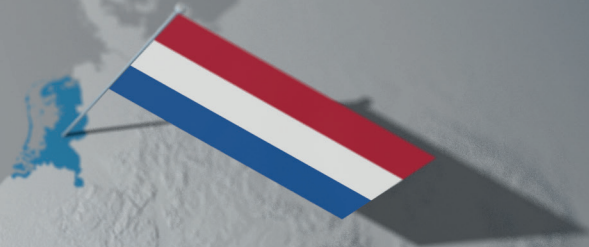




**Government Defence
Integrity Index**



2020



Country Brief:

NETHERLANDS

NETHERLANDS

After years of neglect, the Dutch defence sector is in need of sustained investment to fund significant restructuring and modernisation efforts. Strategic drift over the past two decades has overstretched the Armed Forces and there is growing need for reform to ensure the defence sector is equipped to face current and future threats. While this has been recognised in strategic documents,¹ there remains serious questions around funding and political support. After years of budget and personnel cuts, flagging public interest and a weak parliamentary appetite for such defence, there have been serious questions raised about the military's basic readiness in recent years.²

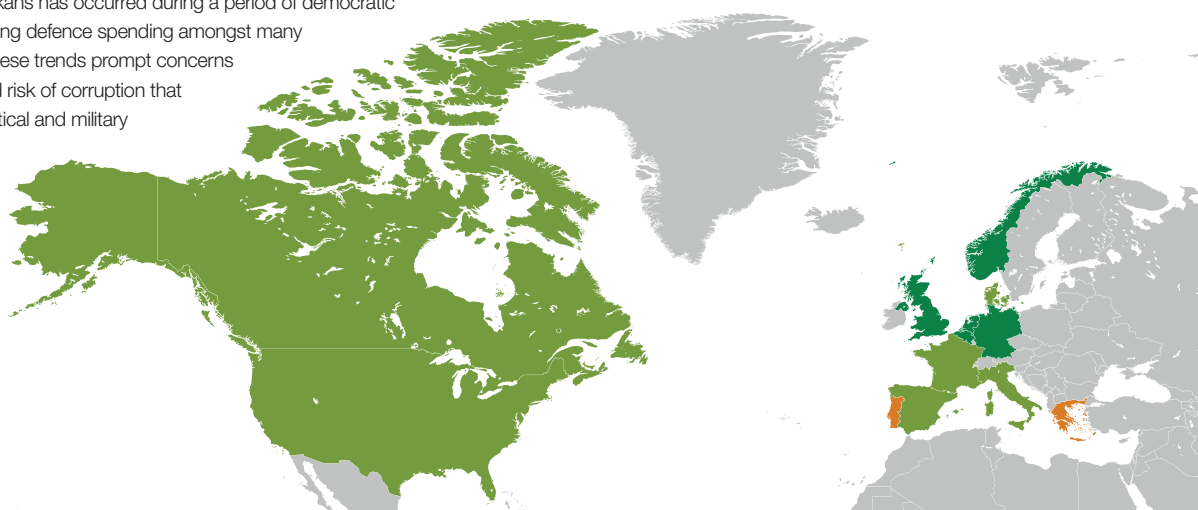
Member of Open Government Partnership	Yes
UN Convention Against Corruption	Ratified in 2006
Arms Trade Treaty	Ratified in 2014

Though defence spending has increased,³ the modernisation plans of the Ministry of Defence (MoD), which aim to transform the military into a high-tech organisation that is capable of traditional and non-traditional operations, will require increased investment at a time when austerity measures and the COVID-19 pandemic have adversely impacted public finances.⁴ In parallel, the Netherlands' existing commitments to NATO and the EU Common Security and Defence Policy (CSDP) will require careful balancing with the restructuring process to continue meeting targets. The coming years will be crucial for defence and the implementation of the MoD's strategic vision will depend on the availability of funds to recruit specialised personnel, invest in new equipment and technologies, and implement internal processes to govern new capabilities. As things stand, the Dutch defence sector has effective governance processes in place to manage this. Parliamentary oversight and auditing mechanisms are strong and ensure consistent scrutiny of defence decisions. Financial management is largely transparent, with robust budgeting processes, although procurement oversight could be reinforced, especially for purchases under 25 million euros. Anti-corruption standards are also effective in relation to personnel, although whistleblowing requires more attention, as do safeguards against corruption risk on operations.

NATO Overview

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

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



¹ Ministry of Defence, *Defence Vision 2035: Fighting for a Safer Future*, Amsterdam, October 2020.

² Reuters, 'Dutch Military "Gravely Neglected"', Advisory Panel Says', 10 March 2017.

³ Dick Zandee, 'Dutch Defence Spending: A Gap Between Rhetoric and Reality', *Clingendael Institute*, October 2019, p. 2.

⁴ Sebastian Sprenger, 'Dutch Defence Ministry Casts "Unrealistic" NATO Spending Goal', *Defense News*, 16 October 2020.

NETHERLANDS

Overall scores

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

NETHERLANDS SCORE
LOW RISK

B

73



A > 83-100 VERY LOW

B > 67-82 LOW

C > 50-66 MODERATE

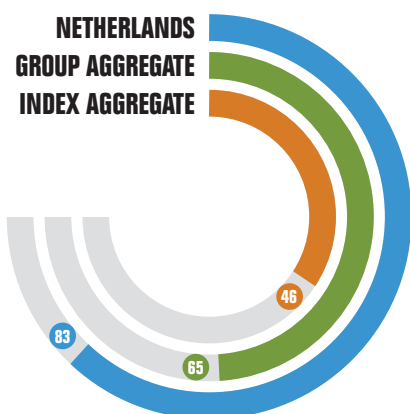
D > 33-49 HIGH

E > 17-32 VERY HIGH

F > 0-16 CRITICAL

Risk Comparison

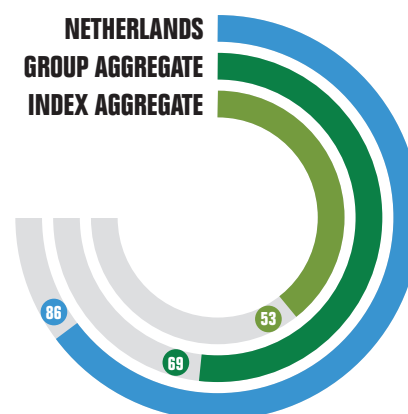
POLITICAL



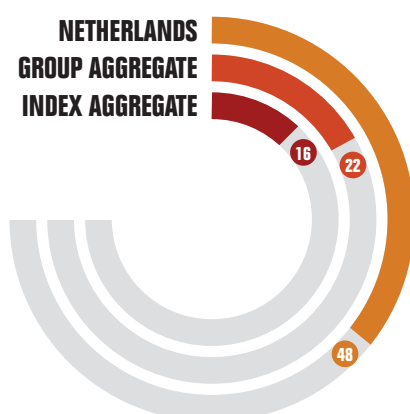
FINANCIAL



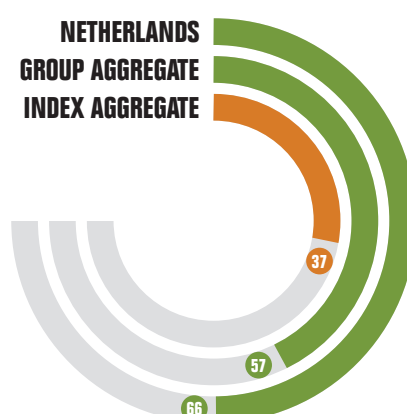
PERSONNEL



OPERATIONAL



PROCUREMENT



NETHERLANDS

Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	Not ranked
Military expenditure as share of government spending (SIPRI, 2020)	2.9%
Committee members with defence expertise (%)	Data is not publicly available.
# of meetings/year	Data is not publicly available.
Last review of defence policy/strategy	2020 (Defence Vision 2035)

A well-established parliamentary democracy, the Netherlands' States General, comprising a lower House of Representatives and an upper house Senate, is a key political institution that actively exercises legislative, oversight and budgetary powers. In relation to defence, Parliament has the power to review, amend and approve laws, scrutinise the budget and review major arms procurement decisions through the Defence Materiel Process (DMP) and the Large Project Scheme.⁵ The House of Representatives Standing Committee for Defence is specifically responsible for defence oversight and is active in scrutinising budgets, missions and personnel management, whilst also regularly debating and reviewing major policy and arms acquisitions.⁶ The committee meets regularly, initiates long term investigations in specific aspects of defence policy, and actively scrutinises the budget formulation and execution throughout the year, submitting amendments and holding hearings with defence officials to track expenditures.⁷ However, despite strong formal powers, there remain gaps in oversight in practice. Defence is a relatively undervalued topic amongst parliamentarians, owing to the lack of public interest in the area and the systematic cuts it has been subject to. This, coupled with the fact that parliamentarians sit on multiple committees, restricts the amount of time available for defence work and results in a situation where newer MPs often sit on the committee, despite not having relevant expertise for it.⁸ Limited time and expertise can result in partisan politics prevailing over expertise-led decision making, leading the Court of Audit to underline some flaws in defence oversight stemming from the Committee failing to exercise the oversight powers it technically possesses.⁹ In parallel, internal and external audit bodies are active in scrutinising defence expenditure and informing Parliament's oversight duties. The Central Government Audit Service (ADR) is the government's internal auditor and is highly active in auditing defence spending, providing a sometimes critical voice of defence spending decisions.¹⁰ Its reports are publicly disclosed and shared in advance with parliament, while its findings are regularly addressed by the Ministry of Defence in practice, which publishes responses to reports that detail implementation measures and milestones.¹¹ Its activities are subject to oversight by the Court of Audit which also conducts external audits of defence spending. The Court has extensive access to information and publishes extremely detailed reports on a wide range of defence issues, from cyber security to submarine projects.¹² There is also strong evidence the Court's reports are effective, with the Ministry of Defence making commitments to implement recommendations in 76 per cent of cases and regularly releasing responses to audit findings.¹³

Financial Transparency

Defence-related access to information response rates	(1) % granted full or partial access: Data could not be accessed. (2) # subject to backlog: Data could not be accessed.
Defence-related complaints to ombudsman/commissioner #	Data could not be accessed.
Does the commissioner have authority over the MoD?	Yes
Audit reports on defence (2018-2020) #	3 in 2018; 5 in 2019; 5 in 2020
Open Budget Index (IBP, 2019)	Not ranked
World Press Freedom Index (RSF, 2021)	6th out of 180.

The Netherlands is widely seen as a leader in government transparency, with a wide variety of information made public on budgetary and financial policy making processes.¹⁴ In the defence sector for instance, the published defence budget provides a largely comprehensive overview of expenditures, with a clear breakdown between different functions, although some categories, such as personnel, are not further disaggregated between salaries and allowances.¹⁵ The budget's comprehensiveness is illustrated by the fact that, for 2020, the proportion of the budget dedicated to secret spending represented just 0.087% of the total budget.¹⁶ Moreover, even though the public has no access to information on this expenditure, the Court of Audit systematically scrutinises secret spending and compiles reports on any irregularities. Budget accuracy and validity is also bolstered by the strict controls around off-budget income and spending. The constitution requires that all sources of defence income be published and scrutinised,¹⁷ and all the income derived from infrastructure sales and equipment disposal is registered in the budget and included in annual MoD reports, although there have been cases of equipment sales going unreported.¹⁸ The Ministry of Defence and Armed Forces also do not have beneficial ownership in any commercial ventures that could be used for off-budget spending, which itself is strictly prohibited. Though financial transparency is generally strong, issues with the access to information framework represent a potentially serious obstacle to transparency. The Public Access to Government Information Act provides a legal framework under which the public can access defence information, with clear provisions for how to access data, under what conditions it can be withheld and what the appeals process is.¹⁹ However, in practice the process of requesting information is notoriously long and time-consuming with some information arbitrarily withheld for long periods without justification, particularly when it relates to sensitive issues.²⁰

⁵ Netherlands Court of Audit, *The Defence Materiel Process (DMP)*, 4 October 2019.

⁶ The Standing Committee for Defence, 'Report of a General Consultation, Held on February 4, 2020, on Materiel Defense and Project Acquisition F-35', Text. Tweede Kamer der Staten-Generaal, April 3, 2020.

⁷ Standing Committee for Defence, 'Knowledge agenda 2020', *House of Representatives of the States General*, February 20, 2020.

⁸ House of Representatives of the States General, 'Composition and Contact of Defense'.

⁹ Court of Audit, *Lessons from the JSF (Joint Strike Fighter F-35)*, 6 March 2019.

¹⁰ General Audit Chamber, *Out of Sight*, 13 April 2013.

¹¹ Ministry of Defence, 'Management Response to Audit Report ADR 2019', 13 March 2020.

¹² The Netherlands Court of Audit, 'Publications – Defence', June 2021.

¹³ The Netherlands Court of Audit, 'Progress Meter – Recommendations', 24 September 2019.

¹⁴ Freedom House, 'Freedom in the World – Netherlands', 2020, C3.

¹⁵ Ministry of Defence, 'National Budget 2020: Defence', *Ministry of Finance*, 17 September 2019.

¹⁶ Ministry of Defence, 'National Budget 2020'.

¹⁷ Ministry of Interior and Kingdom Relations, *The Constitution of the Kingdom of the Netherlands*, 22 September 2008.

¹⁸ Dieuwertje Kuijpers, and Fons Lambie, 'Dutch Sold Defense Weapons to Broker through Controversial Deal', *RTL Nieuws*, 11 October 2020.

¹⁹ Ministry of Interior and Kingdom Relations, 'Government Information (Public Access) Act', *Overheid.nl*, 28 July 2018.

²⁰ Authentic Journalism Platform, 'Shell Papers Update: Ministry of Economic Affairs Tries to Muzzle the Municipality of Assen', *Follow the Money*, 20 October 2020.

NETHERLANDS

Personnel Ethics Framework

Whistleblowing legislation	Whistleblowers Authority Act (2016)
# defence-sector whistleblower cases	Data is not publicly available.
# Code of conduct violations	Military: 65 (2018)*
	Civilian: N/A
Financial disclosure system	# submitted: Data is not publicly available.
	# of violations: Data is not publicly available.

*Report makes no distinction between civilian and military personnel.²¹

Personnel management systems for the Dutch defence sector are generally robust and significantly reduce corruption vulnerability, although there remain areas in need of improvement. Civilian and military personnel in the sector are subject to clear codes of conduct that include provisions on bribery, gifts and conflicts of interest.²² A complementary directive on implementing the defence integrity policy provides further guidance on anti-corruption, including how personnel should act when confronted with corruption-related issues.²³ Where breaches of the code do occur, measures are taken internally against those who violate the code, while more serious violations are investigated by the Military Police and prosecuted where appropriate. Robust and formalised payment processes also ensure that personnel receive the correct pay on time and the separation between the chains of command and payment reduces corruption risks related to salary skimming. Significant progress has also been made in relation to whistleblowing, with the Netherlands passing its Whistleblower Act in 2016 following years of public debate. The Act requires defence institutions to introduce internal reporting procedures and establishes the Whistleblower Authority as an independent body to receive claims and conduct investigations.²⁴ However, while the act itself was a step forward, it contains some significant flaws. There is no mention of misguided reporting and it does not introduce a reversed burden of proof. Equally, whistleblowers are required to first report abuses internally and only when the process fails can they request assistance from the Authority, negating confidentiality as superiors are aware of who lodges a complaint. These flaws undermine confidence in the established protections, particularly in the defence sector where numerous cases have illustrated how whistleblowers can become ostracised for raising concerns.²⁵

Operations

Total armed forces personnel (World Bank, 2018)	41,410
Troops deployed on operations #	270 in Lithuania (eFP), 2 in Iraq (NATO MI), 20 in Mali (EUTM, EUCAP & MINUSMA), 15 in Kosovo (EULEX), 14 in Israel (UNTSO & UNDOF), 2 in Strait of Hormuz (EMASOH)

Despite the size of Dutch armed forces contracting by more than 50 per cent over the last 20 years, the military has been consistently involved in various NATO, UN, and EU missions around the world.²⁶ Despite extensive experience of military operations, anti-corruption safeguards for missions remain patchy and superficial in certain respects. At the strategic level, the Netherlands does not have a specific doctrine addressing corruption as a strategic issue for operations. Despite listing the fight against corruption as a key pillar of strengthening the rule of law, there are no strategies detailing how this is to be achieved in practice.²⁷ However, there appears to be some awareness of corruption as a strategic issue at the training and planning stages. Anti-corruption training is delivered during pre-deployment exercises and focuses on building knowledge of key corruption risks that personnel are likely to encounter during deployments. Equally, in some instances, experts are deployed to monitor corruption during operations as was the case with civil-military advisors deployed with Dutch units in Afghanistan. However, there is no policy mandating this and no further evidence of this occurring in other missions, underlining serious gaps with regards to the monitoring and evaluation of corruption risk during deployments.

²¹ Ministry of Defence, *Defence Annual Report 2018*, 15 May 2019, pp. 133-134.

²² Ministry of the Interior and Kingdom Relations, 'General Military Civil Service Regulations', 1 January 2020.

²³ Ministry of Defence, 'Implementation of the Defence Integrity Policy', SG A/984, 14 November 2012.

²⁴ Ministry of Interior and Kingdom Relations, 'Dutch Whistleblowers Act', *Huisvoorkloekenluiders*, 1 July 2016.

²⁵ Dirk Schouten, 'Whistleblower Rob had to leave Defense 25 years ago and is still fighting for compensation', *EenVandaag*, 14 April 2021; Dieuwertje Kuijpers, 'Paper Trail Reveals How Defense Damages Its Own Whistleblower', *Follow the Money*, 14 December 2018.

²⁶ Ministry of Defence, 'Current Missions'.

²⁷ Ministry of Foreign Affairs, 'Integrated International Security Strategy 2018-2022', 14 May 2018, p. 38.



NETHERLANDS

Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	12,211
Open competition in defence procurement (%)	Data is not publicly available.
Main defence exports – to (SIPRI)	Indonesia, United States, Mexico, Jordan, Finland
Main defence imports – from (SIPRI)	United States, Germany, Italy, Norway, Israel

The Netherlands is one of the biggest investors in defence among dual NATO-EU nations and ranks twentieth in the world in terms of military spending.²⁸ Yet, for over a decade, defence has been a low priority budget area and the subject of repeated cuts, leading some analysts to question whether the Armed Forces are capable of meeting NATO commitments.²⁹ Recent budget increases and an uptick in defence spending as a share of GDP are indications that defence is gaining in prominence,³⁰ driven by the need to modernise and develop new capabilities. Central to this will be the acquisition of new weapons, equipment and the modernisation of existing infrastructure and capabilities,³¹ for which the Netherlands has largely appropriate processes. Acquisition planning processes are formalised, with individual purchases linked to the defence strategy. Comprehensive forward planning is undertaken, with the Defence White Paper and Defence

Vision strategic documents outlining procurement requirements up to 2035.

The Ministry of Defence publishes the Defence Project Overview annually, which details progress of procurement programmes over 25 million euros, and contains a dedicated section outlining the relevance of the purchase to overarching strategic goals.³² Additionally, the first stage of the Defence Materiel Process is a needs assessment and analysis of requirements, which requires the Ministry of Defence to justify to Parliament why the material in question is needed.³³ In terms of tendering, Dutch procurement legislation, in particular the Defence and Security Procurement Act, prescribes open competition tenders for defence goods, although the Act excludes national security-related goods and procurement for international operations,³⁴ allowing for these to be contracted for using single-sourced or direct awards without tender publication. Procurement oversight is largely effective and conducted at various stages of the procurement cycle. Parliamentary approval is required for all purchases exceeding 25 million euros in value and Parliament validates the budget, which includes details on all projected procurement projects. The Central Government Audit Service and Court of Audit also provide oversight of procurement processes and regularly publish reports on different projects.³⁵ However, while these bodies can monitor, question and submit recommendations, they do not have the power to cancel projects or reject decisions made by the Defence Materiel Organisation.

²⁸ Diego Lopes Da Silva, Nan Tian and Alexandra Marksteiner, 'Trends in World Military expenditure, 2020', *SIPRI*, April 2021, p. 2.

²⁹ Marc Bontinck, 'Why the Dutch Military Punches Below its Weight', *Carnegie Europe*, 8 February 2018.

³⁰ SIPRI, 'Military Expenditure as a Share of GDP', *Military Expenditure Database*, June 2021.

³¹ Ministry of Defence, *2018 Defence White Paper: Investing in Our People, Capabilities and Visibility*, 26 March 2018.

³² Ministry of Defence, 'Defence Project Overview, 2020', 15 September 2020.

³³ Court of Audit, 'The Defence Materiel Process (DMP)'.

³⁴ Ministry of the Interior and Kingdom Relations, 'Defense and Security Procurement Act,' *Overheid.nl*, 18 April 2019.

³⁵ Central Audit Service, Report ADR on the Progress Report Project Acquisition F-35, Rijksoverheid, 15 September 2020; Court of Audit, *Report: The Financial Processes Relating to the JSF Programme*, 31 October 2018.

Version 1.0, October 2021

GDI data collection for **Netherlands** was conducted March 2020 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.

NETHERLANDS 2020 GDI Scorecard

		Grade	Score
Political Risk		B	83
Q1	Legislative Scrutiny	A	83
Q2	Defence Committee	A	92
Q3	Defence Policy Debate	B	69
Q4	CSO Engagement	A	100
Q5	Conventions: UNCAC / OECD	B	75
Q6	Public Debate	A	100
Q7	Anticorruption Policy	A	100
Q8	Compliance and Ethics Units	B	67
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	C	50
Q11	Acquisition Planning	B	75
Q12	Budget Transparency & Detail	A	88
Q13	Budget Scrutiny	A	100
Q14	Budget Availability	A	83
Q15	Defence Income	A	92
Q16	Internal Audit	A	94
Q17	External Audit	A	100
Q18	Natural Resources	C	55
Q19	Organised Crime Links	A	88
Q20	Organised Crime Policing	A	100
Q21	Intelligence Services Oversight	A	100
Q22	Intelligence Services Recruitment	A	100
Q23	Export Controls (ATT)	B	75
Q76	Lobbying	E	19

		Grade	Score
Financial Risk		B	80
Q24	Asset Disposal Controls	B	75
Q25	Asset Disposal Scrutiny	A	100
Q26	Secret Spending	A	100
Q27	Legislative Access to Information	E	25
Q28	Secret Program Auditing	F	0
Q29	Off-budget Spending	A	100
Q30	Access to Information	B	75
Q31	Beneficial Ownership	A	100
Q32	Military-Owned Business Scrutiny	A	100
Q33	Unauthorised Private Enterprise	A	100
Q77	Defence Spending	A	100

		Grade	Score
Personnel Risk		A	86
Q34	Public Commitment to Integrity	A	83
Q35	Disciplinary Measures for Personnel	A	88
Q36	Whistleblowing	C	58
Q37	High-risk Positions	A	100
Q38	Numbers of Personnel	A	92
Q39	Pay Rates and Allowances	A	100
Q40	Payment System	A	92
Q41	Objective Appointments	C	50
Q42	Objective Promotions	C	58
Q43	Bribery to Avoid Conscription	NA	
Q44	Bribery for Preferred Postings	A	100
Q45	Chains of Command and Payment	A	100
Q46	Military Code of Conduct	A	94

OVERALL COUNTRY SCORE

LOW RISK

B

73



		Grade	Score
Personnel Risk		A	86
Q47	Civilian Code of Conduct	A	100
Q48	Anticorruption Training	A	83
Q49	Corruption Prosecutions	A	83
Q50	Facilitation Payments	A	100

		Grade	Score
Operational Risk		D	48
Q51	Military Doctrine	E	25
Q52	Operational Training	B	75
Q53	Forward Planning	C	63
Q54	Corruption Monitoring in Operations	E	25
Q55	Controls in Contracting	C	50
Q56	Private Military Contractors	NS	

		Grade	Score
Procurement Risk		C	66
Q57	Procurement Legislation	B	75
Q58	Procurement Cycle	B	67
Q59	Procurement Oversight Mechanisms	A	92
Q60	Potential Purchases Disclosed	A	100
Q61	Actual Purchases Disclosed	C	63
Q62	Business Compliance Standards	C	50
Q63	Procurement Requirements	A	92
Q64	Competition in Procurement	NEI	
Q65	Tender Board Controls	D	44
Q66	Anti-Collusion Controls	C	56
Q67	Contract Award / Delivery	B	67
Q68	Complaint Mechanisms	A	83
Q69	Supplier Sanctions	B	75
Q70	Offset Contracts	E	25
Q71	Offset Contract Monitoring	C	50
Q72	Offset Competition	B	75
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

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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.

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