



**Government Defence
Integrity Index**



2020

Country Brief:

GERMANY



GERMANY

The biggest economy in Europe and a political heavyweight in the EU, Germany has assumed a key leadership role in European affairs, at a time when the EU is in urgent need of stability.¹ Political continuity under Chancellor Angela Merkel, combined with economic stability, has allowed Germany to successfully navigate many of the crises of the past decade, which has helped turn the country into an international political and economic powerhouse. Nevertheless, with Merkel's near 16-year stint as Chancellor coming to an end, the new coalition government will face major challenges in national, European and international politics.² Defence in particular is an issue that requires attention, after years of de-prioritisation.³

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

Despite some progress, including a 25% increase of the defence budget between 2015 and 2020, intensifying its commitment to NATO and EU common defence, and demonstrating leadership with regards to the EU Defence Fund, divisions within the Merkel government had also meant that decisions on many pressing issues have been delayed, including those on arms exports, mandates for deploying the Bundeswehr (Armed Forces) in international missions, and fighter bomber procurement.⁴ The new government is expected to clarify the future of Germany's defence and security policy, addressing questions as to what a more effective German and European defence policy should look like.⁵ These debates are likely to have a significant impact on defence governance, as reorganising and streamlining the sector are key priorities.⁶ Germany's defence governance standards are robust and largely effective at reducing corruption risk in the sector. Financial transparency is generally strong, as are personnel management systems, while oversight institutions, including the parliament and audit bodies, are generally effective. Nevertheless, risks remain, particularly related to the weak regulation of lobbying and the possibilities for the defence industry to influence policymaking and procurement. Strengthening whistleblowing and access to information mechanisms would also help to further improve anti-corruption efforts.

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 The Economist, 'Germany is Doomed to Lead Europe', 27 June 2020.
² Cornelius Adebahr, 'Judy Aska: Can Germany provide Leadership in Europe?', *Carnegie Europe*, 30 September 2021.
³ Jana Puglierin, 'After Merkel: Why Germany Must End its Inertia on Defence and Security', *ECFR*, 15 January 2021.
⁴ Bastian Geigerich, 'Germany Must End the Confusion Over Security and Defence', *Financial Times*, 20 August 2021.
⁵ Ulrike Franke, 'Foreign and Defence Policy in the German Election', *ECFR*, 16 September 2021.
⁶ Dr Claudia Major & Dr Christian Molling, 'Germany and Defense', *German Council on Foreign Relations (DGAP)*, 4 May 2021.

GERMANY

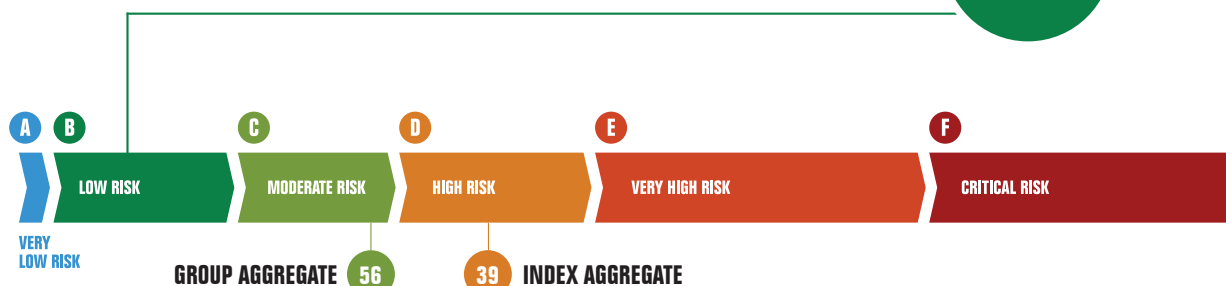
Overall scores

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

GERMANY SCORE
LOW RISK

B

70



A > 83-100 VERY LOW

B > 67-82 LOW

C > 50-66 MODERATE

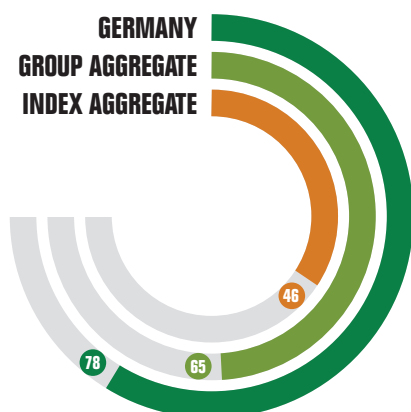
D > 33-49 HIGH

E > 17-32 VERY HIGH

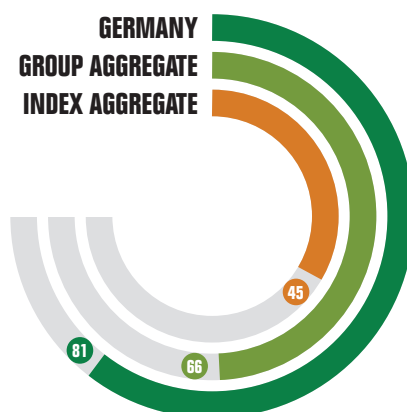
F > 0-16 CRITICAL

Risk Comparison

POLITICAL



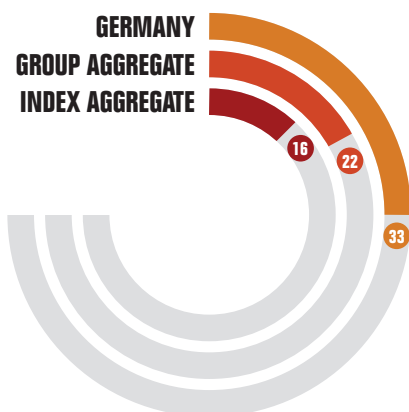
FINANCIAL



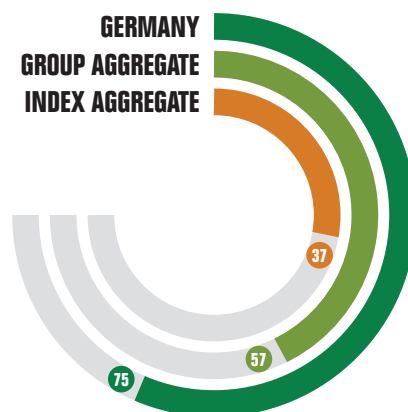
PERSONNEL



OPERATIONAL



PROCUREMENT



GERMANY

Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	91/100
Military expenditure as share of government spending (SIPRI, 2020)	2.6%
Committee members with defence expertise (%)	Data is not publicly available.
# of meetings/year	Data is not publicly available.
Last review of defence policy/strategy	2016 (Defence White Paper)

Parliament's remit in defence is rooted in Germany's Basic Law, which provides for strong parliamentary control of the armed forces.⁷ Article 45a of the Basic Law outlines parliamentary control of the Ministry of Defence (MoD) through the parliamentary defence committee, which is empowered to scrutinise the governmental bodies responsible for defence and prepare decisions on defence to be taken by parliament.⁸ Parliament in turn has formal powers to approve and veto laws on defence and to reject or amend defence policy. The defence committee is also endowed with special powers, including the ability to transform into a committee of inquiry, the only committee with this power in parliament.⁹ Oversight is also carried out by the Budget Committee, which reviews procurement decisions when they exceed €5 million.¹⁰ However, the effectiveness and independence of parliamentary oversight is jeopardised by poor conflicts of interest and lobbying controls. Members of parliament can take up unlimited secondary occupations, including with defence companies.¹¹ While these positions must be disclosed, there are no clear consequences when clear conflicts of interest do occur. This means that parliamentary decisions on defence are susceptible to being influenced by the interests of Germany's powerful defence industry.¹² On top of this, lobbying is almost entirely unregulated. Though legislation is due to come into force in January 2022,¹³ as things stand, there is no lobbying register and lobbying activities in defence are extremely opaque.¹⁴ Aside from this, financial oversight is also carried out by audit bodies. The MoD's internal audit unit engages in ongoing assessments of defence expenditure, while the Compliance Management Team also conducts corruption risk assessments.¹⁵ Nevertheless, there is no evidence that their findings are shared with parliament and there is little external scrutiny of this internal function. External auditing is the remit of the Federal Audit Office (FAO), which regularly audits defence spending.¹⁶ The FAO is accountable to parliament and communicates its findings extensively. However, recommendations are not always implemented by defence institutions and the FAO has raised repeated concerns about defence's management of public funds, which have yet to be addressed.¹⁷

⁷ Federal Government, 'Basic Law of the Federal Republic of Germany', *Federal Law Gazette*, 23 May 1949, p. 944, Article 87a.

⁸ Federal Government, 'Basic Law', Article 45a.

⁹ Bundestag, 'The Defence Committee', 2018.

¹⁰ Bundestag, 'The Budget Committee', 2020.

¹¹ Transparency International Germany, 'Private Military and Security Companies: Capacity Gained, Accountability Lost? Establishing a Better Political and Regulatory Framework', *Policy Paper*, 2016.

¹² Transparency International Defence & Security, 'Defence Industry Influence in Germany', October 2020, p. 15.

¹³ Bundestag, 'Act on the Introduction of a Lobby Register for the Representation of Interests to the German Bundestag and the Federal Government (Lobby Register Act – LobbyRG)', *Federal Law Gazette*, 16 April 2021.

¹⁴ Transparency International Defence & Security, 'Defence Industry Influence in Germany'.

¹⁵ Ministry of Defence, 'System with a Future: The Compliance Management System', 2018.

¹⁶ Federal Audit Office, *Annual Report 2020*.

¹⁷ Federal Audit Office, 'Ministry of Defence – Comments no. 17-19', *Annual Report 2019*.

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); 4 (2020)
Open Budget Index (IBP, 2019)	69/100
World Press Freedom Index (RSF, 2021)	13th out of 180

While financial transparency is generally strong, Germany falls short in relation to political party financing and lobbying transparency, for which it is regularly criticised by the Council of Europe's Group of States against Corruption (GRECO).¹⁸ In relation to defence, however, financial transparency standards are generally strong. Detailed budget information for the MoD and defence agencies is included in Section 14 of the annual Federal Budget, including information on R&D, training, construction, personnel, procurement, asset disposal and maintenance.¹⁹ The budget also includes information on sources of income outside of central government allocation. This information is also readily available in a clear format on the Ministry of Finance's website.²⁰ In parliament, the Budget Committee is heavily involved in budget elaboration and finalisation, but also in its execution, and it can withhold budget funding should the government fail to release the required reports on some programmes.²¹ The MoD releases additional information for a non-expert audience, including budget comparisons against other years and justifications for expenditure.²² Additionally, detailed data on actual spending is also released within six months of the end of the financial year, although variances between the proposed budget and actual spend are not always fully justified.²³ Budget reliability is further strengthened by the strict controls around off-budget spending. Spending can only occur within the framework of the Budget Act and, where additional funds are needed, they need to be justified through a business plan and appended to the original budget.²⁴ This ensures that off-budget spending is extremely rare and the vast majority of defence spending is covered in the budget and additional documents. Nevertheless, weak access to information mechanisms remain an impediment to transparency. Broad and vague exemptions to the Freedom of Information Law mean that defence institutions have significant leeway when implementing legislation,²⁵ leading to overclassification. Equally, the legislation has been poorly implemented, with requests mismanaged and a lack of public awareness as to how the access to information works in practice.²⁶

¹⁸ Council of Europe Group of States Against Corruption (GRECO), 'Fifth Evaluation Round: Preventing corruption and promoting integrity in central governments (top executive functions) and law enforcement agencies – Germany', December 2020.

¹⁹ Ministry of Defence, 'Einzelplan 14 - Defence Budget 2019', *Federal Budget*, 2019.

²⁰ Ministry of Finance, 'Federal Budget – Ministry of Defence Revenue', 2020.

²¹ Bundestag, 'The Budget Committee', 2020, pp. 9-10.

²² Ministry of Defence, 'Defence Budget'.

²³ Ministry of Defence, 'Einzelplan 14 - Defence Budget', pp. 5-7.

²⁴ Ministry of Justice, 'Federal Budget Code', Article 26.

²⁵ Ministry of Justice, 'Law Regulating Access to Federal Information', Section 3, *Federal Gazette*, September 2005.

²⁶ FragDenStaat, 'Administrative Court: We Won Two Lawsuits against the Ministry of Defence', 8 November 2017.



GERMANY

Personnel Ethics Framework

Whistleblowing legislation	None
# defence-sector whistleblower cases	Data is not publicly available.
# Code of conduct violations	Military: 3 (both civilian and military)
	Civilian: See above
Financial disclosure system	# submitted: Data is not publicly available.
	# of violations: Data is not publicly available.

Personnel management standards in Germany's defence sector are some of the strongest in the world and include robust anti-corruption mechanisms. Military and civilian personnel are subject to a number of codes and guidelines that regulate behaviour and outline anti-corruption measures. The federal administration-wide Rules of Integrity,²⁷ the Guidelines for Corruption Prevention in the Federal Administration²⁸ and the public servant's Code of Conduct²⁹ all apply to defence personnel and outline expected conduct with regards to gifts, bribes and hospitality. On top of this, the army's basic law also discusses conflicts of interest and post-separation activities.³⁰ Enforcement of these anti-corruption provisions is reported in the Ministry of Interior's annual report on corruption prevention, which includes breakdowns of violations across different sectors, including defence.³¹ Elsewhere, payment systems are formalised, robust and personnel receive the correct pay on time, and there is also significant transparency with regards to pay rates and allowances for defence personnel.³² Appointment and promotion decisions are subject to formal assessment processes,³³ although there is limited transparency on the outcome of such processes. In fact, one of the only areas of weakness in German defence personnel management relates to whistleblowing. Currently, there is no comprehensive whistleblower protection legislation in Germany, although the pending implementation of the EU Whistleblower Directive should help to strengthen this area.³⁴ The MoD has established Unit R III 1 (ES) as the contact point for reporting corruption cases in the sector and implements the provisions of the Federal Corruption Prevention directive. Nevertheless, the absence of strong legislation means that whistleblower protections remain weak³⁵ and there are few incentives to report wrongdoing in the defence sector, which directly undermines anti-corruption efforts.

Operations

Total armed forces personnel (World Bank, 2018)	181,400
Troops deployed on operations #	411 in Mali (MINUSMA), 242 in Iraq/Syria (Anti-IS), 95 in Lebanon (UNIFIL), 70 in Kosovo (KFOR), 14 in South Sudan (UNMISS), 4 in Western Sahara (MINURSO)

Despite not having a strong tradition of military operations, Germany has actively contributed to a number of NATO and UN Missions in recent years, alongside its significant engagement with the International Security Assistance Force (ISAF) in Afghanistan.³⁶ However, anti-corruption safeguards in Germany's planning and execution of military operations have significant gaps, which could expose missions to high levels of corruption risk if left unaddressed. At the strategic level, Germany does not have a defence doctrine that addresses corruption as a strategic issue in operations. The Defence White Paper only mentions corruption in passing as a contributing factor to instability, and does not focus on its impact on operations or outline strategies to mitigate its effects.³⁷ The ripple effect of this omission at the strategic level is that no pre-deployment anti-corruption training is delivered, aside from anti-corruption modules which form part of basic training. Nevertheless, Germany does charge military commanders with corruption prevention during missions,³⁸ and provides for support from dedicated staff (APK) who report back to central command if corruption issues are identified. This indicates that a certain degree of monitoring and evaluation takes place within missions, however reports on corruption risk are not readily available, so it is difficult to determine the extent to which this occurs in practice.

²⁷ Ministry of Interior, 'Rules of Integrity', 2018.

²⁸ Federal Government, 'Federal Government Directive on Corruption Prevention in the Federal Administration', 30 July 2004.

²⁹ Federal Government, 'Code of Conduct against Corruption', 2004.

³⁰ Ministry of Justice, 'Legal Status of Military Personnel Act', *Federal Gazette*, 2019.

³¹ Ministry of Interior, *Prevention of Corruption in the Federal Administration*

³² German Armed Forces, 'Remuneration Table: Basic Salaries for Soldiers and Civil Servants', 2021.

³³ German Armed Forces, 'Regulations Governing the Careers in the Military Profession', 2002.

³⁴ European Parliament, 'Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law', *Official Journal of the EU*, L305/17, 23 October 2019.

³⁵ Transparency International Germany, 'Whistleblower Protection'.

³⁶ Bundeswehr, 'The Bundeswehr on Operations'.

³⁷ Ministry of Defence, *Defence White Paper*.

³⁸ Ministry of Defence, 'Implementation of the "Guideline of the Federal Government on Corruption Prevention in the Federal Administration"', A-2100-1, 2014.



GERMANY

Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	51,570
Open competition in defence procurement (%)	30% single-sourced
Main defence exports – to (SIPRI, 2016-20)	South Korea, Algeria, Egypt, Italy, United States
Main defence imports – from (SIPRI, 2016-20)	Netherlands, United Kingdom, United States, Sweden, Israel

As the German military begins to adapt to emerging challenges, as outlined in the military's 2018 future capability profile,³⁹ defence procurement is becoming an increasingly pressing issue. Despite a real-term increase of 25% in the defence budget between 2015 and 2020, procurement remains underfunded compared to the investment requirements outlined by the military.⁴⁰ These pressures have also underscored structural issues in Germany's procurement system, which is complex and outdated, owing in part to the federalised system where some procurement is decentralised.⁴¹ Procurement is regulated by a number of laws: the Act against Restraints of Competition (GWB) sets out basic procurement rules,⁴² with details of procedure provided by the Public Procurement Regulation for Contracts in the Fields of Defence and Security,⁴³ which implement EU Directive

2009/81/EC into German law.⁴⁴ Procurement in the area of defence and security above the EU threshold that is not covered by the Procurement regulation on Defence and Security is regulated by the Regulation on the Award of Public Contracts.⁴⁵ However, exemptions related to national security and armament procurement, pursuant to article 346 of the Treaty on the Functioning of the European Union,⁴⁶ mean that a significant amount of defence procurement bypasses public procurement regulations. As a result, non-competitive procurement is prevalent in defence, as competitive tendering is frequently suspended on grounds of national security: between 2006 and 2016, for instance, 30% of defence contracts were single-sourced.⁴⁷ In turn, this has intensified the interdependence between the domestic industry and the state and has made policy processes more vulnerable to the influence of private interests, while simultaneously limiting transparency and accountability throughout the process.⁴⁸ Oversight institutions, namely the FAO and the parliamentary defence and budget committees, are active in scrutinising defence acquisitions. However, neither body has the power to cancel specific projects when irregularities are detected and most of their scrutiny occurs post-factum, after programmes have already been initiated.⁴⁹

³⁹ Army Command, *Thesis Paper III: Armament of Digitised Land Forces*, 2018.

⁴⁰ Douglas Barrie and Bastian Giegrich, 'Buying Yourself into Trouble: Germany's Procurement Problem', IISS, 16 December 2020.

⁴¹ European Commission 'Public procurement – Study on administrative capacity in the EU: Germany Country Profile'.

⁴² Ministry of Justice, 'Act against Restraints of Competition (GWB)', *Federal Law Gazette*, 2013.

⁴³ Ministry of Justice, 'Procurement Ordinance for Defence and Security', July 2012.

⁴⁴ European Parliament, Directive 2009/81/EC of the European Parliament and of the Council', 13 July 2019.

⁴⁵ Ministry of Justice, 'Ordinance on the Award of Public Contracts', *Federal Law Gazette*, 12 April 2016.

⁴⁶ European Union, 'Consolidated Version of the Treaty on the European Union and the Treaty on the Functioning of the European Union', *Official Journal of the EU*, Vol. 59, 7 June 2016, Article 346.

⁴⁷ Transparency International Defence & Security, 'Defence Industry Influence in Germany', p. 3.

⁴⁸ Ágnes Czibik, Mihály Fazekas, Alfredo H. Sanchez and Johannes Wachs, 'State Capture and Defence Procurement in the EU', *Government Transparency Institute*, Working Paper Series, October 2020.

⁴⁹ Federal Audit Office, 'Rules of Procedure of the Federal Audit Office', 19 November 1997.

Version 1.0, October 2021

GDI data collection for **Germany** was conducted July 2019 to June 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.

GERMANY 2020 GDI Scorecard

		Grade	Score
Political Risk		B	78
Q1	Legislative Scrutiny	A	100
Q2	Defence Committee	A	83
Q3	Defence Policy Debate	B	75
Q4	CSO Engagement	B	67
Q5	Conventions: UNCAC / OECD	A	88
Q6	Public Debate	A	100
Q7	Anticorruption Policy	A	88
Q8	Compliance and Ethics Units	A	92
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	C	58
Q11	Acquisition Planning	A	100
Q12	Budget Transparency & Detail	A	100
Q13	Budget Scrutiny	A	100
Q14	Budget Availability	A	92
Q15	Defence Income	A	100
Q16	Internal Audit	C	56
Q17	External Audit	B	75
Q18	Natural Resources	A	100
Q19	Organised Crime Links	C	63
Q20	Organised Crime Policing	A	100
Q21	Intelligence Services Oversight	C	50
Q22	Intelligence Services Recruitment	C	50
Q23	Export Controls (ATT)	B	67
Q76	Lobbying	F	0

Financial Risk		B	81
Q24	Asset Disposal Controls	A	100
Q25	Asset Disposal Scrutiny	A	100
Q26	Secret Spending	F	0
Q27	Legislative Access to Information	A	100
Q28	Secret Program Auditing	A	100
Q29	Off-budget Spending	A	100
Q30	Access to Information	C	50
Q31	Beneficial Ownership	A	88
Q32	Military-Owned Business Scrutiny	C	63
Q33	Unauthorised Private Enterprise	A	100
Q77	Defence Spending	A	88

Personnel Risk		B	81
Q34	Public Commitment to Integrity	B	67
Q35	Disciplinary Measures for Personnel	A	100
Q36	Whistleblowing	C	50
Q37	High-risk Positions	B	75
Q38	Numbers of Personnel	A	100
Q39	Pay Rates and Allowances	A	100
Q40	Payment System	A	83
Q41	Objective Appointments	D	33
Q42	Objective Promotions	D	44
Q43	Bribery to Avoid Conscription	NA	
Q44	Bribery for Preferred Postings	A	88
Q45	Chains of Command and Payment	A	100
Q46	Military Code of Conduct	A	100

OVERALL COUNTRY SCORE

LOW RISK

B

70



Personnel Risk		Grade	Score
		B	81
Q47	Civilian Code of Conduct	A	100
Q48	Anticorruption Training	A	83
Q49	Corruption Prosecutions	B	75
Q50	Facilitation Payments	A	100

Operational Risk		D	33
Q51	Military Doctrine	F	0
Q52	Operational Training	E	25
Q53	Forward Planning	C	50
Q54	Corruption Monitoring in Operations	D	42
Q55	Controls in Contracting	C	50
Q56	Private Military Contractors	NS	

Procurement Risk		B	75
Q57	Procurement Legislation	B	75
Q58	Procurement Cycle	A	83
Q59	Procurement Oversight Mechanisms	B	75
Q60	Potential Purchases Disclosed	A	100
Q61	Actual Purchases Disclosed	C	50
Q62	Business Compliance Standards	C	50
Q63	Procurement Requirements	A	83
Q64	Competition in Procurement	C	50
Q65	Tender Board Controls	A	88
Q66	Anti-Collusion Controls	A	94
Q67	Contract Award / Delivery	B	81
Q68	Complaint Mechanisms	A	92
Q69	Supplier Sanctions	A	83
Q70	Offset Contracts	A	100
Q71	Offset Contract Monitoring	NA	
Q72	Offset Competition	NA	
Q73	Agents and Intermediaries	C	50
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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