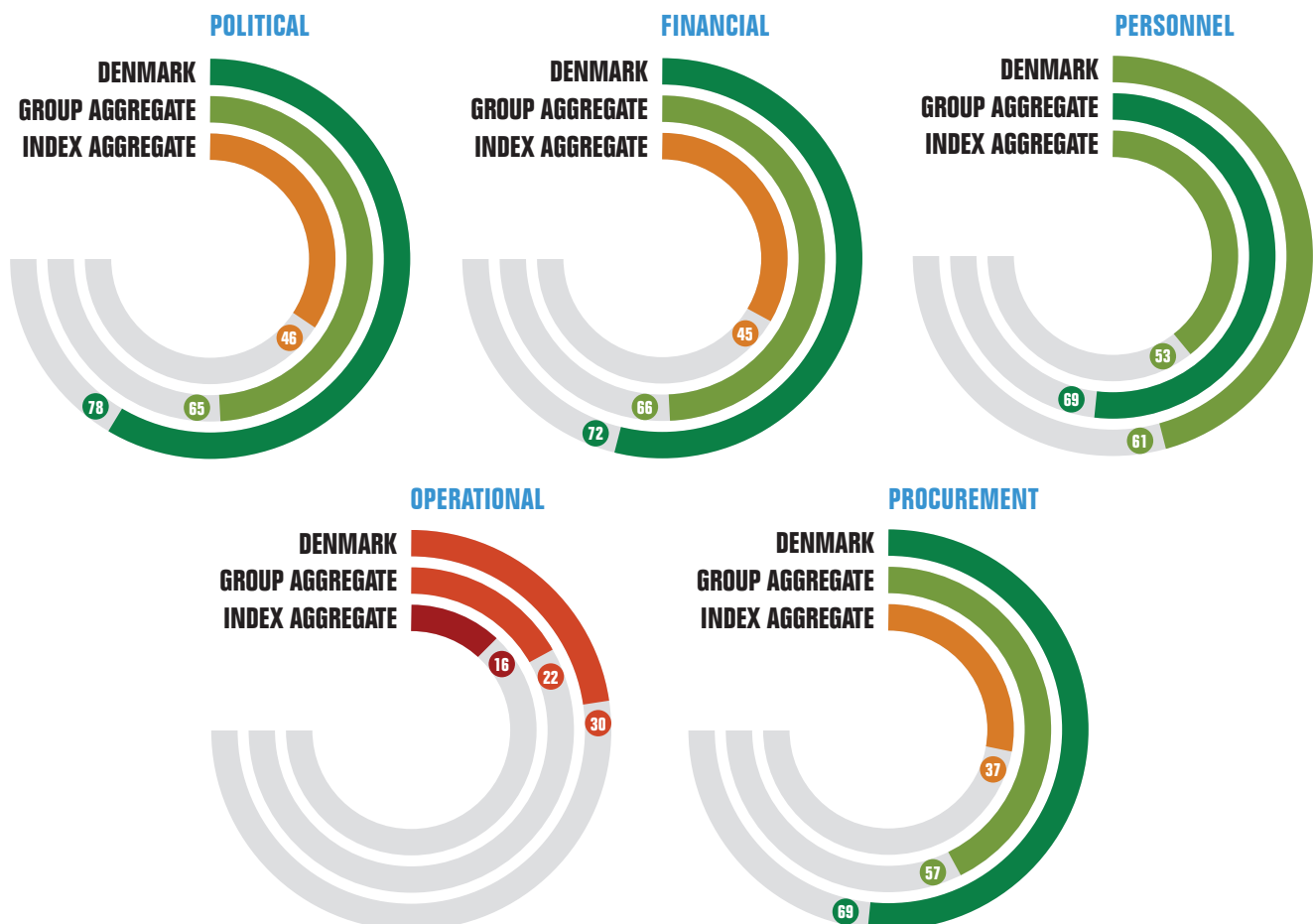
C > 50-66 MODERATE

D > 33-49 HIGH

E > 17-32 VERY HIGH

F > 0-16 CRITICAL

Risk Comparison





DENMARK

Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	Not ranked.
Military expenditure as share of government spending (SIPRI, 2020)	2.5%
Committee members with defence expertise (%)	30% (9 of 30)
# of meetings/year	37 in 2020; 15 in 2019; 24 in 2018.
Last review of defence policy/strategy	2017 (reviewed every five years)

Denmark is widely held to be a model of effective governance, with well-functioning democratic institutions and high levels of public trust in government and public administration.⁵ The Danish parliament is robust and a key decision-making forum.⁶ The legislature is actively involved in defence planning, policy and oversight. The shape of Denmark's strategic defence outlook and overall policy is laid out by the Defence Agreement, which is negotiated between all parties in parliament, ensuring a relatively stable policy even in cases of government changes.⁷ This also guarantees parliamentarians from across the spectrum opportunities to input and oversee policy and decision-making processes on defence, as the government is forced to consult with opposition representatives each time a major defence decision is taken. Independent parliamentary control and oversight also extends to major procurement decisions, which are reached through political agreements involving broad coalitions in parliament.⁸ Day to day oversight and control is ensured by the Defence Committee, which regularly reviews both long-term strategic aspects of defence policy, alongside short-term oversight duties.⁹ Though there is no evidence that the committee issues recommendations or conducts long-term investigations, it does have the power to initiate specific commissions to investigate aspects of defence. Parliament's oversight function is supported by an effective external auditing process. The National Audit Office (NAO) carries out annual financial and performance audits of defence accounts, alongside ad hoc studies and investigations into specific policy areas.¹⁰ Its independence is guaranteed by the Audit General Act,¹¹ which establishes the NAO as an independent institution within parliament with a separate ring-fenced budget within the main account. Audit reports are available to the public and shared with parliamentary committees. However, there is evidence that the Ministry of Defence (MoD) fails to consistently address findings in practice and can be slow to take action despite multiple warnings.¹² Within the MoD, the Internal Audit Office conducts budget and accounts reviews, however its effectiveness is questionable. Recent media reports have revealed how the MoD has ignored several highly critical warnings made by the Audit Office, underlining how findings are not always valued.¹³ There is also no stipulation to dictate that internal audit reports are shared with the defence committee and little evidence that the committee reviews these in practice.¹⁴

⁵ Finn Laursen, Torben M. Andersen, Detlef Jahn, *Sustainable Governance Indicators 2020: Denmark Report*, Gütersloh, Bertelsmann Stiftung, 2020, p. 2.

⁶ Laursen et al, *SGI 2020: Denmark*, p. 3.

⁷ Ministry of Defence, *Defence Agreement*.

⁸ Ministry of Defence, 'Agreement on procurement of new fight aircrafts', 9 June 2016.

⁹ The Danish Parliament, 'All questions posed by the Defence Committee'.

¹⁰ DNAO, 'Our work'.

¹¹ The Danish Parliament, *The Auditor General Act*, LBK nr 101 af 19/01/2012.

¹² Steffen McGhie and Philip Sune Dam, 'The risk of fraud runs deeper in the Ministry of Defence than initially disclosed: The National Audit Office warned the ministry behind the scenes for several years', *Berlingske*, 10 March 2020.

¹³ Philip Sune Dam, '[The scandal of the Ministry of Defence reaches back to 2013: Here are the warnings that were made year after year]', *Berlingske*, 22 December 2019.

¹⁴ Steffen McGhie, 'The Minister of Defence withholds information about fraud case from Parliament: It is poison for the democratic practice', *Berlingske*, 26 January 2020.

Financial Transparency

Defence-related access to information response rates	(1) % granted full or partial access: Data is not publicly available. (2) # subject to backlog: Data is not publicly available.
Defence-related complaints to ombudsman/commissioner #	19 (2019)
Does the commissioner have authority over the MoD?	Yes.
Audit reports on defence (2016-2020) #	11 (5 annual report, 6 ad hoc reports)
Open Budget Index (IBP, 2019)	Not ranked.
World Press Freedom Index (RSF, 2021)	4th out of 180.

Government operations and decision-making are relatively transparent and open in Denmark. As a member of the Open Government Partnership, Denmark has enacted a series of reforms and initiatives in recent years to enhance transparency and improve citizens' access to government held data.¹⁵ In the defence sector, financial transparency is generally robust. The defence budget contains comprehensive and disaggregated information on expenditure across all functions, while appended comments on the functions' individual accounts are comprehensive and contain details on posts and purpose.¹⁶ The MoD's website also contains more easily accessible and comprehensible descriptions and information on the budget for a more generalist audience.¹⁷ The budget includes data on all sources of defence income, including those not from central government allocation, which are also subject to internal and external audit in line with standard budgeting audit practice. Moreover, off-budget expenditures are strictly prohibited. Any unforeseen expenditures not included in the Finance Act must be approved by the Finance Committee through a formalised process. Financial transparency is further enhanced by the Public Information Act which regulates the public's access to public sector information, including defence.¹⁸ However, though in theory freedom of information (FOI) requests should be finalised within seven days, journalists report serious issues with the FOI process. Case work is slow and the deadline is almost never met, while justifications for refusals are overly vague and the legal provisions for rejection are misused.¹⁹ The result is an increasingly pronounced lack of transparency from the MoD, and its lack of compliance with FOI legislation represents a significant democratic issue.

¹⁵ Open Government Partnership, 'Denmark – Commitments'.

¹⁶ See the database of the Finance Act.

¹⁷ Ministry of Defence, 'The finances of the ministry's domain', last modified 01 January 2020.

¹⁸ Danish Parliament, *The Public Information Act*, 24 February 2020.

¹⁹ Natascha Linn Felix and Jesper Olsen, 'Transparency International: Denmark is more non-transparent than the EU', *Altinet*, 28 February 2020.



DENMARK

Personnel Ethics Framework

Whistleblowing legislation	None
# 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.

Though Denmark's military is a highly capable and professional force with relatively strong ethics frameworks, recent years have seen a marked increase in the number of corruption and fraud cases within military units which point to some deficiencies in safeguards against abuses of power, nepotism, bribery and fraud.²⁰ For instance, there is no code of conduct specifically for the defence personnel. Instead, personnel are expected to abide by the general code of conduct for the public sector which addresses issues of corruption, albeit without reference to the specificities of defence institutions.²¹ Recent cases of corruption have also raised questions around enforcement of ethics rules. In the case of the conviction of the former Chief of the Army, the Chief of Defence had rejected calls to investigate possible nepotism until the scandal became public.²² Though possible cases of corruption are generally investigated and prosecuted through military justice channels, this example points to the potential for undue political influence. A key obstacle to strengthening ethics frameworks is the absence of legislation on whistleblowing. In its absence, whistleblowing mechanisms are weak and whistleblowers lack protections. The MoD's internal mechanism, the Employee Hotline, cannot guarantee anonymity and there is no recourse for personnel to report wrongdoing externally.²³ As a result, trust in the system is extremely poor and the MoD has recognised the need for increased protections.²⁴ It should be noted that a proposed Whistleblower Act was tabled in parliament in April 2021, with a view to implement the EU Whistleblower Directive by December 2021,²⁵ although civil society groups have raised issues with the legislation, pointing out that it includes serious gaps.²⁶ Alongside this, the lack of transparency in the appointment process for senior officers increases the risk of undue influence and abuse of power. Despite a formalised recruitment process, attractive positions are often filled by commanders who handpick individuals and either bypass or rig the formal recruitment procedures. The case of Prince Joachim being named defence attaché in Paris is an example of the practice which is feeding frustration within the ranks.²⁷

Operations

Total armed forces personnel (World Bank, 2018)	14,500
Troops deployed on operations #	35 in Kosovo (NATO KFOR), 70 in Mali (Barkhane)

As a member of NATO, Denmark contributes troops to a number of coalition missions,²⁸ alongside its commitment to supporting French-led operations in the Sahel.²⁹ Nevertheless, poor integration of anti-corruption safeguards and a lack of corruption risk mitigation strategies risks undermining mission objectives. Denmark has no military doctrine that identifies corruption as a strategic issue for operations, betraying a lack of appreciation of the inherent threat corruption poses to missions. However, there is some indication that corruption issues are included in forward planning for operations. For instance, as part of Danish support to the NATO mission in Afghanistan, the MoD has produced a country policy paper which lists counter-corruption as a key priority and foundation for Danish support. Additionally, Denmark deploys a lead on corruption prevention who sits within mission HQ and monitors transparency and good governance aspects of the mission.³⁰ The lack of an overarching doctrine addressing corruption issues also undermines the extent of anti-corruption training. Commanders do not receive training on corruption issues ahead of deployments. Only select officers receive such training and for the purpose of working in NATO's Accountability and Oversight branch in Afghanistan. Aside from this, there is very little anti-corruption training, including for personnel working in sensitive areas such as contracting.

²⁰ See for instance, Abigail Joshua, 'Denmark Suspends Army Chief Amid Nepotism Allegations', *MMW*, 24 October 2018; Berlingske, 'Five are prosecuted in case of possible corruption in the Defence', 06 December 2020, 2020.

²¹ The Agency for Modernisation, 'Good conduct in the public sector', December 2017.

²² Philip Sune Dam, 'The Scandal of the Ministry.'

²³ Ministry of Defence, 'The Employee Hotline. A Whistleblower mechanism'.

²⁴ Andreas Nygaard Just, 'After fraud cases in the Defence: New whistleblower mechanisms are to make the employees say something', 18 January 2020.

²⁵ Bech Bruun, 'Bill on Protection of Whistleblowers Submitted for Public Hearing', 4 March 2021.

²⁶ Mark Worth, 'Broken Law: Denmark Passes Empty Rights for Whistleblowers', *Whistleblower News Network*, 28 September 2021.

²⁷ Diplomat Magazine, 'Danish Prince as Military Attaché in Paris', 11 June 2020.

²⁸ Reuters, 'Denmark Agrees to Send More Troops to Iraq's NATO Training Mission', 11 June 2020.

²⁹ Ministry of Defence, 'The Danish Effort in the Sahel Region'.

³⁰ Ministry of Foreign Affairs, 'Country policy paper for Afghanistan 2018-2020', May 2018, p. 9.



DENMARK

Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	4,838
Open competition in defence procurement (%)	Data is not publicly available.
Main defence exports – to (SIPRI, 2016-20)	Portugal, Malaysia, Lithuania, France, Oman.
Main defence imports – from (SIPRI, 2016-20)	United States, Switzerland, Germany, Sweden, France.

Under the impetus of a changing threat environment, Danish defence spending has risen consistently since 2015 as the defence budget has grown.³¹ Much of this spending is dedicated to investing in new capabilities with a view to strengthening contributions to NATO collective defence efforts and strengthening military presence in the Arctic.³² As such, defence procurement is a significant pillar of implementing the current strategy. Denmark has a clear acquisition planning process in place, underpinned by the connections between large purchases and the strategy which are made in the Defence Agreement.³³ The Defence Acquisition and Logistics Organisation (DALO) provides a comprehensive overview of planned procurement projects, and its annual reports make

links between acquisitions and strategic defence tasks.³⁴ On the legislative side, procurement is subject to EU and national laws on public tenders. The EU Directive on public procurement is implemented via Danish public procurement law. While the EU legislation allows for broad exemptions from public tenders for national security-related acquisitions,³⁵ DALO uses this exception only after restrictive interpretation of the law and national security exemptions to open tendering are rare and fully justified.³⁶ The vast majority of procurement is conducted via public, limited or negotiated tenders and single-sourcing appears to be extremely limited. Oversight of the process is ensured by the National Audit Office (NAO) and parliamentary committees, and internally by the Audit Office and DALO. Any procurement over a value of 60 million DKK must be presented to the Finance Committee for approval.³⁷ These institutions appear fairly effective, with the NAO's review of the acquisition of F-35 fighter jets leading to the MoD addressing some procedural issues with the programme.³⁸ However, it should be noted that the Finance Committee has not rejected a single procurement application between 2016-2020.³⁹ Though general legislation is strong and ensures good transparency and oversight, it falls short in other areas. Offset contracts are still not prohibited by law and the use of agents remains unregulated, despite the fact that these actors are recognised as one of defence's most pervasive corruption risks.⁴⁰ Additionally, a failure to regulate lobbying raises significant corruption risks associated with the defence industry and its influence over the procurement process.

³¹ SIPRI, 'Military Expenditure in Constant \$US mil.'

³² Ministry of Defence, 'New Political Agreement on Arctic Capabilities for 1.5 billion DKK', 11 February 2021.

³³ Ministry of Defence, *Defence Agreement*.

³⁴ DALO, 'Outline of Planned Larger Material Acquisitions and Material Service Task', March 2019.

³⁵ European Parliament and of the Council, 'Directive 2009/81/EC of the of 13 July 2009 on the coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security'.

³⁶ See for instance, KNR, 'Danish Defence wants to prolong helicopter contract with Air Greenland', 13 May 2020.

³⁷ Danish Parliament, 'Document on the approval of expenses outside the Finance Act, ed'.

³⁸ DNAO, 'DNAO comment on report on the Ministry of Defence basis of decisionmaking material for the procurement of 27 F-35 fighter jets', September 2018.

³⁹ All "aktstykker" - applications for financial appropriations outside the Finance Act - on new material projects or changes to existing programme can be retrieved on the Agency for Public Finance and Management's website.

⁴⁰ Transparency International Defence and Security, *Out of the Shadows: Promoting Openness and Accountability in the Global Defence Industry*, TI-UK, London, 2018, p. 15.

Version 1.0, October 2021

GDI data collection for **Denmark** was conducted February 2020 to October 2020. 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.



DENMARK 2020 GDI Scorecard

Grade Score

Political Risk		B	78
Q1	Legislative Scrutiny	A	100
Q2	Defence Committee	A	85
Q3	Defence Policy Debate	A	94
Q4	CSO Engagement	C	50
Q5	Conventions: UNCAC / OECD	B	75
Q6	Public Debate	A	100
Q7	Anticorruption Policy	C	63
Q8	Compliance and Ethics Units	C	58
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	B	75
Q11	Acquisition Planning	A	92
Q12	Budget Transparency & Detail	A	100
Q13	Budget Scrutiny	A	88
Q14	Budget Availability	A	100
Q15	Defence Income	A	83
Q16	Internal Audit	D	44
Q17	External Audit	A	88
Q18	Natural Resources	B	67
Q19	Organised Crime Links	A	100
Q20	Organised Crime Policing	A	100
Q21	Intelligence Services Oversight	B	75
Q22	Intelligence Services Recruitment	A	100
Q23	Export Controls (ATT)	C	58
Q76	Lobbying	F	0

Financial Risk		B	72
Q24	Asset Disposal Controls	A	83
Q25	Asset Disposal Scrutiny	B	75
Q26	Secret Spending	C	50
Q27	Legislative Access to Information	E	25
Q28	Secret Program Auditing	F	13
Q29	Off-budget Spending	A	100
Q30	Access to Information	B	75
Q31	Beneficial Ownership	A	100
Q32	Military-Owned Business Scrutiny	A	100
Q33	Unauthorised Private Enterprise	B	75
Q77	Defence Spending	A	94

Personnel Risk		C	61
Q34	Public Commitment to Integrity	D	42
Q35	Disciplinary Measures for Personnel	A	100
Q36	Whistleblowing	E	17
Q37	High-risk Positions	F	0
Q38	Numbers of Personnel	A	83
Q39	Pay Rates and Allowances	D	38
Q40	Payment System	B	67
Q41	Objective Appointments	D	42
Q42	Objective Promotions	D	42
Q43	Bribery to Avoid Conscription	NA	
Q44	Bribery for Preferred Postings	A	100
Q45	Chains of Command and Payment	A	100
Q46	Military Code of Conduct	C	56

OVERALL COUNTRY SCORE

MODERATE RISK
C
62

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		C	61
Q47	Civilian Code of Conduct	C	56
Q48	Anticorruption Training	D	42
Q49	Corruption Prosecutions	A	92
Q50	Facilitation Payments	A	100

Operational Risk		E	30
Q51	Military Doctrine	F	0
Q52	Operational Training	C	50
Q53	Forward Planning	C	63
Q54	Corruption Monitoring in Operations	F	8
Q55	Controls in Contracting	NEI	
Q56	Private Military Contractors	NS	

Procurement Risk		B	69
Q57	Procurement Legislation	B	75
Q58	Procurement Cycle	B	75
Q59	Procurement Oversight Mechanisms	A	83
Q60	Potential Purchases Disclosed	A	100
Q61	Actual Purchases Disclosed	D	38
Q62	Business Compliance Standards	C	63
Q63	Procurement Requirements	A	83
Q64	Competition in Procurement	C	50
Q65	Tender Board Controls	D	44
Q66	Anti-Collusion Controls	B	67
Q67	Contract Award / Delivery	B	81
Q68	Complaint Mechanisms	A	100
Q69	Supplier Sanctions	A	100
Q70	Offset Contracts	C	50
Q71	Offset Contract Monitoring	B	81
Q72	Offset Competition	A	100
Q73	Agents and Intermediaries	F	0
Q74	Financing Packages	C	50
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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