



**Government Defence
Integrity Index**



2020

Country Brief:

FINLAND



FINLAND

Finland is increasingly confronted with geopolitical and geo-economic rivalries in its neighbourhood as a result of great power tensions and global pressures like climate change and the COVID-19-induced economic crisis.¹ A more assertive and belligerent Russia is a tangible threat to security, not just in North-East Europe, but to the European security order as a whole.² Moreover, Finland does not belong to any one military alliance and, though it has strengthened bilateral defence engagement and its support for cooperation initiatives with the Nordic and EU states, building its independent defence capability remains the cornerstone of Finland's defence policy.³

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

In this context, Finland has focussed heavily on countering non-traditional security threats, such as cyber warfare and information manipulation, and has outpaced its European counterparts in its readiness to tackle hybrid threats.⁴ This has also given Finland's defence sector a fairly unique composition. The only European country where conscription remains in place with large number of reservists, Finland's small conventional army is also complemented by a significant number of "readiness units" that could be mobilised at short notice in the face of a deteriorating security situation.⁵ Finland's total defence strategy is also supported by significant defence spending, which was increased by 50% between 2020 and 2021, in part to fund an overhaul of its aging fleet of fighter aircraft, which will considerably increase defence spending over the next few years.⁶ Within this context, Finland has formally robust defence governance mechanisms, which enable strong operational effectiveness and decrease corruption risk in the sector. Parliamentary oversight and financial scrutiny are well-established and functional, allowing for strong parliamentary control of the sector. Procurement is generally well-scrutinised and effective and personnel management systems are formally strong. Nevertheless, budget comprehensiveness could be improved, as could anti-corruption safeguards for personnel and operations, while the prevalence of non-competitive arms acquisitions also increases corruption risk.

Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	Not ranked
Military expenditure as share of government spending (SIPRI, 2020)	2.6%
Committee members with defence expertise (%)	82% (14 out of 17)
# of meetings/year	80 (2018); 56 (2019); 45 (2020)
Last review of defence policy/strategy	2021 (Government Defence Report)

Finland's efficient and transparent system of governance has been praised in international rankings.⁷ However, Finnish governments have traditionally commanded very large parliamentary majorities by forming broad coalitions, which some have criticised as undermining government accountability in policy formation.⁸ With regards to defence, Parliament's involvement in the policymaking process is crucial. Draft legislation is discussed by the Defence Committee, which can modify, reject or ask the Minister of Defence to withdraw the bill. The bill is then submitted to the plenary which also has access to a Defence Committee report that helps inform the plenary's vote on the issue.⁹ Defence policy is adopted by Parliament on the basis of the Government's Defence Report that is prepared in consultation with Parliament.¹⁰ Parliament also passes the budget and approves procurement plans through this budgetary function.¹¹ The Defence Committee has the right to conduct inquiries into specific areas of defence, as well as summon witnesses and officials and it provides statements to other Committees and the plenary when defence issues arise.¹² In practice, oversight is generally robust with the Committee making full use of its formal rights and actively overseeing the activities, spending and administration of the defence sector. The Committee meets roughly 2-4 times a week and publishes schedules, minutes, and agenda items. It has extremely broad rights of information access, although this is limited with regards to international operations, where it receives only summary reports. Parliament's financial oversight work is supported and complemented by strong internal and external auditing functions for defence spending. Both the Ministry of Defence (MoD) and the Finnish Defence Forces (FDF) have internal audit units that engage in ongoing reviews of financial management and spending. Their reports, while not publicly available, are reviewed by the independent National Audit Office (NAO), which shares findings with the Finance Ministry and the Defence Committee.¹³ The NAO also conducts external audits of the MoD, FDF and associated agencies. It is fully independent from the decision-making bodies or organisations it audits, and its follow-up reports underline how its findings are regularly incorporated by defence institutions.¹⁴

¹ Juha Jokela, 'Stronger Together – Finland: Time to Focus on Tangible Results', *Institut Montaigne*, 23 February 2021.

² Prime Minister's Office, 'Government's Defence Report', *Publications of the Finnish Government*, 80/2021.

³ Jokela, 'Stronger Together'.

⁴ Michael Peck, 'Hybrid Underdog: Russia Should be Scared of Finland's Military Innovation', *National Interest*, 8 August 2021.

⁵ Robin Häggblom, 'Finland Has a Plan for Russia's Little Green Men', *Foreign Policy*, 15 August 2020.

⁶ Gerard O'Dwyer, 'Finland's \$12 Billion Fighter Plan Dodges the Post-pandemic Budget Axe', *Defense News*, 18 August 2020.

⁷ Bertelsmann Stiftung, 'Country Report 2020: Finland', *SGI*, 2020, p. 2.

⁸ Bertelsmann Stiftung, 'Finland', p. 4.

⁹ The Constitution of Finland (731/1999, amendments up to 817/2018 included); Parliament of Finland, 'Enacting legislation'.

¹⁰ Prime Minister's Office, 'Government's Defence Report'.

¹¹ Ministry of Finance, 'The Budget'.

¹² Parliament of Finland, 'The Parliament's Rules of Procedure'.

¹³ Government of Finland, *Act on the National Audit Office*, 2000.

¹⁴ See for instance, National Audit Office of Finland, 'The Planning and Guidance of the Material Acquisition Projects of the Defence Forces', Inspection report 18/2017.



FINLAND

Overall scores

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

FINLAND SCORE
MODERATE RISK

62

C



A > 83-100 VERY LOW

B > 67-82 LOW

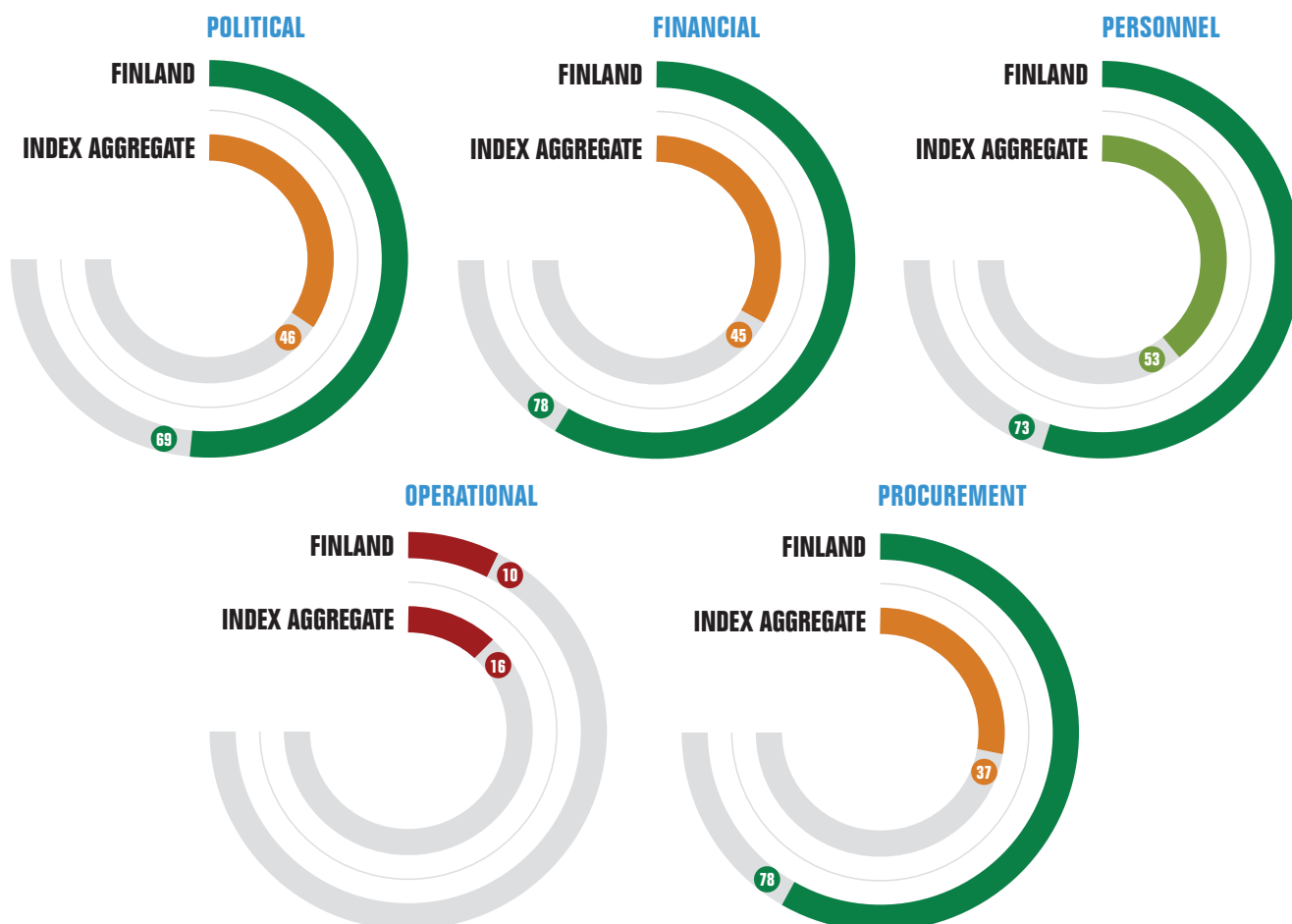
C > 50-66 MODERATE

D > 33-49 HIGH

E > 17-32 VERY HIGH

F > 0-16 CRITICAL

Risk Comparison





FINLAND

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 #	Data is not publicly available
Does the commissioner have authority over the MoD?	Yes
Audit reports on defence (2018-2020) #	1 (2018); 1 (2019); 2 (2020)
Open Budget Index (IBP, 2019)	Not ranked
World Press Freedom Index (RSF, 2021)	2nd out of 180.

Widely regarded as an exemplar for transparent and inclusive governance, Finland is also often perceived as having extremely low levels of corruption.¹⁵ Robust transparency standards are evident in defence, although room for improvement remains. For instance, the defence budget provides only aggregated figures for operational costs, productivity appropriations and procurement, without a clearer breakdown of appropriations within these categories.¹⁶ This significantly limits budget transparency and undermines accountability. Similarly, while the Treasury publishes monthly reports on revenue and expenses for each department, figures are highly aggregated.¹⁷ The Ministry of Defence (MoD) does, however, publish annual financial statements, consisting of an activity report, out-turn calculations and detailing actual expenditures and revenue.¹⁸ Statements also include comparisons with the budget, with explanations for variations. It should also be noted that the MoD readily shares arms export data with civil society organisations, such as SaferGlobe, on an annual basis in order to increase transparency in its arms exports.¹⁹ Budget reliability and fiscal transparency is strengthened by the disclosure of non-governmental income streams, such as from the sale of equipment or income generated by the defence construction agency.²⁰ On the expenditure side, off-budget spending is extremely rare. Though the Constitution allows extra-budgetary spending,²¹ Parliament must approve extra-budgetary funds by more than two-thirds of votes and ensures that such spending appears in final state accounts.²² Finally, despite a formally strong access to information framework, its implementation in defence has been irregular. The legal basis is outlined in the Act on Information Management²³ and the Act on the Publicity of Authorities' Activities,²⁴ which outline access to information procedures and provide exemptions for some categories of information. More detailed security classification guidelines can be found in the Decree on Security Classification.²⁵ Nevertheless, the system has been criticised, as government bodies frequently take too long to respond to requests²⁶ and there have been examples of the Defence Forces charging prohibitive sums of money in order to release financial data.²⁷

¹⁵ Transparency International, 'Corruption Perceptions Index', 2020.

¹⁶ Government of Finland, *Act on the State Budget*, 2020.

¹⁷ The State Treasury, 'Monthly bulletin on the State finances'.

¹⁸ The Ministry of Defence, 'Financial statement of the Ministry of Defence's bookkeeping unit 250 for FY2020', 2020.

¹⁹ SaferGlobe, 'Finnish Arms Control Report'.

²⁰ 'Revenues', the Ministry of Defence budget proposal for FY2020.

²¹ Government of Finland, *The Constitution of Finland* (731/1999, amendments up to 817/2018 included).

²² Government of Finland, *Act on the State Budget*, 1988.

²³ Government of Finland, *Act on Information Management in Public Administration*, 2019.

²⁴ Government of Finland, *Act on the Publicity of the Activities of Authorities*, 1999.

Personnel Ethics Framework

Whistleblowing legislation	None
# defence-sector whistleblower cases	Four cases during trial within six months, none of which led to criminal proceedings.
# 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.

Finland has robust systems in place for personnel management that largely ensure that personnel are paid on time, behavioural standards are enforced, and recruitment procedures are fair and objective. However, significant gaps exist in relation to anti-corruption standards, which remain underdeveloped. Codes of conduct for military and civilian personnel do not have a strong focus on anti-corruption and, aside from broad provisions to not engage in bribery, these codes fail to include guidance on how personnel should proceed when confronted with issues of conflicts of interests, gifts and hospitality or post-separation activities. Though the General Service Code is available online,²⁸ supplementary guidance related to expenses or receiving benefits is confidential, meaning there is little clarity as to the exact guidance personnel receive on corruption-related issues. Nevertheless, recent convictions for nepotism offences in defence do point to some effective enforcement of anti-corruption standards.²⁹ In parallel, anti-corruption training for personnel appears superficial at best. Apart from general online ethics courses for public servants, there is no publicly available evidence of specific anti-corruption training being offered to defence personnel. Moreover, the ethics courses are limited in their content and not mandatory for all employees, undermining their effectiveness.³⁰ Another key impediment to anti-corruption efforts in the sector is the lack of protection accorded to whistleblowers. Though Finland is currently working to implement the EU Whistleblowing Directive into national law, to date no legislation is in place. In its absence, the Defence Forces did initiate a trial of a reporting system, which was considered successful and will be made permanent from end of 2021.³¹ Nevertheless, the Finnish Officers' Union expressed doubts over the extent to which the system could guarantee anonymity, and the continued absence of formal legal protections currently act as a disincentive to reporting wrongdoing.³²

²⁵ Government of Finland, 'Decree on Security Classification of Documents in State Administration', 2019.

²⁶ Julkisuuslaki.net, 'What is information request and how to make one?', *University of Jyväskylä, Department of Communications Sciences*.

²⁷ Taneli Koponen, 'Can the Defence Forces charge 28 000 € for receipts concerning the Lemmenjoki military exercise?', *Aamulehti* (column), 10 May 2019.

²⁸ Defence Forces, 'General Service Code', 2017.

²⁹ Mikko Paakkanen and Anne Kantola, 'The former head of Air Force Academy Mikko Punnala prosecuted for misconduct in office', *Helsingin Sanomat*, 11 November 2020.

³⁰ eOppiva.fi, 'Civil service ethics in practice courses'.

³¹ Defence Forces, 'The Defence Forces' Legality Control Channel will be Introduced Nationwide', 4 October 2021.

³² The Finnish Officers' Union, 'Statement on 25 June 2019'.



FINLAND

Operations

Total armed forces personnel (World Bank, 2018)	25,200
Troops deployed on operations #	156 in Lebanon (UNIFIL), 15 in Israel (UNTSO), 4 in Mali (MINUSMA)

As Finland intensifies its engagement with regional defence cooperation initiatives such as the European Intervention Initiative and Joint Expeditionary Force,³³ its operational footprint is likely to expand in the coming years. However, anti-corruption safeguards for military operations are poor, increasing the risk corruption poses to operational effectiveness. Corruption is currently not considered a strategic issue for military

operations by the Defence Forces, and it is not mentioned in any of the military's key strategic documents. Consequently, corruption issues are not included in the forward planning for operations. On the training front, there is little evidence of specific pre-deployment training for commanders addressing corruption issues. According to the Ministry of Defence (MoD), governance training was carried out in 2019, although this appears to have been a standalone event and it remains to be seen whether it is systematised.³⁴ At the operational level, there is no evidence that expert personnel are positioned to monitor and report on corruption issues as part of deployments, and no evidence of a monitoring and evaluation policy for such issues. As a result, personnel are ill-equipped to identify and address corruption issues in the field, increasing the risk that such issues will go undetected and continuously undermine operations.

Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	3,986
Open competition in defence procurement (%)	Data is not publicly available
Main defence exports – to (SIPRI, 2016-20)	UAE, Poland, Sweden, Turkey, Norway
Main defence imports – from (SIPRI, 2016-20)	United States, Netherlands, Italy, South Korea, Israel

Procurement is a key component of Finland's increases in defence spending over recent years. Efforts to upgrade the military's fighter jet arsenal are scheduled to cost upwards of €10 billion before 2030.³⁵ This procurement process is drawing attention to Finland's defence acquisition procedures, which, though formally effective, contain some gaps that increase corruption risk. Procurement requirements are set out by the Government's Defence Report, which establishes the political guidelines for the development of Finland's defence capabilities based on strategic long-term planning. As such, individual purchases are explicitly linked to the strategy and justified on the basis of key military objectives. Moreover, major procurement

projects require parliamentary approval and the defence committee ensures that planned purchases align with strategic requirements. The Act on Public Defence and Security Procurement provides the legal basis for defence acquisitions,³⁶ along with the Act on Public Procurement.³⁷ While the legislation is generally well implemented and helps to ensure value for money for the majority of procurement, direct awards remain an issue in defence, despite the legislation identifying competitive bidding as the key vehicle for defence procurement.³⁸ Significant multimillion euro contracts have been awarded outside of open competition and, though non-competitive procedures need to be justified,³⁹ these decisions have been criticised in the past for being overly opaque.⁴⁰ While oversight bodies, such as the parliament, have the right to question non-competitive procedures,⁴¹ there is little evidence that they have ever resulted in such selections being overturned. Moreover, weak lobbying regulation allows significant industry influence over major procurement decisions, such as the fighter jet acquisition, where ex-FDF personnel have been used by companies competing for defence contracts, raising concerns around revolving door issues.⁴² Nevertheless, oversight bodies, including the Parliament, internal audit functions and the National Audit Office are all active in scrutinising procurement, although owing to resource and capacity constraints they tend to focus on major projects.⁴³

³³ Jokela, 'Stronger Together'.

³⁴ A written response of the Headquarters of the Defence Forces on December 2, 2020, to questions included in the Government Defence Integrity Index (GDI), 2020 (via email).

³⁵ Gerard O'Dwyer, 'Finland Tweaks 2022 Budget to Accommodate HX Fighter Purchase', *Defense News*, 7 October 2021.

³⁶ Government of Finland, *Act on Public Defence and Security Procurement*, 2011.

³⁷ Government of Finland, *Act on Public Procurement*, 2016.

³⁸ Government of Finland, *Act on Defence Procurement*, Chapter 10, Section 69.

³⁹ Government of Finland, 'Hilma Webportal'.

⁴⁰ For example, Olli Vänskä, 'Defence Forces contracted a 2,6 million deal - without competition', *TiVi*, 16 February 2015; Aleksi Kolehmainen, 'IBM got a 2.8 million ICT deal with the Defence Forces', *TiVi*, 4 November 2019.

⁴¹ For example, Parliament of Finland, 'KK 342/2018 vp', 2018.

⁴² YLE, 'These Teams are Involved in Finland's All-time Lobbying Competition - Aiming for a Ten Billion Fighter Deal', 22 November 2016.

⁴³ National Audit Office, 'Performance Inspection Report of the National Audit Office 8/2020 on the expenses and financing of the strategic capability projects of the Defence Forces', August 2020.



FINLAND

Version 1.0, October 2021

GDI data collection for **Finland** was conducted April 2020 to May 2021. 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.



FINLAND 2020 GDI Scorecard

		Grade	Score
Political Risk		B	69
Q1	Legislative Scrutiny	A	100
Q2	Defence Committee	A	92
Q3	Defence Policy Debate	B	81
Q4	CSO Engagement	D	42
Q5	Conventions: UNCAC / OECD	C	63
Q6	Public Debate	B	75
Q7	Anticorruption Policy	E	25
Q8	Compliance and Ethics Units	B	75
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	F	0
Q11	Acquisition Planning	A	92
Q12	Budget Transparency & Detail	B	75
Q13	Budget Scrutiny	A	100
Q14	Budget Availability	D	42
Q15	Defence Income	B	67
Q16	Internal Audit	B	75
Q17	External Audit	A	88
Q18	Natural Resources	A	100
Q19	Organised Crime Links	B	75
Q20	Organised Crime Policing	A	100
Q21	Intelligence Services Oversight	B	75
Q22	Intelligence Services Recruitment	A	83
Q23	Export Controls (ATT)	C	58
Q76	Lobbying	F	0

		Grade	Score
Financial Risk		B	78
Q24	Asset Disposal Controls	B	67
Q25	Asset Disposal Scrutiny	A	92
Q26	Secret Spending	F	0
Q27	Legislative Access to Information	B	75
Q28	Secret Program Auditing	A	88
Q29	Off-budget Spending	A	88
Q30	Access to Information	B	75
Q31	Beneficial Ownership	A	100
Q32	Military-Owned Business Scrutiny	A	100
Q33	Unauthorised Private Enterprise	A	88
Q77	Defence Spending	A	88

		Grade	Score
Personnel Risk		B	73
Q34	Public Commitment to Integrity	E	25
Q35	Disciplinary Measures for Personnel	A	100
Q36	Whistleblowing	E	25
Q37	High-risk Positions	C	63
Q38	Numbers of Personnel	B	75
Q39	Pay Rates and Allowances	C	63
Q40	Payment System	A	83
Q41	Objective Appointments	C	50
Q42	Objective Promotions	A	88
Q43	Bribery to Avoid Conscription	A	83
Q44	Bribery for Preferred Postings	A	100
Q45	Chains of Command and Payment	A	100
Q46	Military Code of Conduct	C	58

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		B	73
Q47	Civilian Code of Conduct	C	58
Q48	Anticorruption Training	NEI	
Q49	Corruption Prosecutions	A	100
Q50	Facilitation Payments	A	100

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

		Grade	Score
Procurement Risk		B	78
Q57	Procurement Legislation	C	63
Q58	Procurement Cycle	A	83
Q59	Procurement Oversight Mechanisms	A	100
Q60	Potential Purchases Disclosed	B	75
Q61	Actual Purchases Disclosed	C	63
Q62	Business Compliance Standards	NEI	
Q63	Procurement Requirements	A	100
Q64	Competition in Procurement	NEI	
Q65	Tender Board Controls	D	44
Q66	Anti-Collusion Controls	B	75
Q67	Contract Award / Delivery	A	94
Q68	Complaint Mechanisms	A	92
Q69	Supplier Sanctions	A	100
Q70	Offset Contracts	C	50
Q71	Offset Contract Monitoring	NEI	
Q72	Offset Competition	A	100
Q73	Agents and Intermediaries	NEI	
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



ti-defence.org/gdi

GDI@transparency.org

Transparency International UK
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Series editor: **Stephanie Trapnell**, *Senior Advisor*

Author: **Matthew Steadman**, *Research Officer*

Project Manager: **Michael Ofori-Mensah**, *Head of Research*

Design: **Arnold and Pearn**



Foreign, Commonwealth
& Development Office



Ministry of Foreign Affairs of the
Netherlands