



**Government Defence  
Integrity Index**



**2020**

Country Brief:

**IRAN**



# IRAN

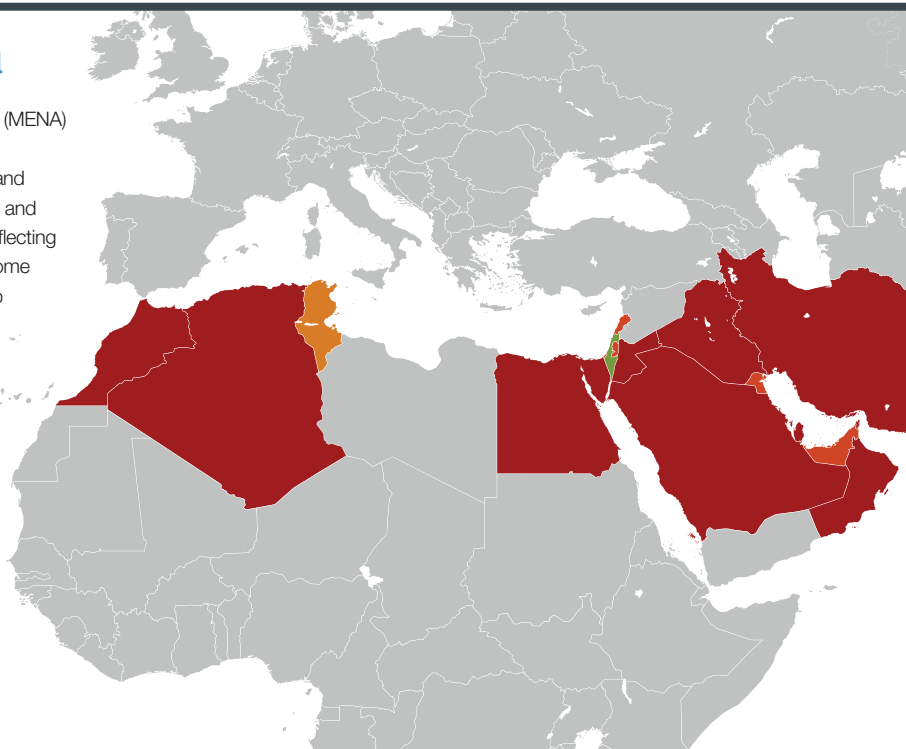
Two years on from the Islamic Republic of Iran's 40th birthday, the regime is in a precarious position. Under the Trump administration, sanctions and political pressure increased significantly, severely distressing Iran's already embattled economy.<sup>1</sup> The US' withdrawal from the Joint Comprehensive Plan of Action (JCPOA) was a further blow to an almost bankrupt country that desperately needed the economic boost it provided.<sup>2</sup> Though President Biden has indicated a willingness to re-join the JCPOA and ease measures against the oil and finance sectors,<sup>3</sup> much remains to be done to arrest Iran's economic slide.<sup>4</sup>

Member of Open Government Partnership	No
UN Convention Against Corruption	Ratified in 2009.
Arms Trade Treaty	Has not signed.

These challenges have fed increasingly vocal disapproval of the regime's policies amongst citizens, exacerbated by the devastating impact of the COVID-19 pandemic.<sup>5</sup> Calls for economic, political and social reform have been amplified in recent years, as public services have deteriorated, whilst defence and security institutions, notably the Iranian Revolutionary Guards Corps' (IRGC), have become emboldened.<sup>6</sup> Through its close ties to Ayatollah Khomeini, the IRGC has become a key node of political power, sustained in part by an economic empire built up since the nineties.<sup>7</sup> Its growth has heavily influenced Iranian foreign policy and the training and funding of proxies in Iraq, Syria, Lebanon, Palestine and Yemen.<sup>8</sup> In parallel, the lifting of the international arms embargo could further fuel military spending. Nevertheless, such spending is at significant risk of corruption owing to Iran's dysfunctional, secretive, and largely informal military governance structures. External oversight of the sector is extremely weak, particularly in relation to finances and procurement, where corruption risks are critical. Personnel management and operations are also highly vulnerable due to an absence of anti-corruption safeguards, whilst the public faces huge challenges and dangers when attempting to access defence information.

## Middle East & North Africa

Defence sectors across the Middle East & North Africa (MENA) region continue to face a high risk of corruption. At the same time, protracted armed conflicts in Syria, Libya, and Yemen persist, while public protests against corruption and authoritarianism continue in a number of countries – reflecting an overall context of insecurity and fragility. Although some governments have publicly committed to stepping up anti-corruption efforts, there remains a gap between existing legislation and implementation in practice. Military institutions in the region are characterised by a high degree of defence exceptionalism, resulting in a lack of transparency that precludes oversight actors from effectively scrutinising defence budgets and policies at a time when defence spending and arms imports continue to surge. These concerns are further compounded by authoritarian governance systems seen in many MENA countries. Resurgent protests and uprisings in the region after the 2011 Arab Spring demonstrate that corruption is a central and persistent public grievance.



<sup>1</sup> Ishaan Tharoor, 'Trump's 'maximum pressure' on Iran is About to End in Failure', The Washington Post, 17 November 2020.

<sup>2</sup> Bertelsmann Stiftung, 2020 BTI Country Report – Iran, Gutersloh, Bertelsmann Stiftung, p. 3.

<sup>3</sup> Ian Talley, Benoit Faucon and Laurence Norman, 'Iran Nuclear Deal Talks Advance as US Offers Sanctions Relief', Wall Street Journal, 21 April 2021.

<sup>4</sup> BBC News, 'Six Charts That Show How Hard US Sanctions Have Hit Iran', 9 December 2019.

<sup>5</sup> Al-Jazeera, 'Sanctions-battered Iran Faces Worst Coronavirus Wave', 25 April 2021.

<sup>6</sup> Michael Safi, 'Iran: Protests and Teargas as Public Anger Grows Over Aircraft Downing', The Guardian, 13 January 2020.

<sup>7</sup> Munqith Dagher, 'The Iranian Islamic Revolutionary Guard Corps (IRGC) From an Iraqi View – A Lost Role or a Bright Future?', Centre for Strategic and International Studies, 30 July 2020.

<sup>8</sup> Nishant Agarwal, 'Iran's Foreign Policy and the IRGC's Role', The Kootneti, 15 June 2020.



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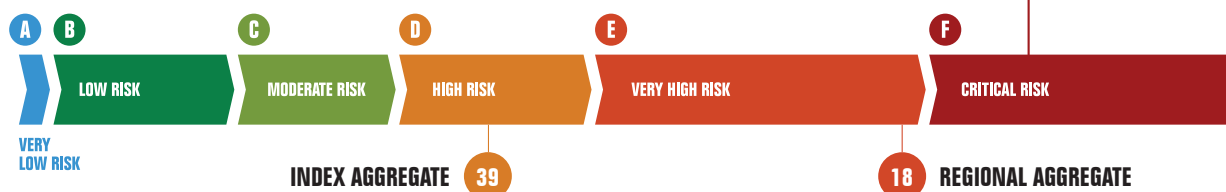
## Overall scores

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

## IRAN SCORE CRITICAL RISK

**F**

**13**



A > 83-100 VERY LOW

B > 67-82 LOW

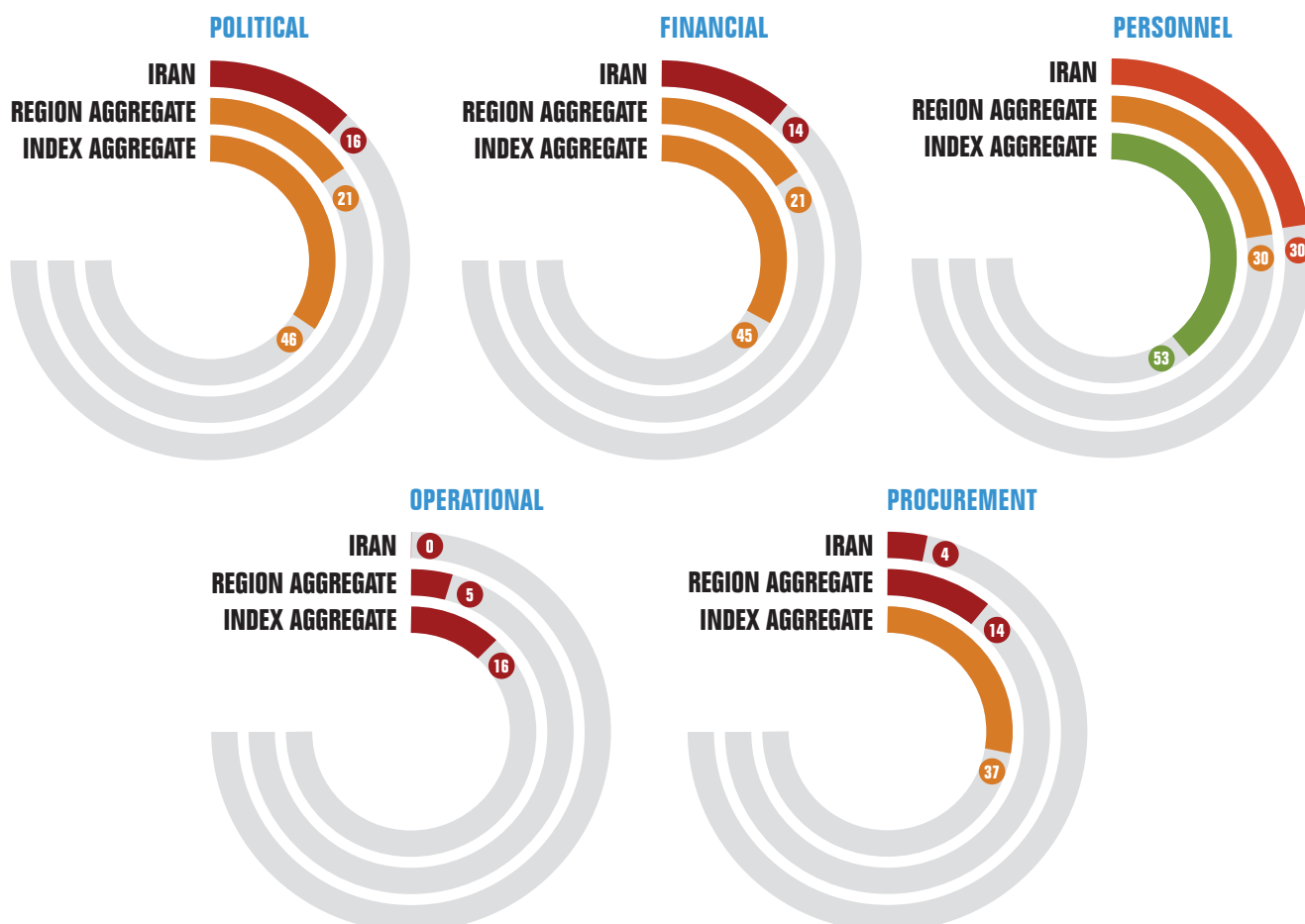
C > 50-66 MODERATE

D > 33-49 HIGH

E > 17-32 VERY HIGH

F > 0-16 CRITICAL

## Risk Comparison





# IRAN

## Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	<b>Not ranked.</b>
Military expenditure as share of government spending (SIPRI, 2020)	<b>11.7%</b>
Committee members with defence expertise (%)	<b>Data is not publicly available.</b>
# of meetings/year	<b>Data is not publicly available.</b>
Last review of defence policy/strategy	<b>Data is not publicly available.</b>

Iran's system of government is extremely complex, blending republican-democratic elements with an Islamic legal system, leading to a hybrid political system with a labyrinthine policy-making process.<sup>9</sup> The supreme leader leads and governs the state, below which sits the Guardian Council, half of whose members are directly chosen by the supreme leader. The Council controls the compatibility of laws passed by parliament and is the sole arbiter in deciding who can run for parliament or the presidency. As a result, although Iran has formally elected bodies and representatives, their power is hugely limited, as exemplified by parliament, which lacks significant rights over defence policy. There is no explicit formal provision for independent legislative scrutiny of the sector<sup>10</sup> and it rarely debates defence policy or activities, restricting its involvement to approving the defence budget. Defence matters are discussed in more detail in the National Security and Foreign Policy Committee, which meets regularly to discuss responses to incidents and reviews bills.<sup>11</sup> It has regularly issued recommendations to relevant ministries and proposes legislation to the Guardian Council. However, its power is limited by the Council's veto which ensures that any legislation must align itself with Council priorities.<sup>12</sup> Moreover, the committee has in the past been heavily influenced by the IRGC, undermining its independence and influencing its activities.<sup>13</sup> Effective parliamentary oversight of the sector is further undermined by the lack of auditing of defence expenditure. There is no evidence of the Audit Organisation ever carrying out an audit of defence institutions despite it formally responsible for scrutinising government expenditure.<sup>14</sup> In parallel, there is no evidence of internal auditing occurring within defence institutions as these are held to be under the constitutional authority of the supreme leader and largely beyond the reach of government scrutiny.

## Financial Transparency

Defence-related access to information response rates	(1) % granted full or partial access: <b>None.</b> (2) # subject to backlog: <b>None.</b>
Defence-related complaints to ombudsman/commissioner #	<b>No such body exists.</b>
Does the commissioner have authority over the MoD?	<b>No such body exists.</b>
Audit reports on defence (2015-2020) #	<b>None.</b>
Open Budget Index (IBP, 2019)	<b>Not ranked.</b>
World Press Freedom Index (RSF, 2021)	<b>174th out of 180.</b>

Powerful elements of the Iranian state and society are completely non-transparent and not accountable to the public.<sup>15</sup> Chief among these are defence and security institutions, whose activities and finances are highly secretive. The published defence budget is widely considered to be a gross underestimate and representing barely half of actual military spending.<sup>16</sup> This is down to the size and scale of military income separate from central government allocations. The IRGC for instance, has built up a significant economic empire, with control over hundreds of businesses and banks.<sup>17</sup> The official budget does not include the revenue derived from these ventures, which is subject to neither publication nor institutional scrutiny. There are indications that this extra-budgetary spending is used to fund military activities such as the war in Syria and support to Lebanon's Hezbollah and militias in Iraq, Syria and Yemen.<sup>18</sup> Even aside from this, the official budget has significant failings. The budget is highly aggregated and incomplete, failing to include key items of expenditure such as funding for the paramilitary Quds Force and the missile programme.<sup>19</sup> There is also no evidence of budgetary oversight by the legislature, civil society, or audit institutions. These obscure budgeting and spending practices are facilitated by the difficulties in accessing defence information in Iran. Though the country has a Free Access to Information Act, the publication of information on organs under the supervision of the supreme leader, such as the IRGC and Ministry of Intelligence and Security, requires permission of the supreme leader.<sup>20</sup> Moreover, the Act lists "peace and security" as an area where institutions are obliged to deny requests, essentially guaranteeing classification of all defence-related data.<sup>21</sup> Equally, the highly repressive media and civil society environment in Iran acts as a strong disincentive to investigating military issues, as arrests, torture and executions of journalists and human rights campaigners are frequent.<sup>22</sup>

<sup>9</sup> Bertelsmann Stiftung, *Iran*, p. 4.

<sup>10</sup> Islamic Republic of Iran, *The Constitution of the Islamic Republic of Iran*, 1989.

<sup>11</sup> See for instance, 'Iran's Parliamentary Commission to Probe Ahvaz Terror Attack: MP', *Tasnim News Agency*, 22 September 2018.

<sup>12</sup> Islamic Republic of Iran, 'The Rules of Procedure of the Islamic Parliament of Iran', *Islamic Parliament of Iran*, 10 June 2013.

<sup>13</sup> Abbas Qaidaari, 'Rouhani moves to slash IRGC budget, empower army', *Al Monitor*, 5 May 2016.

<sup>14</sup> Iranian Audit Organisation.

<sup>15</sup> Freedom House, 'Freedom in the World – Iran', 2021, C3.

<sup>16</sup> Dr. Mohammed Al-Sulami, 'The Misinformation Surrounding Iran's Defense Budget', *Arab News*, 19 October 2020.

<sup>17</sup> Dragan Stavljanin and Pete Baumgartner, 'Persian Might: How Strong is Iran's Military?', *Radio Free Europe/Radio Liberty*, 9 January 2020.

<sup>18</sup> Henry Rome, 'Iran's Defense Spending', *United States Institute for Peace*, 17 June 2020.

<sup>19</sup> Jennifer Chandler, 'Decoding Iran's defence spending: pitfalls and new pointers', *International Institute of Strategic Studies*, 13 November 2018.

<sup>20</sup> Article 19, 'How to make an information request in Iran', 23 January 2018.

<sup>21</sup> Article 19, 'Iran: Review of the Publication and Free Access to Information Act', September 2017.

<sup>22</sup> Amnesty International, *Amnesty International Report 2020/21: The State of the World's Human Rights*, Amnesty, London, 2021, pp. 190-195.





# IRAN

## Personnel Ethics Framework

Whistleblowing legislation	Law on the Promotion of Administrative Integrity and Combating Corruption Act (2008)
# defence-sector whistleblower cases	None.
# Code of conduct violations	Military: No such code exists. Civilian: No such code exists.
Financial disclosure system	# submitted: Data is not publicly available. # of violations: Data is not publicly available.

The fragmentation of Iran's defence and security forces makes an assessment of overarching ethics frameworks difficult. Aside from the regular military, there is the IRGC along with a number of paramilitary groups and militias that operate according to differing codes and under different command structures.<sup>23</sup> This blurs lines of accountability and has facilitated the perpetration of human rights abuses by the IRGC and the Quds Force, both within Iran's borders and on external operations.<sup>24</sup> In fact, even the standardised ethics frameworks in the military show significant failings. There is no evidence of Iran having a code of conduct for military or civilian personnel working in the sector, with no unified document setting behavioural and integrity standards. The enforcement of anti-corruption regulations is generally very poor with very few cases of successful prosecutions of military personnel and evidence of undue political influence over corruption probes.<sup>25</sup> A key obstacle to integrity-building in the sector is the poor enforcement of whistleblower legislation. The Combating Corruption Act is designed to provide protections for whistleblowers.<sup>26</sup> However, there are serious doubts about the effectiveness of the legislation in practice, particularly in the defence sector, where the supreme leader has advocated against transparency and for tight secrecy to be maintained,<sup>27</sup> a position seemingly at odds with whistleblowing principles. Equally, whistleblowers in other sectors have been arrested and prosecuted, underlining how poorly the legislation is applied.<sup>28</sup> Alongside this, promotion and recruitment processes largely sideline meritocratic principles in favour of political factors. Despite formal processes being in place, supposedly guaranteeing objective selection processes,<sup>29</sup> political considerations are paramount in such decisions, particularly in the IRGC which is closely tied to the supreme leader.

## Operations

Total armed forces personnel (World Bank, 2018)	650,000
Troops deployed on operations #	Data is not publicly available.

Data on actual Iranian military operations is hard to come by and Iran's military strategy is framed around asymmetric warfare with the onus on proxy conflicts.<sup>30</sup> Though Iran may not engage in traditional operations, the involvement of military, IRGC and paramilitary units in providing support to proxies in various theatres is facilitated by a complete absence of anti-corruption safeguards in relation to military operations, allowing Iran to use corruption networks to increase its influence and achieve strategic objectives. The armed forces do not have a unified doctrine addressing corruption as a key threat to the success of military operations and there is no evidence that such issues are taken into account during operational planning. This is echoed at the level of training, where there is little to no emphasis on anti-corruption for commanders and soldiers, with the IRGC providing only ideological and cultural education.<sup>31</sup> No further evidence exists of specific anti-corruption guidelines for personnel or of a policy of monitoring and evaluating corruption risks in the field.

<sup>23</sup> Stavljanin and Baumgartner, 'Persian Might.'

<sup>24</sup> Gissou Nia, 'The IRGC Should be Held Accountable for Rights Abuses', *The Atlantic Council*, 31 July 2019.

<sup>25</sup> 'Iran Corruption Report,' Risk & Compliance Portal, August 2020.

<sup>26</sup> Islamic Republic of Iran, 'Law on the Promotion of Administrative Integrity and Combating Corruption Act'.

<sup>27</sup> Iran Daily, 'Leaders Urge Authorities to be Transparent,' 22 October 2018.

<sup>28</sup> Iran Human Rights Monitor, 'Iran Prosecutes Whistleblower Doctor for Unravelling State Cover-up', 4 April 2020.

<sup>29</sup> See, Islamic Republic of Iran, 'Law on the Islamic Revolutionary Guards Corps' Employment Regulations, 21/7/1370,' 13 October 1992; 'Law of the Army of Iran'.

<sup>30</sup> Rome, 'Iran's Defense Spending'.

<sup>31</sup> Frederic Wehrey, Jerrold D. Green, Brian Nichiporuk, Alireza Nader, Lydia Hansell, Rasool Nafisi, S. R. Bohandy, 'The Rise of the Pasdaran: Assessing the Domestic Roles of Iran's Islamic Revolutionary Guards Corps,' *Rand Corporation*, 2009.



# IRAN

## Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	12,151
Open competition in defence procurement (%)	Data is not publicly available.
Main defence exports – to (SIPRI, 2016-20)	Houthi rebels (Yemen), Syria
Main defence imports – from (SIPRI, 2016-20)	Russia

Since the 1979 Islamic Revolution, US diplomacy and sanctions, along with United Nations Security Council resolutions, have imposed severe restrictions on Iran's military procurement capabilities.<sup>32</sup> Arms embargoes have stopped the regime from importing or exporting any arms and related materials,<sup>33</sup> until the lifting of UNSC resolution 2231 in October 2020, allowing Iran to once again acquire and sell military equipment and weapons.<sup>34</sup> Though Iran claims to be self-sufficient, the end of the embargo will enable Tehran to revamp and modernise its ageing and partially obsolete inventory.<sup>35</sup> Though continuing US sanctions and pressure could both undermine Iran's ability to purchase weapons and find willing suppliers, analysts still predict an increase in Iranian arms deals.<sup>36</sup> Nevertheless, both national and international deals are highly vulnerable to corruption as Iran's defence procurement procedures are highly dysfunctional.

Acquisition planning is not regulated by a clearly defined process and the procurement cycle as a whole is informal, relying on illicit networks and ad-hoc opportunities.<sup>37</sup> Under the embargo, purchases were driven largely by supplier's willingness to provide items and their capacity to circumvent the sanctions, rather than clearly outlined strategic objectives.<sup>38</sup> Partly as a result of the informal and secretive nature of procurement, there are no formalised oversight mechanisms in place to provide scrutiny of purchases and the IRGC and Ministry of Defence are completely exempt from standard public procurement tendering regulations.<sup>39</sup> As a result, there is virtually no information available on how contracts are awarded to national companies as these are systematically single-sourced without any oversight.

<sup>32</sup> Michael Eisenstadt, 'Iran After Sanctions: Military procurement and Force-Structure Decisions', *International Institute for Security Studies*, 21 December 2017, p. 1.

<sup>33</sup> SIPRI, 'UN Arms Embargo on Iran', *SIPRI Databases*.

<sup>34</sup> United Nations Security Council, 'Resolution 2231 (2015): Adopted by the Security Council at its 7488th Meeting on 20 July 2015'.

<sup>35</sup> Douglas Barrie, 'Tehran's Arms Embargo Ends, But When Will Recapitalisation Start?', *International Institute for Security Studies*, 30 October 2020.

<sup>36</sup> Golnaz Estandiari, 'End of Arms Embargo Unlikely to Bring Flow of Weapons to Iran', *Radio Free Europe/Radio Liberty*, 16 October 2020.

<sup>37</sup> Mana Mostatabi, 'Illicit Procurement Network Used Firms in China, Portugal, and Turkey to Supply Iran', *Iran Watch*, 31 October 2018.

<sup>38</sup> 'Iran backtracks on Russian fighter purchase reports: news agencies,' *Reuters*, 26 November 2016.

<sup>39</sup> Islamic Republic of Iran, 'Rules for Organising Tenders for the Armed Forces of the Islamic Republic of Iran', No. 47/2512, Article 1, 26, 29, 2007.

Version 1.0, October 2021

GDI data collection for **Iran** was conducted December 2018 to September 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.

# IRAN 2020 GDI Scorecard



		Grade	Score
<b>Political Risk</b>		<b>F</b>	<b>16</b>
Q1	Legislative Scrutiny	D	33
Q2	Defence Committee	D	38
Q3	Defence Policy Debate	F	13
Q4	CSO Engagement	F	0
Q5	Conventions: UNCAC / OECD	D	38
Q6	Public Debate	E	25
Q7	Anticorruption Policy	C	50
Q8	Compliance and Ethics Units	E	17
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	F	0
Q11	Acquisition Planning	F	8
Q12	Budget Transparency & Detail	E	25
Q13	Budget Scrutiny	F	0
Q14	Budget Availability	E	25
Q15	Defence Income	E	25
Q16	Internal Audit	F	0
Q17	External Audit	F	0
Q18	Natural Resources	F	15
Q19	Organised Crime Links	E	25
Q20	Organised Crime Policing	E	17
Q21	Intelligence Services Oversight	F	0
Q22	Intelligence Services Recruitment	E	17
Q23	Export Controls (ATT)	F	0
Q76	Lobbying	F	0

<b>Financial Risk</b>		<b>F</b>	<b>14</b>
Q24	Asset Disposal Controls	C	50
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	F	8
Q30	Access to Information	E	25
Q31	Beneficial Ownership	E	25
Q32	Military-Owned Business Scrutiny	E	25
Q33	Unauthorised Private Enterprise	E	25
Q77	Defence Spending	F	0

<b>Personnel Risk</b>		<b>E</b>	<b>30</b>
Q34	Public Commitment to Integrity	E	17
Q35	Disciplinary Measures for Personnel	C	63
Q36	Whistleblowing	E	25
Q37	High-risk Positions	F	0
Q38	Numbers of Personnel	D	33
Q39	Pay Rates and Allowances	F	13
Q40	Payment System	C	50
Q41	Objective Appointments	E	17
Q42	Objective Promotions	D	33
Q43	Bribery to Avoid Conscription	B	75
Q44	Bribery for Preferred Postings	F	13
Q45	Chains of Command and Payment	A	100
Q46	Military Code of Conduct	F	0

## OVERALL COUNTRY SCORE



### RISK GRADE

<b>A</b>	83-100	VERY LOW
<b>B</b>	67-82	LOW
<b>C</b>	50-66	MODERATE
<b>D</b>	33-49	HIGH
<b>E</b>	17-32	VERY HIGH
<b>F</b>	0-16	CRITICAL



<b>Personnel Risk</b>		<b>E</b>	<b>30</b>
Q47	Civilian Code of Conduct	F	0
Q48	Anticorruption Training	F	0
Q49	Corruption Prosecutions	E	25
Q50	Facilitation Payments	D	42

<b>Operational Risk</b>		<b>F</b>	<b>0</b>
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	F	0
Q56	Private Military Contractors	NS	

<b>Procurement Risk</b>		<b>F</b>	<b>4</b>
Q57	Procurement Legislation	F	0
Q58	Procurement Cycle	F	0
Q59	Procurement Oversight Mechanisms	F	0
Q60	Potential Purchases Disclosed	F	13
Q61	Actual Purchases Disclosed	F	13
Q62	Business Compliance Standards	F	0
Q63	Procurement Requirements	F	0
Q64	Competition in Procurement	F	0
Q65	Tender Board Controls	F	13
Q66	Anti-Collusion Controls	E	17
Q67	Contract Award / Delivery	F	6
Q68	Complaint Mechanisms	E	17
Q69	Supplier Sanctions	F	0
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

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



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## Acknowledgements

We would like to thank the UK Foreign Commonwealth and Development Office (FCDO) and the Ministry of Foreign Affairs of the Kingdom of the Netherlands for their generous financial support of the production of the Government Defence Integrity Index. Thanks are also extended to the many country assessors and peer reviewers who contributed the underlying data for this index.

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