



**Government Defence  
Integrity Index**



**2020**

Country Brief:

**ITALY**



# ITALY

European integration and strong transatlantic cooperation are both at the core of Italy's foreign and defence policy. But in the face of a multitude of challenges in the Mediterranean basin, including immigration, cybersecurity, rising great power rivalry, and disinformation, Italy remains in search of an effective and viable security strategy.<sup>1</sup> The structural instability of the Italian political system has so far curtailed its ability to set a clear agenda with established priorities. The election of pro-EU Prime Minister Mario Draghi in 2021 has quelled Italian populism for the time being and put European integration back at the centre of Italy's political agenda.<sup>2</sup>

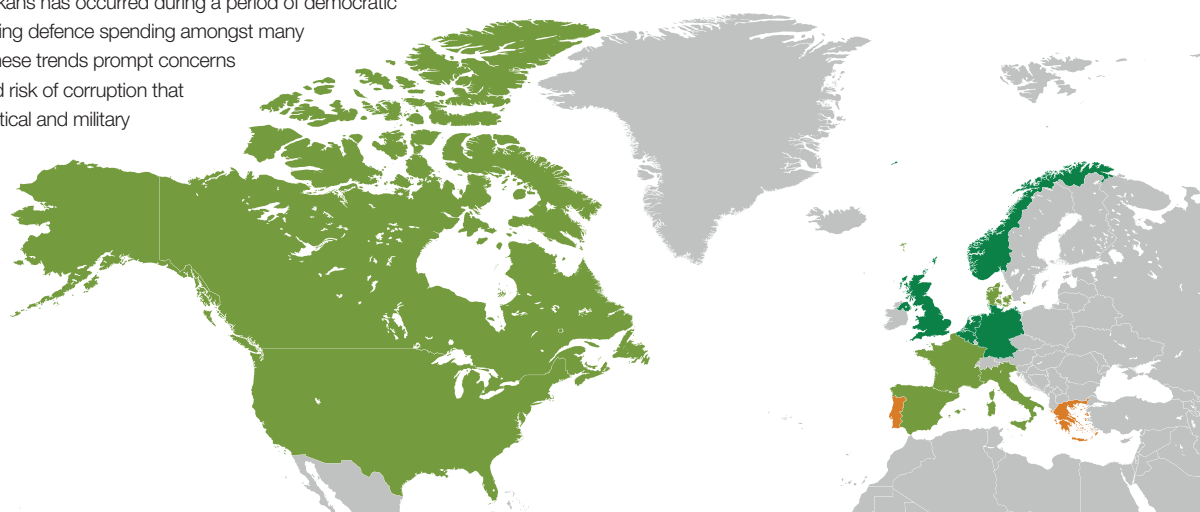
This signals a break from previous administrations, which favoured partnerships with China and Russia, could see Italy play an active and central role in shaping European defence policy, provided internal political rivalries do not derail efforts.<sup>3</sup> Already the signs point to defence being a key area of priority for the new government. Even in an economic context marked by the COVID-19 pandemic, Italy has increased defence spending for 2021 by 5 per cent, putting an end to a series of annual falls.<sup>4</sup> Nevertheless, while Italy's defence governance architecture is relatively robust, some deficiencies persist that could undermine the government's hopes for the sector. Parliamentary oversight remains relatively poor and has been undermined further during the pandemic, defence procurement is highly secretive and vulnerable to the influence of powerful industry actors, while anti-corruption standards on operations are extremely poor. However, efforts to strengthen whistleblowing, financial transparency and the strength of personnel management systems as a whole should be lauded.

Member of Open Government Partnership	Yes
UN Convention Against Corruption	Ratified in 2009
Arms Trade Treaty	Ratified in 2014

## 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.



<sup>1</sup> Karolina Muti, 'Stronger Together – Italy: A Lame Workhorse in the European Security and Defence Race', *Institut Montaigne*, 2 March 2021.  
<sup>2</sup> Teresa Coratella and Arturo Varvelli, 'Rome's Moment: Draghi, Multilateralism and Italy's New Strategy', *European Council on Foreign Relations*, 20 May 2021.  
<sup>3</sup> Arturo Varvelli and Karolina Muti, 'Italy and Defence Under Draghi: A to-do List', *European Council on Foreign Relations*, 26 February 2021.  
<sup>4</sup> Tom Kington, 'Italy Hikes 2021 Defence Spending, Finds Cash for Tempest', *DefenseNews*, 5 August 2021.

# ITALY

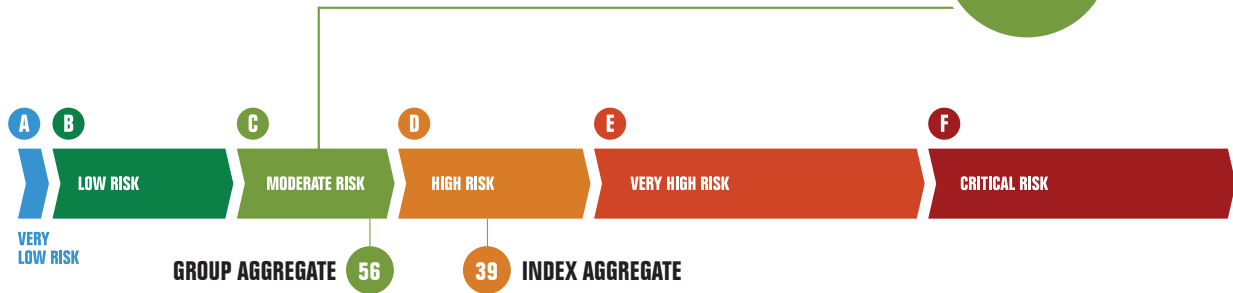
## Overall scores

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

**ITALY SCORE**  
**MODERATE RISK**

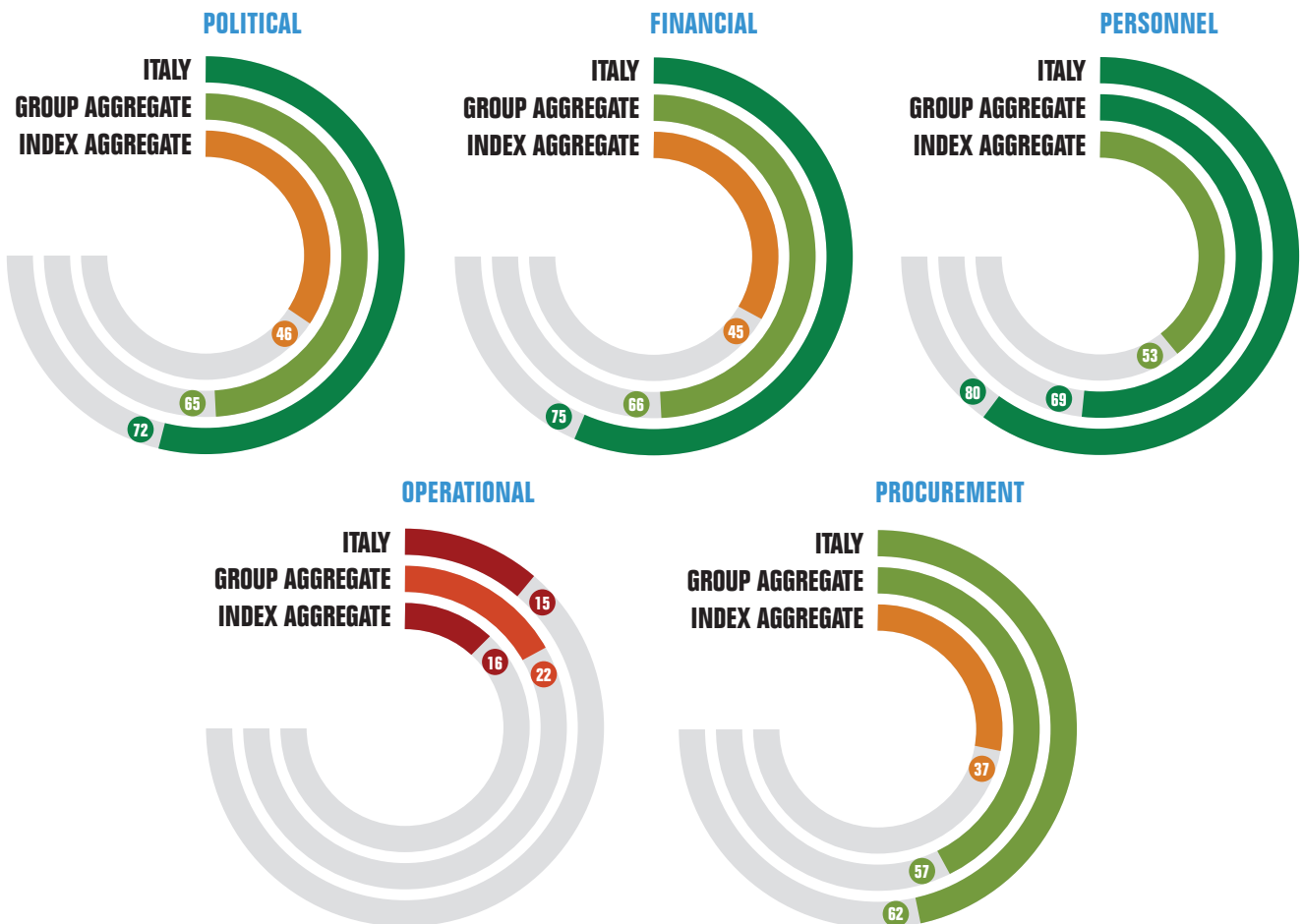
**61**

**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



## Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	82/100
Military expenditure as share of government spending (SIPRI, 2020)	2.6%
Committee members with defence expertise (%)	25%
# of meetings/year	Data is not publicly available
Last review of defence policy/strategy	2015 (White Paper for International Security and Defence)

Political instability has been a hallmark of Italian democracy as the 10 governments in the past 15 years attests to. Italy's constitution, written in the aftermath of the Second World War, hugely limits the powers of the Prime Minister, forcing governments to use risky confidence votes to pass reforms. Moreover, Italy fragmented system made up of a huge array of different political parties means governments often include a patchwork of different groups with competing interests and few incentives to work together.<sup>5</sup> One of the main policy areas which is tightly executive-controlled is defence. Parliament's formal rights are limited to scrutinising the Ministry of Defence's annual reports, reviewing the budget and key acquisition programmes, and voting on defence-related legislation.<sup>6</sup> However, key defence policy decisions are often made by legislative decree, which convey legislative powers to the government on certain issues or during national emergencies, for instance during the COVID-19 pandemic.<sup>7</sup> This significantly undermines the Parliament's legislative and oversight powers in the field and ensures that defence decisions are overwhelmingly driven by the executive with little scope for parliamentary involvement. This is largely limited to voting on major laws<sup>8</sup> and reviewing and approving the budget annually.<sup>9</sup> In practice, defence committees in both the Senate and Chamber of Deputies are responsible for oversight of the defence sector. The Committees meet monthly and are responsible for approving legislative decrees. However, in order to stop a decree, the committees need to vote against the decree by a majority, which is unlikely in Italy's fragmented system.<sup>10</sup> However, the committees do conduct investigations and long-term inquiries, for instance on defence systems planning, production, and investments.<sup>11</sup> They also have the power to submit recommendations and amendments on budgetary issues, although the extent to which these are implemented by the government is unclear. Financial control is also exercised by internal and external audit mechanisms. The Central Office for Administrative Inspections (ISPEDIFE) is the main unit responsible for carrying out internal administrative and accounting oversight. The unit has a good amount of flexibility to set its own work agenda and is under the direct control of the Minister of Defence.<sup>12</sup> ISPEDIFE reports are not made publicly available and there is no evidence that they are shared with other oversight bodies. There is also little clarity on whether the Ministry incorporates findings in

practice as the recommendations are not publicly available.<sup>13</sup> External audits are conducted by the Court of Auditors. Reports are made publicly available and presented to parliament annually, including performance assessments.<sup>14</sup> The court's operational independence is guaranteed by the constitution, and it autonomously manages its own activities and budget, which cannot be modified during the financial year.<sup>15</sup>

## 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) #	Data is not publicly available
Open Budget Index (IBP, 2019)	71/100
World Press Freedom Index (RSF, 2021)	41st out of 180.

Despite recent measures to improve government transparency and open data practices, corruption perceptions remain high relative to other EU and European states.<sup>16</sup> Part of this is linked to lingering transparency issues, related to access to information weaknesses and the lack of lobbying regulation.<sup>17</sup> The weakness of access to information regimes is particularly evident in the defence sector. Along with the 2016 FOI law, access to defence information is regulated by a 2009 decree which defines the type of information to be classified.<sup>18</sup> However, some defence information has seen classification deadlines arbitrarily extended past the 30 year expiration date.<sup>19</sup> Moreover, civil society groups have highlighted critical limitations with the FOI law, such as broad exemptions for national security-related data and reluctance on behalf of public administrations to implement the law.<sup>20</sup> Nevertheless, Italy does make a reasonable amount of financial data openly available. The defence budget for instance, as well as the Pluriennial Programmatic Planning Document (PPD) are published by the Ministry of Defence. The budget provides a comprehensive breakdown of planned expenditure across functions including personnel, R&D, training, and procurement.<sup>21</sup> However, the Open Budget Survey underlines how in-year

<sup>5</sup> Giordano Baratta, 'Italy's Crisis: Weak Government and Political Fragmentation in the Second Republic', *The McGill International Review*, 31 October 2019.

<sup>6</sup> Ministry of Defence, 'Legislative Decree 15 March 2010, n.66 (Code of the Military System)', 3 January 2019.

<sup>7</sup> Sara Parolari, 'Representative Democracy in Italy: The Great Absentee in the COVID-19 Pandemic', *EURAC*, 6 April 2021.

<sup>8</sup> See for instance, Chamber of Deputies, 'The reform of the defence apparatus', 23 November 2018.

<sup>9</sup> Official Gazzette of the Italian Republic, 'Law 27 December 2019, n. 160 (2020 budget law)', OJ n. 304 of 30 December 2019.

<sup>10</sup> Ministry of Defence, 'Legislative Decree 15 March 2010, n.66 (Code of the Military System)', 3 January 2019.

<sup>11</sup> Chamber of Deputies, Summary of 6 November 2020.

<sup>12</sup> Ministry of Defence, 'Inspector Vademecum, Central office for administrative inspections'.

<sup>13</sup> Ministry of Defence, 'Central Office for administrative inspections (ISPEDIFE)'.

<sup>14</sup> Ministry of Defence, 'Organs of administrative and accounting revision'.

<sup>15</sup> Senato della Repubblica, 'Constitution of the Italian Republic', Article 100, 1946.

<sup>16</sup> See European Commission, 'Special Eurobarometer 470'; and Transparency International, 'Corruption Perceptions Index 2020.'

<sup>17</sup> Federica Notari, 'Critical aspects of a first monitoring of the FOIA', November 2018.

<sup>18</sup> Open Government Partnership, 'Italy Mid-Term IRM Report, 2016-2018', p. 15.

<sup>19</sup> Sicurezza Nazionale, 'Decree of the President of the Ministers n. 7 of 12 June 2009'.

<sup>20</sup> LaStampa.it, 'State Secret on Ustica, The daughter of one of the victims: "Let's turn to the Tar". Baresi: "Those papers are already public"', 22 August 2020.

<sup>21</sup> Ministry of Defence, 'Estimates of Expenses for 2020 Fiscal Year'.



reports on expenditure against the budget are increasingly published late or not made publicly available.<sup>22</sup> Strict prohibitions on off-budget military expenditure and strong controls around beneficial ownership of companies by defence institutions help to further strengthen financial transparency. The only defence-owned company, 'Difesa Servizi SPA', is responsible for managing real estate and Armed Forces' brands and is subject to external audit and transparency standards akin to those required of standard commercial businesses. However, in practice, audit details are not comprehensive and the reports themselves highlight the lack of data that is provided by the company to auditors.<sup>23</sup>

## Personnel Ethics Framework

Whistleblowing legislation	2017 Whistleblower Protection Law
# 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

In recent years, a major development in the field of personnel ethics is the adoption of a new whistleblower protection law in 2017. The law expands on previous whistleblower regulations, for instance by including the reversed burden of proof and outlines sanctions for organisations suppressing whistleblower claims.<sup>24</sup> In 2019, the National Anti-Corruption Association (ANAC) introduced a new open-source software for public bodies, which allows whistleblowers to anonymously denounce irregularities. For its part, the Ministry of Defence has worked to implement whistleblowing provisions and included measures to protect whistleblowers in its three-year anti-corruption plan.<sup>25</sup> However it is indicative to note that personnel currently prefer reporting irregularities direct to the ANAC, rather than going through official MOD channels. In its annual anti-corruption report, the MOD has not reported any whistleblowing claims, whereas the ANAC annual reports show that a portion of claims (4.2%) come from the military and law enforcement.<sup>26</sup> Elsewhere, codes of conduct are generally robust and apply to both military and civilian personnel.<sup>27</sup> The Ministry of Defence's code of conduct covers corruption-related issues in some detail, including guidance on how to proceed in specific circumstances. More generally, the code is meant to provide a link to the Three-Year Anti-Corruption Plan and contains strong enforcement provisions.<sup>28</sup> However, there remain some gaps in the oversight process for the appointment of senior commanders. Appointments to high-level positions are not routinely subjected to external scrutiny nor audits, and the defence committee can only initiate a review of such appointments in exceptional circumstances. Moreover, there are no provisions for scrutiny of promotions at lower ranks by members of different service branches, despite this being good practice to ensure independence and impartiality in the process.<sup>29</sup>

<sup>22</sup> Open Budget Survey, 'Italy', 2019, p. 3.

<sup>23</sup> Court of Auditors, 'Deliberation n.94 of 16 July 2019'.

<sup>24</sup> Official Gazette of the Italian Republic, 'Law 30 November 2017, n. 179'.

<sup>25</sup> Ministry of Defence, 'Three-Year Plan for the prevention of corruption and transparency 2020-2022', 2019, Section III.6.9.

<sup>26</sup> ANAC, '4th Annual Report on Whistleblowing, 2019-20', 2020, p. 5.

## Operations

Total armed forces personnel (World Bank, 2018)	341,500
Troops deployed on operations #	1,150 in Lebanon (UNIFIL), 46 in Iraq (NATO MI), 572 in Kosovo (NATO KFOR), 2 in Mali (MINUSMA), 2 in India (UNMOGIP), 2 in Western Sahara (MINURSO)

As a member of NATO and contributor to UN Peace operations, Italy has extensive recent experience of military deployments. In fact, Italy is the 17th largest contributor to UN Peace Operations in the world and ranks top amongst European states.<sup>30</sup> With NATO, Italian commanders are currently spearheading the alliance's deployment in Kosovo, ranking second in terms of overall contributions, and third for NATO's deployment in Iraq.<sup>31</sup> Nevertheless, anti-corruption safeguards for Italian military operations are extremely weak and could undermine the effectiveness of the missions they contribute to. Italy has no military doctrine addressing corruption as a strategic issue on operations and the Anti-Corruption Plan lacks reference to operations.<sup>32</sup> This lack of strategic prioritisation has a knock-on effect at the training level. There are no specific pre-deployment courses on corruption issues, with personnel having to rely on their general corruption training which is irregular and not tailored to the specificities of deployments. Corruption issues are also not taken into account during operational forward planning and Italy does not deploy expert personnel capable of monitoring corruption risk during external operations, opening the missions up to significant and unchecked corruption risk.

<sup>27</sup> Ministry of Defence, 'Code of Conduct for the personnel of the Ministry', 17 April 2018.

<sup>28</sup> Ministry of Defence, 'Code of Conduct', Article 23.

<sup>29</sup> Ministry of Defence, 'Legislative Decree 15 March 2010, n.66 (Codice dell'Ordinamento militare)', Title VI.

<sup>30</sup> United Nations Peacekeeping, 'Troop and Police Contributors', 31 July 2021.

<sup>31</sup> NATO, 'KFOR Placemat', February 2021; NATO, 'RSM Placemat', August 2020.

<sup>32</sup> Ministry of Defence, 'Three-year Anticorruption Plan 2020-2022', 3 February 2020.

## Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	28,370
Open competition in defence procurement (%)	13% (2017)
Main defence exports – to (SIPRI, 2016-20)	Turkey, Egypt, Pakistan, Iraq, Saudi Arabia
Main defence imports – from (SIPRI, 2016-20)	United States, Germany, Israel, United Kingdom, France

The release of the MOD's Multi-Year Planning Document (DDP) 2021-2023 underscores the continuing importance of procurement to defence planning and funding, in spite of the challenges caused by the COVID-induced economic crisis.<sup>33</sup> The DDP includes the launch of 40 procurement and modernisation programmes and will be funded to the amount of €73.23 billion over three years.<sup>34</sup> While this spending drive will guarantee Italy's major defence companies a steady stream of new orders,<sup>35</sup> it could be vulnerable to corruption risk in key areas of the procurement process. Defence procurement is partly regulated by the Public Procurement Code (PPC),<sup>36</sup> which applies to all public procurement contracts but with exemptions for some defence goods, which are covered under the Military Procurement Code (MPC).<sup>37</sup> However some items can be exempted entirely from the legislation if compliance with the law is deemed

to endanger national security interests.<sup>38</sup> Defence-related exemptions to public procurement are extremely broad, undermining open tendering practices for defence and leading to a high volume of negotiated tenders and single-sourcing. Negotiated procedures for instance accounted for 77% of all defence goods in 2017, while open tendering was used for just 13% of goods.<sup>39</sup> Moreover, a crucial shortcoming in the transparency and accountability of the procurement process is the lack of parliamentary oversight following its initial approval. Programmes financed from budget appropriations require approval from a majority of defence committee members to be enacted. However, after approval, parliament has little involvement in overseeing the rollout of the programme and regulations allow approved resources to be reallocated, without parliamentary input. As a result, parliament has no effective oversight on financial changes made by the MOD during multi-annual procurement programmes.<sup>40</sup> Attempts to increase external oversight of procurement, including a parliamentary initiative to establish an 'Authority for the Surveillance of Weapons Systems Acquisition',<sup>41</sup> have so far not borne fruit and there remains no independent body or agency tasked with auditing the management of arms acquisition programmes.<sup>42</sup> Additionally, powerful private sector actors, including major Italian defence contractors, can heavily influence policy and procurement decisions. Italy has no legislation regulating the lobbying of defence institutions, ensuring that meetings between policymakers and lobbyists go unrecorded, lobbyists do not need to register, and companies do not have to declare how much they spend on lobbying.<sup>43</sup>

<sup>33</sup> Ministry of Defence, *Documento programmatico Pluriennale Della Difesa Per Il Triennio 2021-2023* [Multi-Year Planning Document for Defence 2021-2023], Edition 2021.

<sup>34</sup> Alessandra Giovanzanti & Nicholas Fiorenza, 'Italy's New Multiyear Planning Document Boosts Defence Spending', *Janes*, 9 August 2021.

<sup>35</sup> Luca Peruzzi, 'Italy's Defence Multi-Year Planning Document 2020-2022', *European Security and Defence*, 9 January 2021.

<sup>36</sup> Public Procurement Code, legislative decree 20 April 2016, No. 50, Sections 159-163.

<sup>37</sup> Military Procurement Code, legislative decree 15 November 2011, No. 28.

<sup>38</sup> Military Procurement Code.

<sup>39</sup> Court of Auditors, 'Management of purchases of goods and services by the Ministry of Defence and the Ministry of Education, University and Research', resolution 4 June 2020, n.5/2020/G.

<sup>40</sup> Transparency International Defence & Security, 'Defence Industry Influence in Italy: analysing Defence Industry Influence on the Italian Policy Agenda', 2021, p. 30.

<sup>41</sup> See in particular the Bill proposed by Paolo Bolognesi: Camera dei Deputati, 'Proposta di Legge n.1917', 22 December 2013

<sup>42</sup> TI-DS, 'Defence Industry Influence', p. 30.

<sup>43</sup> TI-DS, 'Defence Industry Influence', p. 11.

Version 1.0, October 2021

GDI data collection for **Italy** was conducted March 2020 to April 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.

# ITALY 2020 GDI Scorecard

		Grade	Score
<b>Political Risk</b>		<b>B</b>	<b>72</b>
Q1	Legislative Scrutiny	A	92
Q2	Defence Committee	B	75
Q3	Defence Policy Debate	B	75
Q4	CSO Engagement	B	67
Q5	Conventions: UNCAC / OECD	B	75
Q6	Public Debate	C	63
Q7	Anticorruption Policy	A	88
Q8	Compliance and Ethics Units	A	83
Q9	Public Trust in Institutions		NS
Q10	Risk Assessments	A	100
Q11	Acquisition Planning	A	83
Q12	Budget Transparency & Detail	C	63
Q13	Budget Scrutiny	A	88
Q14	Budget Availability	B	75
Q15	Defence Income	C	50
Q16	Internal Audit	B	67
Q17	External Audit	A	92
Q18	Natural Resources	A	83
Q19	Organised Crime Links	C	50
Q20	Organised Crime Policing	B	75
Q21	Intelligence Services Oversight	A	88
Q22	Intelligence Services Recruitment	C	63
Q23	Export Controls (ATT)	C	58
Q76	Lobbying	F	0

		Grade	Score
<b>Financial Risk</b>		<b>B</b>	<b>75</b>
Q24	Asset Disposal Controls	A	92
Q25	Asset Disposal Scrutiny	B	75
Q26	Secret Spending	A	100
Q27	Legislative Access to Information	E	25
Q28	Secret Program Auditing	C	50
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	88
Q77	Defence Spending	A	100

		Grade	Score
<b>Personnel Risk</b>		<b>B</b>	<b>80</b>
Q34	Public Commitment to Integrity	C	50
Q35	Disciplinary Measures for Personnel	A	88
Q36	Whistleblowing	A	83
Q37	High-risk Positions	A	83
Q38	Numbers of Personnel	A	83
Q39	Pay Rates and Allowances	B	75
Q40	Payment System	A	83
Q41	Objective Appointments	B	67
Q42	Objective Promotions	C	63
Q43	Bribery to Avoid Conscription		NA
Q44	Bribery for Preferred Postings	A	92
Q45	Chains of Command and Payment	A	100
Q46	Military Code of Conduct	A	94

## OVERALL COUNTRY SCORE

**MODERATE RISK**

**61**

**C**

### 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
<b>Personnel Risk</b>		<b>B</b>	<b>80</b>
Q47	Civilian Code of Conduct	A	94
Q48	Anticorruption Training	B	67
Q49	Corruption Prosecutions	A	92
Q50	Facilitation Payments	B	67

		Grade	Score
<b>Operational Risk</b>		<b>F</b>	<b>15</b>
Q51	Military Doctrine	E	25
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
<b>Procurement Risk</b>		<b>C</b>	<b>62</b>
Q57	Procurement Legislation	A	88
Q58	Procurement Cycle	A	83
Q59	Procurement Oversight Mechanisms	A	100
Q60	Potential Purchases Disclosed	C	50
Q61	Actual Purchases Disclosed	C	63
Q62	Business Compliance Standards	A	88
Q63	Procurement Requirements	A	83
Q64	Competition in Procurement	C	50
Q65	Tender Board Controls	B	81
Q66	Anti-Collusion Controls	B	81
Q67	Contract Award / Delivery	A	88
Q68	Complaint Mechanisms	A	83
Q69	Supplier Sanctions	A	92
Q70	Offset Contracts	E	25
Q71	Offset Contract Monitoring	F	13
Q72	Offset Competition	E	25
Q73	Agents and Intermediaries	F	0
Q74	Financing Packages	E	25
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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