Government Defence Integrity Index

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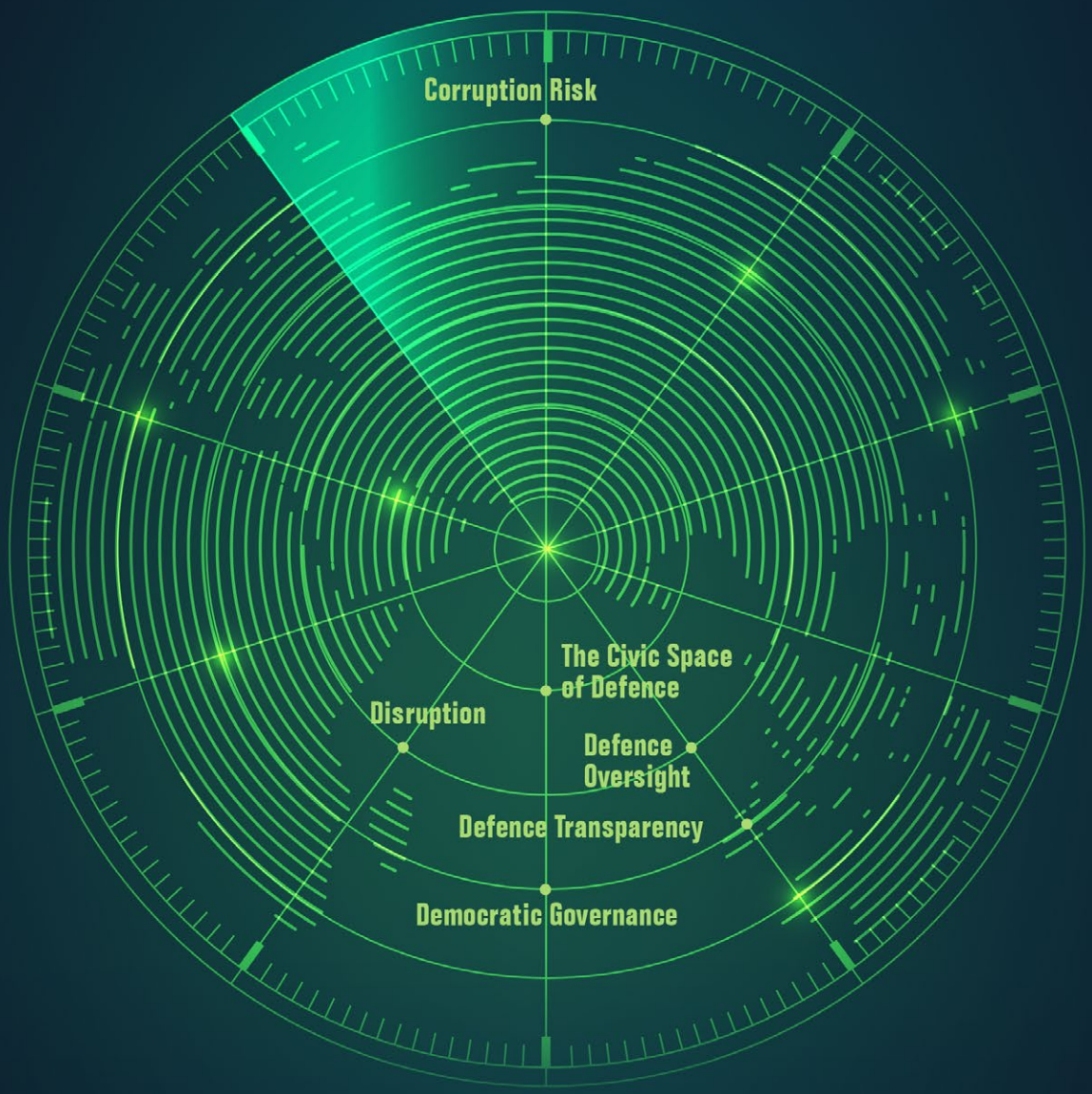

GDI 2020 GLOBAL REPORT:

DISRUPTION, DEMOCRATIC GOVERNANCE, AND CORRUPTION RISK IN DEFENCE INSTITUTIONS

A flagship report by Transparency International, Defence & Security

Transparency International (TI) is the world's leading non-governmental anti-corruption organisation, addressing corruption and corruption risk in its many forms through a network of more than 100 national chapters worldwide.

Transparency International Defence and Security (TI-DS) works to reduce corruption in defence and security sectors worldwide.

The **Government Defence Integrity Index (GDI)** is the world's leading assessment of corruption risks in national defence sectors. Produced by Transparency International Defence & Security, the GDI recognises that corruption within defence institutions limits a country's ability to defend itself and weakens its public institutions. The GDI serves as a comprehensive assessment of the quality of institutional controls to manage the risk of corruption in five broad risk areas of defence: policymaking, finances, personnel management, operations, and procurement.

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FOREWORD

Defence is the sector that is perhaps the most important to achieving both state and human security in any country. Yet, on a daily basis, we see the devastating impact of the failure of defence sectors to provide security to citizens, secure national borders and bring about peace.
In the worst instances we see failure of international operations, military coups and ongoing violent insurgencies. The costs of this are born first and foremost by ordinary people -– that defence sectors are there to protect. Poorly governed and corruption prone defence sectors are a significant contributing factor to conflict, humanitarian crises and human rights abuses. In a context of increasing defence expenditure globally and rapid technological change experienced by the sector, without action, these risks will certainly increase.

TI-DS is pleased to present this report on the third iteration of Transparency International's Government Defence Integrity Index (GDI). As the world grapples with the implications of climate change and assaults on democratic principles and civic space from authoritarian regimes, we hope this report can bring a specific focus to defence sectors around their world, the role that governments play in ensuring good governance and the need for defence institutions to be resilient to corruption to achieve this.

The findings presented in this report are a serious cause for concern. They show that, across, all regions and economic groups, defence sectors in the majority of countries suffer from high to critical levels of corruption risk. While overall performance is poor across all five risk areas, military operations stand-out as the most compromised risk area. This means that – on the frontline – there is significant potential for corruption to undermine military operations around the world, be they aimed at securing peace internally or abroad. The arms trade is another significant area of corruption risk, with 49% of global arms imports going to countries with high to critical corruption risk in the defence sector. The lack of transparency across the sector is critical to maintaining the status quo. However, secrecy need not be the default position of defence sectors; a positive finding from analysis of the GDI data is that some of the largest military spenders and defence exporters also have the highest levels of transparency; confidentiality is therefore not a requirement for a strong defence sector, but is instead a political decision.

As part of the Transparency International Movement, and as a lead actor in the field of defence sector governance, Transparency International – Defence and Security will use the data, analysis and findings in this report to direct and underpin our work over the coming years. As we seek to redouble our efforts to ensure that defence sector corruption risk is reduced and that defence institutions are accountable to their publics, the GDI will provide the evidence base for us to do this. It will support our ongoing work to support militaries and regional and international organizations to factor corruption risks into the planning and execution of their operations. And, it will provide the basis for us to work with governments around the world to strengthen the integrity of their defence sectors in their interactions with the private sector including the approval of arms exports. We hope that others – governments, civil society and the private sector – will join us in these efforts and utilize the data presented here in their work.

We are very thankful to the Netherlands Ministry of Foreign Affairs (MFA), the UK's Foreign, Commonwealth and Development Office (FCDO) and the Centre for Integrity in the Defence Sector at the Norwegian Ministry of Defence, for funding this iteration of the GDI, which provides a corruption risk analysis of 86 countries, representing all regions of the world, all economic groups and all types of regimes. The research process is robust and extensive, and we are also extremely grateful to the country experts who undertook the primary research as well as the expert peer reviewers, anti-corruption colleagues and governments who lent their time and expertise to ensure that each country score is based on a robust qualitative data set.

Natalie Hogg

Director
Transparency International – Defence and Security

ABBREVIATIONS

AI	Artificial Intelligence
ATT	Arms Trade Treaty
CEE	Central and Eastern Europe
CSO	Civil Society Organisations
EDF	European Defence Fund
FCAS	Fragile and Conflict-Affected States
GDI	Government Defence Integrity Index
MENA	Middle East and North Africa
NATO	North Atlantic Treaty Organisation
OECD	Organisation for Economic Cooperation and Development
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PMSCs	Private Military and Security Contractors
R&D	Research and Development
SAI	Supreme Audit Institution
SIPRI	Stockholm International Peace Research Institute
SSG	Security Sector Governance
SSR	Security Sector Reform
SSR/G	Security Sector Reform/Governance
TCC	Troop Contributing Country
TI-DS	Transparency International Defence & Security
UNCAC	United Nations Convention against Corruption

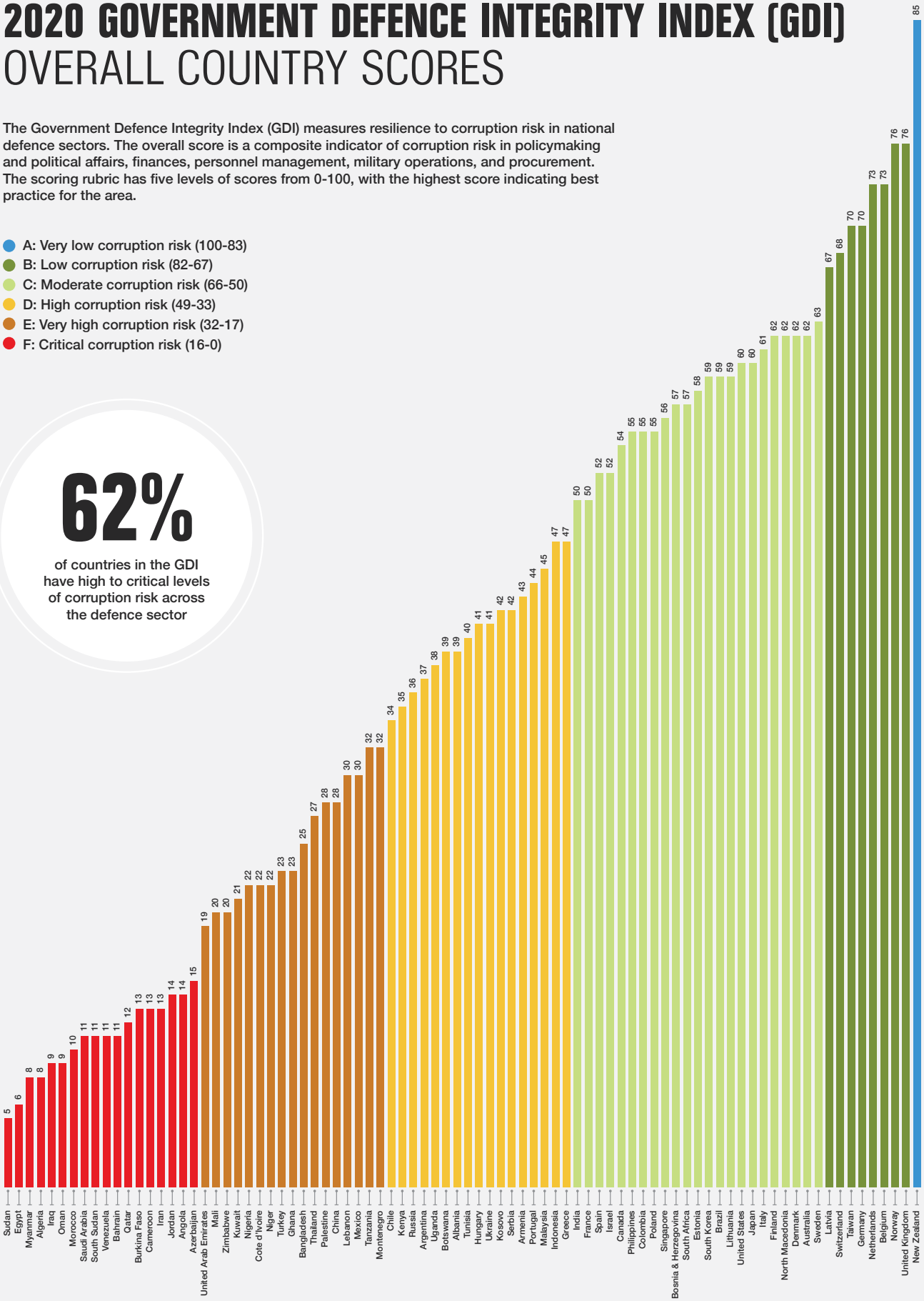
2020 GOVERNMENT DEFENCE INTEGRITY INDEX (GDI)
OVERALL COUNTRY SCORES

The Government Defence Integrity Index (GDI) measures resilience to corruption risk in national defence sectors. The overall score is a composite indicator of corruption risk in policymaking and political affairs, finances, personnel management, military operations, and procurement. The scoring rubric has five levels of scores from 0-100, with the highest score indicating best practice for the area.

- A: Very low corruption risk (100-83)
- B: Low corruption risk (82-67)
- C: Moderate corruption risk (66-50)
- D: High corruption risk (49-33)
- E: Very high corruption risk (32-17)
- F: Critical corruption risk (16-0)

62%

of countries in the GDI have high to critical levels of corruption risk across the defence sector



Source: Transparency International, Defence & Security

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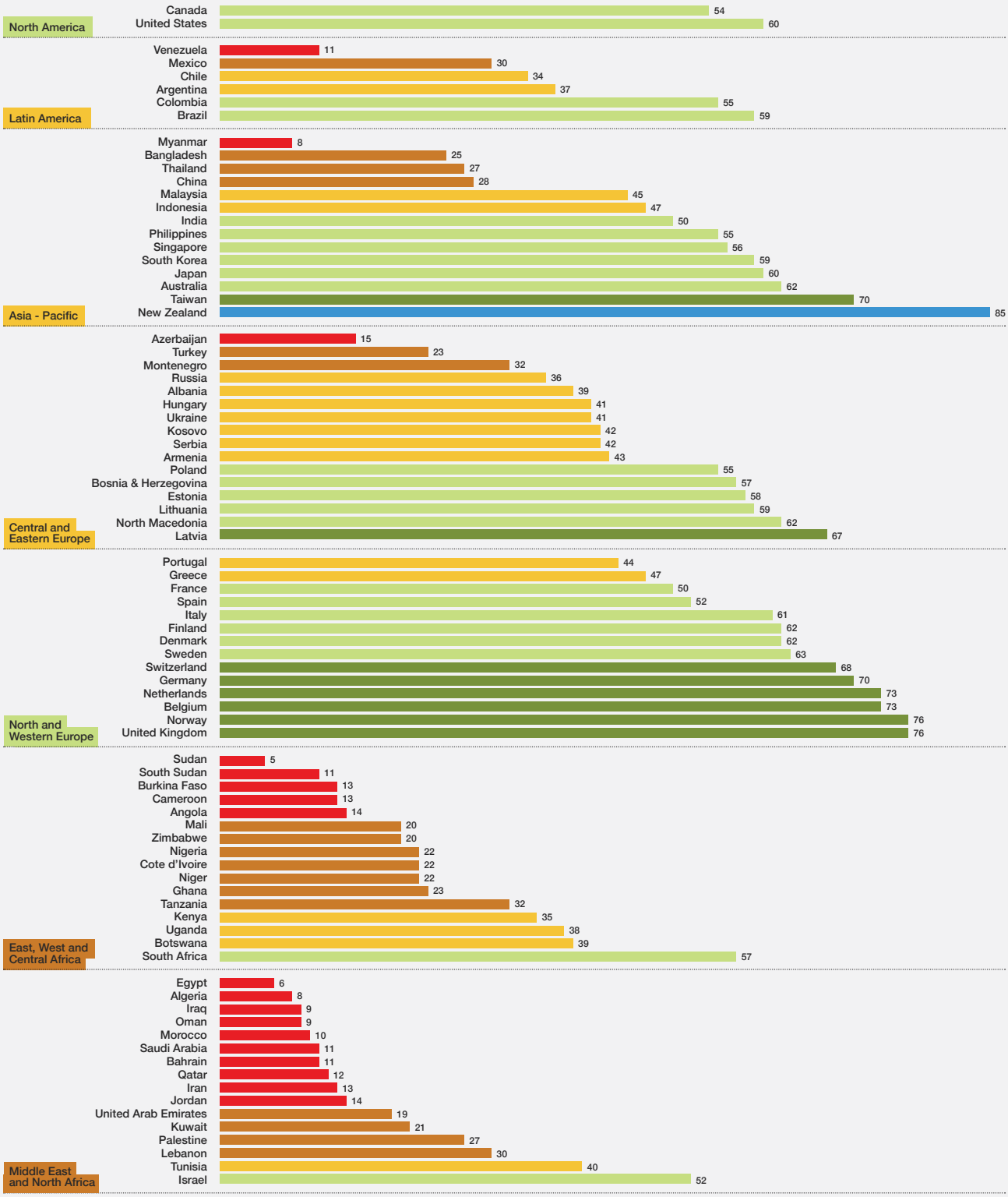


Source: Transparency International, Defence & Security

OVERVIEW: CORRUPTION, CONFLICT, AND THE STATE OF DEFENCE GOVERNANCE

Corruption in defence poses significant risks for security in both national and international contexts. Not only does it have a devastating impact on both the defence apparatus itself and on wider peace and security, it can also destabilise otherwise robust democracies, by serving as a type of statecraft for defence officials and military elites.[1] Numerous studies have outlined a clear correlation between corruption and instability, and it is little surprise that 6 out of the 10 lowest-scoring countries in the Corruption Perceptions Index 2019 are also among the 10 least peaceful countries in the Global Peace Index 2020.[2] Corruption undermines the efficiency of security forces, damages popular trust in state institutions, and feeds a sense of disillusionment, which threatens the social contract and the rule of law, and can empower non-state and extremist armed groups. Corruption also contributes to a weakening of governance mechanisms and a loss of significant state resources, all of which perpetuate a lack of transparency, accountability, and effectiveness in the defence sector.

There are a multitude of factors that make corruption in the defence sector distinct:

- Its impact on conflict, political stability, and human life and security
- The amount of public spending on defence, rising to a global total of almost US$2 trillion[3]
- A tradition of secrecy in the interest of national security, obscuring the details of arms deals and defence procurement, as well as defence budgets and income sources
- The highly technical nature of weaponry and development of new technologies, which leads to an intrinsically close relationship between government and the private sector, opening the door to undue influence on government decisions by the defence industry
- The high degree of centralisation of functions, as opposed to police and security, which is usually devolved to states or municipalities
- A legacy of colonial ties and political alliances, leading to questionable arms sales and extensive military aid
- The role of governments as global actors in the arms trade, foreign interventions, and the spillover of civil conflicts into regional instability
- The role of governments in the national economy, as both the main regulator of the defence industry and the main customer of defence and security equipment.

Corruption itself is increasingly understood as a systemic problem within governance institutions, rather than a moral divergence or a technical failure.[4] This may present as though corruption is an intractable problem, and that long-standing reform approaches of penalties or technical solutions have little chance of succeeding. In fact, it means that policy solutions must take into consideration the structures and exercise of power in any instance of corruption or weak governance, as well as the feedback loops among actors within the system. It means that there is no universal remedy for corruption, but a well-grounded understanding of the context, and its practices, is a good place to start.

Given the distinct nature of governance in the defence sector, and the evolving understanding of how corruption operates, the question then turns to what can be done to counter or prevent corruption in a traditionally secretive and opaque sector like defence. The answer is not to measure corruption itself, which is inherently covert and difficult to capture, but instead to measure institutional resilience to it. The Government Defence Integrity Index (GDI) is the only tool that captures comprehensive information on the quality of institutional controls on corruption in the defence sector. The resulting data is relevant for understanding the power politics that are at play in any defence policymaking process, as well as the institutional arrangements that structure how well the sector is managed. This provides both a gauge of corruption vulnerabilities, as well as a snapshot of the quality of governance across parliaments and the public sector, with a specific focus on independence and undue influence, transparency, oversight, and civic space.

1 Transparency International, Defence & Security, "Corruption as Statecraft: Using Corrupt Practices as Foreign Policy Tools" (London: Transparency International UK, 2019).

2 Transparency International, "Corruption Perceptions Index" (Berlin, 2020); Institute for Economics and Peace, "Global Peace Index 2020: Measuring Peace in a Complex World" (Sydney: IEP, 2020).

3 SIPRI, "World Military Spending Rises to Almost $2 Trillion in 2020," *Stockholm International Peace Research Institute (SIPRI)*, April 26, 2021.

4 Cecilie Wathne, "Understanding Corruption and How to Curb It: A Synthesis of Latest Thinking," U4 Issue 2021: 3 (Berlin: U4 Anticorruption Resource Center, Chr. Michelsen Institute, 2021).

Box 1: What is the Government Defence Integrity Index (GDI)?

The Government Defence Integrity Index (GDI) is designed to measure institutional resilience to corruption in the defence sector, by focusing on both policymaking and public sector governance in defence establishments. It provides a framework of good practice that promotes accountable, transparent, and responsible governance in the defence establishment. The index recognises that:

- Corruption within the defence and security sector limits a country's ability to defend itself and provide meaningful security to its population.
- The secrecy that often envelops the defence sector wastes resources and weakens public institutions, enabling diversion of state resources for private gain through defence institutions.
- Effective state institutions play a pivotal role in preventing the waste of public funds, the abuse of power, and fraud within the defence and security sector.

The index consists of five main risk areas: *policymaking and political affairs; finances; personnel management; military operations; and procurement.*

Continued on next page

Range of Scores					Corruption Risk
A	83	–	100	Very robust institutional resilience to corruption	Very low
B	67	–	82	Robust institutional resilience to corruption	Low
C	50	–	66	Modest institutional resilience to corruption	Moderate
D	33	–	49	Weak institutional resilience to corruption	High
E	17	–	32	Very weak institutional resilience to corruption	Very high
F	0	–	16	Limited to no institutional resilience to corruption	Critical

The indicators allow the GDI to drill down in fine detail on a variety of issues across the broad field of defence sector governance. In order to provide a broad and comprehensive reflection of these risk areas, the index assesses both legal frameworks and implementation, as well as resources and outcomes. This is intended to capture the implementation gap between law and practice, and target areas for reform to narrow this gap. The scoring rubric has five levels of scores from 0-100, with the highest score indicating the most robust institutional resilience to corruption for the area.

For more information about the methodology, please see the methods section of this report or the *GDI Methods Paper*, available on the GDI website.

Corruption and conflict

Corruption is both an outcome and a driver of conflict, with considerable impact on the governance of the defence sector.

As an outcome, corruption can emerge from the power vacuums that characterise post-conflict sharing arrangements,[5] or in the trade-off between governance reform and the immediate priorities of post-conflict peace.[6] Organised crime networks that target both state and citizens emerge out of networks of repressive state actors, and contribute to geopolitical instability, as they cross state borders to affect entire sub-regions.[7] Weakened police and judiciary mechanisms are unable to enforce constraints on crime, allowing corruption to flourish unchecked in fragile and conflict-affected states.[8] Finally, the aftermath of civil war often comes with weak stockpile management, demobilised former combatants, and rising pressure from non-state armed groups, for example in Afghanistan, Iraq, and Chechnya.

In parallel, corruption is also a driver of conflict. By undermining peace and security, trust in government institutions, and the legitimacy of elites, corruption has fed into the conflicts, societal unrest, instability, and political polarisation that have contributed to the breakdown of the post-1945 world order. This is also driven by the diversion of arms into the hands of non-state armed groups, including weapons that may enter illicit circulation through the corrupt practices of government officials.[9] Public anger at corruption has driven a wave of protests around the world,[10] while the relationship between corruption and violent conflict and insecurity has been increasingly well-documented.[11]

Corruption can become a foreign policy tool for authoritarian regimes. An emerging power vacuum on the international stage has allowed actors such as Russia and China to use asymmetrical tools of political warfare to project power, and undermine and sway public opinion.[12] Corruption can be used as a means to curry favour with business, military and political elites, in order to expand spheres of influence and secure alliances.[13] It

5 Bertram I. Spector, *Negotiating Peace and Confronting Corruption: Challenges for Post-Conflict Societies* (Washington, D.C.: United States Institute of Peace, 2011); Felix Haass and Martin Ottmann, "Profits from Peace: The Political Economy of Power-Sharing and Corruption," *World Development 99* (November 1, 2017): 60–74.

6 Dominik Zaum and Christine Cheng, eds., *Corruption and Post-Conflict Peacebuilding: Selling the Peace?*, (London ; New York: Routledge, 2011).

7 Michael Dziedzic, ed., *Criminalized Power Structures: The Overlooked Enemies of Peace* (Lanham: Rowman & Littlefield Publishers, 2016).

8 Transparency International, Defence & Security, "The Fifth Column: Understanding the Relationship Between Corruption and Conflict" (London: Transparency International UK, 2017); Paul Collier et al., "Breaking the Conflict Trap: Civil War and Development Policy" (Washington, DC: World Bank, 2003).

9 Brian Wood, "The Arms Trade Treaty: Obligations to Prevent the Diversion of Conventional Arms," Issue Brief No. 1 (United Nations Institute for Disarmament Research, June 23, 2020).

10 Matthew Jenkins and Isabelle Büchner, "The Relationship between Corruption and Protest," (Berlin: Transparency International, May 20, 2021).

11 See Transparency International Defence & Security, 'Publications'

12 Rida Lyammouri and Youssef Eddazi, "Russian Interference in Africa: Disinformation and Mercenaries," Policy Brief PB-20/60 (Policy Center for the New South, June 30, 2020).

13 Martin Hala, "A New Invisible Hand: Authoritarian Corrosive Capital and the Repurposing of Democracy" (Washington D.C.: National Endowment for Democracy, March 2020).

is notable that the rising new global powers do not abide by the governance and anti-corruption standards that are promoted by global governance entities.[14]

Corruption is also a consequence of the immense instability that states are currently facing. This includes global pandemics (even beyond COVID-19) and economic downturns, which are forcing states to act quickly and without the necessary safeguards to protect state resources.[15] It is becoming a flash point through the domestic forces of populism, sectarianism, and rising socioeconomic inequalities, which are bringing about increasingly unstable democratic backsliding. Finally, there is technological disruption that is often appealing for governments that seek to limit human casualties in the operational theatre, but which increases the potential for undue influence from the private sector, because of the highly technical nature of such innovations.

Box 2: Transparency International, Defence & Security: a global programme and a global network

Transparency International Defence & Security (TI-DS) is part of the Transparency International movement, where it serves as a sector-specific centre of defence and security anti-corruption expertise. TI-DS is hosted by Transparency International UK, has programme representatives in key regions, and works with a range of TI chapters across the movement.

The purpose of TI-DS is to ensure that defence and security institutions are accountable to their publics and subject to civilian democratic control and oversight, and that corruption risks are reduced. The four key strategic objectives of TI-DS are:

1. To mitigate corruption risks in the defence and security sector

Research on corruption risk in the defence and security sector provides a global body of knowledge and evidence that national actors can draw upon, providing strategic insights to the international community in national efforts for reform. Defence sectors often lack the basic governance standards of other public sectors, with oversight, transparency and accountability requirements so often excluding the defence sector. TI-DS' approach is driven by context, working with national partners on the most viable and incremental pathways to change in more fragile states.

2. To reduce the role of corruption in conflict, insecurity, and crises

TI-DS has contributed significantly to the understanding of corruption as a causal factor in conflict and instability. Corruption often creates the specific conditions, such as inequality and resource scarcity, that fuel insecurity. Defence and security is one of the key state functions through which security and stability is achieved. Yet, when the defence and security sector is poorly governed or weakened by corruption, it can further contribute to states being unable to provide effective internal and external security, even leading to armed conflict. Through partnerships with NATO, TI-DS has developed expertise in the role of international military operations in conflict settings, and the measures that can be taken to mitigate the impact of corruption. Building on its work with TI chapters, TI-DS has initiated work on how security sector reform and governance (SSR/G) efforts could be strengthened through the integration of anti-corruption approaches.

3. To improve the integrity of private sector defence and security actors

TI-DS has engaged with the defence sector industry through Defence Companies Index on Anti-Corruption and Corporate Transparency (DCI) which provides standards to guide businesses in improving integrity and transparency practices, especially relating to their activities in high corruption risk markets. The private sector plays a critical role in defence and security in crisis and conflicts. Companies develop, produce and trade in weapons and provide defence and security services, which frequently reach or affect fragile contexts. Companies increasingly perform defence and security duties outsourced by governments, and advise governments on defence policy. Over the past decade, TI-DS has also researched the influence of the defence industry on public policy and its impact on foreign policy.

Continued on next page

14 Christopher Walker and Jessica Ludwig, "A Full-Spectrum Response to Sharp Power: The Vulnerabilities and Strengths of Open Societies" (Washington D.C.: National Endowment for Democracy, June 2021).

15 Jon Vrushi and Roberto Martínez B. Kukutschka, "Why Fighting Corruption Matters in Times of COVID-19" (Berlin: Transparency International, January 28, 2021).

4. To mitigate critical corruption risk factors in arms control regimes

TI-DS was created in response to corruption in the arms trade and to push for corruption risks to be addressed in arms transfers' legislation. Despite an extensive focus on corruption more generally, little progress has been made in addressing corruption in arms control, procurement of weapons and associated services. Arms deals involve vast amounts of state budget, sometimes disbursed over long periods of time, with very limited oversight and secretive decision-making processes. These deals can shape foreign policy decisions, much of which is behind a veil of national security-imposed secrecy, in an environment of minimal accountability.

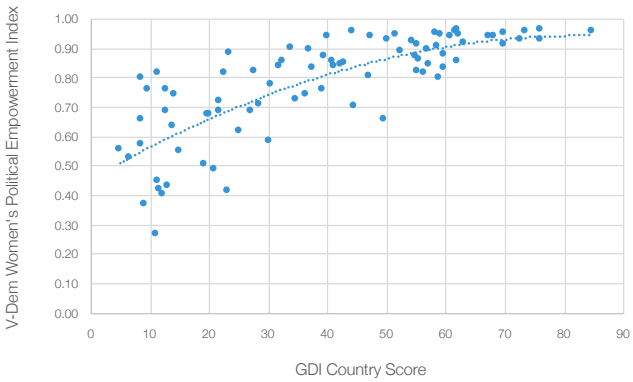
Corruption, defence governance, and democracy

Defence governance pertains to much more than the state of the armed forces. It is about how authority is exercised in the management of defence institutions and policies. Even though defence and security issues are often held up as exceptional and outside the remit of standard governance reform, the principles of good governance still apply. Citizens should expect capable, efficient, open, inclusive, and accountable institutions that manage defence policies and practice.[16] It is no surprise then that governance failures within the defence sector often reflect larger, systemic issues with democratic institutions of accountability, as well as transparency mechanisms throughout government. This translates into vulnerabilities within core defence functions that increase corruption risk.

By improving the governance of these functions, governments can expect more effective policy implementation, better management of resources, strengthened operations, openness and transparency, and more impactful democratic oversight of defence institutions, including the armed forces. Improved defence governance is also correlated with strong rights and access for women and other marginalised groups. GDI analysis indicates that a 0.1 unit increase in a country's women's political empowerment index is associated with a 10-point increase in its overall GDI score, keeping all other scores constant (See Figure 1).[17]

Robust institutional resilience to corruption is correlated with the stability of economic institutions and liberal democracy, which includes free and fair elections, strong political and civil rights of association, assembly, expression, and information, and independent, unbiased institutions.[18]

Figure 1: Strong correlation between women's political empowerment and defence integrity



Corruption threatens democracy by eroding the institutional capacity of government and undermining its legitimacy. It erodes trust in institutions and disproportionately impacts poor and marginalised communities. Unfortunately, there is the persistent belief that democratisation generates higher levels of corruption, but recent research has shown that it is *weak* democratisation that does so.

Specific democratic components fuel corruption by failing to establish robust mechanisms of democracy. This includes elections marred by violence and ballot-tampering and freedoms of expression and association that fail to protect civil society actors from government reprisals. Effective judicial and legislative constraints have also been identified as important checks on executive corruption.[19] These findings suggest that corruption and strong democracy are negatively correlated, increasing the importance of good governance that reduces corruption vulnerabilities.

16 World Bank, "Governance Global Practice," 2021.

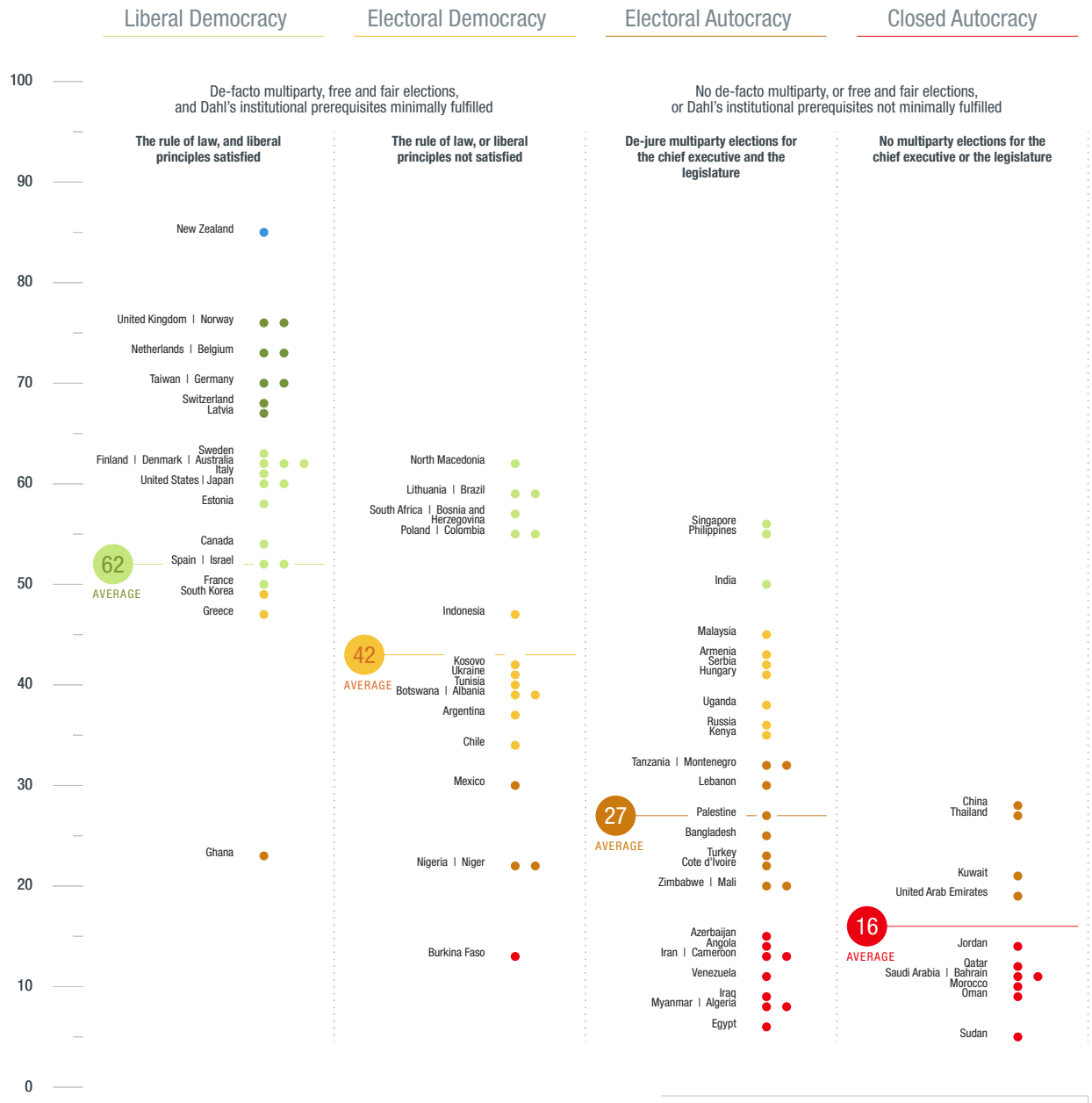
17 The women's political empowerment index is produced by V-Dem and is assessed on a 0-1 scale.

18 Phil Mason, "Anti-Corruption and Open Societies," *The Foreign Policy Centre*, October 18, 2021.

19 Kelly M. McMann et al., "Why Low Levels of Democracy Promote Corruption and High Levels Diminish It," *Political Research Quarterly* 73, no. 4 (December 1, 2020): 893–907, 903.

Defence governance pertains to much more than the state of the armed forces. It is about how authority is exercised in the management of defence institutions and policies.

Figure 2: GDI country scores distributed across political regimes



Regimes of the World classification from Alizada et al. "Autocratization Turns Viral." Democracy Report 2021. University of Gothenburg: V-Dem Institute, 2021.

CORRUPTION IS A THREAT TO DEMOCRACY, by eroding the institutional capacity of government and undermining its legitimacy.

It erodes trust in institutions and disproportionately impacts poor and marginalised communities.

Box 3: Good practices in defence governance

The standards of good practice found in the GDI stem from Transparency International Defence & Security's extensive efforts over the last decade in working towards more accountable defence sectors and highlighting the connection between corruption and instability. GDI assessments are thus underpinned by the following top-level good practices:

Defence policymaking and political affairs

- Publicly available national defence and security strategy
- Publicly available defence budget
- Legislative scrutiny
- Strategic approach to anti-corruption
- Effective audit functions

Defence finances

- No off-budget expenditure
- Limited, well-justified secret spending
- Strong audits, including on secret programmes
- Strong controls over asset disposals
- Regulations on the classification of information
- No, or highly transparent, commercial businesses
- No unauthorised private enterprises

Defence personnel management

- Visible leadership commitment
- Clear standards for personnel
- Regular anti-corruption training
- Robust payroll systems
- Whistleblowing systems for reporting wrongdoing
- Robust appointments and promotions systems

Military operations

- Corruption considered a strategic issue in military doctrine
- Anti-corruption training for personnel deployed on mission
- Contracting on mission takes corruption risks into account
- Corruption risk assessment in host country to be conducted prior to mission
- Private military contractors subject to oversight and accountability

Defence procurement

- Compliance with strong legislation
- Strategic approach to procurement
- Independent oversight
- Open competition and single-sourcing justification
- Transparent tender boards
- Systems to encourage good company behaviour
- Strongly regulated or no use of agents /intermediaries

Key insights emerging from the 2020 GDI

Military expenditures

Rising defence expenditures are associated with weaker governance. Statistical analysis indicates that a 1% increase in a country's military expenditure (% of GDP) is associated with a decrease of almost 5 points in its overall GDI score, keeping all other scores constant (see Figure 3). It may be that rising military expenditures are the precipitating factor in weakened governance. An increase in expenditure without corresponding corruption safeguards creates circumstances in which corruption vulnerabilities and governance inefficiencies can be exploited.

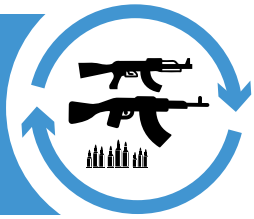
Figure 3: Negative correlation between military expenditures (% of GDP) and GDI country scores

Arms imports and exports

Top arms exporters are sending weapons to countries with high corruption risk, with fragile and conflict-affected states strongly represented in recipient lists. Not surprisingly, GDI analysis revealed a strong negative correlation between a country's score on the Fragile States Index and its overall GDI score.

Figure 4: High corruption risk of top arms importers in the GDI

Top arms exporters are sending weapons to countries with high corruption risk,



with fragile and conflict-affected states strongly represented in recipient lists.

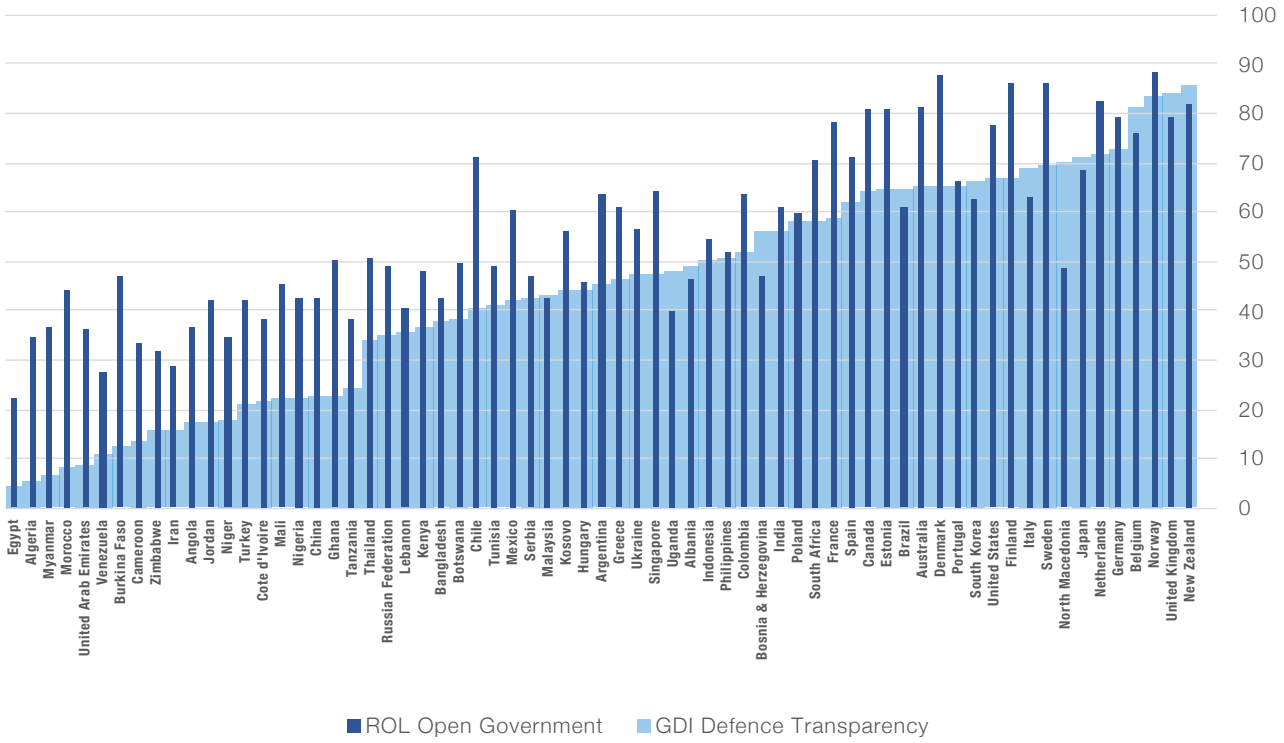
None of the top 25 arms exporters have robust parliamentary scrutiny of exports, with only three countries having more than limited debate, but still with significant risk of undue influence: South Korea, the United Kingdom, and the United States. Moreover, six of the 25 have not even ratified the Arms Trade Treaty (ATT), which is one of cornerstones of the global arms control regime, as the first international legally binding instrument designed to promote responsibility in conventional arms transfers.

In nearly two-thirds of countries (64 per cent), connections between the national defence strategy and defence procurement requirements are extremely weak or non-existent, with 41 per cent of countries scoring 0, meaning there is no formal procedure in place for justifying purchases based on the strategy. This includes the top three most significant importers of major arms in the world: Saudi Arabia, India and Egypt. In fact, of the top 20 largest importers of arms in the world, 10 of them frequently acquire weapons and equipment in an opportunistic and unplanned manner, with many acquisitions conducted without strategic justification. These include: Saudi Arabia (1st), Egypt (3rd), China (5th), Algeria (6th), Qatar (8th), UAE (9th), Iraq (11th), Israel (15th), Indonesia (18th) and Turkey (20th).

Defence transparency

Robust transparency in the defence sector is highest amongst states with more participatory and transparent governments (see Figure 5). This includes G7 members, North and Western European states, and countries classed as liberal democracies, some of which are the top arms exporters and military spenders in the world. This implies that weak transparency in defence is a political decision, not a necessity.

Figure 5: Transparency across government[20] and transparency in defence

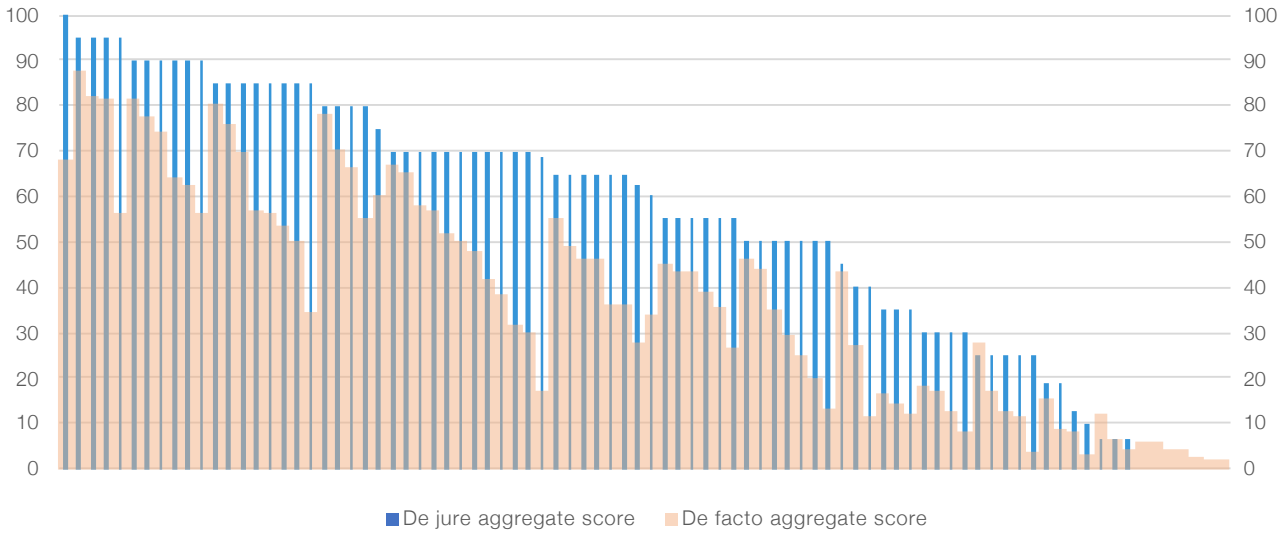


Transparency is weakest in defence-related procurement. 37 percent of states in the index are assessed as having limited to no transparency with regards to procurement. This includes some of the largest importers of major arms in the world: Saudi Arabia, Egypt, China, Algeria, UAE, Turkey, Iraq, and Thailand. In fact, six of the top nine largest importers of major arms have extremely limited transparency in their procurement processes, exposing them to 'critical' levels of corruption risk.

Defence oversight

There is a stark gap between the quality of legal frameworks in defence oversight and their implementation. Nearly 40 per cent of states in the index have a score gap of 20 points or more between *de jure* and *de facto* indicators on oversight. This includes nine countries in Central and Eastern Europe, five countries in Asia-Pacific, and several countries otherwise known for the strength of their democratic accountability systems, such as the United States and Canada.

Figure 6: Legal frameworks vs implementation, defence oversight



20 *World Justice Project , Rule of Law Index: Factor 5 Open Government

The civic space of defence

There are significant challenges for civil society organisations trying to engage on defence issues. 58 per cent of states in the index have weak, very weak, or non-existent civic spaces of defence, undermining their ability to engage with defence institutions. This includes all MENA and West and Central Africa countries, over half of the states in the index located in East and Southern Africa, Latin America, and Central and Eastern Europe, as well as France and Greece. Just four countries have very robust civic space for organisations working on defence issues: New Zealand, Latvia, Switzerland, and the United Kingdom.

Figure 7: Civic space of defence scorecard, index averages

No.	Indicator	Index average
6A	Public debate around Defence Issues	57
4B	Protections for Civil Society Organisations	53
3B	Scope of Defence Policy Debate	52
6B	Government engagement in public discourse	46
3A	Range of Actors Involved in Defence Policy Debate	45
14C	Response to Budget Information Requests	42
3D	Transparency of Defence Policy Debate	40
4C	Practice of openness to Civil Society Organisations	36
4A	Policy of Openness to Civil Society Organisations	32
3C	Public Consultations in Defence Policymaking	29
15C	Public Scrutiny of Defence Income	27

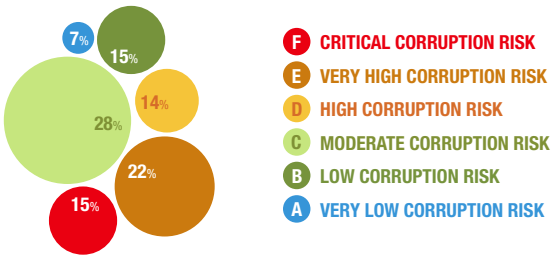
Having formal protections in place that protect civic space is a necessary foundation for engagement on defence issues, but it is not an end in itself. The civic space of defence is strengthened when defence institutions adopt policies and practices that facilitate engagement with civil society organisations and that promote openness to civil society. Only 10 per cent of countries in the GDI have very robust engagement with civil society actors, even though 43 per cent have solid protections in place for activists and advocates, without fear of reprisals by government.

> **Corruption risk assessments in the defence sector are infrequent and unfocused. They are either partial or completely non-existent in over 65 per cent of countries.**

Defence policymaking and political affairs

Parliamentary oversight is under threat in a wide range of countries. In some cases, there is a complete absence of formal powers.[21] But more often, parliamentarians and defence committees are failing to invoke their authority to scrutinise defence policy, budgets, and procurement. In 41 per cent of countries with strong formal rights, parliaments consistently fail to take advantage of their oversight powers or simply do not debate or review defence policy at all. Whether this is due to populist-driven executive overreach, a lack of expertise and staffing support to parliamentarians, or compromised information flows between ministries and the legislature, democratic civilian oversight of the defence sector is facing challenges across a variety of contexts.

Figure 8: Distribution of scores in defence policymaking and political affairs



Corruption risk assessments in the defence sector are infrequent and unfocused. They are either partial or completely non-existent in over 65 per cent of countries. This latter group accounts for 40 per cent of the index, and includes major defence actors such as the UAE, Sweden, Turkey, China, and Spain.

Implementation of anti-corruption policy in the defence sector is weak. Of the countries where anti-corruption policies are in place, 54 per cent have no record of any implementation activities. However, 84 per cent of countries do have an anti-corruption policy that applies to the defence sector.

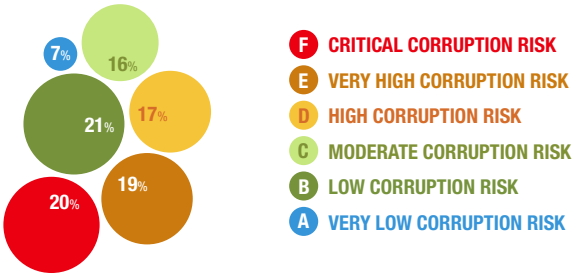
90 per cent of countries have signed up and ratified the United Nations Convention against Corruption (UNCAC) and/or the OECD Anti-Bribery Convention. Notwithstanding, there is a wide implementation gap with regards to compliance with most of the obligations in priority areas. The average score for compliance across all countries in the GDI is just 47/100. In fact, only 10 countries fall into the top bracket (A) for compliance.

21 Formal powers of parliaments include the mandate to approve or veto laws on security, to reject or amend defence policy, and to review defence budgets, major arms procurements, and defence decisions.

Defence finances

Budget transparency and detail is the highest scoring 'financial' indicator in the index, with 49 per cent of states scoring in the top quarter. This means that defence budgets contain comprehensive information on expenditure across functions including, amongst the top performers, information on personnel, military R&D, training, construction, procurement, equipment maintenance and asset disposals.

Figure 9: Distribution of scores in defence finances



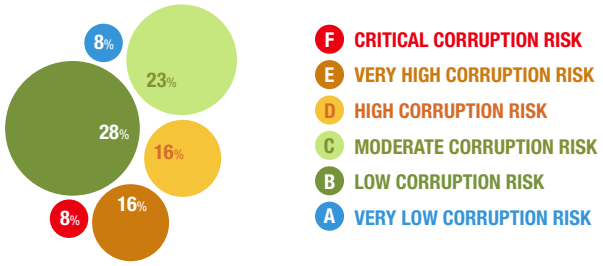
Of the 33 countries that score in the bottom quarter for transparency and oversight of defence income, 18 also score in the bottom quarter with regards to beneficial ownership of commercial businesses. This creates a situation where the armed forces are generating revenue through private enterprises that can constitute more than 10 per cent of the budget, without having to declare these businesses and with no transparency, scrutiny, or auditing of these revenue streams, ensuring that their allocation is kept completely secret. This significantly increases the risk of military slush-funds being created, and of military income and expenditure being completely unaccountable to the public.

Meanwhile, governments are frequently failing to report on actual defence spending. Just 52 per cent of countries publish disaggregated data on actual expenditure including some level of explanation, and only 17 per cent of countries proactively publish disaggregated spending information, accompanied by explanations for experts and non-experts. Even more concerning, is that for nearly half of countries that do publish some data, variances between budget and expenditures are not explained at all.

Leadership and defence personnel management

Personnel management is the highest scoring risk area in the index, but still faces significant challenges in leadership commitment to anti-corruption and personnel training. Codes of conduct for military personnel in 40 per cent of countries either do not address corruption issues or do not exist at all. In fact, the latter category includes 15 per cent of states in the index and some major defence players such as Russia, Turkey, Indonesia, and Algeria.

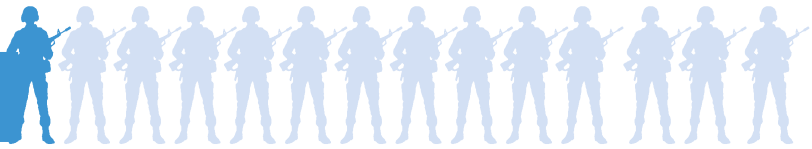
Figure 10: Distribution of scores in defence personnel management



In 74 per cent of countries, Ministers, Chiefs of Defence, and Service Chiefs rarely make public statements on issues of corruption in defence or openly commit to integrity-building measures. These findings are significant: regression analysis of GDI data reveals that public commitments to integrity are positive predictors of increased resilience to corruption in policymaking, procurement, operations, and finances.

Nearly 20 per cent of states in the index score in the bottom bracket regarding ghost soldiers. Ghost soldiers are fictitious troops that allow commanders to collect additional salaries from the responsible Ministry and also give a false view of real military strength of a given unit, battalion, or entire army with potentially catastrophic results. At the time of writing, 11 of these 16 countries are engaged in significant counter-insurgency and counter-terror operations where ghost soldiers could significantly undermine state attempts to address insecurity.

GHOST SOLDIERS

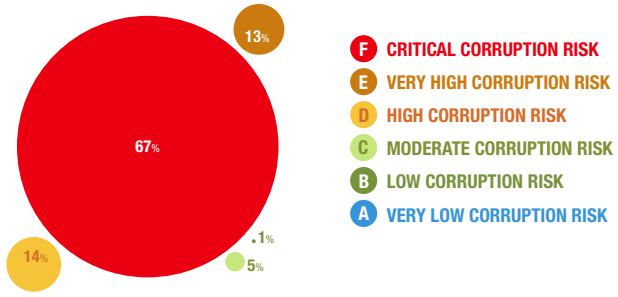


are fictitious troops that allow commanders to collect additional salaries from the responsible Ministry and also give a false view of real military strength of a given unit, battalion, or entire army with potentially catastrophic results.

Military operations

Resilience to corruption in operations is exceptionally weak across the index, aside from a handful of countries that are actively working to address corruption risks in the field.

Figure 11: Distribution of scores in military operations



Reference to corruption is largely absent from military doctrines. The doctrine is the cornerstone of a country's defence strategy, setting key military priorities and outlining how armed forces achieve their objectives, acting as a common frame of reference across the military. The inclusion of anti-corruption considerations in the doctrine can be crucial to laying the foundations for the development of strong corruption controls as part of military operations, as the doctrine helps to establish common standard operating procedures for fulfilling objectives. 97 per cent of countries fall in the bottom quarter for this, with 70 per cent scoring 0. For these countries, corruption is not officially considered a strategic issue for operations, and there are no guidelines on how to mitigate the associated risks. This comprises 14 of 22 NATO members, including Canada, Germany, Denmark and France, and 13 of 16 EU member states, with only Estonia, the Netherlands, Italy, and the United States scoring higher than 0.

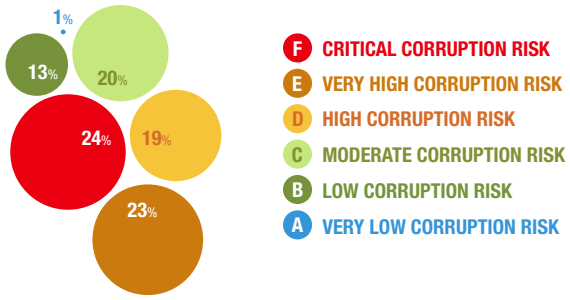
As such, military forward planning rarely addresses corruption risks in operations. Over 80 per cent of countries score in the bottom quarter in this regard, with 70 per cent scoring 0. NATO countries, along with EU member states, average under 30 points for this area. This raises significant concerns as to foreign missions' resilience to corruption.

This disregard of corruption trickles down to training and education: 72 per cent of countries score in the bottom quarter on pre-deployment anti-corruption training for commanders, 41 per cent of which score 0. For this latter group, this means that there is no evidence of corruption training whatsoever for commanders; a significant deficit that could have damaging effects on operational efficiency, should untrained commanders fail to recognise and address corruption risks in the field.

Defence procurement

Procurement continues to be one of the most secretive and least accountable spheres of activity in the defence sector. 40 per cent of countries in the GDI either have no clear process in place for acquisition planning, or the process exists but is not clear and contains few connections between purchases and strategic requirements. 5 of the top 10 major global arms importers – Saudi Arabia, the UAE, Qatar, Algeria, and Egypt – are in this group.

Figure 12: Distribution of scores in defence procurement



Nearly 30 per cent of countries in the index make no information available on the share of their defence procurement that is conducted through open competition. This includes Australia, Finland, Hungary, Netherlands, and New Zealand, among others.

53 per cent of countries have no law or policy in place to regulate offset contracting, and a further 59 per cent do not impose any form of due diligence requirements for these deals. Offsets are provisions in government-to-government defence contracts that promise specific benefits to the contracting country as a condition for purchasing goods and services from a non-domestic supplier.[22] While some significant suppliers such as the United States, United Kingdom, and Germany score highly here, offset programmes in France, Italy, Russia, Turkey, and China are at 'critical' to 'high' risk of corruption owing to considerable legislative and due diligence gaps.

Whereas 53 per cent of countries score in the highest bracket for formal anti-collusion sanctions against suppliers, this drops to just 24 per cent with regards to enforcement.

22 Transparency International, Defence & Security, "Defence Offsets: Addressing the Risks of Corruption & Raising Transparency" (London: Transparency International UK, 2010).

GDI country scores

Figure 13: Country scores in 5 broad risk areas of the GDI

Defence Policymaking and Political Affairs		Defence Finances		Defence Personnel Management		Military Operations		Defence Procurement	
Norway	85	Latvia	94	New Zealand	91	New Zealand	71	New Zealand	88
New Zealand	85	Norway	91	Switzerland	89	Colombia	53	Belgium	79
Latvia	85	New Zealand	89	United Kingdom	87	Philippines	53	Finland	78
United Kingdom	84	Sweden	88	Netherlands	86	United Kingdom	53	Germany	75
Switzerland	83	Belgium	88	Belgium	86	Norway	50	Latvia	74
Netherlands	83	Lithuania	83	Norway	84	Netherlands	48	Singapore	74
Belgium	80	Bosnia & Herzegovina	82	Taiwan	84	Taiwan	48	United Kingdom	74
Taiwan	79	United Kingdom	82	Singapore	81	Brazil	43	Norway	69
Germany	78	Germany	81	Germany	81	North Macedonia	38	Denmark	69
Denmark	78	Spain	81	Italy	80	South Africa	36	Japan	68
Lithuania	76	Taiwan	81	Japan	79	Bosnia & Herzegovina	35	North Macedonia	68
South Korea	75	Netherlands	80	South Korea	79	United States	35	Canada	67
Sweden	73	Switzerland	79	North Macedonia	79	Belgium	34	Netherlands	66
Italy	72	Japan	79	United States	77	Sweden	34	United States	65
Australia	70	Australia	78	Israel	76	Germany	33	Greece	65
Canada	70	Finland	78	Latvia	75	Poland	33	Australia	63
Finland	69	South Africa	76	Australia	74	Denmark	30	Italy	62
Estonia	66	Poland	76	Finland	73	Thailand	30	India	62
North Macedonia	66	Italy	75	Bosnia & Herzegovina	73	Switzerland	28	Estonia	62
Japan	65	Denmark	72	France	73	Serbia	28	South Korea	61
France	64	Brazil	70	India	73	Australia	25	Switzerland	61
Singapore	64	Estonia	69	Malaysia	71	Estonia	25	Taiwan	58
United States	62	Colombia	67	Sweden	70	Malaysia	25	Lithuania	56
South Africa	60	South Korea	65	Brazil	70	Hungary	20	Indonesia	56
Israel	60	France	61	Armenia	69	India	20	Portugal	55
Malaysia	59	Israel	60	Estonia	69	China	19	Israel	54
Poland	59	Philippines	60	Spain	68	Kosovo	19	Brazil	53
Portugal	58	North Macedonia	59	Lithuania	68	Canada	16	Philippines	53
Armenia	58	United States	59	Colombia	67	Indonesia	16	South Africa	51
Brazil	57	Botswana	58	Canada	64	Albania	15	Poland	49
Spain	55	Uganda	57	Tunisia	63	Italy	15	Sweden	49
Bosnia & Herzegovina	55	Canada	55	China	63	Russia	15	Spain	44
Ukraine	55	Greece	55	Ukraine	62	United Arab Emirates	15	France	43
Argentina	54	Argentina	54	Greece	62	South Korea	13	Ukraine	41
Colombia	54	Indonesia	53	Portugal	62	Lithuania	13	Armenia	40
India	53	Tunisia	51	South Africa	62	Singapore	13	Bosnia & Herzegovina	39
Hungary	52	Hungary	50	Indonesia	61	Chile	10	Botswana	38
Serbia	51	Singapore	49	Denmark	61	Finland	10	Malaysia	38
Philippines	50	Kosovo	49	Albania	60	France	10	Kosovo	37
Montenegro	50	Portugal	45	Poland	60	Greece	10	Serbia	37
Indonesia	49	Serbia	42	Philippines	59	Israel	10	Tunisia	36
Kosovo	49	Kenya	42	Kosovo	56	Kuwait	10	Albania	36

Continued on next page

Defence Policymaking and Political Affairs		Defence Finances		Defence Personnel Management		Military Operations		Defence Procurement	
Chile	48	India	40	Hungary	56	Lebanon	10	Colombia	36
Uganda	48	Armenia	40	Tanzania	55	Mali	10	Russia	36
Albania	47	Chile	40	Russia	54	Montenegro	10	Mexico	31
Kenya	47	Ukraine	40	Uganda	54	Nigeria	10	Uganda	29
Greece	45	Palestine	39	Botswana	53	Spain	10	Bangladesh	29
Mexico	42	Russia	39	Serbia	53	Tunisia	10	Zimbabwe	28
Tanzania	40	Niger	38	Bangladesh	52	Myanmar	9	Kenya	28
Tunisia	40	Albania	38	Lebanon	51	Iraq	9	Montenegro	27
Lebanon	40	Mexico	36	Argentina	50	Armenia	8	Tanzania	27
Botswana	39	Kuwait	33	Kenya	49	Botswana	8	Hungary	26
Russia	37	Montenegro	31	Chile	47	Japan	8	Argentina	25
Mali	32	Malaysia	30	Montenegro	44	Kenya	8	China	24
Ghana	32	Tanzania	29	Turkey	44	Latvia	8	Chile	24
Niger	31	Ghana	28	Mexico	43	Palestine	8	Lebanon	23
Kuwait	31	Nigeria	27	Thailand	42	Tanzania	8	Palestine	23
Thailand	30	Cote d'Ivoire	27	Palestine	40	Ukraine	8	Angola	22
Nigeria	28	United Arab Emirates	27	Jordan	39	Azerbaijan	5	Cote d'Ivoire	21
Palestine	27	Lebanon	26	United Arab Emirates	38	Burkina Faso	5	Mali	21
Cote d'Ivoire	27	Bahrain	26	Nigeria	35	Ghana	5	Ghana	20
Zimbabwe	26	Turkey	23	Cote d'Ivoire	34	Jordan	5	Turkey	20
Burkina Faso	26	Morocco	22	Zimbabwe	34	Qatar	5	Niger	17
Bangladesh	26	Bangladesh	19	Ghana	31	Saudi Arabia	5	Thailand	16
Turkey	24	Azerbaijan	19	Iran	30	Turkey	5	South Sudan	12
China	22	Cameroon	19	Qatar	29	Venezuela	5	Algeria	11
Cameroon	20	Thailand	17	Azerbaijan	26	Niger	2	Burkina Faso	11
Myanmar	18	Mali	15	Cameroon	25	Algeria	0	Kuwait	11
Azerbaijan	18	Iran	14	Niger	24	Angola	0	Venezuela	10
Jordan	17	China	14	Venezuela	22	Argentina	0	Oman	10
South Sudan	17	Angola	13	Saudi Arabia	22	Bahrain	0	Iraq	9
Iran	16	Saudi Arabia	13	Mali	21	Bangladesh	0	Qatar	9
Angola	15	Zimbabwe	12	Angola	20	Cameroon	0	Nigeria	8
Bahrain	14	Venezuela	10	Kuwait	20	Cote d'Ivoire	0	Egypt	8
Iraq	12	South Sudan	9	Oman	18	Egypt	0	Morocco	8
Algeria	12	Oman	8	South Sudan	17	Iran	0	Azerbaijan	7
Morocco	11	Qatar	6	Burkina Faso	17	Mexico	0	Saudi Arabia	6
Qatar	11	Iraq	5	Bahrain	16	Morocco	0	United Arab Emirates	6
Egypt	11	Algeria	5	Algeria	15	Oman	0	Jordan	5
United Arab Emirates	10	Burkina Faso	4	Egypt	12	Portugal	0	Iran	4
Venezuela	10	Sudan	4	Sudan	12	South Sudan	0	Myanmar	3
Saudi Arabia	9	Jordan	2	Myanmar	9	Sudan	0	Sudan	2
Oman	8	Myanmar	2	Iraq	7	Uganda	0	Bahrain	2
Sudan	7	Egypt	1	Morocco	7	Zimbabwe	0	Cameroon	0

Figure 14: Country scores in transparency, oversight, and civic space

Defence Transparency	
New Zealand	86
United Kingdom	84
Norway	84
Belgium	81
Latvia	77
Switzerland	75
Taiwan	73
Germany	73
Netherlands	72
Japan	71
North Macedonia	70
Sweden	70
Italy	69
Finland	67
United States	67
South Korea	66
Portugal	65
Australia	65
Denmark	65
Brazil	65
Estonia	64
Canada	64
Lithuania	64
Spain	62
France	59
Poland	58
South Africa	58
India	56
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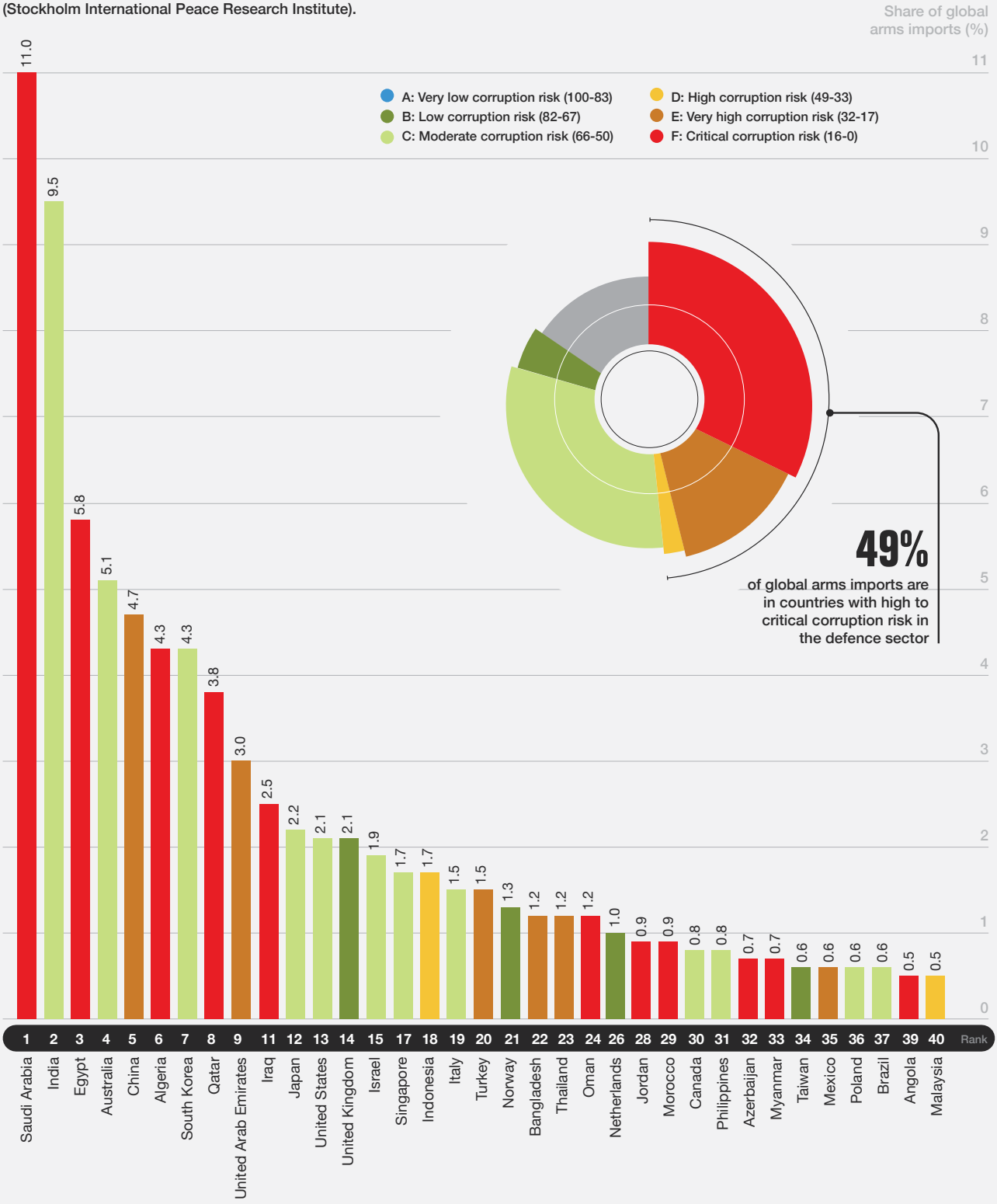
Botswana	14
Tanzania	14
Zimbabwe	14
Angola	13
Jordan	13
Azerbaijan	11
Iran	11
Algeria	10
Cameroon	10
Venezuela	9
Morocco	7
Bahrain	6
Qatar	5
Saudi Arabia	5
Egypt	2
Oman	0
United Arab Emirates	0

TOP 40 ARMS IMPORTERS

OVERALL COUNTRY SCORE 2020 GOVERNMENT DEFENCE INTEGRITY INDEX (GDI)

The Government Defence Integrity Index (GDI) measures resilience to corruption risk in national defence sectors. The overall score is a composite indicator of corruption risk in policymaking and political affairs, finances, personnel management, military operations, and procurement. The scoring rubric has five levels of scores from 0-100, with the highest score indicating best practice for the area.

Level of corruption risk in the defence sector for top 40 arms importers. Rank assigned by SIPRI based on analysis of the average volume of arms transfers for the 5-year period 2016-2020 (Stockholm International Peace Research Institute).



Source: Transparency International, Defence & Security; Wezeman et al. "Trends in International Arms Transfers, 2020." SIPRI, March 2021
Pakistan (Rank 10), Afghanistan (Rank 25), Kazakhstan (Rank 27) and Belarus (Rank 38) are not included because they are not part of the GDI. Data for Vietnam (Rank 16) is not being released.

INSIGHTS INTO GLOBAL TRENDS: USING THE GDI TO UNDERSTAND THE IMPACT OF GLOBAL DISRUPTION ON DEFENCE GOVERNANCE

Defence governance is closely connected to the stability and longevity of national democratic institutions. Weak scores on transparency in the defence sector, for example, are highly correlated with weak transparency across government (See Overview section). Governance of the defence and security sector is also subject to the same global forces that shape the ability of governments, global governance entities, and regional networks to respond to crises, both national and global in nature. TI-DS has identified five global trends that will continue to impact defence and security sectors in profound ways in the coming decade, and have already begun transforming other spheres of activity, such as global connectivity, international relations, and economic development. These trends include:

1. The continued fragmentation of global power;
2. The rising influence of technologies;
3. Climate change and resource scarcity;
4. ncreasing inequality and populism; and,
5. The growing role of corporations in matters of public concern.

The following section provides a forward-looking analysis of how these five global trends will impact defence and security sectors and associated corruption risks.[23] These trends encapsulate some of the most significant global challenges of our era and will have a sustained influence over governments, militaries, and human populations. It is rare that a direct connection exists between complex social forces and corruption incidence; but these phenomena do increase the likelihood that corruption will flourish in under-regulated areas, and they place pressure on already weak governance mechanisms at the national level, and the defence sector specifically.

The scope of the GDI encompasses topics that relate directly to these trends, and can help identify some of the most significant weaknesses in defence governance. These issues often contribute to a worsening of conflict and instability, or an intensification of conditions that contribute to democratic backsliding. They also make defence sectors vulnerable to undue influence by other states and private actors. The GDI is a both a technical measurement that assesses the quality of defence governance, and an explanatory tool that captures context in narrative justifications for scores. This makes it a useful instrument for understanding weaknesses in governance that threaten the effectiveness of the defence sector, as well as the stability of democratic institutions. In doing so, it also helps to highlight that defence governance is a crucial and often neglected component of democratic consolidation, and how corruption risk mitigation can help to stabilise institutions and sustain governance reform efforts.

Trend 1: The continued fragmentation of global power

The twenty-first century has heralded seismic changes in the dynamics of global power. Western hegemony is waning as multilateralism and a liberal rules-based world order become increasingly challenged. This fragmentation will have significant impact on defence and security, creating more competition in an already poorly regulated area of global governance, intensifying the proliferation of state and non-state actors involved in defence and security provision, and further hindering effective and coordinated responses to global crises, such as pandemics and violent extremism.

As the international order moves away from a hegemony-based system, towards one dominated by particularism and regionalism,[24] its impact on defence and security sectors will be significant, as will its effect on corruption risk. There will likely be further fragmentation of global defence and security governance, as allies and like-minded countries increasingly seek alignment in regional blocs. NATO is one such attempt and will likely be followed by the formation of other alliances, espousing varying standards of defence governance.

23 This analysis is a recognition that corruption itself is not driving global trends in defence, but instead contributes to disruption and instability within that context. It is an initial exploration of GDI findings with reference to global trends. Further research will delve more deeply into specific issues.

24 Katariina Mustasilta, "The Future of Conflict Prevention: Preparing for a Hotter, Increasingly Digital, and Fragmented 2030," Chaillot Paper 167 (Paris: European Union Institute for Security Studies, June 2021).

The fragmentation of authority at national and regional levels is already leading to an increase in state and non-state actors involved in defence and security provision, from Latin America to West Africa and South-East Asia. The Armed Conflict Survey found that "more non-state armed groups have emerged in the past eight years than in the previous eight decades."[25] The proliferation of non-state armed groups has been furthered by the diffusion of authority to subnational levels and actors, providing local strongmen with additional opportunities to mobilise and exercise power.[26]

Fragmentation will also undermine the ability of global governance entities and defence and security institutions to coordinate responses to global crises, which include pandemics, climate change and violent extremism.[27] This is epitomised by the uncoordinated response to the COVID-19 pandemic, resulting in vastly unequal vaccine distribution globally.

Box 4: Waning western hegemony and rising economic challengers

The West's waning hegemony is visible as major powers such as the United States and the United Kingdom embrace increasingly isolationist policies and contend with rising domestic discontent. The vacuum this leaves is being filled by economic challengers to the West, countries such as Russia, China, Turkey, and the Gulf States, which are increasing their influence through military, economic, and diplomatic channels. The failure of international institutions – such as the United Nations and NATO – to contain and resolve conflict is further fuelling the drawdown of universalism. Prevailing conflict management, resolution, and transformation approaches are proving ineffective as low-intensity conflict becomes the norm and the challenges posed by violent extremist groups become more pressing in theatres as varied as the Sahel, Syria, Central African Republic, South Sudan, Ukraine, Yemen, and Libya.

Political pressure in military acquisitions

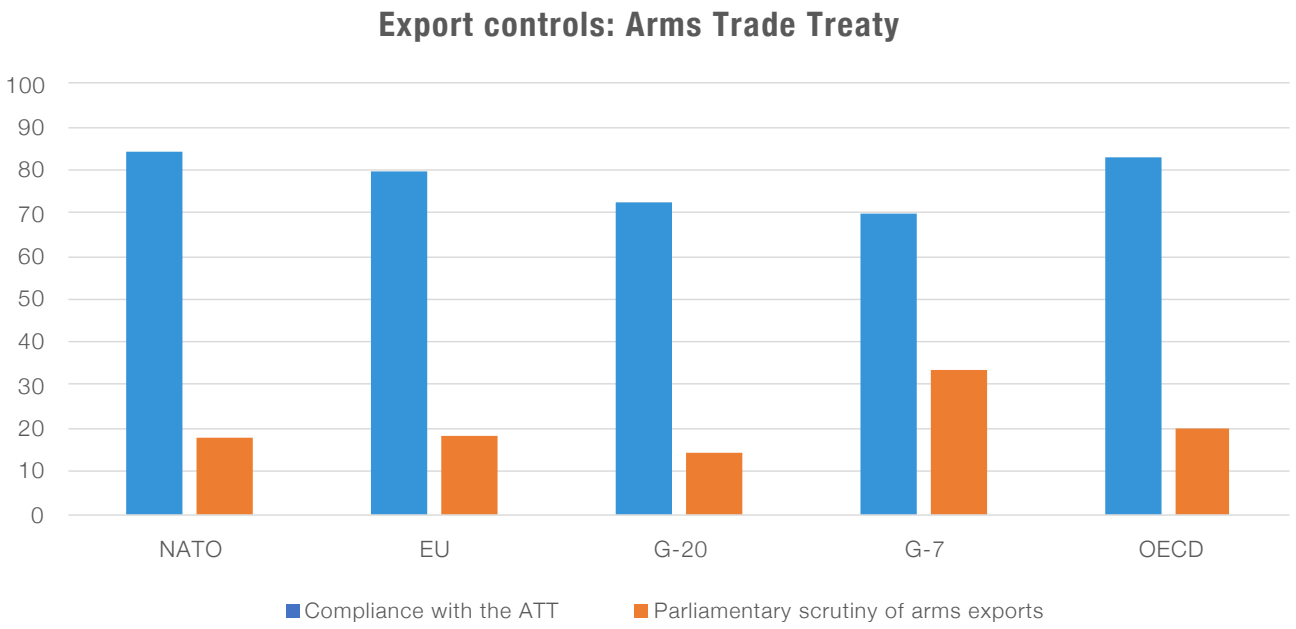
Increased inter-state competition is already being played out in the global arms trade, which has long been a key theatre in foreign policy.[28] As countries develop their arms industries and the market becomes increasingly competitive, opportunities for corruption are growing. Using GDI data, it is possible to trace the outlines of some of the major trends in this area, particularly related to how major suppliers exercise influence over recipients and shape procurement priorities to their benefit.

Among the top ten largest arms importers in the world, there is a noticeable pattern of purchases being made on a political rather than military basis. This is facilitated, in part, by the lack of parliamentary oversight in export controls (See Figure 15). In Egypt, the acquisition of French-made Rafale and Mistral fighter jets in 2015 was made despite being of limited use for their stated purpose of combating insurgents in the Sinai.[29] The need to curry political favour from France is widely held to have taken precedence over the selection of more appropriate capabilities.[30] In Saudi Arabia, the world's largest weapons importer, acquisitions are highly political and used to fortify ties with key partners such as France, the United States, and United Kingdom, often as part of *quid pro quo* arrangements for political support and military protection. The most prominent illustration of this is the longstanding security arrangement between Saudi Arabia and the US, which is underpinned by lucrative weapons deals.[31]

Similarly, Algeria's ties with Russia guarantee it a steady supply of Russian weapons after Moscow cancelled Algeria's debt in exchange for commitments to acquire US$7.5 billion worth of Russian weapons. Transfers are often made with little consideration for need or technical requirements, especially given Algeria's constitutional prohibition on foreign military deployments.[32]

25 Brian McQuinn and Laura Couchesne, "Armed-Group Proliferation: Origins and Consequences," in *Armed Conflict Survey*, vol. 6:1 (Taylor & Francis, 2020), 14–18,
26 Mustasilta, "The Future of Conflict Prevention," 54.
27 Alexander Cooley and Daniel H. Nexon, "How Hegemony Ends: The Unravelling of American Power," *Foreign Affairs*, July/August 2020.
28 Andrew J. Pierre, *The Global Politics of Arms Sales* (Princeton, NJ: Princeton University Press, 2016).
29 France 24, 'Egypt, France to Conclude €5.3 Billion Deal For Rafale Jets', 16 February 2015.
30 Noah Rayman, "The Real Reason Egypt Is Buying Fighter Jets From France," *Time*, February 14, 2015.
31 Anthony H. Cordesman, "Military Spending: The Other Side of Saudi Security" (Center for Strategic and International Studies, March 13, 2018).
32 Andrew McGregor, "Defense or Domination? Building Algerian Power With Russian Arms," *Eurasian Daily Monitor*, September 5, 2018.

Figure 15: GDI scores on export controls, intergovernmental bodies group averages[33]



33 The Arms Trade Treaty does not require parliamentary scrutiny of arms exports.

Box 5: Corruption and the Arms Trade Treaty

Corruption lies at the heart of many of the world's security challenges and is closely intertwined with the global arms trade. Arms deals tend to be surrounded by high levels of commercial and national security, making the trade particularly susceptible to the risk of corruption as a vehicle for illegal and undesirable arms transfers. Corruption in the arms trade inflates the cost of weapons acquired by nations to defend themselves, and can lead to a reduction in the quantity, or quality, of weapons. This results in unnecessary or unfit procurement, and the consequent misuse of public funds. Widespread and systematic corruption also undermines the ability of states to prevent the diversion of weapons from their intended end-users to unauthorised or unlawful users, exacerbating and perpetuating violence.

The Arms Trade Treaty (ATT) is one of cornerstones of international arms control, as the first international legally binding instrument designed to promote responsibility in conventional arms transfers. The ATT places responsibility on each state to maintain a national control system. Additionally, it requires that each exporting state conduct an assessment of the importing state, so as to ensure the arms will not be diverted to the illicit market. In this way, the ATT contains specific provisions wherein anti-corruption is an embedded goal, but not the main object and purpose. There are three provisions of the ATT that address or relate directly to corruption:

- Article 7 requires an assessment of **potential humanitarian or criminal consequences** related to specific arms exports. States shall not authorise an export if there is a risk the arms could be used to commit or facilitate an act relating to terrorism or transnational organised crime to which the exporting state is a party. Even though it is not specified in the language of the ATT, these offenses include both corruption and money laundering as prohibited by the UN Convention against Transnational Organised Crime.
- Article 11 addresses **diversion of weapons away from their intended end-user**, including prevention through a national control system, conducting a national export assessment prior to each transfer, considering mitigation measures, exchanging information, addressing detected diversion, and encouraging reporting of measures taken to address diversion through the Secretariat. Article 11.5 specifically addresses corruption when it lists this activity as the first of several activities states should consider when sharing information with each other to comprehend and prevent diversion. This establishes a clear link between diversion assessment and corruption or corrupt practices.
- Article 15.6 speaks to **international cooperation** to prevent the transfer of arms from becoming subject to corrupt practices. This article encourages cooperation, information sharing, and assistance in investigations, prosecutions and judicial proceedings.

Despite this, the links between the arms trade and corruption are not clearly defined or emphasised in either the preamble, principles, or in the articles themselves. This poses a problem for the mitigation of corruption in arms deals. For example, not all countries have authorised anti-corruption laws that would identify and prosecute private and government officials utilising corrupt practices to effectuate illegal arms transfers.

Given the significant risk that corruption poses in both the licit and illicit global arms trade, it is vital that national control mechanisms address corruption risks specifically. This would include an assessment of whether a licence application is free from corruption and bribery before issuing an export licence. It would also entail corruption risk mitigation measures to be in place when supplier states are reviewing a transfer to high-risk markets, or in markets with widespread and systematic corruption. Reducing the risk of corruption would, for example, require states to assess the strength of recipients' anti-corruption safeguards, end-user controls and agent monitoring, and increase the transparency of export licenses granted by the exporter and the recipient.

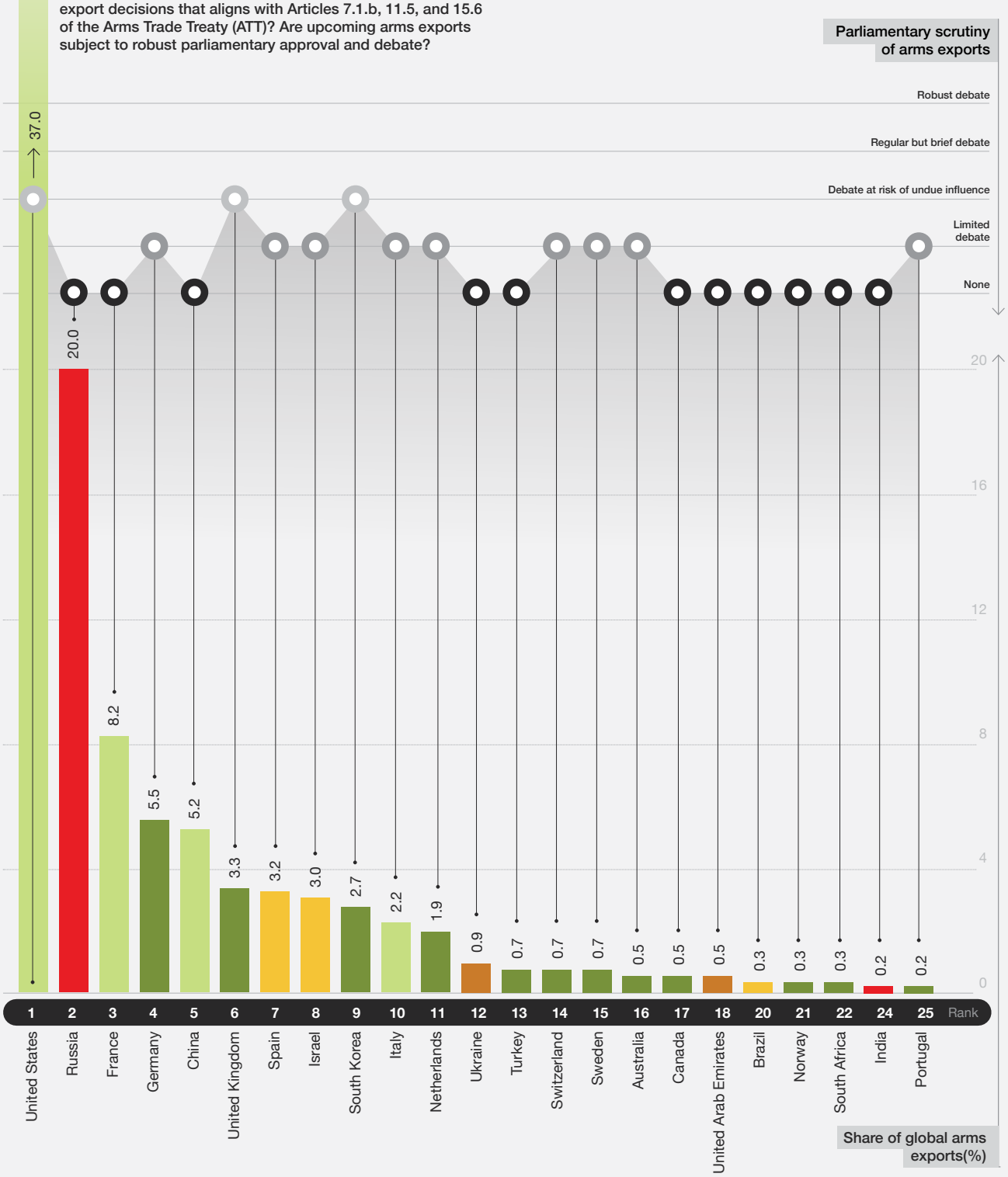
The Arms Trade Treaty (ATT) is one of cornerstones of international arms control, as the first international legally binding instrument designed to promote responsibility in conventional arms transfers.

TOP 25 ARMS EXPORTERS

EXPORT CONTROLS

2020 GOVERNMENT DEFENCE INTEGRITY INDEX (GDI)

Does the government have a well-scrutinised process for arms export decisions that aligns with Articles 7.1.b, 11.5, and 15.6 of the Arms Trade Treaty (ATT)? Are upcoming arms exports subject to robust parliamentary approval and debate?



- A: Very low corruption risk (100-83)
- B: Low corruption risk (82-67)
- C: Moderate corruption risk (66-50)
- D: High corruption risk (49-33)
- E: Very high corruption risk (32-17)
- F: Critical corruption risk (16-0)

Source: Transparency International, Defence & Security; Wezeman et al. "Trends in International Arms Transfers, 2020." SIPRI, March 2021.
Belarus (Rank 19) & Czechia (Rank 23) are not included because they are not part of the GDI.

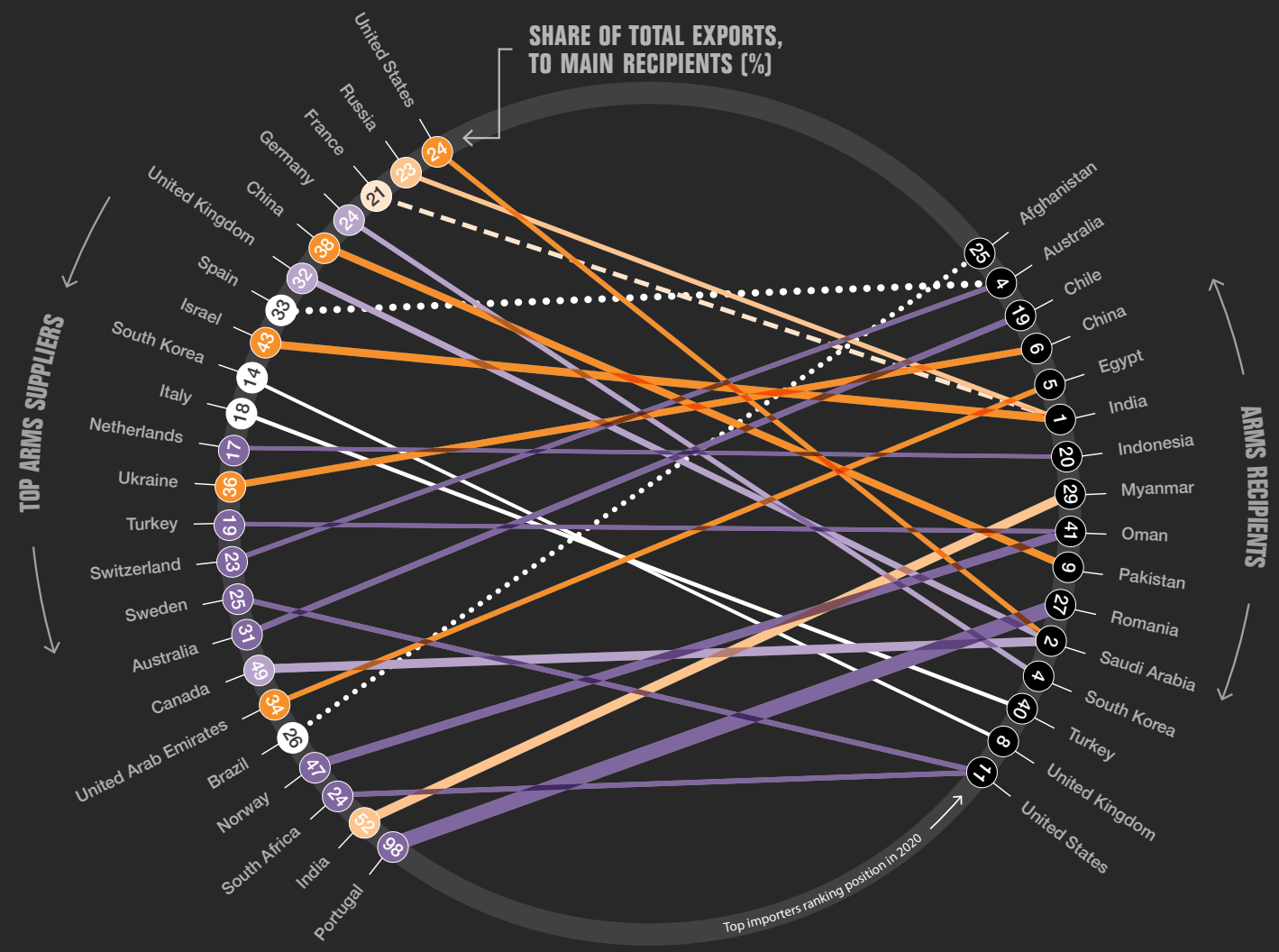
COMPLIANCE WITH ARMS TRADE TREATY 2020 GOVERNMENT DEFENCE INTEGRITY INDEX (GDI)

Extent of compliance with Arms Trade Treaty for Top Arms Exporters. Arms transfers rankings and statistics determined by SIPRI based on analysis of averages in arms transfers for the 5-year period 2016-2020 (Stockholm International Peace Research Institute).

COMPLIANCE WITH THE ARMS TRADE TREATY ON CORRUPTION-RELATED ARTICLES

Has the country complied with Article 7.1.b on humanitarian or criminal consequences, Article 11.5 on arms diversion, and Article 15.6 on international cooperation?

- Complied with all three articles
- Complied with two of three articles
- Complied with one article
- Not taking steps to comply
- Signed ATT but not ratified
- Not signed ATT
- NEI (Not enough information)



Source: Transparency International, Defence & Security; Wezeman et al. "Trends in International Arms Transfers, 2020. SIPRI, March 2021; SIPRI Arms Transfer Database, 2020.

The influence of supplier nations is often felt even more keenly in transactions with lower-income and fragile and conflict-affected situations.[34] GDI data underscores the uneven relationship between these recipients and powerful suppliers, who can leverage their economic, political, and diplomatic clout to influence acquisition decisions. Through security assistance programmes, for instance, the United States has a direct hand in influencing recipients' procurement requirements, by setting priorities and providing financing, often to the benefit of US contractors.[35] As part of these programmes, US$49 billion has been attributed to the Middle East alone, guaranteeing US defence manufacturers a considerable market and providing unrivalled access to these countries' leaders. Lebanon, for instance, receives 80 per cent of its military equipment in the form of donations from the United States,[36] granting Washington some degree of leverage over Lebanon's defence and security strategy and policy.

Elsewhere, Sudan acquires around 50 per cent of its weapons from Russia. In exchange, Russian companies are given access to lucrative gold mines, the Russian military has constructed a base in the Red Sea and Russian private military contractors train Sudanese troops.[37] Armenia too is highly dependent on Russia, which supplies roughly 94 per cent of its weapons. Arms transfers are part of a broader military cooperation agreement which sees Armenia host Russian military bases and discounted equipment, as part of Russian attempts to maintain strong political influence in the Southern Caucasus.[38] These cases illustrate the political and economic influence supplier states can negotiate as part of arms deals.

Sudan acquires around 50 per cent of its weapons from Russia. In exchange, Russian companies are given access to lucrative gold mines...

Box 6: Arms transfers: definition

Authorised 'arms transfer' is the term most widely used to refer to the physical or nominal movement of arms from one owner to another.[39] According to the Arms Trade Treaty (ATT), the term 'arms transfer' mostly relates to international transfers and covers all activities of the international trade in weapons, comprising "export, import, transit, trans-shipment, and brokering."[40] As such, arms transfers don't just refer to suppliers and recipients, but encompass the whole range of actors who are involved in the arms trade, including agents, intermediaries and providers of professional services who help to facilitate these transfers of weapons. Though the volume of the global arms trade is difficult to accurately determine, by some estimates around US$100 billion worth of arms are sold every year, with the United States responsible for 37 per cent of exports globally, followed by Russia with 20 per cent and then France (8.2 per cent), Germany (5.5 per cent), and China (5.2 per cent).[41] The largest importers of major arms are Saudi Arabia, accounting for 11 per cent of global imports, followed by India (9.5 per cent), Egypt (5.8 per cent), Australia (5.1 per cent), and China (4.7 per cent).[42]

In many contexts, patterns of supplier influence also mirror pre-independence influence dynamics. France, for instance, maintains significant influence over defence acquisitions in Francophone African countries, such as Burkina Faso, Mali, and Niger. While these partnerships can be beneficial, they can result in inadequate or inefficient equipment being received. In 2017 for instance, Burkina Faso, Mali, and Niger acquired military vehicles from France under the framework of the G5 Sahel Force, but were unable to use them as none of them were armoured, despite this being a key requisite for counter-terror operations.[43]

34 TI-DS uses the World Bank's typology to define what constitutes a fragile and conflict-affected situation. This includes countries with high levels of institutional and social fragility, identified based on public indicators that measure the quality of policy and institutions as well as specific manifestations of fragility, and countries affected by violent conflict, identified based on a threshold number of conflict-related deaths relative to the population. This category distinguishes two further subcategories based on the intensity of violence: (i) countries in high-intensity conflict and (ii) countries in medium intensity conflict. For more information, please see World Bank, 'Classification of Fragility and Conflict Situations'.

35 Andrew Sokolsky and Richard Miller, "What Has $49 Billion in Foreign Military Aid Bought Us? Not Much," *Carnegie Endowment for International Peace*, April 6, 2018.

36 U.S. Embassy in Lebanon, "Fact Sheet: U.S.-Lebanon Military Assistance and Defense Cooperation," February 13, 2019.

37 Samuel Ramami, "Moscow's Hand in Sudan's Future," *Carnegie Endowment for International Peace*, July 11, 2019.

38 Peter D. Wezeman, Alexandra Kuimova, and Siemon T. Wezeman, "Trends in International Arms Transfers, 2020," SIPRI Fact Sheet (Stockholm International Peace Research Institute, March 2021).

39 UNODC, "Authorised and Unauthorised Arms Transfers," E4J University Module Series / Firearms, Module 4: The Illicit Market in Firearms (United Nations Office on Drugs and Crime, n.d.).

40 United Nations, "Arms Trade Treaty," Article 2(3), 2014.

41 Wezeman et al. "Trends in International Arms Transfers, 2020," 2.

42 Ibid, 7.

43 Olivier Fourt, "Le G5 Sahel, une force régionale en construction," *RFI*, December 13, 2017.

Box 7: Corruption challenges to US security assistance

Since the start of the so-called 'Global War on Terror', the United States government has put a significant emphasis on strengthening foreign militaries and police forces to help combat transnational terrorist organisations. Between 2001 and 2016, the US government allocated an estimated US$125 billion worth of military equipment and training for foreign forces.[44] This security assistance went to over 100 countries, with the bulk of it going to countries in the Middle East and North Africa, as well as South Asia. President Biden seeks to continue much of this aid into 2022.[45]

The main goals of US security assistance centre on improving the technical capacity of partner forces, professionalising partner forces, and expanding US military access to local intelligence and airspace.[46] The US often attempts to achieve all three goals simultaneously. US efforts to improve the capacity of partner governments often focuses overwhelmingly on enhancing combat capabilities through the provision of advanced weaponry and training. In rare instances, the US government provides direct cash payments.

Despite this massive financial investment, local corruption often compromises US efforts to meaningfully combat terrorism. In Iraq, US-trained forces collapsed almost immediately in the face of insurgent activity, largely due to the hollowing-out of these forces by political elites who used them as patronage reward structures.[47] In Somalia and Nigeria, frontline soldiers regularly faced crippling shortages of equipment, often stolen or misappropriated by senior commanders.[48] Corruption even directly empowered terrorist organisations, whether by providing them with an exploitable grievance to recruit from, or through direct collusion with corrupt officials.

Corruption affecting US security assistance outcomes can be broken down into several key types. First, patronage-based recruitment and promotions undermine the effectiveness of partner forces. In many recipient countries, defence institutions are structures for rewarding political clients for their support, rather than for cultivating a competent and professional fighting force. Second, recipient units tasked with combatting terrorist or insurgent organisations are often beholden to political and military elites, who use them as a tool of repression. Third, corrupt officials may steal or sell defence resources – salaries, equipment, arms and ammunition, etc. – on the black market, whether through the use of ghost soldiers or by some other means.

In response to these serious challenges, the US Congress required that the US government conduct more thorough risk assessments before providing security assistance. The US State Department proposed the incorporation of specific corruption risk questions into their risk assessment criteria for security assistance provision. The United States has also conditioned some security assistance on local improvements in transparency, accountability, and oversight.

Unfortunately, the US government has applied these countermeasures inconsistently and often without firm political commitment. Part of the challenge is inherent to the goals of US security assistance. It may be contradictory to induce countries into sharing intelligence and airspace while also inducing them to effectively address terrorist threats. Some partner governments might see the aid as buying access to local information and land. Furthermore, the US government may deprioritise corruption concerns to address more immediate threats.

44 Christina Arabia and Colby Goodman, "Corruption in the Defense Sector: Identifying Key Risks to U.S. Counterterrorism Aid" (Washington D.C.: Security Assistance Monitor, September 2018), 2.

45 U.S. Department of State, "Congressional Budget Justification Department of State, Foreign Operations, and Related Programs" (Washington D.C., April 2021).

46 Dafna H. Rand and Stephen Tankel, "Security Cooperation and Assistance: Rethinking the Return on Investment" (Washington D.C.: Center for a New American Security, August 2015).

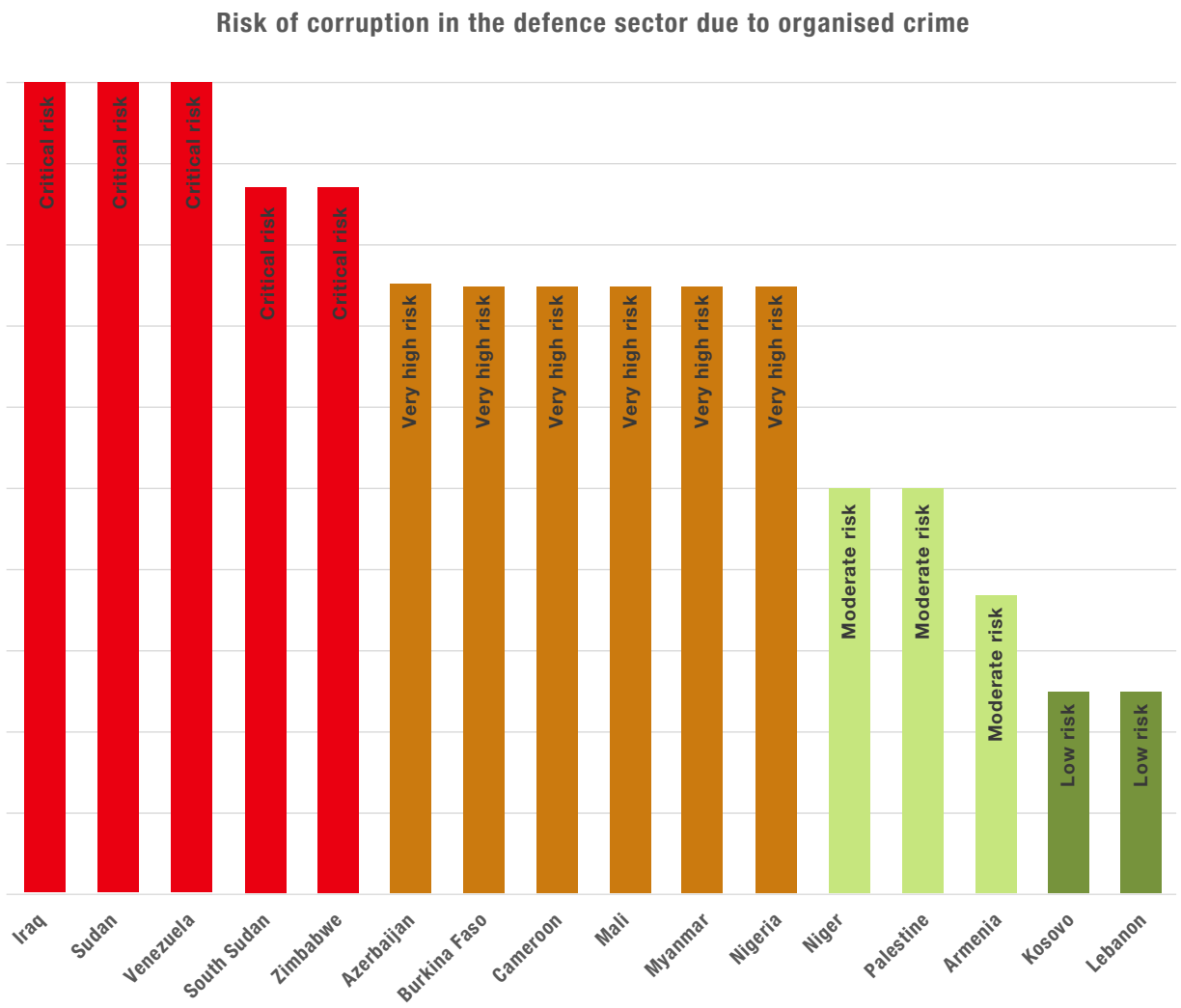
47 Transparency International, Defence & Security, "The Fifth Column."

48 Arabia and Goodman, "Corruption in the Defense Sector," 8-15.

The increasing threat of organised crime and illicit financial flows

Within this fractured global context, organised criminal activity, illicit financial flows and money laundering are gaining in prominence. In 2017, for example, analysis by Global Financial Integrity identified an US$817.6 billion gap in international trade between high- and low-income economies as a result of trade mis-invoicing, one of the main types of illicit financial flows.[49] As governance has fragmented, transnational non-state actors, including organised crime groups, are exerting growing influence. By capitalising on the decentralisation of power and leveraging international financial markets and communication technologies, these groups have successfully expanded their activities and reach.[50] Corruption plays a key role in this dynamic. It acts as a critical enabler for organised criminal activity by facilitating these groups' operations and undermining the ability of defence and security forces to respond. Corruption also facilitates the laundering of the proceeds of criminal activities into the legitimate economy by exploiting loopholes in anti-corruption legislation, often with the cooperation of corrupt political and business actors.[51]

Figure 16: GDI scores on corruption risks of organised crime, fragile and conflict-affected states



49 Global Financial Integrity, "Trade-Related Illicit Financial Flows in 135 Developing Countries: 2008-2017," March 2020.

50 UNODC, "The Globalisation of Crime: A Transnational Organised Crime Threat Assessment" (Vienna: United Nations Office on Drugs and Crime, 2010).

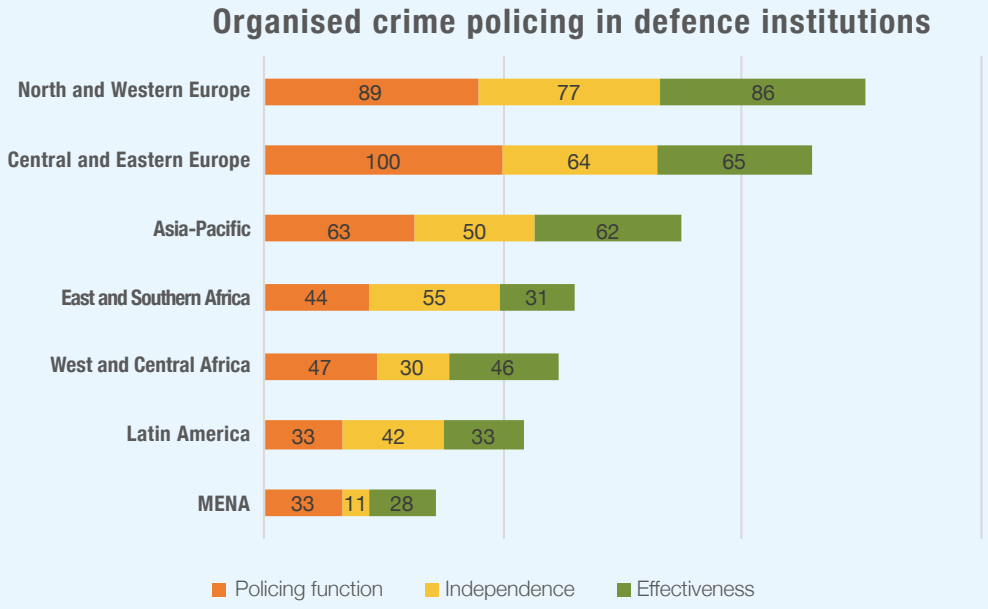
51 Susan Rose-Ackerman and Bonnie J. Palifka, "Corruption, Organized Crime, and Money Laundering," in *Institutions, Governance and the Control of Corruption*, ed. Kaushik Basu and Tito Cordella, International Economic Association Series (Cham: Springer International Publishing, 2018), 75–111.

GDI data reveals key areas of vulnerabilities in defence sectors around the world, which increase the risk of corruption due to organised crime penetration into the military. 81 per cent of fragile and conflict-affected states covered in the index are at high risk of corruption associated with organised crime and have inadequate organised crime policing capabilities for the defence sector (see Figure 16). This underlines the link between conflict, the breakdown of state institutions, and the rise of powerful organised crime groups. The data also reveals a noticeable gap between the risk of corruption due to organised crime penetration in the sector, and the steps governments are taking to address the issue. In only 15 per cent of countries with a moderate to high risk of corruption due to organised crime, is there evidence of the government acknowledging the issue and taking clear and consistent action to address it. It is also notable that countries with strong illicit economies and powerful organised crime actors – such as Albania, Bosnia and Herzegovina, Montenegro, India, Algeria, Colombia, Venezuela, and Thailand – all score poorly in terms of government responses to an issue that represents a serious threat to the effectiveness and legitimacy of national defence sectors. For its part, Russia falls at the bottom of the index on organised crime and government response, indicating extremely high levels of corruption risk, especially in a context where organised crime groups are gaining increasing prominence, power, and connections to senior political figures.[52]

Box 8: The policing of organised crime in the defence sector

Given the risks associated with organised crime penetration in the sector, it is crucial for defence institutions to have effective policing institutions in place to combat these specific threats and enforce legal provisions against organised crime.[53] However, GDI findings show that these institutions, when they do exist, frequently lack independence and effectiveness. Over a fifth of the countries in the index have no provisions for policing organised crime and corruption within the defence sector. This includes nearly half of all MENA states, three out of six Latin American states, and four of eight Eastern and Southern African countries. Significantly, neither Mali or Burkina Faso have anti-corruption and organised crime policing functions in place for defence, despite organised criminal activity in these two states seeing a sharp rise in recent years as a result of the conflict and instability that is blighting the Sahel.[54]

Figure 17: Strength of organised crime policing function in the defence sector, regional averages



52 Mark Galeotti, "Gangster's Paradise: How Organised Crime Took over Russia," *The Guardian,* March 23, 2018.

53 'Policing' here refers to any function that investigates corruption and organised crime within the defence services. This could be a unit within the national police force that deals with such issues in the defence services, or a unit within the military police with the same mandate. 'Policing' covers both the investigation of potential cases of organised crime and corruption, as well as the enforcement of appropriate sanctions for personnel found to have engaged in such activities

54 Mark Micallef et al., "After the Storm: Organized Crime across the Sahel-Sahara Following Upheaval in Libya and Mali" (Geneva: Global Initiative Against Transnational Organised Crime, 2019).

Conversely, all 14 states in Central and Eastern Europe, a region with significant organised crime presence, have anti-corruption and organised crime policing functions in place for the defence sector (see Figure 17). However, their independence and effectiveness vary significantly. In the Baltic states of Latvia, Lithuania, and Estonia, these functions have operational independence from the bodies they investigate and they have a track record of investigating and prosecuting cases through formal processes. In the Western Balkans, however, including Serbia, Kosovo, Albania, and Bosnia and Herzegovina, their independence is significantly undermined by undue influence from top military officials and the executive and there is a repeated failure to fully investigate and prosecute cases.

Trend 2: The rising influence of technologies

Digitalisation and the rising power of technologies are key trends in the defence and security space. Emerging cyber, electromagnetic, and biowarfare threats are fast becoming major challenges to conventional armed forces, and are changing the way states conceptualise defence. Technology has also dramatically disrupted the defence industry, as states rush to get new weapons systems into the field as fast as possible.[55]

Digitalisation is having a significant impact on conflict. The unprecedented scale and speed of communication risks accelerating polarisation and mobilisation, which could escalate conflict dynamics. Cyberattacks are becoming prominent tools of warfare, used by both state-affiliated groups and, increasingly, by non-state actors. Finally, digital technologies are transforming kinetic warfare by making weapons systems increasingly AI-assisted. While this can make targeting more precise, it can also lower the threshold for launching an attack in the first place.[56]

Technologically-driven changes are forcing states to invest significantly in cyber capabilities as cyberattacks, information warfare, and disinformation are increasingly being used around the world to destabilise, discredit, and interfere with rivals. Between 2017 and 2019, there was a 150 per cent increase in countries using organised social media manipulation campaigns.[57] As the threat such campaigns poses has become clearer, states have invested significant resources in attempting to catch up with the capabilities and strategies of countries such as Russia, China and Iran, in what some have compared to a cyber weapons arms race.[58] In 2020 alone, 79 malicious cyber operations were recorded, with China responsible for the largest share of these, followed by Russia, Iran, and North Korea. Since 2005, these countries have been responsible for 77 per cent of all suspected cyber operations, with the vast majority being espionage-related.[59] They have proven adept at employing a combination of hacking and disinformation operations to destabilise Western powers, most notably Russian efforts to influence the 2016 US presidential election campaign and interference in UK politics,[60] and China's theft of US defence and commercial secrets.[61] Corruption is intimately linked to disinformation and has frequently been deployed as a key pillar in many state-sponsored campaigns designed to influence election results in democracies.[62] Consequently, the role corruption plays in driving conflict could increase further in an era where digitalisation and communication technologies risk escalating conflict mobilisation.

Transparency in procurement (or lack thereof)

The race to deploy new weapons systems also risks exacerbating corruption risks in procurement processes. As new technologies and systems arrive on the market far faster than they did in the traditional acquisition cycle, there will be added pressure on procurement bodies to acquire goods within tight timeframes. This will strain often outdated procurement legislation and policies which can be ill-equipped to handle such demands. In the US, the emphasis is already on acquiring innovative weapons systems with shorter life cycles than the typical

55 PwC, "Defence Trends 2020: Investing in a Digital Future," 23rd Annual Global CEO Survey (PricewaterhouseCoopers, 2020).
56 Mustasilta, "The Future of Conflict Prevention," 33.
57 Samantha Bradshaw and Philip Howard, "The Global Disinformation Order: 2019 Global Inventory of Organised Social Media Manipulation" (University of Oxford, 2019), 2.
58 Terry Gross, "Inside the Cyber Weapons Arms Race," *Fresh Air* (National Public Radio (NPR), February 10, 2021).
59 "Cyber Operations Tracker" (Washington D.C.: Council on Foreign Relations, n.d.).
60 Intelligence and Security Committee, "Russia: Presented to Parliament Pursuant to Section 3 of the Justice and Security Act 2013," HC632 (Parliament of the United Kingdom, July 2020).
61 Peter Apps, "Commentary: As Cyber Warfare Turns 10, the West Risks Falling Behind," *Reuters*, May 4, 2017.
62 Transparency International, "Fighting Corruption in the Age of "Fake News"," October 8, 2019.

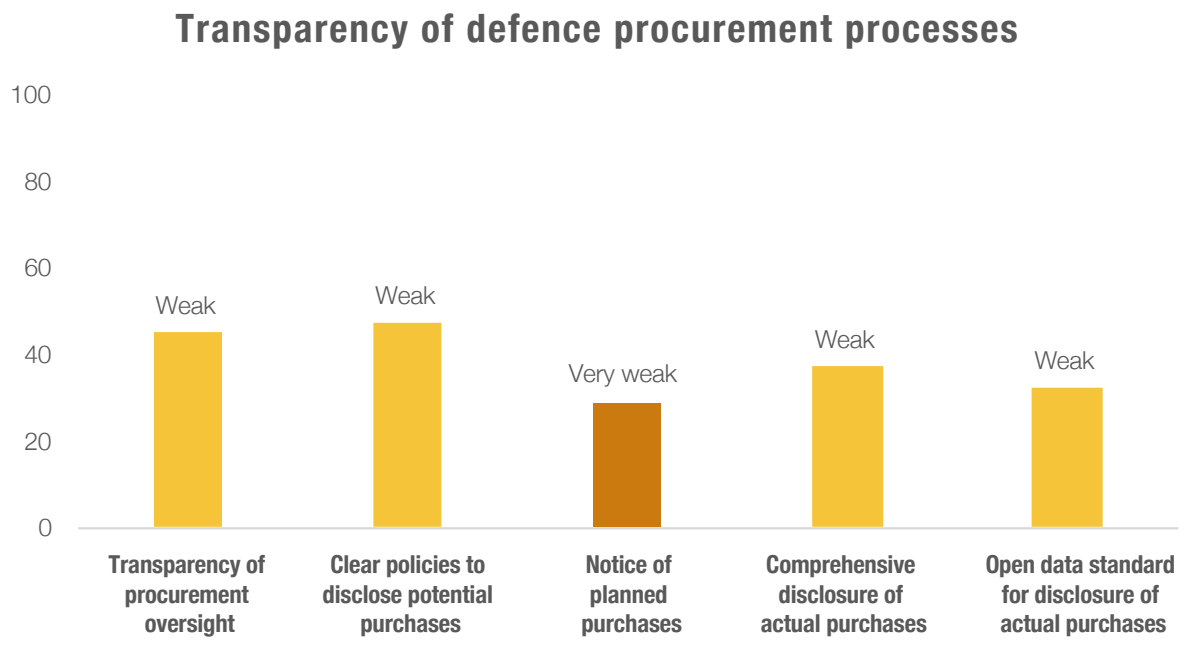
large platforms.[63] Ensuring that such acquisitions are done through formal channels, in a transparent manner and subject to sustained oversight will be a significant challenge, particularly as transparency in the defence procurement process is already low, creating high corruption risk levels due to opacity in oversight and implementation. There is little publication of planned purchases, and disclosure of actual purchases is characterised by a lack of detail and machine readability (see Figure 18). It is also crucial that the procurement of new technologically advanced weapons systems is grounded in key strategic documents and that purchases are not ad-hoc, as this risks wasting significant amounts of the budget on unnecessary or unjustified acquisitions.

Ad hoc defence acquisition planning

Only 24 per cent of countries in the GDI have a clear process in place for the entire defence acquisition planning cycle, where connections between specific purchases and the defence strategy are made explicit. Corruption risk levels related to acquisition planning are very low in 16 countries and are strongest in Norway, Germany, and Sweden. Conversely, 40 per cent of countries either have no clear process in place for acquisition planning or the process exists but is not clear and contains few connections between purchases and strategic requirements. Saudi Arabia, the UAE, Qatar, Algeria, and Egypt, which make up five of the top 10 major global arms importers,[64] are included in this bracket. All eight countries from the West & Central African region and 13 out of 16 MENA states are also amongst these low performers (see figure 19).

Moreover, in only 8 per cent of countries does the public have access to information about the entire planning process, whilst in half the countries in the index there is extremely limited or no transparency surrounding the process whatsoever. This includes the vast majority of MENA and the Sub-Saharan states in the GDI, as well as more than half of Central and Eastern Europe, including three EU members in Estonia, Hungary, and Poland. Significantly, the speed with which states are developing and implementing new technologies, including advanced weapons systems, AI-enabled hardware and communications technology, will further strain standard procurement planning processes and considerably increase the risk that such acquisitions may be unplanned and opportunistic.

Figure 18: GDI Scores on defence procurement transparency, index averages



63 PwC, "Defence Trends 2020," 6.

64 Wezeman et al., "Trends in International Arms Transfers, 2020," 6.

Figure 19: Top 10 arms importers and corruption risk in their acquisition planning

Top 10 Importers*		Acquisition Planning	
1	Saudi Arabia	0	Critical risk
2	India	75	Low risk
3	Egypt	8	Critical risk
4	Australia	67	Low risk
5	China	25	Very high risk
6	Algeria	0	Critical risk
7	South Korea	75	Low risk
8	Qatar	0	Critical risk
9	United Arab Emirates	0	Critical risk
10	Iraq	0	Critical risk

* SIPRI arms transfer database, 2021

Box 9: Artificial intelligence & new weapons systems – the major players

Despite the secrecy surrounding the development and acquisition of new weapons systems, key players have emerged in the field in the past few decades. Chief among these is China, which is widely held to be leading the way in artificial intelligence (AI) technology. This is particularly so for security purposes and, while there is little available data for the military, analysts believe these advances are being used for military purposes too. In parallel, the United States has increased investment in this area: Department of Defense spending on AI contracts has jumped from US$973 million in FY2019 to US$1.4 billion in FY2020, a 43 per cent increase as the US seeks to hit US$2.8 billion by 2023.[65] High tech Israeli companies are also extremely advanced in the field of military AI development, while Iran, Brazil, Australia, the United Kingdom, and South Korea have also made advances in this area and increased their investment in R&D.[66] Finally, through the European Defence Fund (EDF), the EU has also signalled its intent to invest significantly in "disruptive technologies", that include autonomous weapons systems (AWS). Up to 8 per cent of the total EDF budget of €8 billion is earmarked for the development of these technologies.[67]

The disconnect between procurement requirements and defence strategy

As a result of inadequate planning processes, procurement requirements are frequently not derived from the defence strategy and actual purchases are not based on clearly identified and quantified requirements. In nearly two-thirds of countries (64 per cent), connections between the strategy and procurement requirements are extremely weak or non-existent, with 41 per cent of countries scoring 0, meaning there is no formal procedure in place for justifying purchases based on the strategy. This includes the top three most significant importers of major arms in the world: Saudi Arabia, India, and Egypt.

Consequently, in around a third of countries (32 per cent) actual purchases are often made outside of the defence strategy and acquired in an opportunistic manner. This includes 11 of 16 MENA states, including significant arms importers such as Iraq, Saudi Arabia, Algeria, and Egypt, and six of eight West and Central African states, including Mali and Nigeria. Other significant defence spenders such as Turkey and Azerbaijan also fall into this category.

In fact, of the top 20 largest importers of arms in the world, 10 of them frequently acquire weapons and equipment in an opportunistic and unplanned manner,[68] with many acquisitions conducted without strategic justification (see Figure 20). As mentioned previously, this disconnect between strategic requirements and actual purchases risks being exacerbated with regards to the acquisition of new technologies, which don't necessarily fit with standard procurement practices owing to their shorter life-cycles, speed of development, and states' desire to introduce them as quickly as possible to make the most of the competitive advantage such innovative can grant them.

> **... of the top 20 largest importers of arms in the world, 10 of them frequently acquire weapons and equipment in an opportunistic and unplanned manner, with many acquisitions conducted without strategic justification.**

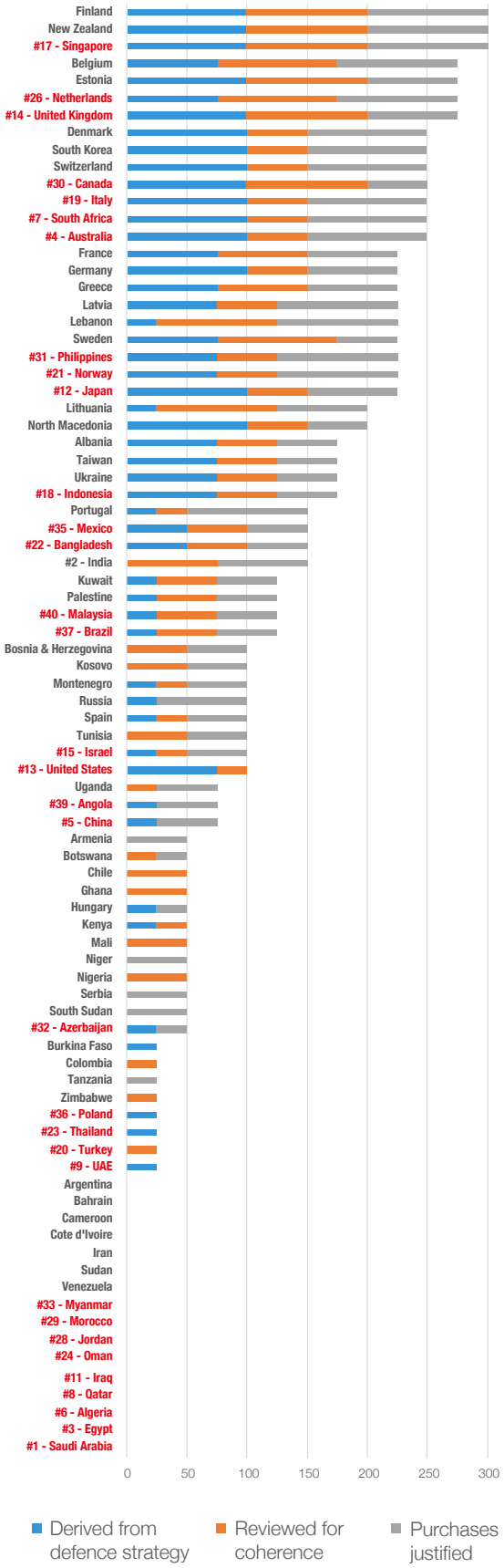
65 Justin Doubleday, "New Analysis Finds Pentagon Annual Spending on AI Contracts Has Grown to $1.4B," *Inside Defense,* September 24, 2020.

66 Erome Egbejule, "Which Military Has the Edge in the A.I. Arms Race?," *OZY*, July 18, 2020.

67 European Commission, "The European Defence Fund," 2021.

68 These include: Saudi Arabia (1st), Egypt (3rd), China (5th), Algeria (6th), Qatar (8th), UAE (9th), Iraq (11th), Israel (15th), Indonesia (18th) and Turkey (20th).

Figure 20: Procurement requirements across the GDI, Top arms importers highlighted with global rank by SIPRI



Heightened risk of undue influence

The combination of poor transparency, lack of public debate, and the highly technical nature of these complex new technologies increases corruption risks associated with undue influence from the defence industry. Private sector actors hold a significantly greater amount of knowledge and expertise about these products than governments. Industry influence can be exerted over governments through three main pathways: money, ideas, and people. Money involves influence exerted over the policy and procurement process through financial means, be they political contributions or direct financial interests of decision-makers which can generate conflicts of interest. Pathways of influence in ideas facilitate the transfer of information between the public and private sector through lobbying and the outsourcing of expertise to private consultancies. Influence is also exerted through the movement of people between the sectors and the revolving door between industry and defence institutions.[69] While all these pathways exist in relation to standard defence procurement, the procurement of new technologies risks further amplifying these risks.

Given the sophisticated technical expertise and shorter procurement timelines, the defence industry stands to gain even more influence over defence policy and procurement as governments increasingly outsource decisions to the private contractors that are leading the way in developing new technologies. Moreover, the development of technologically advanced weapons systems, hardware and equipment requires specific knowledge and capabilities that only a few major defence companies possess. This restricts the market for these goods and further strengthens the hand of private contractors who can benefit from virtual monopolies in specific areas, such as drones, AI-assisted weaponry, or surveillance technology, for example. This also increases the likelihood of goods being acquired through single sourcing or non-competitive procedures, further undermining transparency in the defence procurement process.

69 Transparency International, Defence & Security, "Defence Industry Influence on European Policy Analysis: Findings from Italy and Germany" (London: Transparency International UK, 2021), 7-8.

Box 10: Surveillance technologies and corruption risks

The development and sale of sophisticated surveillance technologies poses particular corruption risks. At present, the field of surveillance technology is largely unregulated and there are no guarantees that such products are used in compliance with international human rights standards. As the spyware scandal involving the Israeli NSO Group revealed, many of the world's most repressive governments have been acquiring surveillance technology from private companies in order to secretly monitor human rights activists, journalists, and political opponents on an industrial scale.[70] In this largely unregulated market, there is little to stop governments from sourcing such technologies and deploying them to illegally monitor their citizens, with potentially dramatic effects on civil freedoms and human rights. Equally, surveillance technology procurement has been plagued with corruption, owing in part to how secretive such deals are and how governments attempt to shield them from scrutiny. In Mexico, a US$300 million contract between the government and NSO Group is mired in corruption allegations as the deal is believed to have included kickbacks for legislators to push through the deal.[71] In Panama too, public funds were misused to contract the Group's services.[72] As UN human rights experts call for a moratorium on the sale of these technologies in order to put in place robust human rights regulations for their use, it has become clear that they pose a potential existential threat to human rights and represent a particularly opaque area of state activity, rife with opportunities for corruption.[73]

Trend 3: Climate change and resource scarcity

Climate change is one of the most significant challenges facing humanity. Rising seas and warming surface temperatures are increasing the frequency and intensity of extreme weather-related events, such as droughts, flooding, and storms. This will increase strain on public health systems, damage economic productivity, threaten livelihoods, and undermine human and state security. Climate change is also often understood as a threat multiplier of armed conflict and civil unrest. This means that, for instance, while a drop in precipitation levels does not automatically cause conflict, its occurrence in a context where pre-existing conflict-inducing conditions are present can contribute to escalation.[74]

The defence and security risks associated with climate change and resource scarcity are significant. Inter-state tensions over resources are increasing, including in areas where pre-existing geopolitical rivalries exist. Intensifying competition over water resources in the Nile River basin and between India and China risks leading to conflict if effective, fair, and equitable resource management mechanisms are not implemented.[75]

A combination of increased conflict, dwindling resources, and stagnating economies will disproportionately affect poorer populations and countries where the effects of climate change are most keenly felt, including in Sub-Saharan Africa, South-East Asia, and Latin America.[76] This could further deepen many poorer and conflict-affected states' reliance on overseas aid and relief funding, at a time where development assistance already represents a significant proportion of government expenditure. In the Sahel, one of the regions most threatened by climate change, the percentage of government spending that is directly derived from overseas development assistance (ODA) is already 83.9 per cent in Mali and 39.3 per cent in Burkina Faso.[77] Any increase could further hinder policy autonomy, undermine accountability and transparency, and hamper long-term planning. Such funding has also been shown to be highly

70 Stephanie Kirchgaessner, "How NSO Became the Company Whose Software Can Spy on the World," *The Guardian*, July 23, 2021.

71 AP News, "Mexico: $300 Million in Spyware Spending Included in Kickbacks", 21 July 2021.

72 Transparency International, "The Spy Who Lives in My Phone," July 30, 2021.

73 OHCHR, "Spyware Scandal: UN Experts Call for Moratorium on Sale of 'Life Threatening' Surveillance Tech," *United Nations Office of the High Commissioner on Human Rights*, August 12, 2021.

74 Mustasilta, "The Future of Conflict Prevention," 18.

75 Sara Schonhardt, "Military Operations Will Be Strained by Climate Change," *Scientific American*, June 8, 2021.

76 David Eckstein, Vera Kunzel, and Laura Schafer, "Global Climate Risk Index 2021: Who Suffers Most from Extreme Weather Events? Weather-Related Loss Events in 2019 and 2000-2019" (Berlin: Germanwatch, January 2021).

77 Retrieved from World Bank DataBank, "Net ODA Received (% of Central Government Expense," 2019.

vulnerable to corruption, with the World Bank finding that one sixth of all foreign aid ends up in offshore bank accounts to the benefit of recipient country elites.[78]

As a threat multiplier of conflict and civil unrest, the defence and security forces will also increasingly be tasked with managing internal conflicts that arise from climate change and its convergence with other crises such as pandemics or economic shocks. In turn, this could further exacerbate conflict risks. In Mali for instance, poor state management of natural resources and arable land has heightened tensions between herding and farming communities, and fuelled armed conflict.[79] Increased military involvement in managing internal conflicts and civil emergencies can also lead to an acceleration of the militarisation of state functions, which has been evident in the response to the COVID-19 pandemic, and threatens transparency, accountability, and general governance standards of the armed forces.[80]

At the national level, state responses to adverse climate events generally rely heavily on the defence and security forces. In many states, civil emergency operations as a result of climate disasters are becoming an increasingly significant part of the military's activities.[81] As the incidence of adverse climate events increases, so too will the frequency of military deployments in crisis management operations. This increased deployment presents corruption risks of its own, particularly as the defence forces in many countries are not properly trained or equipped for such duties. This amplifies the risk of human rights violations and abuses against civilian populations, as seen in Nigeria and Rwanda for example, where the defence and security forces were used to impose strict lockdowns to halt the spread of COVID-19, resulting in civilian deaths as well as allegations of sexual assault and looting.[82]

A lack of anti-corruption safeguards for personnel

According to research conducted in the frame of the 2020 GDI, there are significant gaps in anti-corruption safeguards for personnel, which increase the risk of abuses and corruption during crisis management deployments. This risk is compounded by irregular domestic deployments for civil emergency and public security operations, further stressing military forces for potentially extended periods of time. Military codes of conduct for instance do not adequately address corruption risks in many regions (see Figure 21). Codes of conduct in Sub-Saharan Africa, MENA, and FCAS states in the GDI all have significant gaps in anti-corruption standards and enforcement. In fact, 40 per cent of militaries have either extremely weak military codes of conduct in place, which fail to properly address corruption risks, or do not have codes in place at all. The latter group represents 15 per cent of the countries in the index, a significant portion when these codes set standards for behaviour throughout the armed forces.

A combination of increased conflict, dwindling resources, and stagnating economies will disproportionately affect poorer populations and countries where the effects of climate change are most keenly felt, including in Sub-Saharan Africa, South-East Asia, and Latin America.

78 Jorgen Juel Andersen, Niels Johannesen, and Bob Rijkers, "Elite Capture of Foreign Aid: Evidence from Offshore Bank Accounts," Working Paper (Washington, DC: World Bank, February 2020).

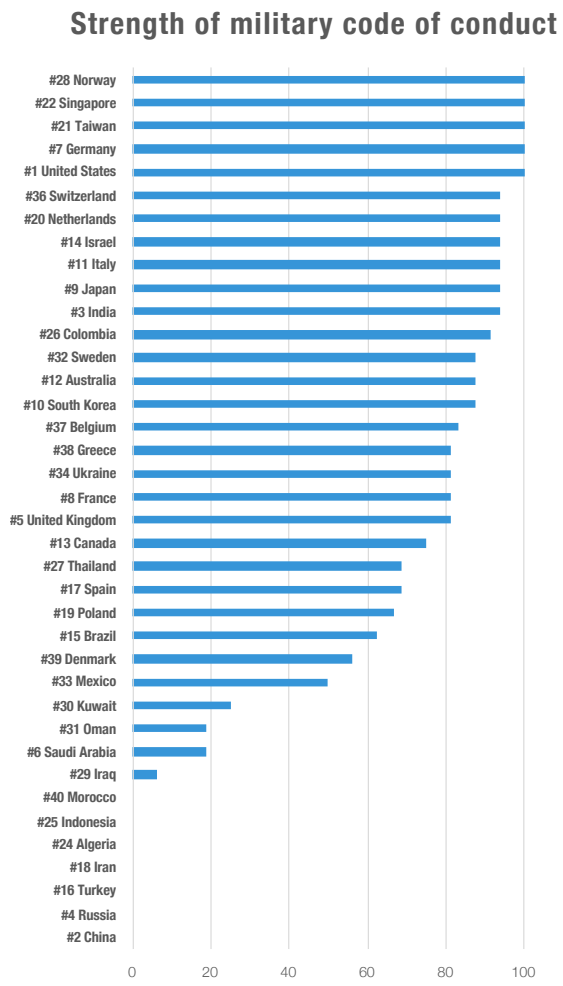
79 Basak Kalkavan, "The When and How of Climate Conflict: The Case of Mali," *ECDPM Great Insights*, Autumn 2019.

80 Fawzia Gibson-Fall, "Coronavirus: How to Avoid Military Responses Becoming Double-Edged Swords," *The Conversation*, April 3, 2020.

81 Patrick Tucker, "Climate Change Is Already Disrupting the Military. It Will Get Worse, Officials Say," *Defense One*, August 10, 2021.

82 Transparency International, Defence & Security, "Trends in Defence & Security Corruption Arising from COVID-19" (London: Transparency International UK, September 2020).

Figure 21: GDI scores on military codes of conduct, top 40 military spenders with rank by SIPRI



To compound this issue, anti-corruption training for defence personnel is generally poor across the index. Again, the threat this poses in the context of crisis management activities for the military is severe. Defence forces deployed as part of these operations will not be able to identify and mitigate corruption risk and could contribute to corruption becoming rife and deeply embedded in the military response to civil emergencies. Just 14 per cent of countries have regular and comprehensive anti-corruption training programmes in place that cover the majority of military personnel.

NATO states such as Norway, Belgium, the United Kingdom, and Germany feature prominently here, as do states in Asia-Pacific such as Taiwan, Singapore, South Korea, and the Philippines. Conversely, however, in two-thirds of countries (66 per cent), anti-corruption training is superficial, delivered irregularly, and is not provided to all military personnel. Militaries in six out of 16 Sub-Saharan Africa do not receive any anti-corruption training, while in MENA this share is eight out of 16. It is particularly telling that the countries that score lowest here are some of the most at risk of climate change, where defence forces are already being deployed to respond to civil emergencies linked to adverse weather effects.

Trend 4: Increasing inequality and populism

Rising inequality has become a key political issue in recent years. According to a 2020 UN report, more than 70 per cent of the global population is living in countries where the wealth gap is growing.[83] In turn, this has sparked political upheaval in many states, as voters reject established parties and populist movements gain political power through divisive and polarising campaigns.[84] This phenomenon has had a significant impact on defence. Support for the military is often a key pillar of the rhetoric of populist leaders, and can lead to an erosion of civilian control over the armed forces and the militarisation of state functions. Equally, the armed forces can increasingly be called upon to manage the social unrest that often derives from political instability, despite not being properly equipped or trained to do so.[85]

While international inequality has declined in relative terms since the 1990s, the absolute gap between the incomes of people living in high and low-income countries has doubled in the same period.[86] The COVID-19 pandemic, which has disproportionately affected poorer populations and further entrenched structural inequality.[87] Gendered inequality is also a pressing issue, as women's inclusion, justice, and security remain fragile across the world, despite some improvements.[88]

83 United Nations Department of Social and Economic Affairs, "World Social Report 2020: Inequality in a Rapidly Changing World" (United Nations, 2020), 26.

84 Jordan Kyle and Yascha Mounk, "The Populist Harm to Democracy: An Empirical Assessment" (London: Tony Blair Institute for Global Change, December 2018).

85 Ihsan Yilmaz and Raja M. Ali Saleem, "Military and Populism: An Introduction," *European Center for Populism Studies*, April 26, 2021.

86 UN DESA, "World Social Report," 159.

87 Joseph Stiglitz, "Conquering the Great Divide," *International Monetary Fund: Finance & Development*, September 2020.

88 Georgetown Institute for Women, Peace and Security and Peace Research Institute Oslo, "Women, Peace, and Security Index 2021/22: Tracking Sustainable Peace through Inclusion, Justice, and Security for Women" (Washington D.C.: GIWPS and PRIO, 2021).

Gaps in legislative checks and balances on the defence sector

This widening inequality and rising popular dissent at an unfair status quo have had a considerable political impact, providing the space for new political movements to gain momentum.[89] Around the world, from the United States to Brazil, and the Philippines to Hungary, populist political figures have risen to power, denouncing the corruption of 'elites' and positioning themselves as alternatives to an establishment that disregards the public's interests.

However, once in power, the impact they have on democracy can be dramatic. Populist governments are roughly four times more likely than non-populist ones to harm democratic institutions and oversee significant democratic backsliding. Over 50 per cent of populist leaders amend or rewrite their countries' constitutions, often to weaken checks on executive power.[90] This opens the way to greater corruption: between 1990 and 2014, 40 per cent of populist leaders were indicted on corruption charges and their countries experiencing a drop in international corruption rankings.[91]

Box 11: Understanding populism

The term 'populist' refers to political leaders who, rather than seeing politics as a contest between different policy positions, argue that the political arena is a moral battleground between right and wrong: between a country's 'true people' and the elites or other groups that populists deem to be outsiders, such as ethnic and religious minorities, immigrants, or criminals. 'Populism' refers to the general ideology that underpins populist leaders' beliefs. It is important to note that populist parties can be anywhere on the political spectrum and the term does not in itself mean a party is to the right or left. [92]

This erosion of governance and rollback of democratic mechanisms affects the armed forces dramatically. In many populist states, the military is increasingly involved in the political arena. In Brazil for instance, President Jair Bolsonaro has given a significant share of cabinet seats to current or former officers, at a rate five times higher than the average in democracies.[93] Similarly, the Philippines' President Rodrigo Duterte has the greatest number of retired generals in any cabinet in the post-dictatorship period. Duterte has overseen a deep politicisation of the military, which now supplants civilian leaders in formulating and implementing security policies.[94] In Mexico too, the armed forces are increasingly relied upon to exercise civilian functions, including repairing hospitals and building airports.[95] Even in Hungary, the militarisation of state functions has gathered pace during the COVID-19 pandemic in the latest manifestation of Hungary's democratic backsliding under Prime Minister Viktor Orban.[96] This politicisation could have severe impacts on the quality of defence governance.

By undermining external oversight, limiting transparency, and narrowing the scope of accountability to the executive alone, defence corruption risk increases significantly as standard checks and balances on abuses are stripped back and executive overreach becomes the norm.

Executive overreach and populist-led regimes

GDI data sheds light on executive overreach in these countries by comparing *de jure* formal standards and processes with the *de facto* reality in practice. GDI data is available for nine of the countries identified as populist: Brazil, Hungary, India, Mexico, the Philippines, Poland, Serbia, Turkey, and Venezuela.[97] This list can be expanded to include Tunisia, Colombia, and Indonesia, where populist governments have taken power over the last few years.

In relation to legislative scrutiny of defence, formal rights are generally strong, with each of these countries scoring over 50. However, scores drop considerably in relation to effectiveness, with only Colombia, Poland, and Tunisia scoring similarly for *de jure* and *de facto* oversight. This points to a significant implementation gap in the exercise of parliamentary scrutiny of defence in populist governments (see Figure 22).

Moreover, in terms of the independence of this oversight, only India and Indonesia score above 50. Colombia, Mexico, and Venezuela all score 0, while Turkey scores 25, indicating significant executive and military involvement in the work of parliaments.

89 Nat O'Connor, "Three Connections between Rising Economic Inequality and the Rise of Populism," *Irish Studies in International Affairs* 28 (2017): 29–43, 32.

90 Kyle and Mounk, "The Populist Harm to Democracy," 3.

91 Kyle and Mounk, "The Populist Harm to Democracy," 19.

92 For more information see: B. Guy Peters and Jon Pierre, "A Typology of Populism: Understanding the Different Forms of Populism and Their Implications," *Democratization* 27, no. 6 (August 17, 2020): 928–46 and Brett Meyer, "Populists in Power: Perils and Prospects in 2021" (London: Tony Blair Institute for Global Change, January 2021).

93 Adam Scharpf, "Dangerous Alliances: Populists and the Military," No. 1, GIGA Focus: Latin America (Hamburg: German Institute for Global and Area Studies, February 2020).

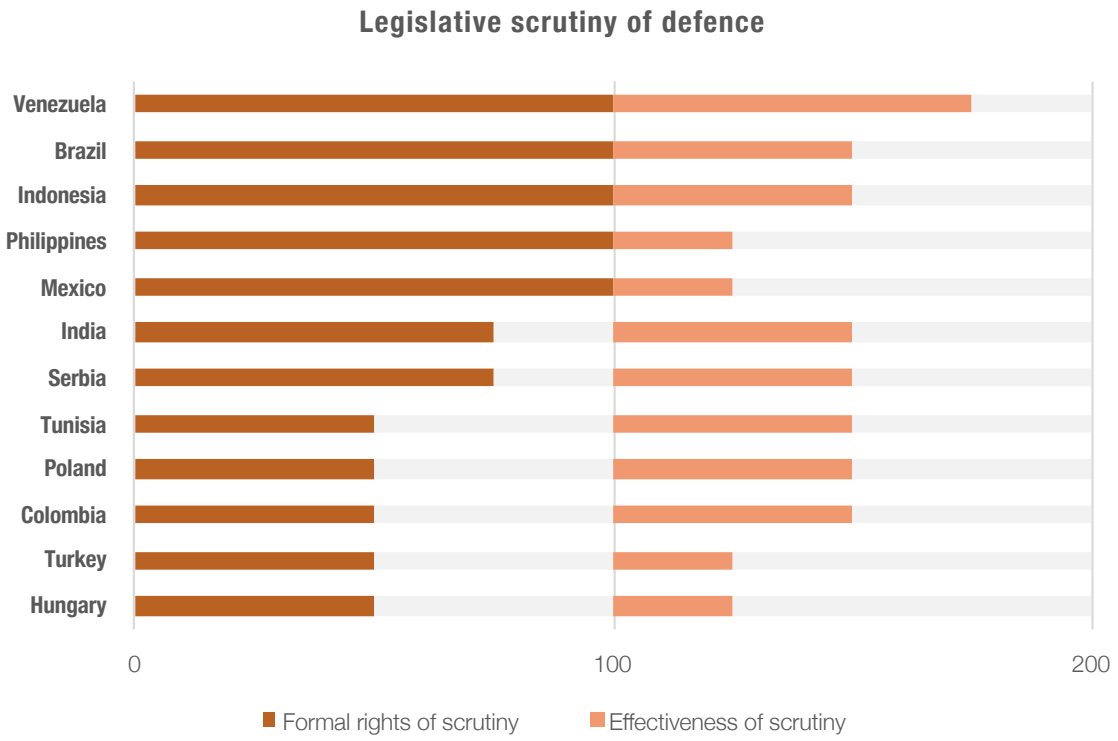
94 Aries Arugay, "The Generals' Gambit: The Military and Democratic Erosion in Duterte's Philippines | Heinrich Böll Foundation | Southeast Asia Regional Office," *Heinrich-Böll-Stiftung*, February 18, 2021.

95 Mary Beth Sheridan, "As Mexico's Security Deteriorates, the Power of the Military Grows," *Washington Post*, December 17, 2020.

96 Edit Inotai, "Hungarian 'Militarisation' Under Orban Stirs Concern," *Balkan Insight*, July 29, 2020.

97 Tony Blair Institute for Global Change, "Populists in Power: Perils and Prospects in 2021", Figure 3, January 2021.

Figure 22: Legal frameworks vs implementation in legislative scrutiny of defence, populist-led regimes



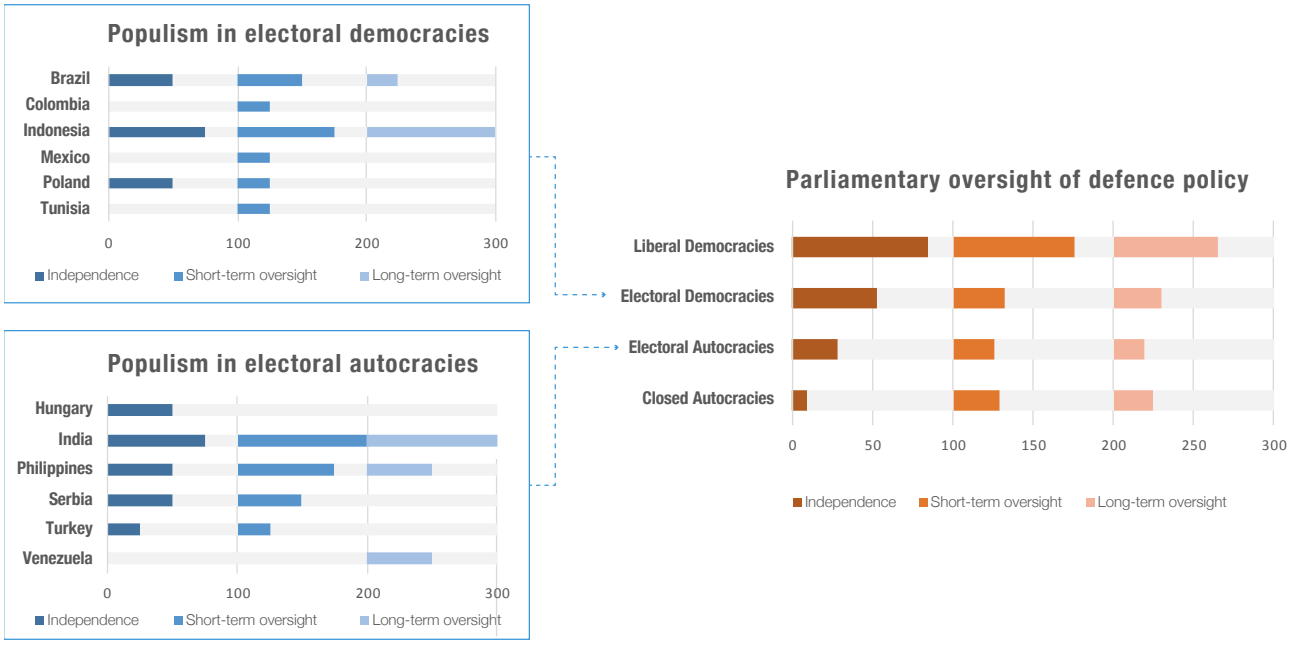
Similarly, in relation to parliamentary defence committees, the implementation gap is also significant. States such as Brazil, Colombia, the Philippines, Serbia, Poland, and Tunisia show an alarming drop in terms of committees' ability to exercise their mandate in an independent manner. There are several reasons why this is the case. In Brazil, the military continues to be highly influential in parliament and legislators frequently defer to ex-military personnel on defence decisions. In Colombia, clientelism remains strong with many legislators receiving transfers of central government funds to sway voting on key bills. Elsewhere, such as in the Philippines, Serbia, and Poland, independence is undermined through the ruling party stacking committees with allies to ensure favourable legislative outcomes. Meanwhile, Hungary and Turkey score very poorly for both *de facto* and *de jure* elements, further underlining the extent of executive overreach in relation to control and oversight of the armed forces in these countries.

Implementation gaps relating to parliamentary oversight and defence committee scrutiny are also evident among non-populist states around the world, including G7, EU, OECD, NATO, and G20 members (see Figure 23). Executive overreach is possible whenever parliamentary powers are limited through statutory gaps or actively curtailed by the executive, for instance by limiting parliamentary oversight into key issues, undermining legislative access to information, or attempting to bypass parliamentary procedure.

In fact, regression analysis reveals a high positive correlation between the Bertelsmann Stiftung Transformation Index (BTI) 'Separation of Powers' metric and overall GDI scores.[98] This implies that a 1 unit increase in a country's Separation of Powers measure is associated with a nearly 5-point point increase in its overall GDI score, keeping all other scores constant. In other words, the clearer the separation of powers is between the executive, legislative, and judiciary, and the stronger the checks and balances are between the three, the stronger defence governance will be.

98 Bertelsmann Stiftung Transformation Index (BTI), 'Methodology', 2020.

Figure 23: Extent of parliamentary oversight of defence policy, democracy regime averages



Lack of scrutiny for high-level appointments

The politicisation of the military has also been facilitated by weak systems of checks and balances with regards to the appointment of senior military commanders, which enables leaders to appoint allies to key senior positions without parliamentary oversight. In fact, parliaments are empowered to scrutinise such appointments in only three of the 12 countries considered populist and covered in the GDI.[99] In Hungary, India, and Mexico, appointments are only superficially audited but with no parliamentary involvement; while in Brazil, Poland, Serbia, Tunisia, Turkey, and Venezuela, there is no evidence of any external scrutiny of military personnel at senior levels. This significantly increases the risk of corruption and of the military becoming increasingly aligned with the executive, to the detriment of civilian democratic control and defence governance standards.

Box 12: The increasing militarisation of internal security

A creeping militarisation of public security is driving military involvement in managing internal political conflict, despite it not being adequately equipped to do so. This trend is particularly evident in Latin America where populist leaders in Brazil, Colombia, and Mexico amongst others have overseen increased military participation in law enforcement activities. Mexico's President Andrés Manuel López Obrador has doubled down on previous administrations' militarised approach to organised crime, even creating a military-dominated National Guard to replace the federal police in public security operations.[100] President Bolsonaro has taken a similar approach with regards to public security in Brazil, which continues to be heavily dominated by the military. In Colombia, populist President Iván Duque has deployed the military to quell anti-government protests in the face of spiralling inequality and police brutality.[101]

99 The 13 countries considered populist and covered in the GDI are: Brazil, Colombia, Hungary, India, Indonesia, Mexico, the Philippines, Poland, Serbia, Tunisia, Turkey and Venezuela. The three countries where parliaments are empowered to scrutinise senior military appointments are Colombia, Indonesia and the Philippines.

100 Human Rights Watch, "Mexico: Events of 2019," in *World Report 2020.*

101 France24, "Fears of Militarization as Colombian Soldiers Confront Protesters," May 5, 2021,

President Trump also threatened to deploy the military against protesters in the United States, whilst the armed forces in Tunisia have been heavily involved in managing protests and social unrest.[102]

These deployments present considerable risks of abuses and human rights violations by militaries without the requisite training or safeguards to minimise this risk. While generally the military remains highly regarded, perceptions are deteriorating in many countries. For instance, in Tunisia, Lebanon, Brazil, and Colombia, public trust in the military is relatively high but vulnerable to political and social crises, which may damage perceptions of legitimacy and trust. Militaries that align themselves with governments and leaders that are seen as corrupt can see their reputations damaged as a result.[103] See the findings in Trend 3 for further analysis on this subject.

Erosion of public trust in the armed forces

GDI data illustrates the impact of corruption in the defence sector – including abuses of power – on public attitudes towards the military. In countries as varied as Canada, Latvia, Chile, Taiwan, and Thailand, public frustration at high profile defence procurement scandals is damaging confidence and trust in the armed forces. In Chile, for example, a series of scandals since 2014, in conjunction with a hyper-militarised and brutal crackdown on public protests,[104] has seen positive attitudes for the military drop from 49 per cent in 2011 to 18 per cent in 2018. In Europe, this trend is extremely pronounced: corruption scandals involving the defence sector in Denmark, Greece, Norway, Portugal, Spain, France, and Germany have seen perceptions of military corruption increase.[105] According to the Global Corruption Barometer for example, 19 per cent of French respondents and 25 per cent of Germans view the military as corrupt, and these attitudes are trending upwards.[106]

Trend 5: The growing role of corporations in matters of public concern

While private companies have long tried to influence government policy to their own benefit, the magnitude and types of tactics witnessed over the last few decades have been unprecedented. As corporations increase their direct campaign funding, partner with think tanks to shape policy, and invest significant resources and efforts into having access to top office holders, they have significantly increased their influence over matters of public concern.[107] This is particularly evident with regards to the defence sector, which has long been dominated by powerful companies that are intimately connected to political administrations. This has allowed corporate actors to exert significant influence over not just defence policy and spending decisions, but also foreign policy writ large.[108]

There are numerous pathways through which private actors seek to influence policymakers, ranging from direct campaign financing programmes, lobbying activities, the revolving door between the public and private sectors, or the funding of think tanks and academic work that supports industry goals.[109] These pathways of influence present inherent corruption risks as they grant corporations outsized influence on key matters of public concern, allowing them to shape government policy in order to suit their ends, increase their revenue and dilute vital checks and balances that reduce corruption risk. The exploitation of these pathways, in turn, is enabled by a combination of weak oversight, legislative loopholes, and poorly enforced rules, allowing defence companies to enjoy privileged access to governments which are both the industry's main customer and chief regulator.[110]

102 Al Jazeera, "Tunisia Deploys Army to Help Quell Days-Long Unrest," January 18, 2021.

103 See, for instance: Timour Azhari, "Lebanon Protesters Weigh Army's Role amid Political Crisis," *Al Jazeera*, October 24, 2019.

104 Paige Sutherland and Philip Reeves, "In Chile, Protesters Continue To Defy The President And Military," *National Public Radio (NPR),* October 22, 2019.

105 See Government Defence Integrity Index (GDI) 2020, Q9 for further details.

106 Transparency International, "2013 Global Corruption Barometer," Berlin, Transparency International, 2013.

107 Daniel Nyberg, "Corporations, Politics, and Democracy: Corporate Political Activities as Political Corruption," *Organization Theory* (January 2021), 3.

108 Jodi Vittori, "A Mutual Extortion Racket: The Military Industrial Complex and US Foreign Policy - The Cases of Saudi Arabia & UAE" (London: Transparency International, Defence & Security, 2019).

109 Transparency International, Defence & Security, "Defence Industry Influence on European Policy Agendas."

110 Charlie Linney, "Lobbying and Undue Influence: It's Time to Put the Spotlight on Defence," *EURACTIV*, May 20, 2021,

Unmitigated lobbying in the defence sector

No other area illustrates this better than defence industry lobbying. According to GDI data, 77 per cent of countries have no provisions to regulate lobbying of defence institutions (see Figure 24). Regardless of income levels, geographic location, or level of development, states perform almost unanimously poorly on their lobbying controls, with only Canada and South Korea scoring highly in terms of the regulatory framework and its implementation in practice. The United States – the country with the largest arms industry in the world, which is home to 43 of the top 100 defence companies –[111] does not require public officials to disclose meetings with lobbyists or to confirm that lobbyists are listed in the public register before meeting. In the United Kingdom, lobbying legislation is extremely narrow and excludes in-house lobbyists from registration requirements, despite these actors accounting for up to 85 per cent of lobbying activity.[112]

Overall, eight of the top 15 military spenders globally do not regulate lobbying of defence institutions whatsoever,[113] while regulations in Israel, France, Australia, and the United Kingdom are extremely weak and poorly implemented. This results in high levels of corruption risk, where a lack of legislation facilitates non-transparent lobbying practices which are subject to extremely weak oversight.

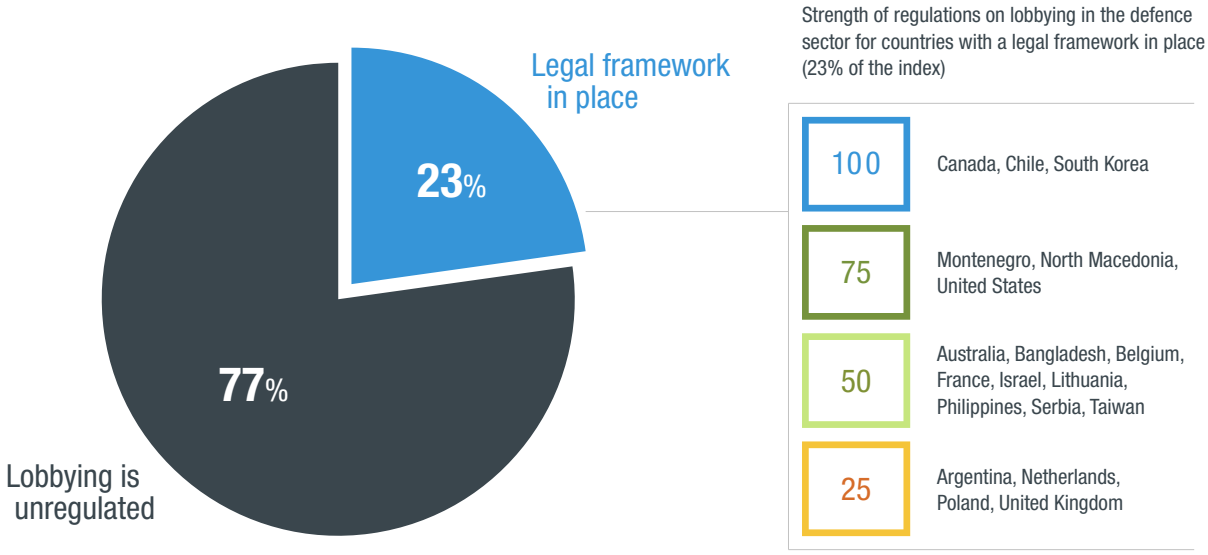
Offset deals shrouded in secrecy

Defence offsets are another key influence pathway that are prime conduits for corruption. Offsets are provisions in government-to-government defence contracts that promise specific benefits to the contracting country as a condition for purchasing goods and services from a non-domestic supplier.[114] As underlined by the GDI, weak legal frameworks and a lack of transparency in these contracts ensure that both the structure and beneficial ownership of the firms associated with these deals largely remain secret, raising significant red flags for corrupt activity.

53 per cent of countries in the GDI have no law or policy in place to regulate offset contracts, and a further 59 per cent do not impose any form of due diligence requirements for these deals. While some significant suppliers such as the United States, United Kingdom and Germany score highly on this subject, offset programmes in France, Italy, Russia, Turkey, and China are at 'critical' to 'high' risk of corruption owing to considerable legislative and due diligence gaps. The same can be said of the vast majority states in MENA, Sub-Saharan Africa, Central and Eastern Europe, and Latin America, while Asia-Pacific and Europe fare only slightly better but are still at high risk.

Legislative failings are compounded by significant transparency and monitoring issues. Of the countries that do not explicitly prohibit offsets and for which data

Figure 24: GDI Scores on lobbying in the defence sector, country results



111 Aude Fleurant, Alexandra Kuimova, Diego Lopes da Silva, Nan Tian, Pieter D. Wezeman and Siemon T. Wezeman, 'The SIPRI Top 100 Arms-Producing and Military Services Companies, 2018', *SIPRI*, December 2019.

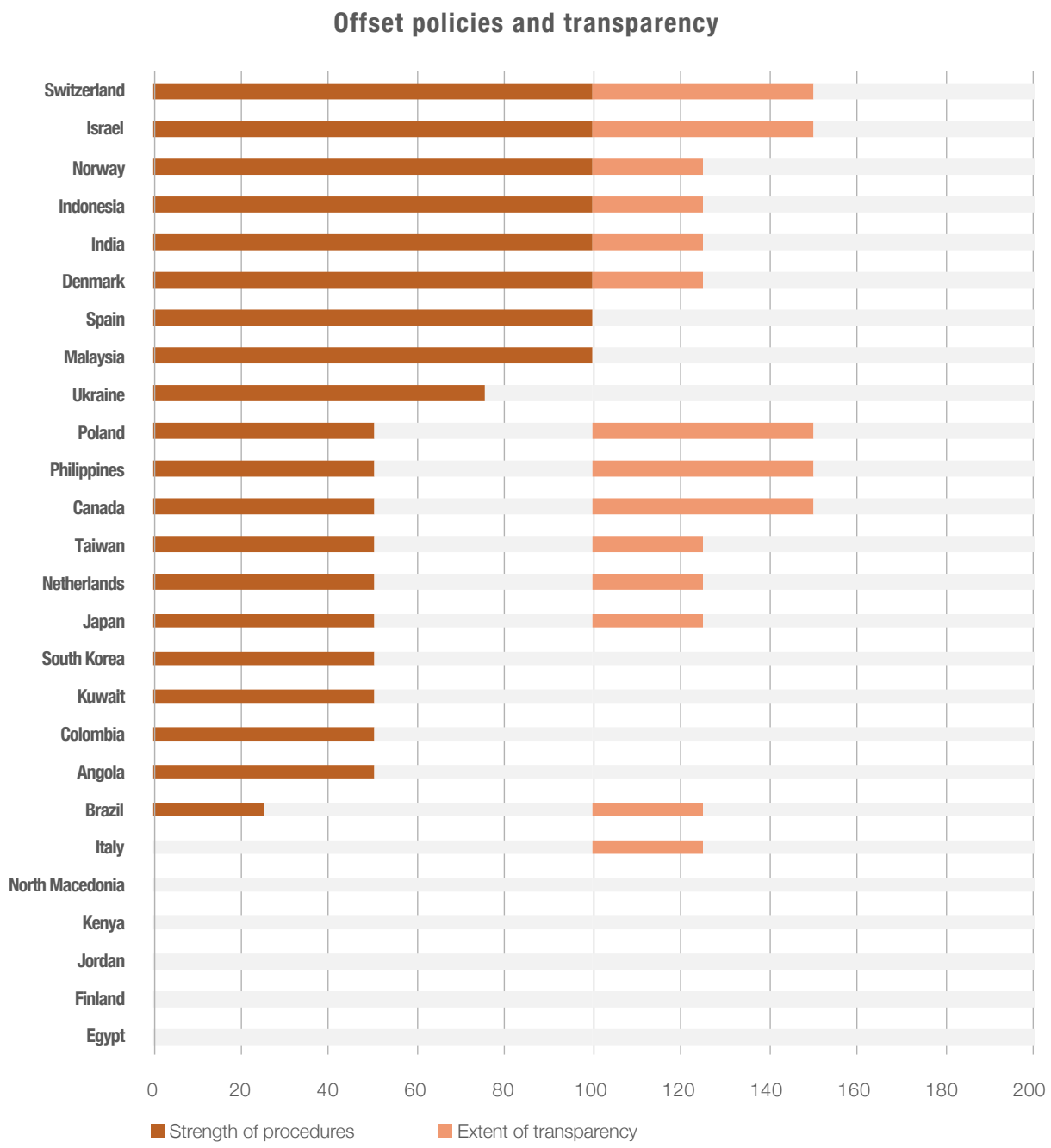
112 Amy Melissa McKay and Antal Wozniak, "Opaque: An Empirical Evaluation of Lobbying Transparency in the UK," *Interest Groups & Advocacy* 9, no. 1 (March 1, 2020): 102–18.

113 These include: China (2nd), India (3rd), Russia (4th), Saudi Arabia (6th), Germany (7th), Japan (9th), Italy (11th), Brazil (15th).

114 Transparency International, Defence & Security, "Defence Offsets: Addressing the Risks of Corruption & Raising Transparency" (London: Transparency International UK, 2010).

is available, 90 per cent fail to make any details of offset contracts transparent or publish only very basic details. For instance, 10 countries in North and Western Europe allow offset contracts and, of these, only Switzerland publishes a full list of contracts, including details of investments and supplying companies.[115] France, Spain, and Sweden do not release any information on these contracts whatsoever. Significantly, transparency of offset deals is extremely limited or non-existent in 13 of the top 25 largest exporters of arms in the world, and only five of these explicitly prohibit offset deals (see Figure 25).

Figure 25: GDI scores on offset policies and transparency for countries that do not explicitly prohibit offsets



115 It should also be noted that offsets are prohibited in the European Union for all public sectors, except for defence. See 'Directive 2009/81/EC on the Award of Contracts in the Fields of Defence and Security',

Unregulated armed actors: private military security contractors

A further manifestation of the growing role of corporations in the sector is the rapidly expanding role of private military and security contractors (PMSCs). Since 2000, the number of PMSCs across the globe has more than doubled, partly due to the wars in Afghanistan and Iraq where private contractors were heavily relied upon and at times exceeded the number of American soldiers on the ground.[116] The United States is the largest customer for PMSC services in the world, spending over US$160 billion between 2007 and 2012, followed by the United Kingdom, China, and South Africa who together account for 70 per cent of the entire industry.[117]

While the most common use for these contractors is for military support purposes, including the provision of logistics, transport, maintenance, construction, and site security services, recent years have seen an increase in the use of PMSCs as principal forces in combat missions.[118] Russia has been at the forefront of this trend, which could prove highly consequential for global peace and security, as Moscow has leveraged PMSCs, including the Wagner Group, to advance its foreign policy goals in theatres as varied as Libya, Venezuela, Ukraine and the Central African Republic.[119] However, their use presents inherent corruption risks. The deniability of PMSC operations and extremely weak international governance of their use increases the risk of abuses and violations of humanitarian and human rights law, exemplified by evidence of war crimes by Wagner Group in Central African Republic.[120]

Box 13: Private military and security contractors

In June 2021, the *New York Times* revealed that a US private military and security company (PMSC) provided paramilitary training to members of the Saudi team that gruesomely murdered Jamal Khashoggi, a dissident journalist.[121]

Though the US Government seemingly did not commission this training, they did approve it as a US defence export to the Kingdom of Saudi Arabia. This revelation added to a growing list of recent instances in which Western PMSCs supported opaque governments in the Middle East and North Africa in ways that fundamentally undermine human rights, local security, and good governance. A former US officer who reportedly commanded the UAE's combat helicopter wing which was active in Yemen;[122] operations to kill and capture political and military targets in Libya and Yemen;[123] former US intelligence officials building more versatile domestic surveillance apparatuses for authoritarian regimes;[124] are just some of the recent examples.

Collectively, these instances highlight the limits of government control over the PMSC industry, as well as the dangerous impacts the industry can have without proper oversight. PMSCs often operate in legal grey areas or under limited regulatory regimes. When such companies export their services to countries where the rule of law is weak, they can feed into local corruption and fuel conflict dynamics.

What is a PMSC?

PMSCs are challenging to systematically define. The term itself embodies several vague and overlapping terms (such as "military contractor" or "private security company") and is often used interchangeably with offhand terms like "mercenary" or "profiteer." Most definitions, however, agree that such companies are for-hire corporate entities that provide various armed services in conflict, fragile, or otherwise complex environments.[125] Clients include governments, international organisations, humanitarian assistance providers, as well as private companies and individuals.

116 Ori Swed and Daniel Burland, "The Global Expansion of PMSCs: Trends, Opportunities, and Risks," *The Working Group on the Use of Mercenaries as a Means of Violating Human Rights and Impeding the Exercise of the Rights of Peoples to Self-Determination*, 2020.

117 Ibid.

118 Matthew Sutherland, "Market for Force: The Emerging Role of Private Military and Security Companies in Contemporary Conflicts," *The Security Distillery*, March 31, 2021.

119 Sergey Sukhankin, "Sociétés militaires privées russes en Afrique subsaharienne. Atouts, limites, conséquences," Russie.Nei.Visions 120, Notes de l'Ifri (IFRI, September 2020).

120 Luke Harding and Jason Burke, "Russian Mercenaries behind Human Rights Abuses in CAR, Say UN Experts," *The Guardian*, March 30, 2021.

121 Mark Mazzetti, Julian E. Barnes, and Michael LaForgia, "Saudi Operatives Who Killed Khashoggi Received Paramilitary Training in U.S.," *The New York Times,* June 22, 2021.

122 Adam Roston, "A Former US Army Officer Is Now A General For A Country Accused Of War Crimes," *BuzzFeed News*, May 7, 2018.

123 United Nations Security Council, "Letter Dated 8 March 2021 from the Panel of Experts on Libya Established Pursuant to Resolution 1973 (2011) Addressed to the President of the Security Council," S/2021/229, 2021.

124 Christopher Bing and Joel Schectman, "Special Report: Inside the UAE's Secret Hacking Team of U.S. Mercenaries," *Reuters*, January 30, 2019.

125 Sean McFate, *The Modern Mercenary: Private Armies and What They Mean for World Order* (Oxford; New York: Oxford University Press, 2015).

There are two major sets of activities that PMSCs carry out. One entails security services, which includes the provision of physical security for fixed installations, work sites, and convoys; close protection for individuals; security consulting; surveillance; and policing activities. The other set entails uniquely military services, which can include the provision of military training and advice; intelligence collection; systems maintenance and operation; logistical support, and more.

PMSCs and Corruption

Much public attention focuses on how PMSCs contribute to high-profile human rights abuses, violent conflicts, or resource competition by expansionist states. Yet PMSCs receive little attention for how they affect and enable corruption, both in their home countries and in their operational environments. They require local authorisation to operate, but in many conflict-affected countries, such authorisation can be bought by corrupt means. This might mean a direct bribe (i.e. 'pay to play'), or a business arrangement that benefits local elites. In Iraqi Kurdistan, for instance, foreign PMSCs must hire politically-connected local companies as subcontractors in exchange for permission to operate.[126]

This enables local conflict elites to enrich themselves from foreign security contracts. Connected subcontractors can overcharge the PMSC for subpar goods and services, who then overcharges the contracting entity. If a PMSC is in a position to inform the security posture or policies of the contracting entity, they (or their local partners) have a backchannel to discretely influence the contracting agency in a way that benefits their interests.[127] In turn, this can create local power distortions that generate instability, as conflict elites enrich themselves disproportionately from lucrative contracts and gain access to military expertise, weaponry, and support. It also undermines the integrity of local government institutions, as connected subcontractors can facilitate bribes to local government officials in exchange for authorisations, as well as lucrative local contracts being awarded to the PMSC that subcontracts them.

Individually, the impacts of such dynamics may seem trivial, but the collective impact can be devastating. Several academics have noted the close overlap of terrorism and corruption in fragile states, where abuses of the public trust by sectional elites actively drive grievances.[128] As many PMSCs benefitted from a flush economy driven by the so-called 'Global War on Terror', they may have paradoxically undermined international efforts to build integral local institutions by leaning into and reinforcing local corruption. Moreover, continued abuses by PMSCs on behalf of authoritarian states, demonstrate the need for oversight in this sector.

The lack of regulation and government oversight also means that PMSC activities and financing are extremely opaque, which heightens corruption risk. Qualitative data collected as part of GDI research helps to illustrate the scope of this issue. 59 per cent of countries assessed either have no legislation applicable to PMSCs, or the frameworks they have are incomplete and do not adequately cover the full extent of PMSC activities. States without any regulation on the use of PMSCs include Venezuela, South Sudan, Nigeria, Sudan, and Mexico where PMSCs have been actively involved in combat operations.

This assessment is even more revealing when it comes to oversight and enforcement of regulations. Only three countries, the Philippines, Switzerland, and New Zealand, have clear provisions in place for PMSC oversight that involve active scrutiny by parliament or audit bodies. In Russia, PMSCs' activities are forbidden by law, which gives Moscow increased deniability around their actions and facilitates their use for covert operations and numerous attempts to regulate their usage have been rejected in the Russian parliament.[129]

126 Zack Kopplin, "Why Is the Pentagon Still Paying $10 a Gallon for Gas?," *The New Republic,* May 6, 2020.

127 Nikolaos Tzifakis, "Contracting Out to Private Military and Security Companies" (Brussels: Centre for European Studies, April 29, 2012), 33; Alleen Brown, "In the Mercenaries' Own Words: Documents Detail TigerSwan Infiltration of Standing Rock," *The Intercept*, November 15, 2020.

128 Sarah Chayes, "Corruption and Terrorism: The Causal Link," *Carnegie Endowment for International Peace*, May 12, 2016; Narrelle Gilchrist and Norman Eisen, "Corruption and Terrorism: The Case of Kenya," *Brookings*, August 22, 2019.

129 aul Stronski, "Implausible Deniability: Russia's Private Military Companies," *Carnegie Endowment for International Peace*, June 2, 2020.

DEMOCRACIES VS. AUTOCRACIES

DEFENCE CORRUPTION RISK
2020 GOVERNMENT DEFENCE INTEGRITY INDEX (GDI)

- PM Personnel Management
- F Finances
- PPA Policymaking and Political Affairs
- P Procurement
- MO Military Operations

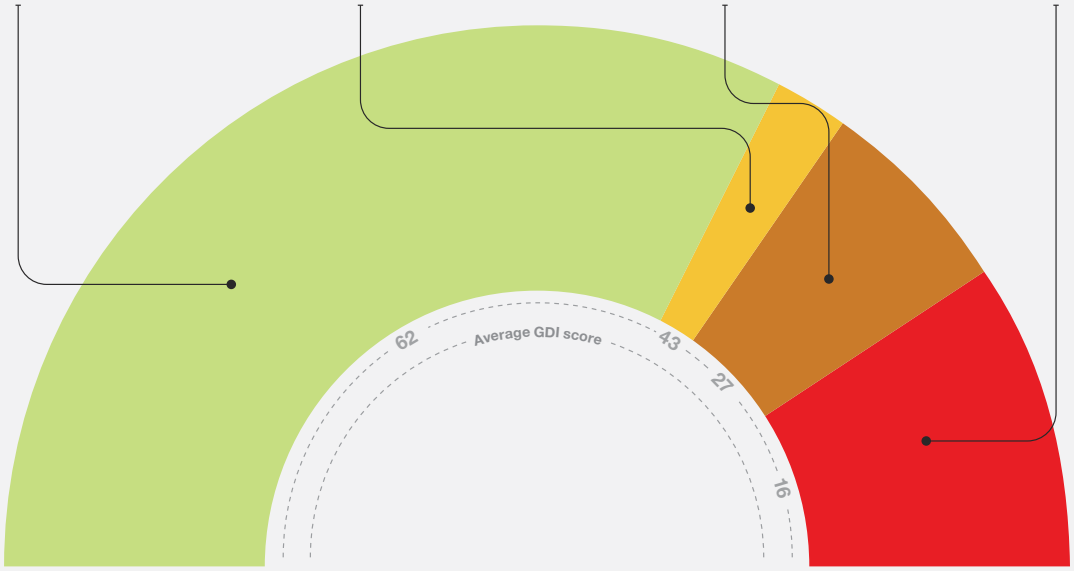
- A: Very low corruption risk (100-83)
- B: Low corruption risk (82-67)
- C: Moderate corruption risk (66-50)
- D: High corruption risk (49-33)
- E: Very high corruption risk (32-17)
- F: Critical corruption risk (16-0)

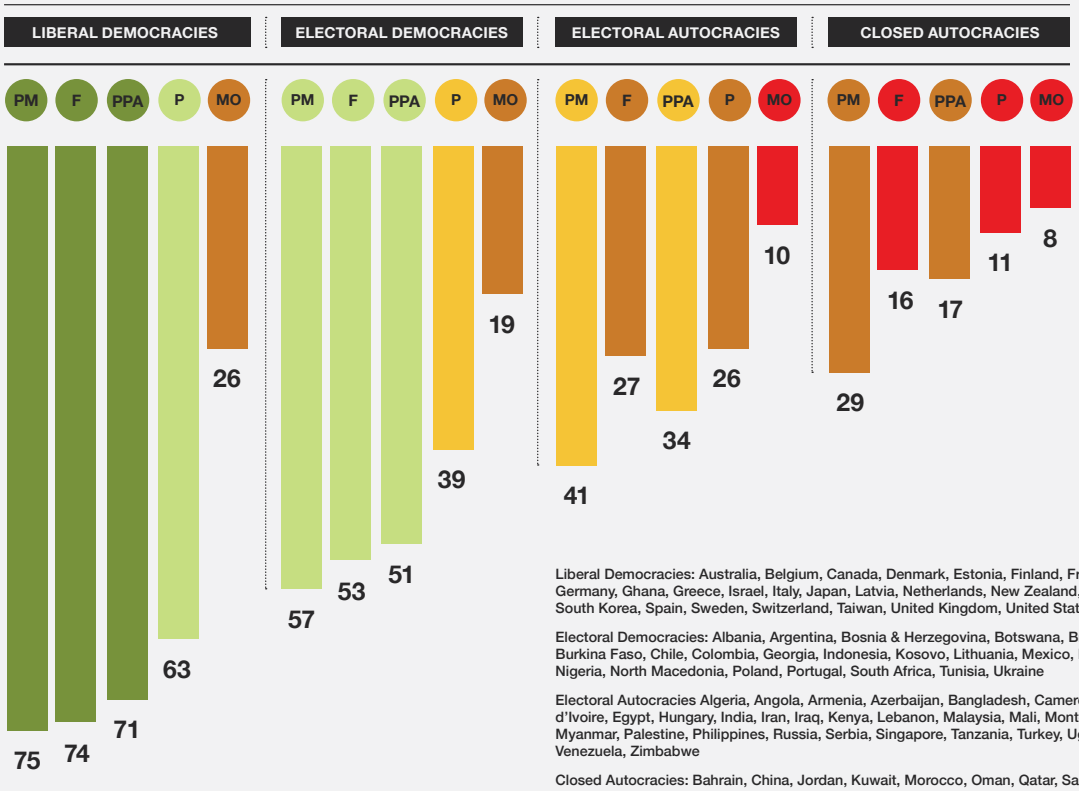
$1224.7bn
LIBERAL DEMOCRACIES
(24 Countries)

$85.6bn
ELECTORAL DEMOCRACIES
(21 Countries)

$231.1bn
ELECTORAL AUTOCRACIES
(28 Countries)

$340.1bn
CLOSED AUTOCRACIES
(12 Countries)





Liberal Democracies: Australia, Belgium, Canada, Denmark, Estonia, Finland, France, Germany, Ghana, Greece, Israel, Italy, Japan, Latvia, Netherlands, New Zealand, Norway, South Korea, Spain, Sweden, Switzerland, Taiwan, United Kingdom, United States

Electoral Democracies: Albania, Argentina, Bosnia & Herzegovina, Botswana, Brazil, Burkina Faso, Chile, Colombia, Georgia, Indonesia, Kosovo, Lithuania, Mexico, Niger, Nigeria, North Macedonia, Poland, Portugal, South Africa, Tunisia, Ukraine

Electoral Autocracies Algeria, Angola, Armenia, Azerbaijan, Bangladesh, Cameroon, Cote d'Ivoire, Egypt, Hungary, India, Iran, Iraq, Kenya, Lebanon, Malaysia, Mali, Montenegro, Myanmar, Palestine, Philippines, Russia, Serbia, Singapore, Tanzania, Turkey, Uganda, Venezuela, Zimbabwe

Closed Autocracies: Bahrain, China, Jordan, Kuwait, Morocco, Oman, Qatar, Saudi Arabia, Sudan, Thailand, United Arab Emirates, Vietnam

Source: Alizada et al. 2021. Autocratization Turns Viral (Regimes of the World). V-Dem Democracy Report 2021. University of Gothenburg; SIPRI Military Expenditure Database, 2020.

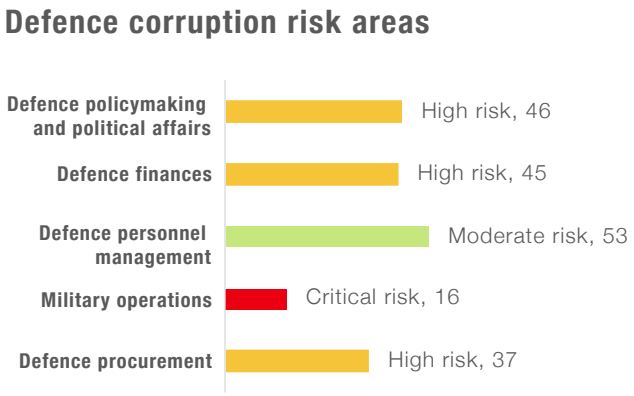
CORRUPTION VULNERABILITIES IN DEFENCE: FINDINGS FROM THE 2020 GDI

The following section outlines the corruption risks that not only threaten the overall governance of the defence sector, but also the mechanisms that produce its outputs and regulate its institutional relationships. Because of the distinct role of defence in maintaining the stability and security of a country, there is a legacy of tightly-controlled information flows and loose oversight practices, as outlined in the previous section. But there are also corruption risks that manifest through the particular responsibilities of the sector itself. This includes its policymaking capabilities, financial management practices, leadership and personnel management, military operations, and procurement systems.

An understanding of this typology of corruption is a means of capturing the key elements that comprise a vulnerability to corruption, without relying on explicit definitions or grand theories.[130] It provides insight into the specific vulnerabilities that weaken governance within the defence sector, with significant repercussions in finances and procurement, and that impact the ability of defence institutions to respond to military threats and contribute to peacekeeping/stabilisation efforts. It also underlines the risk of undue influence from the sector's close relationship with the defence industry, and the power imbalances between the legislature and executive that often manifest in political systems, not to mention the political pressures associated with the global arms trade.

The GDI reveals significant weaknesses in the governance of the defence sectors that contribute to the risk of corruption in its practices. The average scores for policymaking, finances, and procurement fall into the high-risk category, while the scores for personnel management highlight a moderate risk (see Figure 26). Whereas average scores are likely a result of the wide variance in performance within the countries in the index, individual country scores demonstrate that corruption risk is still prevalent across income and regional groupings, and is even prominent in specific areas within ostensibly strong liberal democracies. However, the most poorly-performing area is operations, which stands at a 'critical' level of corruption risk for all but a handful of countries.

Figure 26: GDI index averages on five defence corruption risk areas



Defence policymaking and political affairs

Defence policymaking refers to the process by which procedures, rules and standards are put into place for defence planning and implementation. Effective defence policymaking requires parliamentary oversight as a cornerstone to ensure scrutiny and accountability of the executive, together with the involvement of civil society, and the support of other offices of government, such as audit offices and finance authorities.

Policymaking is critical to determining the overall strategic direction of defence and requires the defence system to be able to implement policies effectively, through the development of strategies, plans, programmes and budgets across the sector.[131] When done right, policymaking establishes a framework for effective defence governance, which ensures an efficient distribution of resources, synergy between defence actors, and contains provisions for scrutiny of policies and activities by oversight institutions. The GDI reveals not only weaknesses in parliamentary performance with respect to defence oversight, but also significant implementation gaps across the index.

130 Oliver Cover and Saad Mustafa, "Identifying Corruption Threats in the Defence and Security Sector: Empirical Evidence Using the Government Defence Anti-Corruption Index," *The Economics of Peace and Security Journal* 9, no. 2 (2014): 27–33.

131 ISSAT-DCAF, "Phase A - Build National Defence Policy," SSR Thematic and Sectoral Guidance (International Security Sector Advisory Team (ISSAT) of Geneva Centre for Security Sector Governance (DCAF)).

Box 14: Elements of parliamentary oversight

Parliament plays a crucial role in safeguarding the democratic element of security sector governance (SSG), which includes defence sector governance. Parliament's role lies in ensuring a transparent and accountable security sector, the efficient use of public funds by the security sector, and democratic oversight – and therefore democratic legitimacy – of the security sector.[132]

The parliamentary spheres of work that facilitate this democratic oversight include legislative, budgetary, oversight, elective, and representative functions (See Figure 27).

In essence, the main principle of parliamentary oversight is to ensure the government's accountability and to assure a balance between security and liberty by aligning goals, policies, and procedures of the security sector with those of the political leadership.[133]

Figure 27: Five parliamentary functions that influence security sector governance

Legislative functions

Parliament creates laws that determine the mandate, function, organization, and powers of security providers, management and oversight institutions.

Budgetary functions

Parliament has a role in the approval, amendment or rejection of the budget for the security sector.

Oversight functions

Parliament monitors and verifies whether the security sector is acting in accordance with the constitution, laws, regulations, and policies to which it is legally subject.

Elective functions

Parliament may scrutinize, veto, or approve (top-) appointments within the security sector, as well as vote non-confidence in cases of disagreements with government decisions regarding security.

Representative functions

Parliament provides a public forum for debate on security, facilitates political consensus through dialogue and transparency, and gives voice to popular disagreement with government decisions regarding security.

132 Hans Born, "The Role of Parliaments," in *Oversight and Guidance: Parliaments and Security Sector Governance*, ed. Eden Cole, Philipp Fluri, and Simon Lunn (DCAF Geneva Centre for Security Sector Governance and NATO Parliamentary Assembly, 2015), 64–84, 68.

133 DCAF, "The Security Sector: Roles and Responsibilities in Security Provision, Management and Oversight," SSR Backgrounder (Geneva: Geneva Centre for Security Sector Governance, 2015).

Parliamentary authority in defence matters

Parliament requires enshrined powers to effectively exercise its oversight role in defence, which includes shaping decisions, approving, and vetoing laws, allocating funds, approving arms procurement, and rejecting and amending policies. Additionally, parliament needs to be able to undertake its responsibilities independently, without coercion or undue influence from the executive or the military.

In democracies, parliaments play a critical role in ensuring that defence and security forces carry out their duties in accordance with national and international laws. Parliamentary oversight of defence is thus a key pillar in enforcing transparency and accountability in the sector, whilst ensuring that defence and security forces operate in conformity with democratic standards.[134]

Nevertheless, when applied to the defence sector, parliamentary oversight frequently encounters challenges. Secrecy laws can hinder efforts to enhance transparency and block legislators from receiving information necessary to scrutinise defence decisions and activities. Secondly, the highly technical nature of the sector means there is frequently a knowledge imbalance between parliaments and the institutions they are overseeing, which can result in diminished oversight and greater deference shown to the sector.[135] Finally, executive overreach can substantially cut back independent scrutiny of defence affairs, for instance by staffing committees with executive allies. If left unaddressed, these challenges to oversight can significantly undermine the inclusivity, transparency, and accountability of the policymaking process and increase the risk of corruption taking root in the sector.[136]

Research conducted as part of the GDI underscores these issues and outlines some significant challenges in the exercise of parliamentary scrutiny of defence. The average score for parliamentary oversight of defence policymaking is 42/100, indicating a high risk of corruption, associated with weak legislative oversight of defence. However, this overall score obscures significant variations across the index. For instance, just 10 per cent of countries in the index score 100 for effective parliamentary scrutiny of defence policy.

Conversely, 41 per cent of countries are considered at 'high' to 'critical' risk of corruption because of ineffective to non-existent scrutiny in practice. At this lower end of the spectrum, a key factor that contributes to weak to non-existent legislative scrutiny of defence policymaking is the lack of formal rights. Assessing the regions covered in the index, GDI data indicates that 11 of 16 MENA states have limited to non-existent parliamentary oversight of defence policymaking (see Figure 28).

Six of these are among the top 40 arms importers in the world: Bahrain, Egypt, Oman, Morocco, Qatar, Saudi Arabia, and the UAE, which are countries without any formal provisions for legislative scrutiny of defence policy. This presents a major vulnerability, as the lack of formal powers to scrutinise approval of arms procurement and defence policy decisions, among others, could potentially lead to unfettered 'state capture' if elites are able to shape state decisions to suit their ends with few checks on their power.[137]

However, the response to this issue is more complex than simply strengthening formal parliamentary powers. The fact that 81 per cent of countries have moderate to robust formal provisions for parliamentary oversight of defence in place is testament to this. Rather, weaknesses in oversight often stem from the ineffective, piecemeal, or fundamentally flawed implementation of these formal powers in practice. In 41 per cent of countries, parliaments consistently fail to take advantage of their formal oversight powers or simply do not debate or review defence policy at all. Whilst this encompasses the bulk of MENA, Sub-Saharan Africa and a significant share of Asia-Pacific, it also includes more established democracies such as Hungary and Israel.

GDI data also sheds light on another obstacle to effective oversight: undue executive and/or military influence in the parliamentary policymaking and oversight processes that hinders parliaments' ability to provide independent scrutiny of defence. In 36 per cent of countries in the index, the military and executive regularly influence or coerce parliaments, and in some cases systematically undermine parliamentary scrutiny. These latter, most extreme cases, account for 23 per cent of countries and include some of the biggest military powers in the world, including China, Russia, and Saudi Arabia, along with some key regional players such as Colombia, Mexico, Thailand, Uganda, and Bangladesh. Findings at the other end of the spectrum reveal that 24 per cent of countries score in the top bracket here, including a majority of states in North and Western Europe and Asia-Pacific.

134 Transparency International, Defence & Security, "Progress [Un]Made: Defence Governance in Central and Eastern Europe" (London: Transparency International UK, 2020), 8.

135 "Parliamentary Oversight of the Security Sector: Principles, Mechanisms and Practices" (Inter-Parliamentary Union (IPU) and Geneva Centre for Security Sector Reform (DCAF), 2003), 20.

136 DCAF, "Strengthening the Role of Parliaments in SSG – Challenges and Opportunities from Selected Case Studies" (Geneva: Geneva Centre for Security Sector Governance (DCAF), 2021).

137 State capture is understood as efforts by private actors and public actors with private interests to redirect public policy decisions away from the public interest, using corrupt means ad clustering around certain state organs and functions. See "Examining State Capture: Undue Influence on Law-Making and the Judiciary in the Western Balkans and Turkey" (Berlin: Transparency International, 2020), 6.

Figure 28: Parliamentary debate of defence policy

Defence committees and responsive policymaking

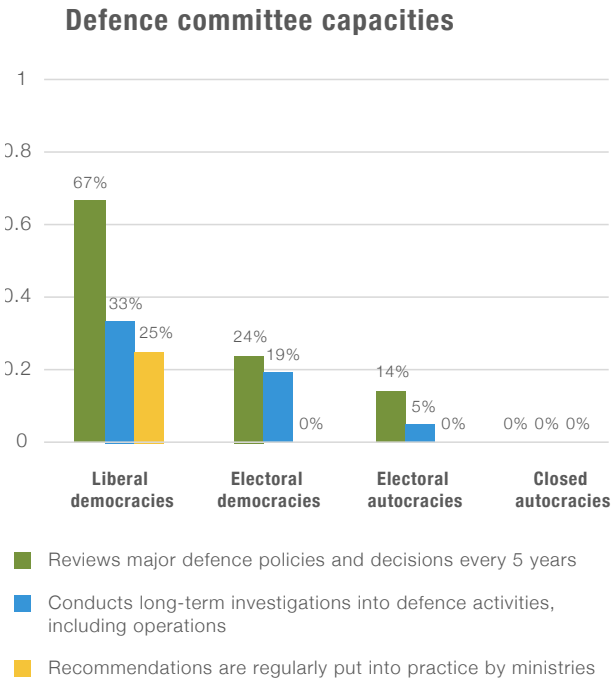
In practice, parliamentary oversight of defence is usually the remit of specific committees. Depending on the makeup of the legislature, there may be multiple committees, particularly in bicameral parliaments. These committees are specialised bodies with the authority to provide advice and make recommendations to the plenary concerning laws and decisions pertaining to defence. They are also tasked with carrying out day to day oversight activities of defence institutions, including examining expenditure, administration, and policies on a regular basis, initiating investigations, conducting enquiries and gathering evidence and testimonies from defence personnel.[138] As key conduits for short and long-term oversight of defence, these committees are a critical component of the entire oversight architecture. Nevertheless, GDI data reveals significant issues with how impactful these committees often are in practice (see Figure 29).

Defence committees in 73 per cent of countries have either some formal rights or mechanisms to oversee the sector, or have extensive formal powers of scrutiny. In spite of this, their ability to influence policymaking is limited by a combination of poor expertise, failures to exercise oversight, and a lack of power to shape institutional outcomes. For instance, the majority of committee members in 67 per cent of countries have either limited or no expertise in the sector. This lack can be offset by the presence of senior experts on parliamentary staff, who can advise committee members and help to shore up their understanding of key issues. But this kind of support is rarely available in resource-constrained environments. As a result, the lack of expertise serves to undermine parliament's ability to act as a counter-weight to the executive and military, and restricts committee members' ability to exercise informed oversight. In 16 per cent of cases, parliamentary expertise on defence issues is almost nil. This includes four out of 16 Sub-Saharan African states in Zimbabwe, Kenya, Mali, and Botswana, along with Chile and Mexico in Latin America, and Montenegro and Kosovo in Central and Eastern Europe.

138 DCAF, "Parliamentary Committees on Defence and Security," 2005

The majority of committee members in 67 per cent of countries have either limited or no expertise of the sector, significantly undermining their ability to act as a counter-weight to the executive and military, and restricting their ability to exercise informed oversight. In 16 per cent of cases, parliamentary expertise on defence issues is almost nil.

Figure 29: Defence committee effectiveness across democracy regimes



On the issue of oversight, GDI data underlines that, in 53 per cent of countries where defence committees are established, they frequently fail to issue amendments to budgets or legislative recommendations in practice. Aside from many low-income and fragile and conflict affected states, this group also includes many higher income countries such as Japan, New Zealand, and Argentina, along with five EU member states: Hungary, Poland, Portugal, Greece, and Spain. The diversity in countries scoring in the lower brackets here underscores how the issue of weak oversight is not confined to low-income countries or autocratic states with poor formal rights, but also affects established democracies, where the implementation of formal powers of oversight has been curtailed in defence, oftentimes in order to maintain defence secrecy and executive control over defence affairs (see Figure 28).

Finally, even when committees are active in proposing recommendations and amendments, defence institutions are often able to simply ignore them. In fact, in just six countries, Norway, Latvia, Sweden, Finland, Estonia, and the Netherlands do ministries regularly incorporate committee findings into their practice and provide justification when they cannot. Conversely, in 44 per cent of the countries with active committees, ministries regularly fail to incorporate their findings into practice, or only make minor amendments. Amongst these lower scorers are countries as varied as South Africa, Ukraine, Singapore, Brazil and Niger. This points to a key issue with committees' ability to hold the executive and defence actor to account: their poor enforcement powers, which are frequently a combination of weak formal rights of control over defence issues, and a power imbalance between the legislature and executive on defence issues that strips back the latter's accountability to the former.

Anti-corruption policy tools

States have a number of instruments at their disposal to reduce public sector corruption and strengthen governance processes. These can include both international conventions, such as the UN Convention against Corruption (UNCAC) and the OECD Anti-Bribery Convention, or tools developed at national level, such as anti-corruption policies, strategies, and risk assessments. They can also include specialised departments or units that address compliance issues and corruption risk in organisational practices. In practice however, the implementation and roll out of these instruments in the defence sector has been uneven at best (See Figure 30).

Figure 30: Score gaps in legal frameworks and implementation: anti-corruption policy tools, index averages

Anti-corruption instruments

According to the GDI, 76 per cent of countries have an anti-corruption policy in place, or are in the process of developing one. Just 16 per cent of countries have no anti-corruption policy whatsoever, or have one that excludes the defence sector. Ostensibly, this provides a good foundation for the development of anti-corruption efforts and for building a strong anti-corruption culture in the sector. However, states are failing to effectively implement these policies.

Of the 39 countries that score in the top bracket for anti-corruption policies, just Latvia, the United Kingdom, the Netherlands, and South Africa also score in the top bracket for implementation. Significantly, 13 of these 39 states show no record of any actions being taken to implement the policy or associated action plans and in nine of these, there is no evidence of action plans being in place, despite being key documents for implementing policies.

More broadly, of the countries where defence-specific anti-corruption policies are in place, 54 per cent have no record of any implementation activities. These findings lay bare the continuing gap between formal commitments to anti-corruption and substantive efforts to apply anti-corruption provisions.

Analysis of the regularity of corruption risk assessments in defence institutions also underlines key flaws in states' anti-corruption standards for defence. Risk assessments are a key tool in informing both policy and practice as they identify key areas of risk and point to appropriate policy solutions to address these risks. Yet, in only 12 per cent of countries do individual departments within ministries of defence carry out their own corruption risk assessments on a regular basis. In a further 22 per cent of cases, risk assessments are conducted, but only at the level of the ministry as a whole, without focusing on individual departments that may be more sensitive in nature, or high-risk. This leaves 66 per cent of countries where assessments of corruption risk are either partial or completely non-existent. This latter group accounts for 40 per cent of the index, and includes major defence players such as the UAE, Sweden, Turkey, China, and Spain.

Furthermore, of the countries that conduct regular and detailed corruption risk assessments, only roughly half conduct them annually. For a quarter of these countries, there is no set schedule for conducting such assessments, increasing the likelihood that assessments

are de-prioritised and downgraded in the face of more immediate priorities. Among these countries are significant military powers such as the United States, Australia, India, Japan, France, and Brazil.

Equally, in only half of countries are the findings from risk assessments used to regularly update anti-corruption policy and practice, through regular revisions to the anti-corruption policy, as well as through dissemination of findings throughout the defence function, detailing the practicalities of implementation. In some countries, such as Russia, Hungary, Thailand, and the United States, there is no evidence of findings being used to inform policy. This significantly restricts the strength and relevance of anti-corruption policy, and deprives countries of an extremely useful and pertinent source of data on the current vulnerability of the defence function. Risk assessment findings should be a key vector through which anti-corruption standards are developed and updated. A failure to do so undermines the usefulness of the process and raises doubts about the overall commitment to strengthening defence governance.

Anti-corruption institutions

Anti-corruption institutions are a key mechanism of corruption control, which often have investigative and preventative powers as key aspects of their functions. Some countries adopt a multi-agency approach, where several anti-corruption institutions exist with an anti-corruption policy in place that details how they should harmonise their operations, as well as complement each other, in order to better maximise effective corruption mitigation approaches. This includes the coordination of corruption prevention, investigation, prosecution, training, and public education.[139]

In practice, GDI research shows that 53 per cent of countries have formally established and well-resourced anti-corruption institutions in the defence sector, 27 per cent have institutions but with significant resource and mandate gaps, and 20 per cent have no such institutions. Asia-Pacific is the highest performing region, followed by Europe. Though scores are generally high for the existence of these bodies, a review of their effectiveness reveals some clear disparities. Only nine countries score in the top bracket for effectiveness, where staff understand the corruption risks specific to their institutions and are able to address them effectively, as well as ensuring that other departments address risks adequately too.

Conversely, in a third of countries in the index with anti-corruption institutions, these institutions do not have action plans in place and in some cases do not fully recognise the scope or depth of corruption risks in the sector. This implementation gap is particularly evident in relation to the scores of the high performing regions. Asia-Pacific drops by 23 points from 78 to 55/100 for effectiveness, North and Western Europe goes down to 69, and Central and Eastern Europe falls by 14 points down to 63.

These findings emphasise the clear implementation gap between formal provisions and their roll out in practice. While it is undoubtedly positive that a majority of states have anti-corruption institutions in place for defence, adequate resources and authority are necessary to fulfil their mandate. Otherwise, anti-corruption efforts resemble a box ticking exercise, rather than an ongoing commitment to strengthen standards and improve governance in the sector.

Anti-corruption conventions

Anti-corruption instruments also include international conventions, such as the United Nations Convention against Corruption (UNCAC) or OECD Anti-Bribery Convention. However, the gap between states ratifying these agreements and their compliance in practice is stark. 77 of the 86 countries (90 per cent) covered by the index have signed up and ratified UNCAC and/or the OECD Convention. As shown in Figure 31, ratification of international instruments is almost universally strong, with an index average of 94/100.

Notwithstanding, there is a wide implementation gap with regards to compliance with most of the obligations in priority areas covered by the relevant instruments. The average score for compliance is just 47/100. For instance, while Europe, Asia-Pacific and Latin America all score in the top bracket (A) in terms of signatory and ratification of the above international conventions, all three regions score moderate (C) for compliance. In fact, only nine countries fall into the top bracket for compliance.[140] Conversely, 30 countries, representing nearly 38 per cent of all countries that have signed up to these agreements, either face significant difficulties with compliance or have failed to comply with most provisions. This includes 11 of the top 40 countries with the highest military expenditure in the world.[141]

139 Michael Johnston and Alan Doig, "Different Views on Good Government and Sustainable Anticorruption Strategies," in *Curbing Corruption: Toward a Model for Building National Integrity*, ed. Rick Stapenhurst and Sahr J. Kpundeh, World Bank Institute Development Studies (Washington, D.C.: The World Bank, 1999), 13–34.

140 These are: Belgium, Estonia, Hungary, Lithuania, Morocco, Norway, Singapore, Thailand and the United States.

141 These are (with SIPRI rankings in brackets): Russia (4th), Saudi Arabia (6th), Canada (13th), Turkey (16th), Spain (17th), Iran (18th), Poland (19th), Iraq (29th), Kuwait (30th), Oman (31st), Sweden (32nd)).

Defence finances

Sound financial management of a country's defence sector is essential for the defence forces to be effective, efficient, professional, and capable of protecting the state and citizens. Nevertheless, the defence sector is frequently held up as an exceptional case where national security priorities preclude transparency and necessitate confidentiality in spending. The highly political nature of expenditure, particularly related to the arms trade, adds a further layer of complexity to the task of implementing effective public financial management (PFM) in the defence sector. However, this prioritisation of secrecy over transparency and its adverse effects on the quality of governance provide significant opportunities for fraud and corruption.

Despite this, the distinction between transparency and secrecy does not have to be absolute. Decisions to restrict access to information need to balance the public interest with the harm that releasing specific data could do, and needs to be based on well-justified exemptions that preserve the overall presumption of transparency.[142] Weaknesses in PFM systems can result in a lack of fiscal discipline and stability across the governance of the defence sector, diminished alignment between the allocation of resources and national defence priorities, and greater opportunities for corruption and waste in military operations.[143]

This also has a highly corrosive effect on the attainment of policy objectives and generally limits the effectiveness of defence programming. PFM reforms can correct these vulnerabilities by introducing institutional controls that reduce opportunities for corruption, mainly though minimising the discretion of politicians and bureaucrats. Sound financial practices can also indirectly increase the likelihood of detection and sanctions by increasing transparency and oversight.[144]

Defence budgeting

The budget is a key foundational document for defence as it provides the financial basis for the delivery of defence functions and implementation of policies and priorities. By balancing competing objectives, it determines the strategic allocation of public resources to different defence functions, while also acting as a planning document that outlines key priorities for defence for a given financial year. Given the size of its spending, integrating the defence sector into the national budget is essential to ensuring its sustainability and balancing it against other public services.[145]

Meanwhile, funds earmarked for the sector need to be spent efficiently and transparently to provide effective defence at a reasonable cost, in a manner that ensures such spending is accountable to the public and oversight bodies, such as parliament. Nevertheless, secrecy is often cited as an impediment to open budgeting in defence and as justification for budgets to be vague, incomplete and superficial in nature. However, where individuals enjoy discretion in allocating funds, corruption risks associated with budgeting increase.[146] Opaque budgeting without public input and oversight from responsible institutions exacerbates opportunities for corruption and can skew budget priorities to the benefit of private interests.[147] A focus on budgets and budgetary processes is warranted in the context of a global rise in military expenditure which is 9.3 per cent higher than in 2011.[148]

The budget is a key foundational document for defence as it provides the financial basis for the delivery of defence functions and implementation of policies and priorities.

142 Mark Fenster, *The Transparency Fix: Secrets, Leaks, and Uncontrollable Government Information* (Stanford University Press, 2017), 11.

143 For general discussion of PFM, see: Verena Fritz, Marijn Verhoeven, and Ambra Avenia, "Political Economy of Public Financial Management Reforms: Experiences and Implications for Dialogue and Operational Engagement" (Washington, DC: World Bank, November 15, 2017).

144 Cathal Long, "PFM and Perceptions of Corruption," in *PEFA, Public Financial Management, and Good Governance,* International Development in Focus (Washington, D.C.:The World Bank, 2019), 93–119, 95.

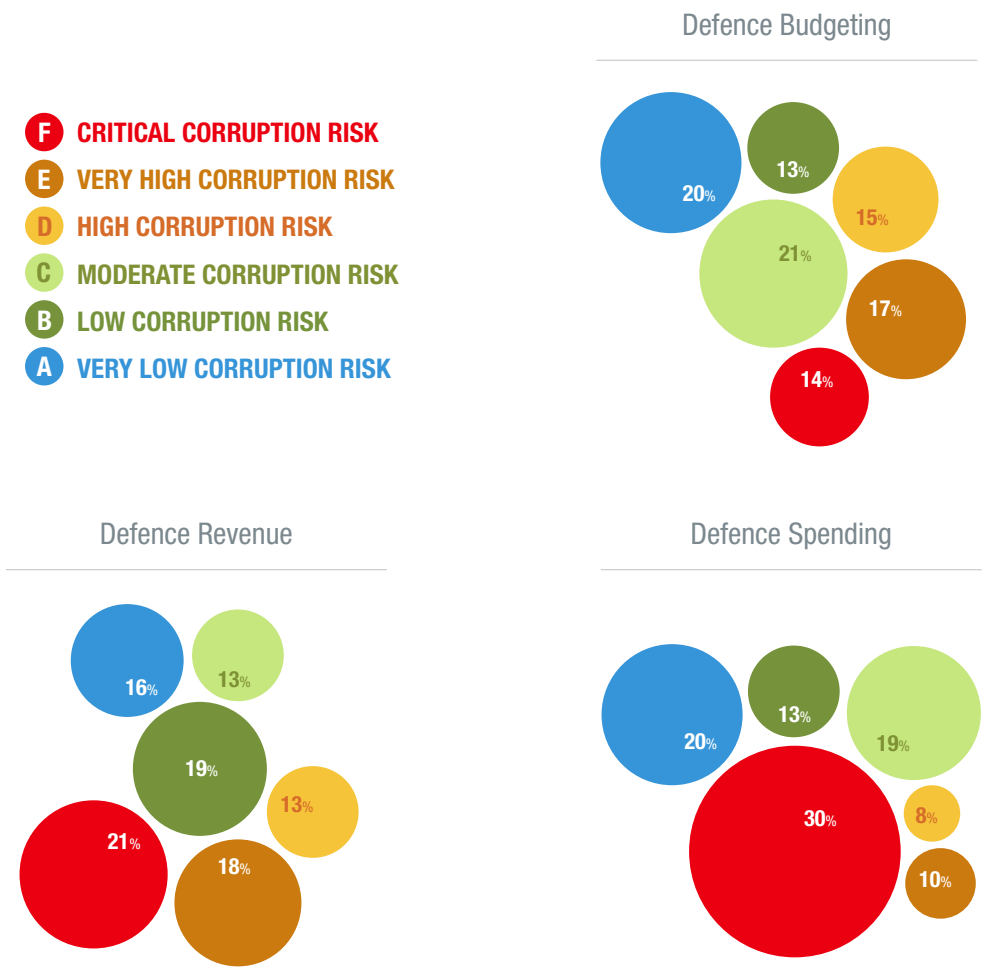
145 Bernard Harborne, William Dorotinsky, and Paul M. Bisca, *Securing Development: Public Finance and the Security Sector* (The World Bank, 2017), 106.

146 Morgner, Matthias and Marie Chene, "Public Financial Management Topic Guide" (Berlin: Transparency International, 2014).

147 Jorum Duri, "The Impact of Public Financial Management Interventions on Corruption" (Bergen: U4 Anticorruption Resource Center, Chr. Michelsen Institut, 2021).

148 Diego Lopes da Silva, Nan Tian, and Alexandra Marksteiner, "Trends in World Military Expenditure, 2020," SIPRI Fact Sheet (Stockholm International Peace Research Institute, April 2021).

Figure 31: Distribution of GDI country scores across defence budgeting, income, and spending



Budget data collected as part of GDI research reveals significant patterns in defence budget transparency, availability, comprehensiveness and oversight (see Figure 31). Firstly, budget transparency and detail is the highest scoring 'financial' indicator in the index, with 49 per cent of states scoring in the top quarter. This means that defence budgets contain comprehensive information on expenditure across functions including, amongst the top performers, information on personnel, military R&D, training, construction, procurement, equipment maintenance, and asset disposals.

Notwithstanding, 26 per cent of countries still rank in the bottom brackets, denoting 'high' to 'critical' corruption risks as a result of opaque defence budgeting practices. Amongst these states are global powers such as China and Saudi Arabia, as well as significant defence spenders such as Spain, Azerbaijan, Malaysia, Algeria, Venezuela, and Egypt. The reasons for these states' lower scores are two-fold. Firstly, budgets are generally not comprehensive and omit many of the functions that higher scoring states detail. In many cases, budgets include just a topline figure for the whole sector without any disaggregation or breakdown. Secondly, these states consistently fail to provide the legislature with accurate budget proposals in a timely manner or fail to provide parliament with any information whatsoever. This essentially ensures that the budgeting process is tightly executive-controlled and external involvement is kept at a minimum by granting legislators very little time to review spending plans and propose amendments.

With regard to legislative involvement in the budgeting process, GDI data underlines the limited influence of parliament on budgetary decision-making. 49 per cent of countries score in the top quarter for parliament's formal rights, indicating that there is a formal committee with rights of scrutiny over the budget and which is in a position to require witnesses to appear before it. In fact, formal powers of oversight are moderate to strong in 76 per cent of countries in the index. However, their effectiveness in practice is much less impressive. With regards to committees' influence over budget decisions, 78 per cent score in the bottom half of the index.

To break this down further, 43 per cent score in the bottom two brackets, indicating that the committee has

no impact on decision-making whatsoever (23 per cent), or the committee does review the budget but fails to exercise meaningful scrutiny (20 per cent). While these two categories include eight of 16 Sub-Saharan African states and three of the four Latin American countries who have committees, they also comprise five of 14 states in Central and Eastern Europe, two EU members in Greece and Portugal, along with Canada. This spread of countries points to a general trend toward the weakening of legislative oversight of defence in many regions around the world, and the potentially significant impact it could have on defence corruption risk levels.

Finally, it is worth analysing findings relating to access to information requests on the budget. As a fundamentally public document that sets out spending priorities and the allocation of public funding, budgetary information should be readily available and if not, should be available to access via right to information legislation. However, nearly 70 per cent of the index scores in the bottom half on this indicator. In other words, in more than two-thirds of countries there are unjustified refusals to share requested budgetary information, information is arbitrarily redacted or it is simply impossible to access through information requests. This latter category even accounts for nearly 30 per cent of all countries in the GDI, and illustrates the continuing difficulties with accessing defence budgets in many countries around the world.

In more than two-thirds of countries there are unjustified refusals to share requested budgetary information, information is arbitrarily redacted or it is simply impossible to access through information requests.

Defence income

Revenue generation within the defence sector often serves as a source of extra-budgetary funding for government activities, helping to support the strengthening of military capabilities, which can be particularly important in fragile and conflict-affected states (FCAS). It can also relieve pressure on budgetary prioritisation processes by providing a stable source of income for the defence establishment that does not require centralised allocation from government sources.

However, sources of funding outside of central government allocation are also highly vulnerable to corruption, ranging from bribery and extortion to embezzlement and misappropriation.[149] Moreover, the flow of revenue into an already opaque sector is at risk of not being included in financial plans or budgets and could go entirely unreported, resulting in monies being used slush-funds for secretive and unregulated military activity and procurement.

According to the GDI data, only 16 per cent of countries score in the top bracket in relation to the transparency and oversight of sources of extra-budgetary income. This includes five of 15 states in Asia-Pacific, six of 14 in North and Western Europe, and two of 14 in Central and Eastern Europe.[150] For this handful of countries, there is generally full publication of all sources of income, including its allocation, mechanisms are in place to audit these revenues, and there is consistent public scrutiny of the issue by the media and CSOs.

Conversely, 38 per cent of countries in the GDI score in the bottom third of the index, indicating extremely limited, selective or non-existent publication, scrutiny and auditing of these revenue streams. This includes major powers such as China and Russia, as well as significant defence spenders such as Egypt, Iraq, Algeria, Angola, Thailand, and Myanmar. Significantly, militaries in these latter states are also heavily involved in businesses associated with natural resource extraction (see Box 15), raising the risk that natural resource revenue is funnelled into opaque accounts to be disbursed in a wholly unaccountable and unregulated manner.

149 For discussion of revenue mobilisation across the public sector, see: Ben French, "The Impact of PFM Interventions on Corruption" (Governance and Social Development Research Centre (GSDRC), 2013), 6; Maira Martini, "Approaches to Curbing Corruption in Tax Administration in Africa," 2014:11 (Berlin: U4 Anticorruption Resource Center, Chr. Michelsen Institut), 3-4.

150 In Asia-Pacific these are: New Zealand, Taiwan, Malaysia, Australia and South Korea. In North and Western Europe these are: Germany, the Netherlands, Belgium, Spain, Denmark and Switzerland. In CEE these are: Latvia and Serbia.

Box 15: Military involvement in natural resource extraction

GDI data underlines strong military involvement in natural resource extraction in many of the regions most at risk of climate-related disasters. While the overall global score of 56/100 indicates a moderate risk of corruption, scores vary wildly between regions. While militaries in states across Europe and in EU, NATO, and OECD member states all have either extremely limited involvement in natural resource extraction or none whatsoever, the armed forces in many MENA, Latin American, and Sub-Saharan African states are frequently involved in businesses associated with natural resources, and these interests are subject to few controls or oversight. In Sub-Saharan Africa, for instance, corruption risk related to this involvement is 'critical' or 'very high' in eight of 16 countries, meaning there are few controls if any over these interests, allowing defence institutions and individual personnel to derive revenue from natural resources that is not regulated by legislation or subjected to audit or disclosure.

A more detailed look at the data also reveals other gaps. Across the index, the strength of legal frameworks regulating defence interests in such businesses is extremely weak, scoring 29/100 indicating a very high risk of corruption. 57 per cent of all countries in the index score 0 by this metric, indicating that they have no legislation in place which explicitly prohibits defence involvement in natural resource extraction. This includes three-quarters of all MENA and Sub-Saharan African states in the index, three of six countries in Latin America, five of fifteen in Asia-Pacific, along with the United States, Canada and four of 14 states in North and Western Europe, including six EU members.

However, gaps in legislation do not necessarily translate to such interests being prevalent in practice. For instance, North and Western European, Canada, and the United States all rank in the lowest risk category *de facto*, with very little evidence of defence institutions or personnel being engaged in such activities. The same cannot be said for other regions where weak legal frameworks and active military involvement in natural resource extraction are closely linked. Defence personnel in roughly a quarter of countries are actively and heavily engaged in such activities, which are mostly illicit and generate substantial off-the-books revenue. States in Sub-Saharan Africa – such as Zimbabwe, Uganda, South Sudan, Angola, and Nigeria – feature prominently, as does the Asia-Pacific region, where such activities are widespread in Thailand, Bangladesh, and Indonesia. In Myanmar, the military has further tightened its grip over the highly corrupt multi-billion-dollar jade trade, stoking further conflict as it does as profits are channelled into the arms trade and military campaigns against ethnic minorities and separatist groups.[151]

Significantly, the average transparency score for the 39 countries that do not prohibit military involvement in businesses involved with natural resource extraction, and where such activity occurs in practice, is just 15/100. This underlines how such holdings are generally completely non-transparent, putting them at 'critical' risk of corruption. In fact, 70 per cent of these countries score 0 in relation to transparency, including six out of eight countries in the West and Central African region, four out of five states in East and Southern Africa, and half of MENA countries. Latin America also performs poorly with such interests completely non-transparent in Chile and Venezuela and only partially available in Colombia.

Similarly, in Asia-Pacific, China, Thailand, Bangladesh, the Philippines, and Myanmar have extremely poor transparency standards, increasing the risk of corruption in the management of these resources. Furthermore, in only two out of 39 countries, are the military's financial interests in natural resource extraction subject to public and/or parliamentary scrutiny that explicitly scrutinises the potential for impropriety. Aside from the trio of Brazil and Malaysia, in all other states, such scrutiny is either superficial or completely non-existent.

In MENA, not a single country where such interests are held, subjects them to any form of independent scrutiny, while in West and Central Africa, only Ghana enforces some level of oversight, although scrutiny remains superficial at best. A similar observation can be made for Azerbaijan, Russia, and China, all major defence players with significant natural resource reserves, where the military is actively involved in managing and extracting resources. The income these activities generate goes largely unreported and serves to bolster already opaque military budgets.

151 Global Witness, "Jade and Conflict: Myanmar's Vicious Circle," June 29, 2021.

Significant patterns emerge when comparing scores on transparency of defence income with findings pertaining to the military's beneficial ownership of private businesses and involvement in unauthorised private enterprise. Of the 33 countries that score in the bottom quarter for transparency and oversight of defence income, 17 also score in the bottom quarter with regards to the extent of beneficial ownership of commercial businesses and how transparent they are.[152] This creates a situation where, in these countries, the armed forces are generating revenue through private enterprises that can constitute more than 10 per cent of the budget, without having to declare these businesses and with no transparency, scrutiny or auditing of these revenue streams, ensuring that their allocation is kept completely secret. This significantly increases the risk of military slush-funds being created and of military income and expenditure being completely unaccountable to the public.

Notwithstanding, it should be noted that, on the whole, countries generally have measures in place to ensure that militaries do not have extensive commercial ventures and that these are subject to some level of transparency. 73 per cent of countries score in the top half by these metrics. The flip side is that, in close to a third of countries, independent scrutiny of military-owned businesses is weak to non-existent. It is particularly telling that of the 27 countries in this bracket, unauthorised private military enterprise is prevalent and not prohibited in 17 of them.[153]

... in these countries, the armed forces are generating revenue through private enterprises that can constitute more than 10 per cent of the budget, without having to declare these businesses and with no transparency, scrutiny or auditing of these revenue streams, ensuring that their allocation is kept completely secret.

152 These 17 countries are: Angola, Algeria, Burkina Faso, Cameroon, Egypt, Ghana, Iran, Iraq, Jordan, Myanmar, Oman, Qatar, South Sudan, Sudan, Thailand, Venezuela, and Zimbabwe.

153 These are: Algeria, Angola, Bangladesh, Burkina Faso, Chile, Egypt, Jordan, Iran, Iraq, Mali, Myanmar, Nigeria, South Sudan, Sudan, Thailand, Venezuela, Zimbabwe.

TOP 40 MILITARY SPENDERS

CORRUPTION RISK IN DEFENCE FINANCES

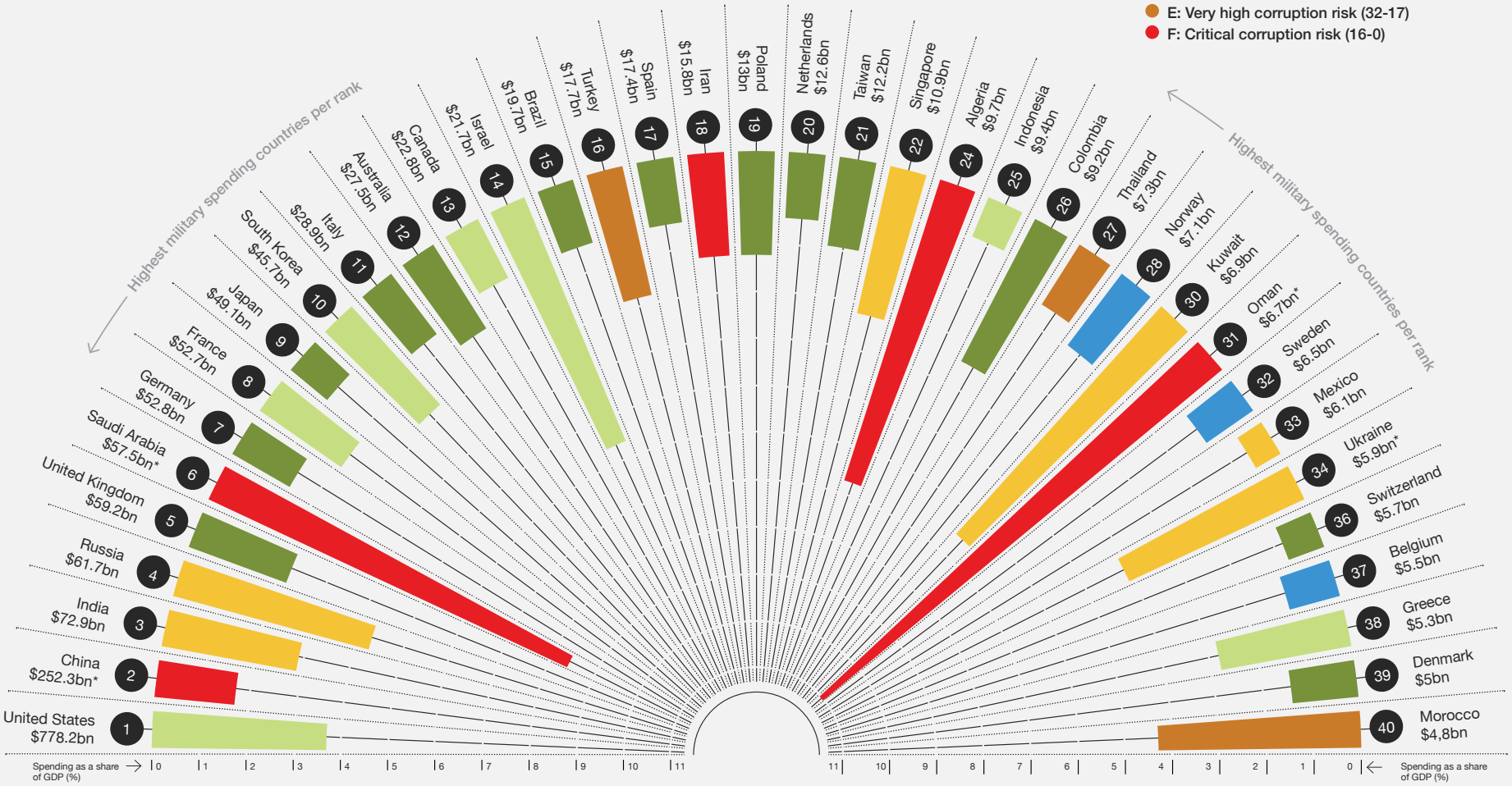
2020 GOVERNMENT DEFENCE INTEGRITY INDEX (GDI)

Level of corruption risk in defence finances for Top 40 Military Spenders. Arms expenditures determined by SIPRI, 2020 (Stockholm International Peace Research Institute).

DEFENCE FINANCES

Does public financial management in the defence sector include sound management of assets, timely and efficient accounting systems, proactive publication of information, and appropriate levels of oversight?

- A: Very low corruption risk (100-83)
- B: Low corruption risk (82-67)
- C: Moderate corruption risk (66-50)
- D: High corruption risk (49-33)
- E: Very high corruption risk (32-17)
- F: Critical corruption risk (16-0)



*SIPRI estimates. Pakistan (Rank 23) and Romania (Rank 35) are not included because they are not part of the GDI. Iraq (Rank 29) has been excluded because military expenditure figures are highly uncertain.

Source: Transparency International, Defence & Security; SIPRI Military Expenditure Database, 2020.

Defence spending

In general, governments publish three broad categories of budget documents: (1) the initial budget adopted prior to the start of the fiscal year; (2) a revised budget, released during the fiscal year that shows changes in priorities; and (3) an actual expenditure document, published at the end of the fiscal year that shows how much was actually spent in comparison to the budget.[154] However, while most governments publish some form of budgetary information at the start of the fiscal year, data on actual defence spending is often much more difficult to access. It is crucial that this information be made publicly available, as variations between the initial budget and actual expenditure can be significant, as underlined in the World Bank's Public Expenditure and Financial Accountability (PEFA) reports.

Evidence collected as part of GDI research adds further credence to the argument that governments are frequently failing to report on actual defence spending. Just 52 per cent of countries publish disaggregated data on actual expenditure including some level of explanation, and only 17 per cent of countries score in the top bracket, denoting proactive publication of disaggregated spending information, accompanied by explanations for experts and non-experts. At the other end of the spectrum, 48 per cent of countries release either only highly aggregated figures or do not publish any data whatsoever. This includes 16 of the top 40 biggest military spenders in the world.[155]

In fact, for 27 per cent of countries, no reports on actual defence spending are made public whatsoever, meaning there is very little clarity as to how these public funds are used in a given year, which fuels unaccountable defence spending and the potential wasting of valuable and scarce public resources.

Results are similarly mixed in relation to the comprehensiveness of the spending data that is released. Of the 64 countries that do publish some data on actual spending, only 27 per cent disclose the vast majority of defence spending with clear and robust oversight of the budget. However, for 19 per cent of countries, significant areas of expenditure are undisclosed or the vast majority of spending is not available.

Findings are even more damning when it comes to the comparison against the budget. This is where variances between the published budget and actual spend are supposed to be detailed and explained. Yet, for 49 per cent of countries that do publish some data, these variances are not explained at all. This includes 12 of 16 MENA states, eight of 16 Sub-Saharan African states, eight of 14 countries in Central and Eastern Europe and four of 15 in Asia-Pacific. Three countries, Hungary, Poland, and Estonia are also EU members, while a further six are part of NATO[156] (see Figure 32). These examples underline how widespread this issue is, and how common it is for spending variations to be completely unjustified, even in case of significant differences.

Once again, this further undermines the accountability of defence spending to the public and heightens corruption risks, given the high degree of secrecy it is granted in how it chooses to disburse public funds.

154 Nan Tian, "A Cautionary Tale of Military Expenditure Transparency during the Great Lockdown," *Stockholm International Peace Research Institute (SIPRI),* June 23, 2020.

155 This includes (in descending order by amount spent): China (2nd), India (3rd), Russia (4th, Saudi Arabia (6th), France (8th), Brazil (15th), Turkey (16th), Iran (18th), Singapore (22nd), Algeria (24th), Iraq (29th), Kuwait (30th), Oman (31st), Ukraine (34th), Greece (38th), Morocco (40th).

156 These are Albania, Estonia, Hungary, North Macedonia, Poland and Turkey.

Figure 32: NATO country scores on budget reliability

	2021 expenditure (US$m)	GDI Score on Budget Reliability (Comparison of spending against budget)	Level of detail in explanations of variances
United States	811,140	50	Some detail
United Kingdom	72,765	100	Comprehensive detail
Germany	64,785	50	Some detail
France	58,729	50	Some detail
Italy	29,763	100	Comprehensive detail
Canada	26,523	50	Some detail
Spain	14,875	50	Some detail
Netherlands	14,378	100	Comprehensive detail
Poland	13,369	0	No explanation
Turkey	13,057	0	No explanation
Norway	8,292	100	Comprehensive detail
Greece	8,014	50	Some detail
Belgium	6,503	75	Considerable detail
Denmark	5,522	75	Considerable detail
Portugal	3,975	100	Comprehensive detail
Hungary	2,907	0	No explanation
Lithuania	1,278	100	Comprehensive detail
Latvia	851	100	Comprehensive detail
Estonia	787	25	Little to no detail
Albania	239	0	No explanation
North Macedonia	219	0	No explanation
Montenegro	97	NA	Not applicable

Evidence collected as part of GDI research adds further credence to the argument that governments are frequently failing to report on actual defence spending.

Box 16: Addressing corruption risk in security sector expenditures: public financial management

Regardless of whether states are experiencing conflict or stability, many do not include security expenditures in their budgets. Even where such spending is covered, budgets tend to exclude secret items and fail to disaggregate the data for national security reasons. Opaque security sector budgets and related processes undermine fiscal sustainability and the timely implementation of national Security Sector Reform (SSR) and Security Sector Governance (SSG) strategies. It is also the case that bilateral donor support for quick military wins undermines SSR/G objectives. Even where long-term impact is sought or achieved, train-and-equip approaches to SSR do not bring about the governance reforms that would contribute to fiscal stability.

One tool that could help bridge this gap and develop more governance-focused SSR are Public Financial Management (PFM) frameworks. PFM refers to the set of laws, rules, systems, and processes used by governments to mobilise revenue, allocate funds, undertake public spending, account for funds, and audit results. It is commonly conceived of as a cycle of six phases beginning with policy design, moving to budget formulation, approval, execution, accounting, and ending with external audit.[157]

Standard PFM frameworks, and associated metrics such as the World Bank's Public Expenditure and Financial Accountability (PEFA) indicators, are widely applicable to the security sector. Effective PFM can reduce corruption risks in areas such as: asset management and disposal; payroll and allowances; and career progression and personnel management. In contexts where corruption has undermined both the ability of the state to provide a safe and secure environment and citizens' trust in public institutions, a well-functioning PFM system for the sector is critical to maximising the efficient use of limited public resources, and to creating the highest level of transparency and accountability in government finances.[158]

In turn, this will allow for the provision of better security services and contribute to restoring public trust in the state. But reforming PFM systems, processes and institutions must be implemented as part of an overall strategy which should be home-grown and country-led. In conflict and post-conflict settings, such reforms must be coordinated with other initiatives designed to improve accountability and effectiveness in the provision of public services, such as SSR. Moreover, better integration between peacebuilding and public financial management will contribute to addressing drivers of conflict that are exacerbated by poor defence governance standards.

Asset disposals

Asset disposals are particularly vulnerable to corruption.[159] This can occur through the misappropriation or sale of property portfolios and surplus equipment. Even large assets can be poorly controlled and easy to sell off corruptly or undervalued. These risks are particularly pronounced in nations that are selling or disposing of large quantities of assets, or in fragile and post-conflict environments where assets cannot always be well protected.[160]

GDI data sheds light on the gap affecting many militaries, between the existence of controls surrounding asset disposals on the one hand, and the transparency of the process and the financial results on the other. 72 per cent of countries have clear policies or regulatory processes in place for military asset disposals, with the highest scoring countries also having an internal unit responsible for overseeing procedures and a coordinating body within ministry that aggregates disposal database reports. However, planned disposals are regularly published in just

157 ISSAT-DCAF, "Linking SSR and Public Finance Management in Post-Conflict Settings," Briefing Note (International Security Sector Advisory Team (ISSAT) of Geneva Centre for Security Sector Governance (DCAF), December 2017).

158 Commonwealth Secretariat, "Guidelines for Public Financial Management Reform" (London: Commonwealth Secretariat, 2003), 7.

159 'Assets' are economic resources and include both intangible assets (capital/financial) and tangible assets (e.g. buildings, land, equipment). When assets come to the end of their life cycle or are replaced by new equipment, they need to be disposed of, be it through decommissioning, modification to suit a different function or sale to a third party for example. The way that defence institutions manage this disposal process has a significant impact on both the efficiency with which surplus or outdated assets are moved on or repurposed, as well as how vulnerable the process is to corruption.

160 Transparency International, Defence & Security, "Building Integrity and Countering Corruption in Defence & Security: 20 Practical Reforms" (London: Transparency International UK, 2011), 69.

33 per cent of states. Conversely, in 53 per cent, there is little to no information publicly available about the process or information is released but lacks key details and is highly aggregated.

In fact, 40 per cent of countries score 0 here, meaning no information is released about the disposal process. Not only does this include the majority of poor performers throughout the financial risk area, but also United States, Japan, and India. Similarly, transparency around the financial results of disposals is extremely poor. 44 per cent of countries score 0, an even higher proportion than in relation to the process itself. In other words, for close to half of the index, there is no public knowledge about the financial results of the disposal process, which represents a significant oversight gap.

While this dearth of publicly available information limits public oversight, institutional oversight is also extremely restricted. 63 per cent of countries score in the bottom half regarding external scrutiny of asset disposals, meaning that scrutiny is at best superficial, at worse non-existent. This latter group accounts for 29 per cent of the index and represents a 'critical' corruption risk as disposals are made without any oversight and could be easily manipulated and repurposed for private gain, to the detriment of the state.

Even when disposals are subject to audit, findings are frequently kept secret. 77 per cent of countries score in the bottom half for transparency of audit findings, with 36 per cent scoring 0, meaning audit reports are never made public. In the other 77 per cent of countries, audit reports are released, albeit with significant delays and information is often highly aggregated or in summary form. This directly limits the ability of oversight institutions, such as the parliament, to effectively oversee the full scope of financial management activities in the sector and opens the door for corruption to take root in the disposal process.

Military operations

Corruption and conflict go hand in hand, and their coexistence feeds a vicious circle of violence and instability. Seven out of the ten lowest-scoring countries in the Corruption Perceptions Index 2020 are also among the 10 least peaceful countries in the Global Peace Index 2021, pointing to the key role corruption plays in fuelling instability in fragile and conflict-affected states.[161] As one of the primary tools through which states attempt to respond to the advent or resurgence of conflict, military operations take place in highly corruption-prone environments, where missions must grapple with corruption issues.[162]

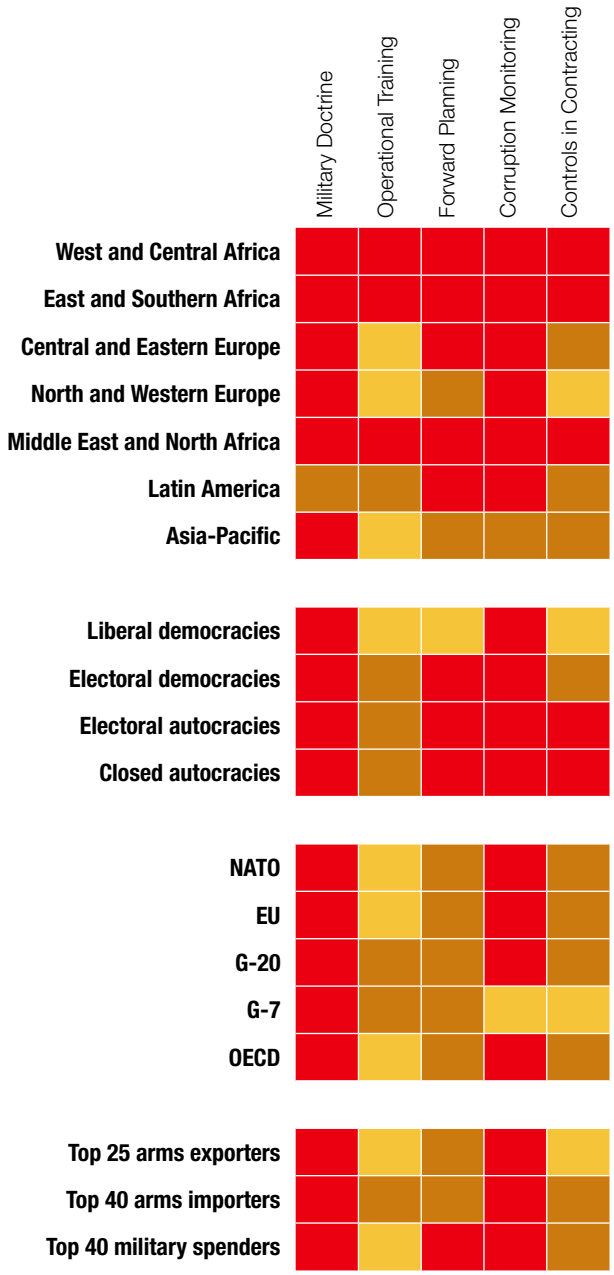
The design and implementation of these operations need to take into account corruption risks and the mechanisms through which they can be mitigated. A failure to do so could result in mission objectives being undermined, as missions fail to grapple with corruption in the theatre and internal to the deployment itself, leading to forces inadvertently fuelling corruption and conflict dynamics.

As the following section will outline, operations is frequently one of the areas where institutional safeguards to corruption are weakest and corruption risks most pronounced (See Figure 33). Be it at the strategic, planning, training, or monitoring levels, countries around the world have extremely limited institutional resilience to corruption in operations. This could have devastating consequences, both for missions' ability to achieve their objectives and for security and stability writ large, as the influx of resources that accompany missions exponentially increase corruption risk in the operational theatre.

161 Transparency International, "Corruption Perceptions Index" (Berlin, 2020); Institute for Economics and Peace, "Global Peace Index 2020: Measuring Peace in a Complex World" (Sydney: IEP, 2020).

162 Transparency International, Defence & Security, "Intervening Without Corruption: Guidance for Political-Military Planners" (London: Transparency International UK, 2019).

Figure 33: GDI group scores on institutional resilience to corruption in military operations



Military doctrine

Military doctrine is the "fundamental set of principles that guides military forces as they pursue national security objectives."[163] The doctrine is the cornerstone of defence, setting key military priorities, and outlining how armed forces achieve their objectives, acting as a common frame of reference across the military. The inclusion of anti-corruption issues in the doctrine can be crucial to laying the foundations for the development of strong corruption controls as part of military operations, as the doctrine helps to establish common standard operating procedures for fulfilling objectives.

The GDI reveals that few countries have included references to corruption in their overarching military doctrine for the armed forces. 97 per cent of countries fall in the bottom quarter for this, with 70 per cent scoring 0. For these countries, corruption is not officially considered a strategic issue for operations, and there are no guidelines on how to mitigate associated risks. This includes 15 of 22 NATO members, including Canada, Germany, Denmark and France, and 13 of 16 EU member states, with only Estonia, the Netherlands, and Italy scoring higher than 0.

In fact, only three countries score above 25 on this subject. Colombia and New Zealand both have comprehensive and detailed military doctrine addressing corruption issues for peace and conflict operations, including the recognition that deployments can exacerbate corruption risks, although there remain some gaps in terms of guidelines for implementation. Norway has a doctrine addressing corruption issues, but there is very little emphasis on the practicalities of implementation. Aside from these three countries, the remaining 25 per cent of the index identifies corruption as important for operations in some strategic documents, such as the defence strategy, but there is no explicit reference to corruption in overarching military doctrine.

Range of Scores			Corruption Risk
A	100 – 83	Very robust institutional resilience to corruption	Very low
B	82 – 67	Robust institutional resilience to corruption	Low
C	66 – 50	Modest institutional resilience to corruption	Moderate
D	49 – 33	Weak institutional resilience to corruption	High
E	32 – 17	Very weak institutional resilience to corruption	Very high
F	16 – 0	Limited to no institutional resilience to corruption	Critical

163 Rand Corporation, "Military Doctrine," 2021.

Box 17: Security Sector Reform

Although it finds its origins in the post-Cold War era, as part of the democratisation process of Eastern European states that transformed civil-military relations,[164] Security Sector Reform (SSR) quickly became a pillar of the peacebuilding paradigm of the early 2000s. The analysis of the functional links between security and economic development conducted during the 1990s stimulated a paradigm shift from state-centred to people-centred approaches to security, which in turn resulted in an acknowledgement of the democratisation of security as a legitimate strategy to prevent conflict and build peace.[165]

The concept of SSR is based on the premise that the creation of a responsible, accountable, and effective security sector will foster conditions "conducive to development, poverty reduction and democracy."[166] As such, SSR is generally defined as "a process of transforming the security sector to strengthen accountability, effectiveness, and respect for human rights and the rule of law."[167] Meanwhile, the increasing recognition of corruption as a key contributing factor to conflicts and insecurity has raised the imperative to re-think peacebuilding initiatives with a view to including ways to address the corruption-conflict nexus. [168] When it comes to SSR, although its avowed focus on human security and governance lends itself ideally to a sustained focus on addressing corruption risks in the security sector, evidence suggests that corrupt practices and mitigation strategies often fail to receive sufficient attention.[169] In a paradigm based on the security of the individual, their protection and their empowerment, traditional 'train-and-equip' approaches of SSR have shown their limits, and a greater emphasis on transparency, accountability and anti-corruption is needed.

Nevertheless, for such an approach to be successful in harnessing the capacity of SSR to address the root causes of conflicts, it requires a comprehensive analysis of the links between corruption and conflicts, as well as an in-depth understanding of the drivers and enablers of corruption in the security sector. In view of this, assessing the quality of institutional controls to manage the risk of corruption in defence and security institutions is critical in informing SSR assessments and strategies.

Forward planning

The failure to include corruption as a strategic element in key foundational documents, such as the doctrine, inevitably leads to it being de-prioritised during operational planning. This is reflected by GDI data that underlines how infrequently corruption is taken into account during forward planning and in the execution of operations. Over 80 per cent of countries score in the bottom quarter in this regard, 70 per cent of which score 0. Only New Zealand, North Macedonia, and the Philippines score in the upper bracket, indicating that these issues are acknowledged in the forward planning of all operations, while Norway, the UK, and Denmark score in the bracket just below, with corruption risks being considered for some but not all operations.

Aside from these examples, military forward planning rarely addresses corruption risks in the execution of operations. NATO countries, along with EU member states, average under 30 points for this area. The highest scoring regions are North and Western Europe and Asia-Pacific, with scores just under 30 points, placing them in the 'very high' risk category. The United States, whose military is present in 40 per cent of the world's nations and engaged in active combat operations in 14 countries, falls in the very high risk category as well, with a score of 25.[170]

164 Andrzej Karkoszka, "The Concept of Security Sector Reform" (Geneva: United Nations and Geneva Centre for Security Sector Governance (DCAF), 2003).

165 UNDP, "Human Development Report 2002: Deepening Democracy in a Fragmented World" (United Nations Development Group, 2002).

166 OECD, *Security System Reform and Governance*, DAC Guidelines and Reference Series (OECD, 2005), 12.

167 DCAF, "Security Sector Reform," Security Sector Integrity (Geneva Centre for Security Sector Governance (DCAF), 2021).

168 Working Group on Corruption and Security, "Corruption: The Unrecognized Threat to International Security" (Washington D.C.: Carnegie Endowment for International Peace, June 2014); Transparency International, Defence & Security, "The Fifth Column."

169 Transparency International, Defence and Security, "The Missing Element: Addressing Corruption through Security Sector Reform in West Africa" (London: Transparency International UK, 2021).

170 Stephanie Savell and 5W Infographics, "This Map Shows Where in the World the U.S. Military Is Combatting Terrorism," *Smithsonian Magazine*, January 2019.

Anti-corruption training for commanders

Pre-deployment anti-corruption training is key in order to ensure that commanders are equipped to recognise, assess, and mitigate corruption risk while in the field. The specificities of corruption risk pathways during operations – including in relations with host nation stakeholders, partnering with host nation defence forces, or sustainment and contracting – demand specific training programmes that address these risk pathways and corresponding mitigation measures in detail.[171]

GDI data highlights significant gaps in pre-deployment corruption training for commanders. 72 per cent of all countries score in the bottom quarter, 40 per cent of which score 0. For this latter group, this means that there is no known corruption training whatsoever for commanders, a significant deficit that could have damaging effects on operational efficiency, should untrained commanders fail to recognise and address corruption risks in the field. Five countries score 100: only New Zealand, the Philippines, Sweden, Taiwan, and Poland have comprehensive training on corruption issues required for commanders at all levels, both as part of standard military education and as part of pre-deployment for specific missions.

Training deficits such as this one can be particularly detrimental to multilateral missions, including peacekeeping operations. Poorly-trained commanders from contributing countries can undermine the quality of the overall mission's work and significantly damage both perceptions of legitimacy, and support for the mission amongst host nation populations. Reports of peacekeepers selling their weapons to insurgents,[172] and sexual abuse scandals involving UN peacekeepers in the DRC, had detrimental impacts on support for these missions and their ability to implement their mandate.[173] GDI scores for the top Troop Contributing Countries (TCCs) to UN peace operations point to significant anti-corruption training deficits among some of the largest contingents for which we have data (see Figure 34).

Figure 34: GDI score on operational anti-corruption training for 8 of Top 15 Troop Contributing Countries (TCCs) to UN peacekeeping missions

Country	Troop Contributions	GDI Score on Anticorruption Training for commanders	Corruption Risk rating
Bangladesh	6453	0	Critical
India	5506	50	Moderate
Egypt	2798	0	Critical
Indonesia	2790	25	Very high
Ghana	2292	0	Critical
Morocco	1698	0	Critical
Tanzania	1492	0	Critical
Burkina Faso	1335	0	Critical

171 Transparency International, Defence & Security, "Interventions Anti-Corruption Guidance" (London: Transparency International UK, December 2019).

172 Eric G. Berman, Mihaela Racovita, and Matt Schroeder, *Making a Tough Job More Difficult: Loss of Arms and Ammunition in Peace Operations* (Small Arms Survey, 2017).

173 Krista Larson and Paisley Dodds, "UN Peacekeepers in Congo Hold Record for Rape, Sex Abuse," *AP News*, September 23, 2017.

With just one of the top eight troop contributing countries for which we have scores having even moderately robust anti-corruption training programmes in place for commanders pre-deployment, there is a significant risk of poorly trained personnel being seconded to UN peace operations and potentially undermining mission objectives. A similar assessment can also be made in relation to NATO. Its current largest combat mission is in Kosovo and comprises 3,672 troops as of June 2021. However, and despite NATO providing some anti-corruption training itself through the Building Integrity programme, the picture remains decidedly mixed with regards to robust anti-corruption training (see Figure 35).

Just two out of the top 20 contributing countries score 75 or above, requiring comprehensive anti-corruption training for commanders at all levels and as part of pre-deployment schedules. Conversely, training is either non-existent or highly superficial in nine of the 20 states, including among the top three contributors.

Additionally, monitoring and evaluating practices in relation to corruption risk are poor across the board. 86 per cent of the index scores in the bottom quarter, including 66 per cent that score 0, meaning that the country does not deploy any trained personnel for corruption monitoring. On top of this, 76 per cent of countries also score 0 for the existence of monitoring and evaluation guidance outlining the mission's procedure for monitoring corruption. Taken together, these two indicators point to a significant gap in relation to missions' awareness of corruption risks and their ability to respond appropriately.

The danger is that deployments systematically fail to take adequate measures to monitor corruption issues and are unprepared to identify and address problems should they arise. This potentially critical blind spot could allow corruption, both within and outside of the mission forces, to go undetected and be allowed to continually corrode a mission's capacity to fulfil its objectives according to the resources it has available.

Controls on contracting

In a conflict environment, the flow of money represented by local and national contracting and logistics – whether aid money or military support – can play an important role in furthering development and energising the economy. However, given the institutional breakdown that characterises conflict and the fragmentation of authority and governance in such situations, contracting carries significant risk in fragile environments. Revenues generated by contracting with international forces for instance, as well as the political relationships they can help forge, are attractive to host nation service providers and power brokers and can prompt unscrupulous competition and fuel corruption. Should these revenues be monopolised by one ethnic, social, tribal or family group, mission contracting could exacerbate pre-existing divisions and further destabilise the operating environment. These risks are heightened by the lax oversight that often applies to operational contexts. Given short delivery timeframes, weak governance and the volume of items needed, scrutiny is often reduced in favour of acquiring goods quickly. This can adversely

Figure 35: GDI score on operational anti-corruption training for 14 of the top 20 Troop Contributing Countries (TCC) to NATO Kosovo Force (KFOR)

Score	Criteria	Countries (Contributing troops)
100	There is comprehensive training in corruption issues that is required for commanders at all levels. Training is delivered as part of military education e.g., at military academies, and in pre-deployment training for specific missions.	Poland (229)
75	There is comprehensive training in corruption issues that is required for commanders at all levels. However, training is delivered either only in pre-deployment training for specific missions or as part of military education.	United Kingdom (35)
50	There is comprehensive training in corruption issues that is required for commanders at some levels or in some units, but not all.	Switzerland (165), Greece (111), Denmark (35)
25	There is training in corruption issues that is required for commanders at some levels or in some units, but not all. The content of training only addresses a few known risks (e.g. procurement).	United States (660), Italy (628), Hungary (397), Germany (70), North Macedonia (44), Armenia (40), Albania (29)
0	The country has no known training in corruption issues for commanders.	Turkey (310), Ukraine (40)

feed power dynamics and create environments more susceptible to corruption risks at all stages of the sustainment process.[174]

According to GDI data, states are not doing enough to strengthen anti-corruption controls in contracting for operations. 95 per cent of states score in the bottom half of the index, meaning that relevant contracting guidelines are either incomplete or completely non-existent. In fact, this latter group accounts for 45 per cent of the index, underscoring how neglected this area continues to be. Findings are similar in regard to training on contracting, with 95 per cent scoring in the bottom half, denoting a lack of specific training for staff on corruption risk in contracting and a complete lack of even general corruption training for the bottom 45 per cent.

These results highlight the continuing dearth of effective corruption controls in mission contracting that can fuel conflict and instability and strengthen the very actors that these missions are designed to counter. Without an intensified focus on these issues, missions risk critically undermining their own effectiveness and contributing to their own failures, should they not address corruption risks and dynamics throughout the sustainment and contracting processes for operations.

Leadership and defence personnel management

Effective personnel management is critical to the very functioning of the defence sector. Even the most sophisticated weapons system would be next to useless without properly trained, overseen, and paid personnel to operate it. Personnel management, which includes issues surrounding recruitment, promotion, payroll, discipline and training, is fundamentally concerned with managing defence's human resources and plays a central role in setting standards for behaviour which can be key to anti-corruption efforts.

It is also an area that presents significant corruption risk, particularly if processes are not well-regulated and oversight is limited, which can have catastrophic effects on human security. Inadequate registration processes can lead to ghost soldiers undermining state responses to insecurity. Weak payment systems can be abused and frontline troops' salaries skimmed by unscrupulous commanders, driving soldiers to sell weapons and equipment to insurgents. Ineffective enforcement of conduct and anti-corruption standards can lead to the perpetration of human rights abuses by military forces acting with impunity.

Codes of conduct, values, and standards

Codes of conduct and values lay the foundations for personnel management in defence by setting standards for behaviour, providing practical guidance on how to act in different circumstances, and outlining penalties for transgressing rules. As such, they also play a key role in anti-corruption efforts in the sector, for instance by referencing corruption-related issues like bribery, conflicts of interest, and gifts. However, according to the GDI, military codes of conduct in 40 per cent of countries either do no address corruption issues or do not exist at all. In fact, the latter category includes 15 per cent of the index and some major defence players such as Russia, Turkey, Indonesia, and Algeria.

Conversely, just 16 per cent of the index scores in the top bracket, with clear guides for personnel which comprehensively explain bribery, gifts, hospitality, conflicts of interest and post-separation activities, along with specific guidance on how to proceed in the face of these events. States such as the United Kingdom, Singapore and Japan are joined here by France, Ukraine, North Macedonia and Kenya who have taken steps to strengthen codes in recent years.

However, merely having a code is not sufficient to embedding an anti-corruption culture in defence. One of the main ways to do this is to embed core tenets into personnel training. 47 per cent of countries assessed provide training on codes of conduct as part of inductions, with Asia-Pacific standing out as the best performer in this regard: nine of 15 states assessed score in the highest bracket with regards to training. However, of the countries that do have military codes of conduct, 20 per cent do not provide training of any kind on the code, rendering it of extremely limited impact and use. This includes more than half of MENA states in the index, and just under a third of Sub-Saharan Africa.

According to GDI data, states are not doing enough to strengthen anti-corruption controls in contracting for operations. 95 per cent of states score in the bottom half of the index, meaning that relevant contracting guidelines are either incomplete or completely non-existent.

174 Transparency International, Defence & Security, "Interventions Anti-Corruption Guidance – Sustainment and Contracting."

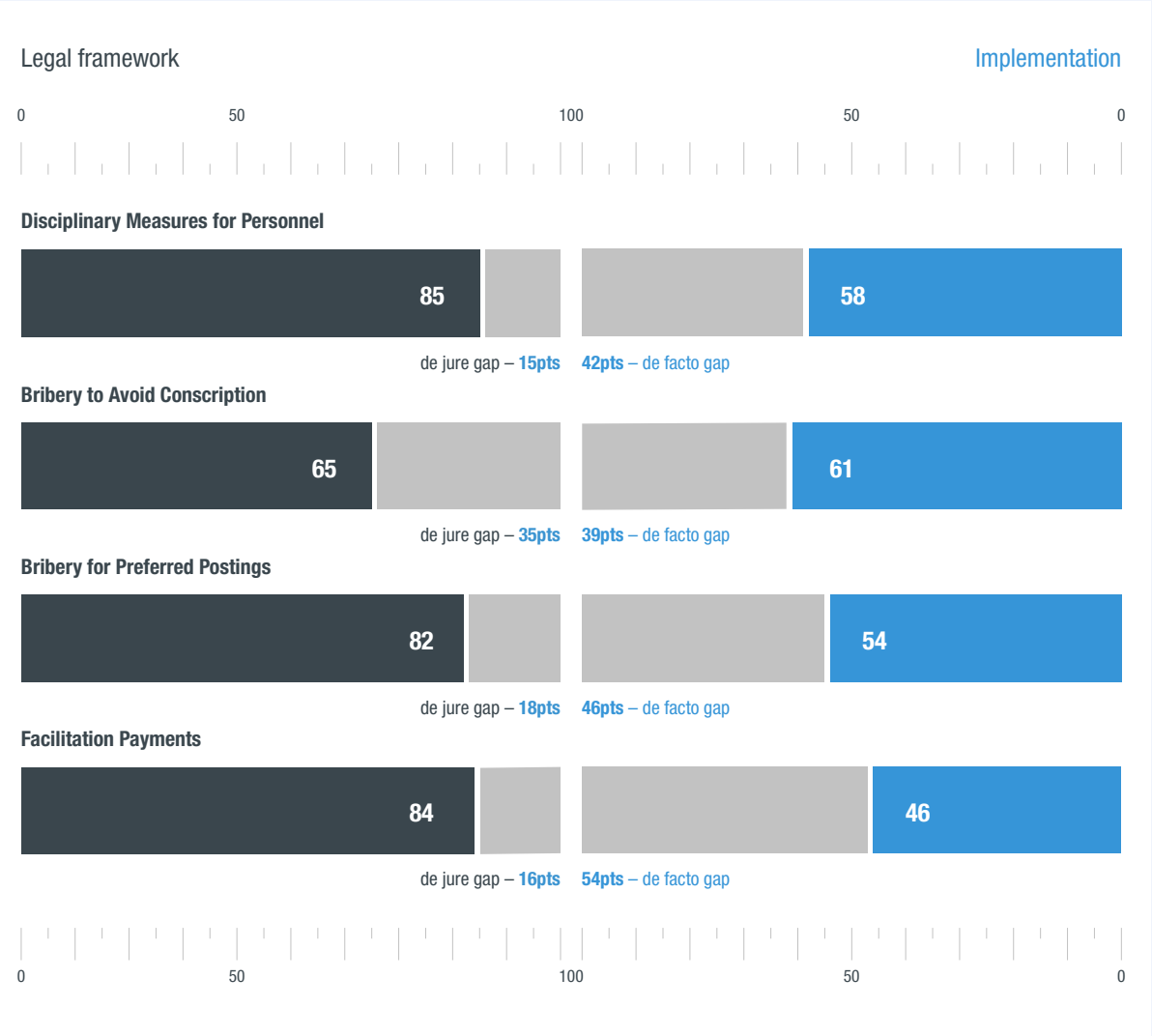
Box 18: Accountability and impunity in personnel management

While standard-setting is important, it is not an end in itself. For standards to be effective, they must be enforced and appropriate sanctions imposed on personnel who break them. A consistent failure to do so risks setting a precedent for military impunity for corruption and human rights abuses, which can irreparably damage public trust in the defence and security forces and undermine state responses to insecurity.

GDI data sheds light on how disciplinary measures for personnel are poorly enforced, undermining accountability and tying into the global trend of diminished human rights norms, in what some have called the "age of impunity."[175] Formal sanctions are in place for defence personnel found to have engaged in bribery and corruption in 90 per cent of countries in the index, albeit to varying degrees. 71 per cent score in the highest bracket, denoting very strong formal sanctions for personnel found to have engaged in such activity. Only nine states have no formal sanctions in place specifically targeting defence personnel, six of them from MENA.[176]

However, there is a significant drop in scores when it comes to how these measures are enforced (see Figure 36). The share of countries ranking in the top bracket drops from 71 per cent for formal sanctions, to just 24 per cent for enforcement.

Figure 36: Score gaps in legal frameworks v implementation in personnel sanctions, index averages



175 David Miliband, "The New Arrogance of Power: Global Politics in the Age of Impunity" (2019 Fulbright Lecture, University of Edinburgh, June 19, 2019).

176 These are Egypt, Iraq, Kuwait, Morocco, Oman and Qatar, along with Kosovo, Sudan and Myanmar.

Conversely, the share of poor performers on enforcement, countries ranking in the bottom two scoring brackets, climbs from 10 to 30 per cent of the index. This means that close to a third of countries either fail completely to investigate or discipline abuses even in the face of clear evidence, or investigations are highly superficial and rarely result in disciplinary action. This includes countries where regular reports of military human rights abuses are made every year, including Mali, Nigeria, Cameroon, Egypt, Venezuela, Mexico, and Myanmar.[177] These are also states where military impunity for human rights abuses and corruption has become entrenched, with significant adverse effects on human security.

As military accountability to the general public is reduced, it is redirected to a narrow ruling political and economic elite. This is particularly evident in the politicisation of senior military appointments. Established and independent mechanisms to ensure such appointments are objective and transparent are extremely weak to non-existent in 41 per cent of the index. 50 per cent of states have no provisions for external scrutiny of such appointments, which are entirely controlled by the executive without any external verification or audit. This gives political leaders significant opportunities to politicise senior military appointments and to ensure that the armed forces become closely linked to regime interests, undermining their accountability to the public and increasing the risk of abuses and of the normalisation of military impunity.

The military and political leadership can also set the tone for anti-corruption and integrity throughout the sector. However, GDI findings underline how limited such commitments are in many countries. In 74 per cent of countries, Ministers, Chiefs of Defence, and Service Chiefs rarely make public statements on issues of corruption in defence or openly commit to integrity-building measures. This commitment is lowest in West and Central Africa, where every country barring Ghana ranks in the lowest bracket, indicating limited to non-existent public commitment to integrity and anti-corruption.

These findings are significant: regression analysis of GDI data reveals that public commitments to integrity are positive predictors of increased resilience to corruption in policymaking, procurement, operations, and finances. In other words, a 1 point increase in a country's public commitment to integrity score is likely to result in a 1 point increase in scores across all risk areas, with this correlation particularly strong with regards to procurement and financial management.

Payroll and ghost soldiers

Payment systems are not only key in ensuring that personnel are remunerated in a timely and accurate manner, but they also help to give an overview of the size of the defence sector as a whole. However, these systems are inherently vulnerable to corruption risk owing to the volumes of funds they process. These risks increase substantially when such processes are informal and/or cash-based, as they grant more opportunities for interference in the process and for administrators, commander or third-parties to skim portions of salaries, to the detriment of other personnel.

Military payment systems are considered generally robust in 91 per cent of countries in the GDI, meaning that corruption risk related to their roll-out is 'very low' to 'moderate'. 49 per cent are in the 'very low' risk category, signifying that personnel consistently receive the correct pay on time and the payment system is well-established, routinely updated, and published. Nevertheless, this leaves nine per cent of countries with payment systems considered at 'high' to 'critical risk' of corruption because of payment delays, inaccuracies in payments and lack of transparency as to actual rates. This includes close to 50 per cent of states considered fragile and conflict affected, including Myanmar, Mali, Nigeria, Cameroon, Iraq, and South Sudan (See Figure 37).

This is particularly problematic as these states are engaged in active armed conflict against insurgent, separatist and extremist groups. Should frontline troops not receive payments on time, it not only critically undermines morale, but could push soldiers to find other ways to complement their revenue. This could see them engage in corrupt activity, including extorting civilian populations, which feeds into armed groups' recruitment narratives. It could also push them to sell their weapons and equipment directly to insurgents, as has been detailed in Nigeria and Mali, for instance.[178]

177 Amnesty International, "Amnesty International Report 2020/21: The State of the World's Human Rights," 2021.

178 Michelle Faul, "Nigerian Military: Some Officers Selling Arms to Boko Haram," *AP News*, September 4, 2016; Editorial Board, "Mali's Corruption Has Hindered Its Efforts to Fight Terror," *Washington Post*, November 30, 2015; BBC News, "Has Corruption Hindered Mali's Fight against Jihadists?," *BBC News*, July 26, 2021.

Figure 37: GDI scores on quality of payment systems for fragile and conflict-affected countries

Country	Total armed forces personnel*	GDI Score on payment systems	Corruption risk level
Armenia	9,000	92	Very low risk
Lebanon	80,000	92	Very low risk
Kosovo	…	83	Very low risk
Venezuela	343,000	67	Low risk
Zimbabwe	51,000	67	Low risk
Azerbaijan	81,950	50	Moderate risk
Niger	10,300	50	Moderate risk
Palestine	56,000	50	Moderate risk
Myanmar	513,000	42	High risk
Cameroon	34,400	25	Very high risk
Mali	21,000	25	Very high risk
Iraq	336,000	17	Very high risk
Sudan	124,300	17	Very high risk
South Sudan	185,000	8	Critical risk
Nigeria	223,000	0	Critical risk
Burkina Faso	11,200	NEI	Not enough information

*World Bank DataBank, based on International Institute for Strategic Studies, The Military Balance.

Corruption risks related to the deviation of salaries is particularly high in cases where chains of command are not separated from chains of payment. If commanders are responsible for disbursing payments to their subordinates – as opposed to salaries being paid out through a centralised, electronic system – the risk that they take a cut or deprive some troops of pay increases significantly.

While scores are generally high in this area, militaries in 19 per cent of countries in the index still do not fully separate chains of command and payment. The issue is particularly stark in MENA and Latin America, where half of countries have no separation, and in West and Central Africa, where Mali, Angola, and Niger continue to disburse payments through the command structure. Conflict-affected states are over-represented here too, with five of the lowest-scoring 16 states all considered fragile by the World Bank.

Ghost soldiers are another threat to military efficiency that stem from poor personnel management governance, lack of transparency, and corruption. In environments with poor controls over recruitment processes and weak oversight over both payroll and the real size of units, ghost soldiers can proliferate. Ghost soldiers are fictitious troops that allow commanders to collect additional salaries from the responsible Ministry and also give a false view of real military strength of a given unit, battalion, or entire army with potentially catastrophic results.

Data collected as part of the GDI can help shed light on countries at particular risk of this phenomenon. 70 per cent of states in the index score in the highest bracket in this area, meaning there have been no reports of ghost soldiers in recent years, personnel numbers are accurate, and this information is largely transparent. However, 16 countries (19 per cent) score in the bottom bracket, denoting significant issues with ghost soldiers as well as a lack of transparency and formal accounting procedures that could reduce the risk of occurrence. This includes 10 out of 16 Sub-Saharan African states, including seven of eight in West and Central Africa, where ghost soldiers are regularly reported, as well as Iraq and three states in Asia-Pacific, Myanmar, the Philippines, and Thailand. It is particularly telling that 11 of these 16 countries are engaged in significant counter-insurgency and counter-terror operations where ghost soldiers could significantly undermine state attempts to address insecurity.[179]

179 These include Burkina Faso, Nigeria, Mali, Cameroon, South Sudan, and Uganda in Sub-Saharan Africa, the Philippines, Thailand and Myanmar in Asia-Pacific and Iraq and Egypt in the Middle East and North Africa.

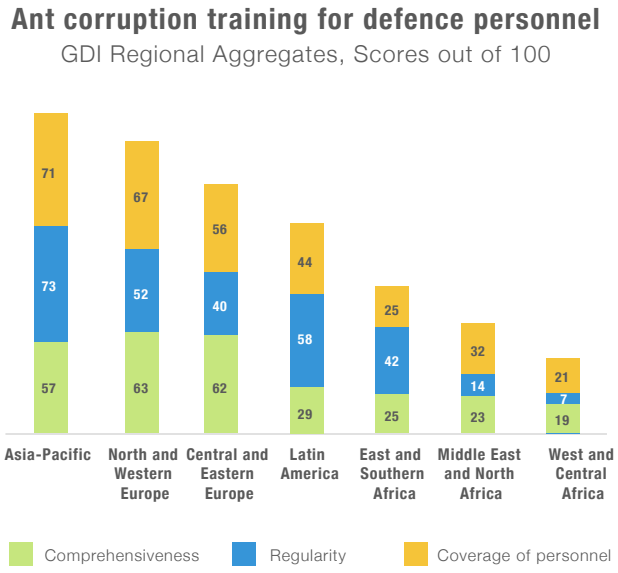
Anti-corruption training for defence sector personnel

Another key pillar of integrity-building and reducing corruption risk is the provision of anti-corruption training to defence personnel. In contrast to the discussions on training for operations, this section focuses exclusively on general training for personnel, delivered not in the scope of pre-deployment programmes, but as part of standard ethics training, covering both civilian and military personnel. This training should be comprehensive, by addressing the connection between corruption and standards, its impact on military effectiveness, how to identify and report corruption incidents, and on managing related risk. It should also be regular, delivered as part of inductions and refreshed annually, and should apply to personnel at every rank.

However, across these three aspects, only 14 per cent of countries score in the upper bracket, with just the Philippines and Taiwan scoring in the top bracket for all three indicators (see Figure 38). More broadly, 45 per cent of militaries have moderate to very strong training programmes in place, as opposed to 55 per cent where such programmes are weak to non-existent. This split raises some interesting findings. Nearly half of the 22 NATO states in the index are included in this bottom bracket, including Canada, Denmark, and Spain.[180] For the 16 EU states in the index, that share drops only slightly to 44 per cent. Anti-corruption training programmes are non-existent in half of MENA states, three out of six Latin American countries in the index, and in five of 16 Sub-Saharan African countries.

These shortfalls substantially increase the risk of abuses, as military personnel without the necessary training are deployed into operational theatres that present significant corruption risks. Equally, as public security is increasingly militarised in many countries, the armed forces are being drawn to carry out internal security functions at a growing rate, increasing the risk of human rights abuses and corruption if deployments are not framed by adequate anti-corruption training. Civilian personnel in high-risk positions throughout procurement, finances, and personnel management, if operating without knowledge of ethics standards and training in anti-corruption policies, similarly place the governance of the sector at risk of corruption.

Figure 38: GDI regional averages for anti-corruption training for defence personnel



Defence procurement

Global military expenditure grew by 7.2 per cent between 2010 and 2019, driven in part by an increase in defence procurement, as many states embark on ambitious modernisation programmes.[181] Defence procurement already accounts for roughly half of China,[182] Russia,[183] and the United Kingdom's entire military budgets.[184] In 2007, EU member states have also committed to spending 20 per cent of their budgets on weapons procurement and R&D.[185]

However, given its secretive and close-guarded nature, procurement is often one of the most opaque areas of the defence sector. Defence acquisitions are routinely exempted from public procurement legislation, oversight powers and scrutiny are limited and standard disclosure practices are disregarded, creating the ideal conditions for corruption to flourish and leading to substantial waste of public funds.

180 The full list is Albania, Canada, Denmark, Estonia, Greece, Hungary, Lithuania, Portugal, Spain, and Turkey.

181 Lopes da Silva et al., "Trends in World Military Expenditure, 2020."

182 CSIS, "What Does China Really Spend on Its Military?," *Center for Strategic and International Studies (CSIS)*, December 28, 2015.

183 Michael Kofman, "Russian Defense Spending Is Much Larger, and More Sustainable than It Seems," *Defense News*, May 3, 2019.

184 UK Ministry of Defence, "MOD Departmental Resources: 2020" (London, August 17, 2021).

185 European Defence Agency, "Defence Data 2018-2019: Key Findings and Analysis," 2020, 6.

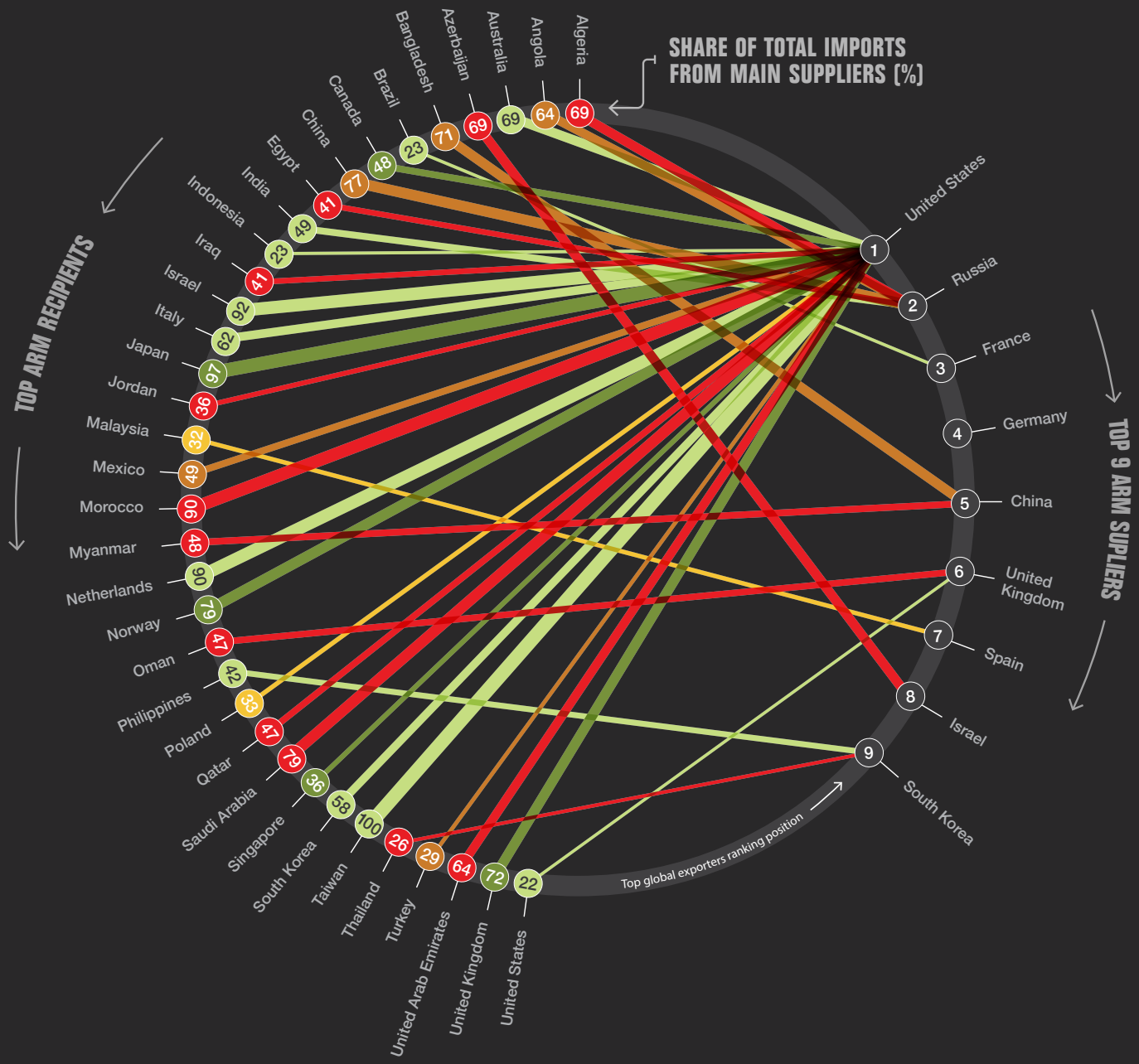
CORRUPTION RISK IN DEFENCE PROCUREMENT
2020 GOVERNMENT DEFENCE INTEGRITY INDEX (GDI)

Level of corruption risk in defence procurement for Top Arms Importers, indicating main supplier and % share of imports from that supplier. Arms transfers rankings and shares determined by SIPRI based on analysis of averages in arms transfers for the 5-year period 2016-2020 (Stockholm International Peace Research Institute).

DEFENCE PROCUREMENT

Is procurement in the defence sector subject to proper controls over complex components of the procurement cycle, such as purchases, subcontractors, brokers, financing packages, and offsets programmes? Does the system exhibit appropriate levels of transparency and oversight, especially regarding procurement requirements, tender boards, and anti-collusion controls?

- A: Very low corruption risk
- B: Low corruption risk
- C: Moderate corruption risk
- D: High corruption risk
- E: Very high corruption risk
- F: Critical corruption risk



Source: Transparency International, Defence & Security; Wezeman et al. "Trends in International Arms Transfers, 2020." SIPRI, March 2021; SIPRI Arms Transfer Database, 2020.

Gaps in defence procurement legislation

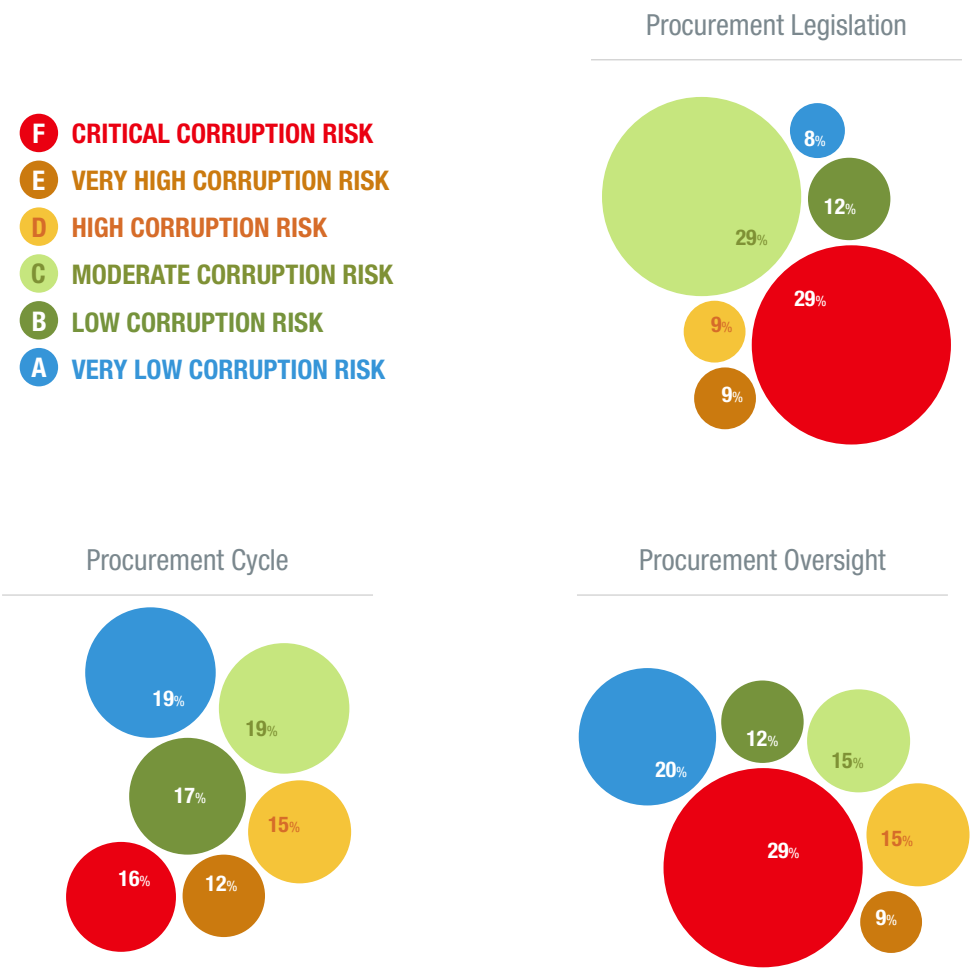
Public sector procurement is regulated by a set of national and, in some instances, supranational laws, provisions and decrees. These regulations help to build a legal framework to modulate the procurement of goods and services by government contracting authorities, and are intended to ensure value for money, fair competition, transparency, and oversight in the acquisition process. However, given the specificities of the sector, most national public procurement legislation contains defence-related exemptions, which can be so broad as to exempt the vast majority of efence procurement from standard procedures, even for non-sensitive goods and equipment.

Even where formal provisions exist, they can be frequently bypassed in practice owing to poor enforcement, weak oversight capacity, and a lack of transparency. GDI data underlines how gaps in legislation governing defence procurement significantly increase the risk of corruption, as goods and services are contracted outside of legal frameworks, with very little oversight (see Figure 39). 10 per cent of countries do not have any legislation in place regulating defence procurement. Of the states that do have legislation in place, in 28 per cent of them this is frequently bypassed in practice.

Put differently, defence procurement legislation is either non-existent or completely ineffective at regulating the majority of defence acquisitions in 38 per cent of countries in the GDI. This includes half of Latin American states, 12 out of 16 in MENA and nine out of 16 in Sub-Saharan African.

However, effectiveness is limited across the board and by no means confined to particular regions. 70 per cent of the top 20 arms importers in the world either have no legislation in place or show limitations as to the effectiveness of procurement legislation in practice, including the United States, United Kingdom, Israel, China, and Indonesia.

Figure 39: Distribution of country scores across defence procurement legislation, cycles, and oversight



Box 19: Beneficial ownership in the defence sector

Beneficial ownership transparency is arguably one of the most important tools in the fight against corruption. A beneficial owner is defined as "the real person who ultimately owns, controls or benefits from a company or trust fund and the income it generates."[186] This term is used to differentiate those who benefit from a company or trust fund, from those who may be the registered legal owners of an asset without actually enjoying its benefits.

Despite many advances in beneficial ownership transparency around the world, a steady flow of scandals (most recently, the so-called 'Pandora Papers') signals the continued relevance of such initiatives. Complex and opaque corporate structures set up across different jurisdictions make it easy to hide the beneficial owner of a company, thereby facilitating the flow of dirty money around the world.

The defence sector is no exception. In fact, the nature of the defence industry itself poses inherent challenges to ownership transparency. In such a highly regulated sector, the government must maintain a dual role in relation to its national defence industry, being simultaneously both the main customer and regulator. Because the government is reliant on the national defence industry for the fulfilment of one of its core obligations – providing defence and security for its citizens – it is easy to see how lines between the two roles can become blurred. This situation is further complicated when the government holds a controlling stake in a defence company, as is often the case around the world. Although state-owned or controlled enterprises do not pose an inherent corruption risk, an intrinsically close relationship with the ownership entity – in this case, the state – can open the door to political interference, anti-competitive behaviour, and risk inappropriately allocating public funds.

Moreover, companies operating in defence and security markets must navigate complex supply chains, involving multiple entities with different corporate structures and operating across different geographies and sectors. Governments around the world are also increasingly intervening in supply chains, requiring the use of domestic suppliers, joint ventures or single-source tenders in order to create jobs, retain investment, and enhance their domestic defence industry. In many cases, this market intervention takes place in regions of the world where corporate ethics are often lacking and regulation is weak. As tiers of suppliers become more remote from the principal contractor, the opportunities for corruption become greater, with less clarity over issues ranging from conflicts of interest to beneficial ownership and financial transparency.

Open competition and non-competitive procurement in defence

Competition is frequently cited as one of the main vehicles for governments to drive cost savings, ensure the quality of a product or service, and help guarantee the best value for money. However, competition in defence procurement remains limited. Due to the particular nature of the sector, many contracts are not available for competition. Whilst there are justifiable reasons for this – including legitimate national security concerns, the need to respond to an urgent situation, or the availability of only one supplier due to technical specifications – non-competitive procedures can substantially increase the risk of corruption.[187] It is crucial to strike the right balance between open and non-competitive procedures, by privileging the former where possible and tightly regulating the latter when it is necessary. Similarly, governments must ensure that meaningful institutional oversight is in place, and that decisions are fully justified and subject to audit.

Nevertheless, GDI findings highlight how few states are effectively managing this balance. Firstly, 23 of the 86 countries in the index have no information available on the share of defence procurement that is conducted through open competition. This in itself speaks volumes to the deeply engrained secrecy of defence procurement and shows how reticent governments are to divulge even topline data on how military acquisitions are conducted. Of the remaining 63 countries, just three conduct the vast majority of their procurement (90+ per cent) through open bidding processes: Latvia, Denmark, and North Macedonia. Around a third of countries conduct most procurement through open tendering (+70-50 per cent), though a significant share of contracts is single-sourced

186 Transparency International, "Beneficial Ownership Secrecy - Corruptionary A-Z."

187 Transparency International, Defence & Security, "Single-Sourcing: A Multi-Country Analysis of Non-Competitive Defence Procurement" (London: Transparency International UK, 2016), 11.

(10-50 per cent). This includes the bulk of North and Western Europe, including the UK, France, and Germany, as well as key NATO players Canada and the United States.

However, 62 per cent of states in the index conduct less than half of defence procurement through open competition and for 38 per cent of these it is less than a third (see Figure 40). In this bracket are 21 of the world's top 40 importers of major weapons, 15 of whom rank in the bottom category as at 'critical' risk of corruption,[188] where non-competitive procedures account for more than 70 per cent of procurement. These findings underscore the fact that some of the world's most significant arms importers routinely limit competition in defence acquisitions, substantially increasing these deals' susceptibility to corruption.

In turn, this can negatively impact a state's ability to ensure the protection of its civilians, while potentially squandering vast sums of public funds that could have been spent on key public services, such as health, infrastructure, or education.[189]

Figure 40: Percentage of defence procurement conducted through open competition

90%+	Denmark, Latvia, North Macedonia
70-90%	Armenia, Belgium, Bosnia & Herzegovina, Botswana, Canada, Estonia, Greece, Kosovo, Palestine
50-70%	Albania, China, France, Germany, Israel, Singapore, Sweden, Switzerland, Ukraine, United Kingdom, United States
30-50%	Brazil, Colombia, Japan, Kenya, Lithuania, Mali, Mexico, Montenegro, Niger, Philippines, Poland, Serbia, Spain, Taiwan, Turkey
30% or less	Algeria, Angola, Argentina, Azerbaijan, Bahrain, Burkina Faso, Cameroon, Cote d'Ivoire, Egypt, Ghana, Iran, Iraq, Italy, Jordan, Kuwait, Morocco, Oman, Qatar, Russia, Saudi Arabia, South Korea, Thailand, Tunisia, United Arab Emirates
Not enough information to score	Australia, Bangladesh, Chile, Finland, Hungary, India, Indonesia, Lebanon, Malaysia, Myanmar, Netherlands, New Zealand, Nigeria, Norway, Portugal, South Africa, South Sudan, Sudan, Tanzania, Uganda, Venezuela, Zimbabwe

Furthermore, external scrutiny of non-competitive procurement is poor across the board. In just 32 per cent of countries do non-competitive procedures need to be justified to external oversight bodies, such as parliaments or external audit institutions, who have the power to question the procedure selection. Nine of 14 North and Western European states, along with the US, Canada, Argentina, South Africa, and the Philippines (amongst others) have these provisions in place.

Conversely, oversight agencies in 68 per cent of countries either have no powers to question the choice of procedure or fail to do so in practice. Amongst states in these bottom two brackets are every MENA country barring Israel, every West and Central African state, but also five out of six states in Latin America, 10 out of 15 in Asia-Pacific and half of countries in Central and Eastern Europe. Similarly, seven of 16 EU states included in the index and 10 out of 22 NATO members fall into this category, underlining how this issue affects countries across the political and economic spectrum.

This also becomes clear when comparing the percentage of states with very weak scrutiny of non-competitive procedures using the World Bank's income groupings.[190] Of the 'low income' states in the GDI, 66 per cent exhibit very weak scrutiny of non-competitive procedures. However, for 'lower-middle' and 'upper-middle' income countries, these shares climb to 81 and 74 per cent respectively. Even amongst states classified as 'high income', oversight of non-competitive procedures is weak in 51 per cent of cases.

These figures highlight the generalised weakness of external scrutiny of non-competitive procurement, which remains prevalent in defence sectors around the world, regardless of income levels. In other words, in the majority of countries, governments are free to select non-competitive procurement procedures for defence goods without justification or oversight. The corruption risk implications of this are vast, as it enables decision-makers to steer contracts to politically-connected suppliers regardless of their suitability and amplifies the risk of bribery being used to skew government decisions.

188 The 22 states are ones that are (a) included in the index and (b) that are scored for this indicator. As such, of the top 40 importers Pakistan, Afghanistan, Kazakhstan and Belarus are excluded as they are not covered in the index. Of the top 40, scores were not available for Bangladesh, Myanmar, Norway, Netherlands, India, Indonesia and Malaysia for this indicator owing to a lack of available information. Of the remaining states, these 21 are in the bottom two brackets (with 15 in the bottom bracket **(in bold): Saudi Arabia, Egypt, Algeria, South Korea, Qatar, UAE, Iraq**, Japan, **Italy**, Turkey, **Thailand, Oman, Jordan, Morocco,** Philippines, **Azerbaijan**, Taiwan, Mexico, Poland, Brazil and **Angola**

189 Sam Perlo-Freeman, "The Opportunity Cost of World Military Spending," *Stockholm International Peace Research Institute (SIPRI)*, April 5, 2016.

190 The World Bank assigns the world's economies to four income groups. The classifications are based on GNI per capita in current USD. The exact income brackets for each area are: low income < $1,046; lower-middle income $1,046-$4,095; upper-middle income $4,096-$12,695; high income > $12,695. See Nada Hamadeh, Catherine Van Rompaey, and Eric Metreau, "New World Bank Country Classifications by Income Level: 2021-2022," *Data Blog / World Bank*, July 1, 2021.

Box 20: Anti-corruption and corporate transparency in the defence industry

The global defence industry is both enormous and highly vulnerable to corruption, with sales of arms and military services by the sector's 25 largest companies alone totalling US$361 billion in 2019.[191] Not only is this figure huge, it continues to rise year on year: up 8.5 per cent since 2018. Governments around the world have taken important steps to embed rules to reduce corruption in the arms trade, however the defence industry itself has a vital – and often overlooked – role to play.

Defence companies are responsible for developing, producing and trading in weapons and supporting security services, which – when combined with high levels of secrecy, significant amounts of money, and deep political connections – gives them insider access to policy-makers. Companies increasingly perform defence and security duties outsourced by governments and advise governments on defence policy.[192] To do this they are supported by supply-chains and a myriad of other private sector services: consultants, brokers, legal professionals, and financiers. Most states, including those facing conflicts and crisis, would be unable to deliver on their defence and security obligation without the private sector's involvement. While frequently beneficial, this intensive cooperation and reliance inevitably creates significant corruption risks due to disproportionate and often unaccountable influence of corporates on policy and decision making, and insufficient public oversight of private sector delivery of defence and security duties.

As multinational businesses expand into new markets, their ability to identify and impose controls on the relevant corruption risks will continue to be scrutinised by government regulators, other private sector partners, and local communities alike. In almost all cases, the level of risk in a particular market is determined by the level of transparency and oversight of both the government and the defence industry. Companies operating in countries with very low transparency and oversight inevitably face a much higher risk of corruption. Therefore, the more information that companies proactively put into the public domain, the easier it is for government oversight bodies as well as public scrutiny to function effectively. Measures such as enhanced due diligence on supply chains and the interrogation of beneficial ownership have begun to shed light on company operations. However, in countries where the military effectively runs the government and where the finance ministry may have little to no oversight of defence procurement, greater openness is essential to mitigate the risk of corruption.

Alongside the Government Defence Integrity Index (GDI), Transparency International Defence & Security has engaged with private defence and security actors through the **Defence Companies Index on Anti-Corruption and Corporate Transparency (DCI).**[193] The DCI provides a framework of good practice that promotes accountable, transparent, and responsible governance in defence companies. When viewed together, the DCI and GDI act as mutually reinforcing tools, painting a holistic picture of the corruption risks in the global arms trade from both the 'supply' and 'demand' sides. The results of the 2020 DCI indicate that the majority (63 per cent) of defence firms do not publicly acknowledge the increased corruption risks they face when operating in certain markets,[194] nor that such actors had measures in place to identify and mitigate these risks (see Figure 41). These companies can use the GDI to better understand the legal frameworks and institutional vulnerabilities present when interacting with purchasing governments in order to proactively recognise and address potential corruption risks. Conversely, purchasing governments can use data from the DCI to inform their due diligence and supplier selection process, and therefore to understand the possible risks associated with interacting with a particular supplier.

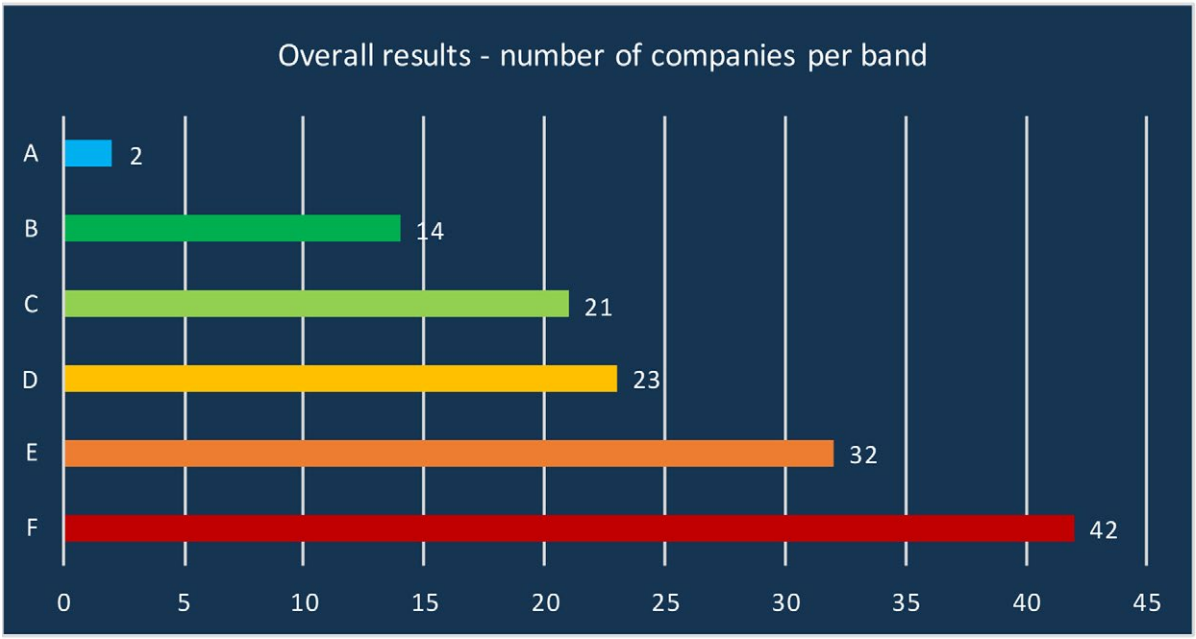
191 SIPRI, "Global Arms Industry: Sales by the Top 25 Companies up 8.5 per Cent; Big Players Active in Global South," *Stockholm International Peace Research Institute (SIPRI)*, December 7, 2020.

192 Transparency International, Defence & Security, "Defence Industry Influence."

193 Transparency International, Defence & Security, "Defence Companies Index 2020."

194 Transparency International, Defence & Security, "Defence Companies Index 2020: Key Findings," 2021.

Figure 41: Defence Companies Index 2020 global results



Band	Commitment to anti-corruption and transparency
A	Very High
B	High
C	Moderate
D	Limited
E	Low
F	Very Low

DCI
Defence Companies Index

Anti-collusion and defence supplier sanctions

Corrupt and collusive supplier behaviour, while distinct problems within public procurement, can be mutually reinforcing and frequently occur in tandem. Collusion involves bidders conspiring to remove the element of competition from public procurement processes, typically through bid rigging, where bidders determine themselves who should "win" the tender and then arrange their bids to ensure their designated winner wins the tender.[195] Conventional responses to corruption and collusion have aimed to increase transparency in the procurement process and to focus on the enforcement of sanctions against suppliers.[196]

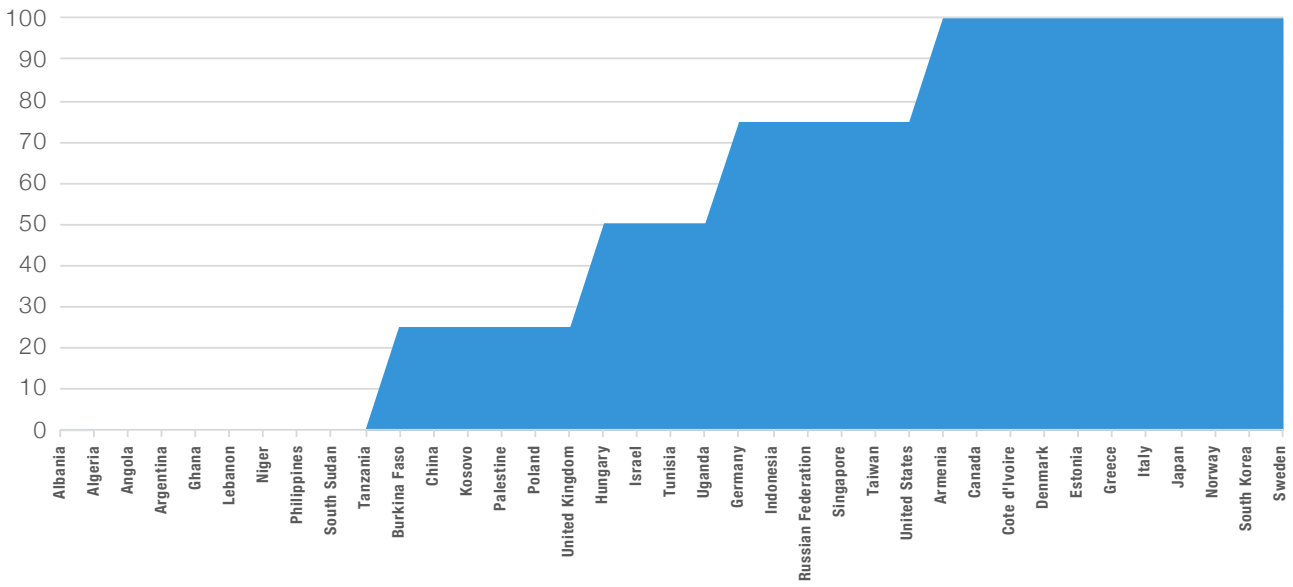
GDI research shows the continuing gap between the existence of a formal body of sanctions and their implementation in practice. 44 per cent of countries in the index have formal sanctions in place, underpinned by clear legislation and implementing guidelines that empower procurement officials to exclude companies and senior officials where there is a conviction or credible evidence of bribery and corruption-related offences. In a further 38 per cent of countries, formal sanctions exist but procurement officials have a more limited authority to exclude companies for wrongdoing.

Procurement officials in the remaining 18 per cent have little to no powers to exclude companies for corrupt behaviour. The vast majority of countries in most regional and political groupings have at least some sanctions in place with one notable exception. In MENA, procurement officials in 10 out of 16 countries have no authority to exclude companies implicated in bribery or corruption-related offences.

195 OECD, "Collusion and Corruption in Public Procurement," DAF/COMP/GF(2010)6, Global Forum on Competition, 2010, 9.

196 Robert D. Anderson, Alison Jones, and William E. Kovacic, "Preventing Corruption, Supplier Collusion and the Corrosion of Civic Trust: A Procompetitive Program to Improve the Effectiveness and Legitimacy of Public Procurement," *George Mason Law Review*, 1233 (2019).

Figure 42: Enforcement of supplier sanctions in countries with very robust legal frameworks



Nevertheless, despite the existence globally of a relatively strong body of sanctions, in practice its enforcement falls short. Whereas 53 per cent of countries score in the highest bracket for formal sanctions, this drops to just 24 per cent with regards to enforcement. This alone highlights a significant implementation gap where countries with strong sanctions mechanisms regularly fail to enact them when relevant (see Figure 42).

In fact, of the 46 states that score 100 for formal sanctions, 21 score 50 or below for enforcement. This includes states such as the United Kingdom, Israel, Hungary, and Poland, where offences only occasionally result in appropriate sanctions and suppliers are frequently able to escape prosecution. In Lebanon, Albania, Argentina, the Philippines, and Ghana it is not clear if offences ever result in sanctions and there is no evidence of their formally strong sanctions ever being implemented. These findings correlate with other research that has shown how governments are reluctant to prosecute national defence industry champions which provide significant numbers of jobs, generate billions of dollars of revenue and are often extremely well connected politically.[197] As a result, the furthest most governments go is to impose fines, which are often paltry compared to the revenue generated by corrupt deals, and actual criminal prosecutions are rarer still.

Enforcement is also lacking in relation to anti-collusion laws specifically. 69 per cent of countries have moderate to strong laws in place prohibiting collusion in the sector, yet 16 per cent of states do not have any such legislation in place at all, including eight of 16 MENA countries along with Angola, Venezuela, Myanmar, and Bosnia and Herzegovina.

Discounting countries where no laws are in place and where no cases of collusion have been reported, in just 54 per cent of countries are cases investigated and prosecuted through formal processes without undue influence. In the remaining 46 per cent, there is clear interference in the decision-making processes, resulting in "show" hearings, no formal prosecutions, or a complete failure to investigate even in the face of clear evidence. This includes 11 of 16 Sub-Saharan African states and five of 14 in Central and Eastern Europe, along with Turkey, the Philippines, and Malaysia.

197 Samuel Perlo-Freeman, "Arms, Corruption, and the State: Understanding the Role of Arms Trade Corruption in Power Politics," *The Economics of Peace and Security Journal* 13, no. 2 (September 25, 2018).

MILITARY SPENDERS. REGIONAL COMPARISON

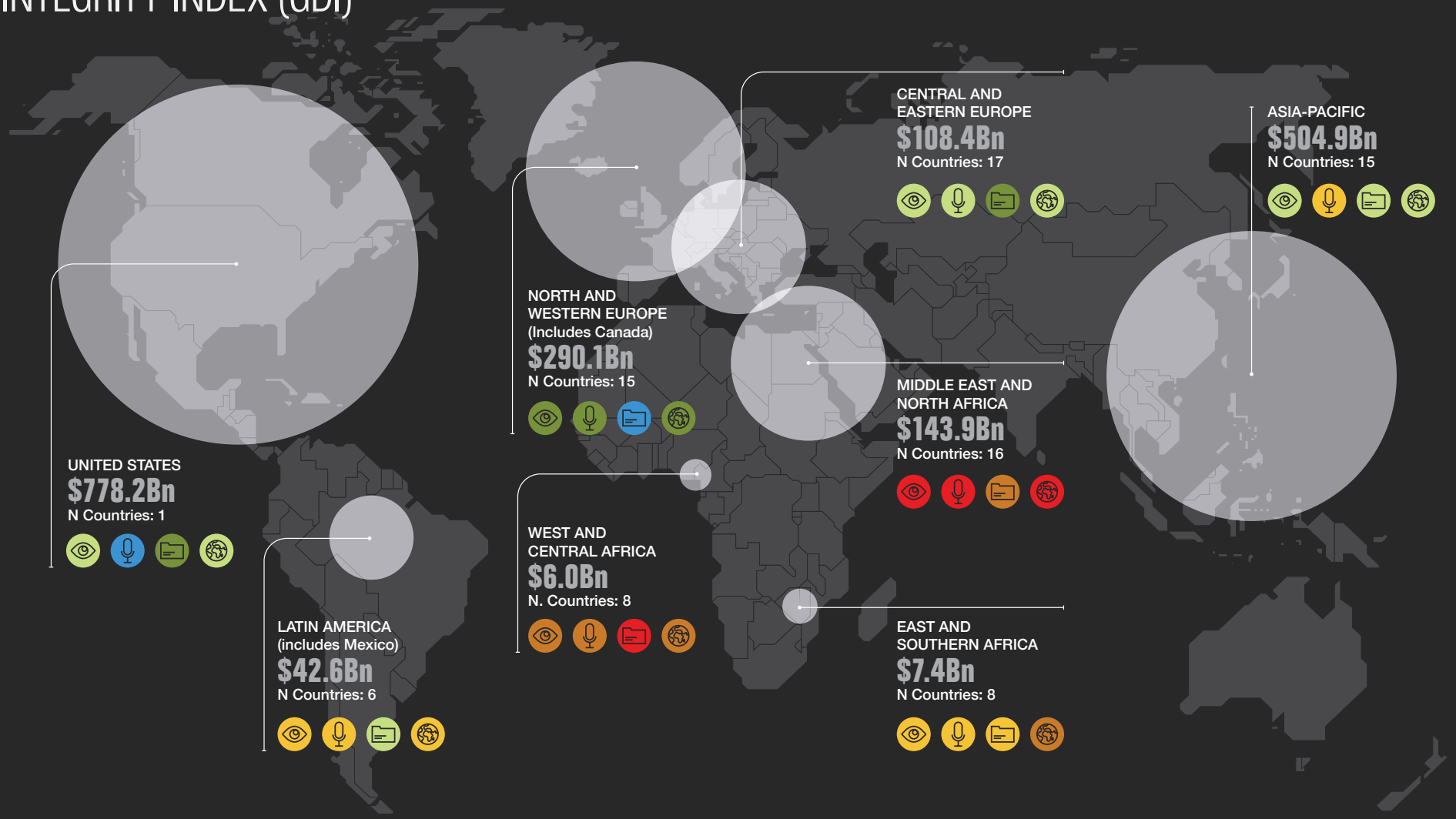
DEFENCE TRANSPARENCY, OVERSIGHT, AND CIVIC SPACE.

2020 GOVERNMENT DEFENCE INTEGRITY INDEX (GDI)

Robustness of transparency and oversight of defence finances, as well as the civic space of defence. Arms expenditures determined by SIPRI, 2020 (Stockholm International Peace Research Institute).

- Transparency of defence finances
- Parliamentary oversight of defence finances
- Administrative oversight of defence finances
- Civic Space of Defence

- A: Very robust (100-83)
- B: Robust (82-67)
- C: Modest (66-50)
- D: Weak (49-33)
- E: Very weak (32-17)
- F: Limited or none (16-0)



Source: Transparency International, Defence & Security; SIPRI Military Expenditure Database, 2020.

EMBEDDING ANTI-CORRUPTION IN DEFENCE: TRANSPARENCY, OVERSIGHT, AND CIVIC SPACE

This section of the report addresses the transparency, oversight, and civic space associated with the defence sectors in all countries in the GDI. These elements form the foundation for effective democratic governance of the defence sector and, by extension, serve as factors in mitigating corruption risk. Robust civic space, and freedom of expression in particular, are critical prerequisites for democracy, and serve as safeguards against war and conflict.[198]

While individually, these elements may lack the force to transform weak governance or neutralise corruption risks, together they constitute an *ecosystem of accountability* of many interconnected and dynamic components, encompassing both the individual and institutional.[199] Accountability ecosystems involve multiple relationships and levels of government, citizen collective action, civil society advocacy, and institutions, with the understanding that power plays an important role in both the problem and the solution.[200]

In other words, transparency (or oversight, or civic engagement) is necessary but not sufficient for consequential governance outcomes. Indeed, it is not just a *transparency* or *accountability* or *participation* deficit; it is a task of understanding the relationships built upon these elements, and then strengthening them. This requires multiple reform activities across several spheres of work, with the aim of institutionalising good governance within those working relationships. Robust transparency, combined with effective oversight and meaningful civil society engagement, thus becomes a crucial means of improving governance and reducing corruption risk in the defence sector.

Box 21: Focus on democratic governance in the defence sector

While civilian control of the armed forces is a vital element in maintaining centralised and cohesive military institutions, it is insufficient on its own. Authoritarian regimes exert considerable civilian control over the military, but such forms of oversight are far from desirable in a democratic society.[201] Thus, democratic models of civilian control entail much more than civilian oversight of the military. They reflect the principles of good security governance, while also ensuring the effective governance of the defence sector.

Democratic control of the armed forces is constituted by four key elements:[202]

1. Legally defined institutional responsibilities and relationships that place the armed forces under clear civilian control;
2. The depoliticisation of armed forces and their removal of influence in domestic politics, particularly in post-conflict and transitional settings;
3. Mechanisms for the effective, transparent, and accountable implementation of defence policy and the defence budget; and,
4. The wider engagement of civil society in defence matters.

Actors involved in democratic oversight of the defence sector require engagement with a variety of actors beyond the armed forces, including but not limited to, policymakers, civil servants, civil society (both global and national), bilateral and multilateral actors and the private sector.

198 Norwegian Nobel Committee, 2021.

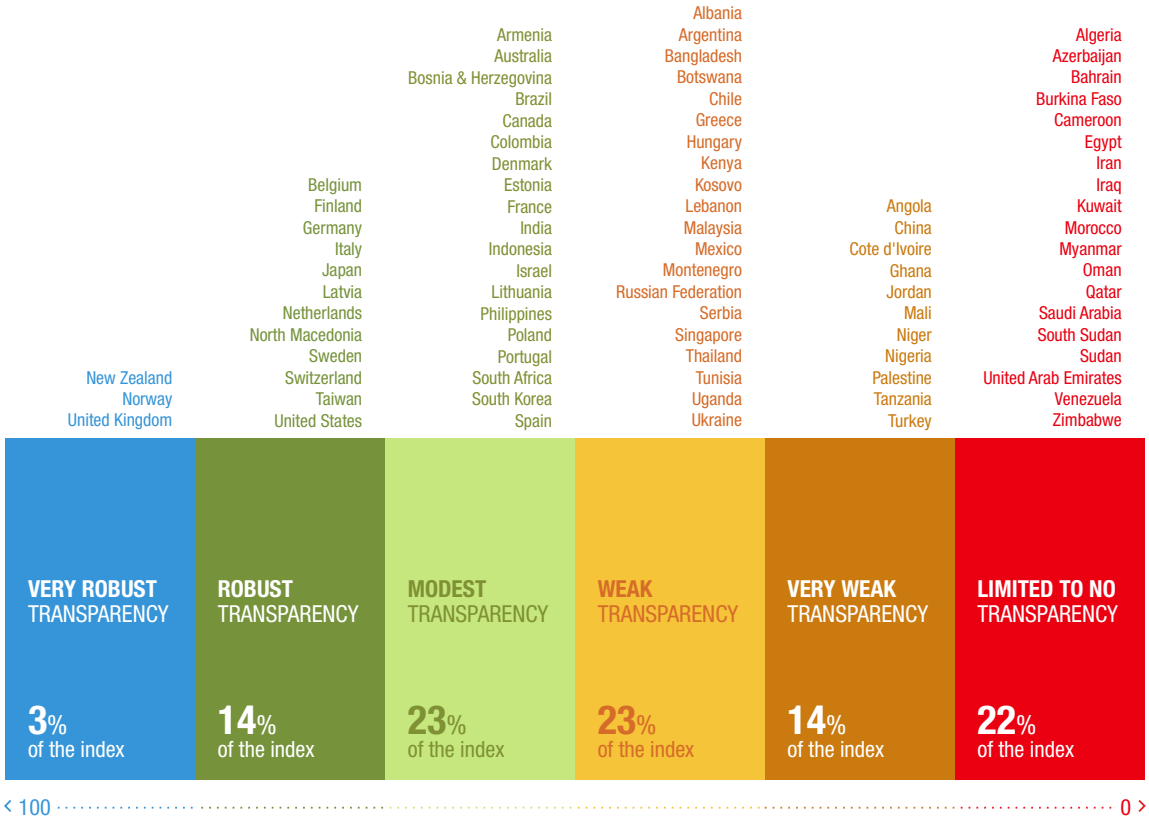
199 Brendan Halloran, "Strengthening Accountability Ecosystems: A Discussion Paper" (Transparency & Accountability Initiative, 2015).

200 Power in institutions stems from hierarchy, influence, and the way that governance is structured and managed. Relationships imbued with power allow some individuals to sustain ineffective or corrupt practices, while also allowing others to demand institutional reform.

201 Born, "The Role of Parliaments," 68.

202 Timothy Edmunds, "Democratic and Civilian Control of Armed Forces," *The Adelphi Papers* 43, no. 360 (October 1, 2003): 13–36.

Figure 43: Strength of defence transparency across the GDI



Defence Transparency

Transparency is one of the basic principles of good governance. It entails that governments make records available to the public regarding their decision-making, policies, activities, and future plans in order for citizens to participate in policymaking and monitoring government activity. In the defence sector, national security interests and the public's right to access public information have frequently been at odds. Many states do not guarantee the public's access to any defence information whatsoever, while even in countries where legislation is in place to regulate this, the information that is made available is limited or superficial.

As a result, defence is frequently cited as one of the most opaque areas of government activity, despite being an area of significant government expenditure. A lack of transparency undermines sound financial management of the sector and creates a high vulnerability to corruption, especially in relation to procurement and defence sector expenditure more broadly.[203]

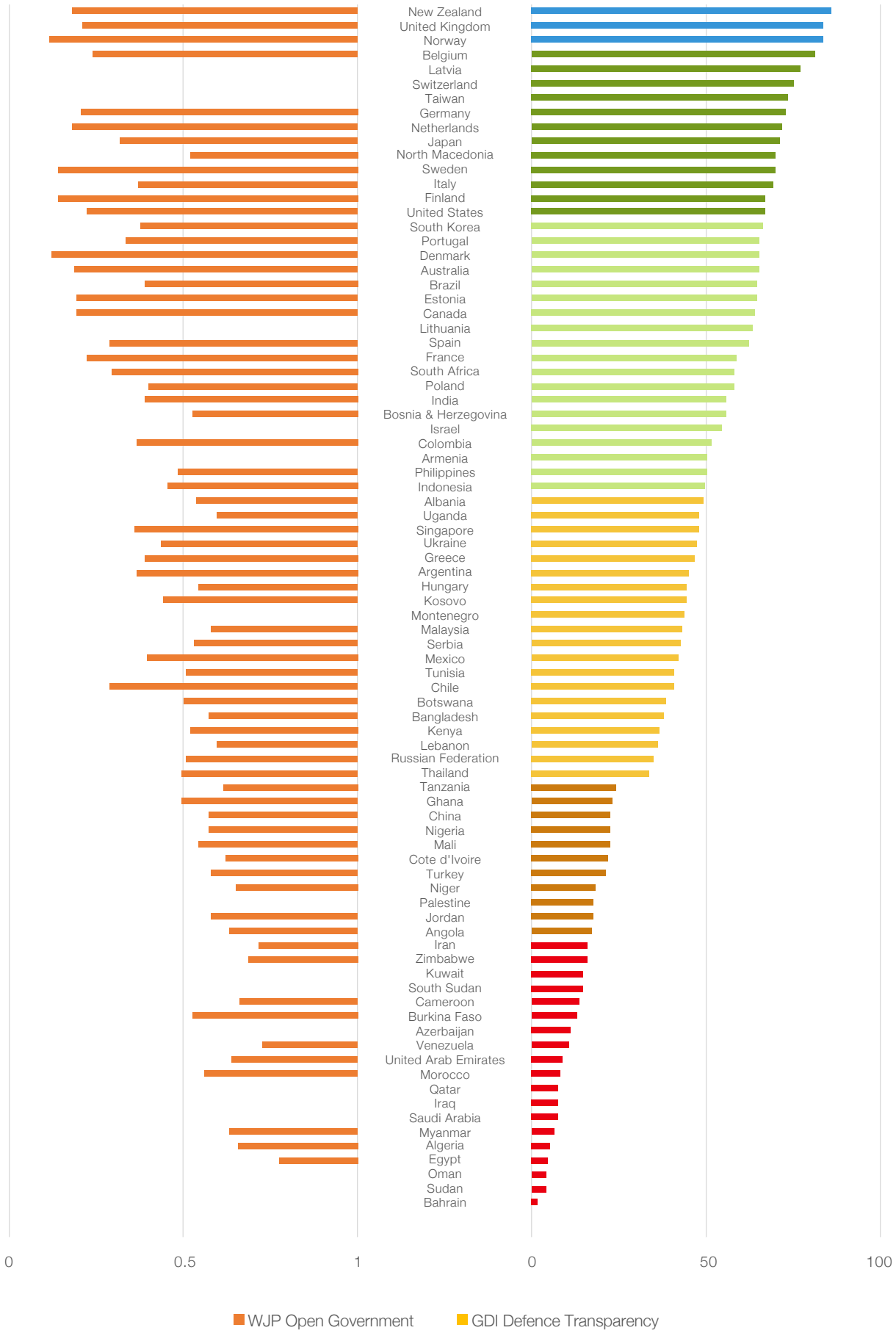
Top-level GDI findings paint a mixed picture of the strength of defence transparency around the world, with an index average of 41/100, pointing to wide variance in country scores. Only 7 per cent of the index scores in the top quarter, with 'robust' to very 'robust' levels of transparency. Just three of these countries – Norway, New Zealand, and the United Kingdom – score in the 'very robust' upper-bracket of the index (see Figure 43)

GDI data thus points to the finding that robust transparency in the defence sector is highest amongst states with more participatory and transparent government. This includes G7 members, North and Western European states, and countries classified as liberal democracies, some of which are the top arms exporters and military spenders in the world.

If defence exceptionalism were a recurrent theme throughout defence establishments, the expectation would be to see defence transparency scores low across the whole index. However, this is not the case. A comparison of GDI scores with the World Justice Project Rule of Law Index reveals that countries with more open governments achieve higher scores on defence transparency (see Figure 44).[204] The implication, therefore, is that weak transparency in defence is a political decision, not a necessity for national security.

203 Sam Perlo-Freeman, "Transparency and Accountability in Military Spending," *Stockholm International Peace Research Institute (SIPRI)*, August 3, 2016.
204 World Justice Project, "Rule of Law Index," 2021.

Figure 44: Comparison of WJP Rule of Law Index: Open Government and GDI Defence Transparency



Conversely, 60 per cent of the index scores in the bottom half, with weak to non-existent transparency. This includes some of the world's largest military spenders such as China, Russia, and Saudi Arabia. At this end of the spectrum, states classified as closed autocracies score in the lowest bracket, followed closely by MENA states, underscoring the near complete absence of transparency in the defence sector, which is exclusively the preserve of the executive. 19 countries score below 17 points across all defence transparency indicators, meaning there is almost no transparency whatsoever in defence institutions. Amongst them, the UAE, Qatar, Egypt, and Morocco are significant military spenders.

Index averages reveal limited to no transparency in several areas of activity across the index, such as military involvement in natural resources, financing packages, and offset contract monitoring (see Figure 45). It should also be noted that 80 per cent of the GDI indicators that are linked to transparency are measuring government effectiveness (*de facto*), with the remaining 20 per cent assessing aspects that are recognised in legislation (*de jure*). Findings thus focus heavily on the practical implementation of transparency standards rather than just their existence, offering a more nuanced view of what defence transparency looks like in action in each country.

Figure 45: GDI 2020, Defence Transparency Scorecard

No.	Defence Policymaking and Political Affairs	Index average
30A	Legal Framework on Access to Information	49
76C	Lobbyist registration system	49
21B	Information on Intelligence Services Oversight	46
3D	Transparency of Defence Strategy and/or Security Policy	40
11B	Transparency of Acquisition Planning	40
30C	Effectiveness of Access to Information	33
76B	Lobbying Disclosure: Public officials	31

No.	Defence Finances	Index average
77C	Timeliness of Disclosure on Defence Spending	75
12B	Timeliness of Budget Proposal	66
77B	Comprehensiveness of Defence Spending Disclosure	64
12A	Comprehensiveness of Budget Proposal	60
17C	Access to External Audit Reports	58
14B	Comprehensiveness of Budget Disclosure	54
14A	Proactive publication of Budget	53
31B	Beneficial Ownership of Commercial Businesses	46
15A	Transparency of Defence Income	45
77A	Proactive publication of Defence Spending	45
14C	Response to information requests on budget	42
16C	Legislative/Executive Access to Internal Audit Reports	41
25C	Transparency of Asset Disposals	39
77D	Explanation of Defence Spending Variances against Budget	38
24B	Transparency of asset disposal process	37
27	Legislative Access to Information on Secret Spending Items	32
32B	Transparency of Military-owned businesses	29
24C	Transparency of financial results of asset disposals	29
18D	Transparency of Military involvement in Natural Resources	15

Legend

- Very robust Transparency
- Robust Transparency
- Modest Transparency
- Weak Transparency
- Very weak Transparency
- Limited or no Transparency

No.	Defence Personnel Management	Index average
46B	Transparency of Military Code of Conduct	76
47B	Transparency of Civilian Code of Conduct	75
39A	Transparency of Pay Rates	65
39B	Transparency of Allowances	55
42D	Frequency of Disclosure on Promotions	54
40C	Transparency of Payment System	51
49B	Transparency of Corruption Prosecutions	44
49A	Transparency of Corruption Prosecution Policy	40
38B	Transparency of Defence Personnel Numbers	38
42C	Comprehensiveness of Disclosure on Promotions	36
41C	Transparency of Appointments	34

No.	Corruption in Operations	Index average
54C	Transparency of Corruption Monitoring in Operations	21

No.	Defence Procurement	Index average
65C	Transparency of Tender Board Controls	48
60A	Transparency of Potential Purchases	47
59C	Transparency of Procurement Oversight	45
58B	Transparency of Procurement Cycle	39
65B	Audit Trail of Tender Board	38
61A	Comprehensiveness of Disclosure on Actual Purchases	37
61B	Accessible data on actual defence purchases	32
60B	Notice of planned purchases	29
73A	Transparency of Policies on Agents and Intermediaries	29
62A	Transparency of Policies on Business Compliance Standards	25
67B	Transparency of Contract Awards	25
74	Transparency of Financing Packages	12
71B	Transparency of Offset Contract Monitoring	9

Transparency in defence policymaking and political affairs

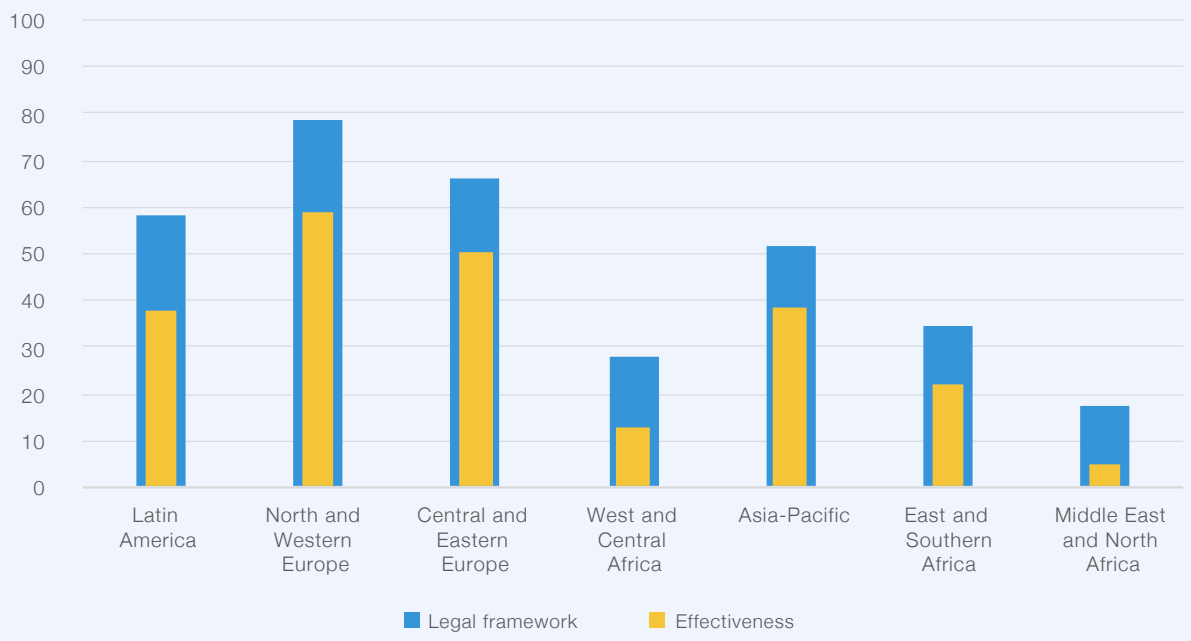
Defence policymaking refers to the elaboration of the guidelines, principles, policies, and frameworks that link theory (such as the national security strategy) to action (such as defence planning, management, and implementation). Defence policy dictates the overall priorities and direction of the entire defence function under a particular administration. As policymaking sets the parameters for defence for a number of years, it is crucial that the process is as transparent, inclusive and participatory as possible, to ensure that policy and spending decisions are made with the public interest in mind.

While there is considerable variance across scores across indicators of defence transparency, there are clear areas in which most of the index falls short. Only 21 per cent of the countries in the index regulate lobbying in the defence sector, and of those countries, only one (Canada), requires public officials to update records with details about, and frequency of, interactions with lobbyists, and to publish how conflicts of interests were identified and mitigated. The lack of transparency around lobbying is a major corruption vulnerability,[205] as undue influence from the private sector in both policymaking and procurement has been found to be an issue in the countries with powerful defence industry players.[206]

Box 22: Access to information in defence institutions

A key legislative tool to facilitate transparency is access to information. These are laws that enshrine the right of citizens to view information on the functioning of their governments and create an obligation for governments to either provide the information, or justify why they cannot.[207] Effective access to information systems require robust legal frameworks, responsive institutions, enforceable and realistic sanctions, and strong information management processes.[208] It is encouraging that nearly half of the countries in the GDI are assessed from 'modest' to 'very robust' in their access to information regimes, with even more countries having a well-designed law in place. However, there is a clear gap between legal frameworks and implementation, as shown in Figure 46.

Figure 46: Implementation gaps in access to information in defence



205 Transparency International UK, "Understanding Access and Potential Influence in Westminster" (London: Transparency International UK, October 2021).

206 Transparency International, Defence & Security, "Defence Industry Influence on European Policy Agendas."

207 Stephen Kosack and Archon Fung, "Does Transparency Improve Governance?," *Annual Review of Political Science* 17, no. 1 (2014): 65–87, 67.

208 Victoria L. Lemieux and Stephanie Trapnell, *Public Access to Information for Development: A Guide to Effective Implementation of Right to Information Laws,* Directions in Development (Washington, D.C.: World Bank, 2016).

In an area as sensitive as defence, where information is often closely guarded, enacting governing legislation has proven complicated. National security and the public's right to information have historically been viewed as "pulling in opposite directions,"[209] with defence institutions' "secrecy privilege" on one side and those advocating for a "transparency fix" on the other.[210]

However, transparency and secrecy can each contribute to national security, both by protecting information crucial to national security and by ensuring that the cloak of secrecy is not used to hide irregularities, abuses of power, or fraud. Decisions to restrict access to information must balance the public interest with the harm that releasing specific pieces of information could do, and be based on well-justified exceptions that preserve the overall presumption of transparency and access to information. Over-classification itself is a dangerous practice, which leads to the dilution of classification standards and the deterioration of the classification system as a whole.

Transparency in defence finances

Sound financial management is a key pillar of effective defence governance, without which the significant sums of public funds that are attributed to the sector risk being wasted in poorly planned projects, or diverted for private gain. Transparency facilitates active external participation and oversight in budgeting, procurement, and expenditure, as well as helping external actors to understand spending priorities in the long, medium, and short-term, through transparent planning and strategy development.

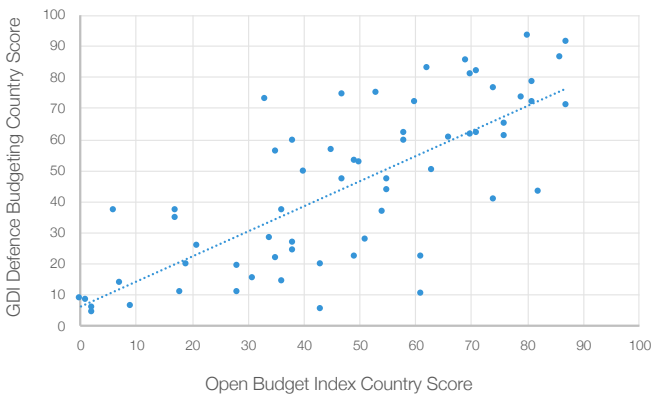
GDI data reveals some significant regional variations in financial transparency standards for defence. North and Western Europe scores highest with robust transparency mechanisms in place across the board, although several states pull the regional average down owing to their high levels of secrecy in financial management processes. States in Central and Eastern Europe and Asia-Pacific perform moderately well due to more modest transparency standards, albeit with significant gaps between members.

Budget data collected as part of GDI research reveals significant patterns in defence budget transparency, availability, comprehensiveness, and oversight. Firstly, budget transparency and detail is the highest scoring 'financial' indicator in the index, with over 50 per cent of states scoring in the top quarter. This means that defence budgets contain comprehensive information on expenditure across functions including, amongst the top performers, information on personnel, military R&D, training, construction, procurement, equipment maintenance, and asset disposals.

Figure 47 demonstrates a high correlation between GDI scores and the Open Budget Index, highlighting that when a country's national budget practices are transparent and accountable, so are the budget practices of the defence sector. Notwithstanding, 25 per cent of the GDI still ranks in the bottom brackets, denoting 'high' to 'critical' corruption risks as a result of opaque defence budgeting practices. Amongst these states are global powers such as China and Saudi Arabia, as well as significant defence spenders such as Spain, Azerbaijan, Malaysia, Algeria, Venezuela, and Egypt.

The reasons for these states' lower scores are two-fold. Firstly, budgets are generally not comprehensive and omit many of the functions that higher scoring states detail. In many cases, budgets include just a topline figure for the whole sector with no disaggregation or breakdown. Secondly, these states consistently fail to provide the legislature with accurate budget proposals in a timely manner or fail to provide parliament with any information whatsoever. This essentially ensures that the budgeting process is tightly executive-controlled and external involvement is kept at a minimum, by granting legislators very little time to review spending plans and propose amendments.

Figure 47: Strong correlation between Open Budget Index[211] and GDI Defence Budgeting Indicators



209 Open Society Foundations, "Global Principles on National Security and the Right to Information ('Tshwane Principles')" (Tshwane, South Africa, June 12, 2013).

210 Fenster, "The Transparency Fix," 9-11.

211 International Budget Partnership, "Open Budget Index," 2019.

Transparency in defence personnel management

Personnel management in this context refers to the systems, processes and regulations that defence sector institutions have in place to manage their military and civilian personnel. Given the size and complexity of the defence function in many countries, having effective management systems in place to regulate personnel is crucial to the functioning of the whole sector. This includes keeping track of personnel numbers, having clear recruitment and promotion processes in place, maintaining and updating payroll and payment systems, and enforcing behavioural standards.

When these systems are informal, highly opaque, or a combination of both, the risk of corruption increases significantly with potentially drastic results. In Mali for instance, a fragile salary payment system has been abused by some commanders who skim money from front line troops' pay packets, negatively affecting morale and playing into the hands of insurgents.[212] As such, having well-functioning and transparent personnel management systems in place is not only crucial to effective defence governance, but also has a tangible impact on national security.

Box 23: Whistleblowing in the defence sector

Whistleblowing is an important feature of institutional anti-corruption measures. Disclosures made by whistleblowers provide an effective means of detecting, exposing, and preventing corruption, as well as other malpractices, by organisations or individuals. This is particularly essential in a sector like defence, which is often shrouded in secrecy. Good practice standards outline that legislation on whistleblowing and reporting corruption needs to be applicable to military and official personnel. Additionally, explicit reference to protection of whistleblowers, including protection of identity, and guarding against retribution, should also be in place.

The GDI global score of 34/100 for whistleblowing points to weak institutional resilience in this area. At one end of the spectrum, West and Central Africa is the lowest scoring region, with an average of 19/100 in terms of the legal frameworks. The region scores 0/100 for effectiveness, which highlights limited or non-existent commitment to implementation. Central and Eastern Europe (CEE), on the other hand, emerges as the highest scoring region for legal frameworks, with a score of 70/100. However, the CEE score of 30/100 for effectiveness reveals weak institutional resilience in terms of protections and, overall, a significant implementation gap.

At the national level, a significant number of countries in the GDI lack adequate legal protection for whistleblowing. In 24 per cent of the countries, there is no legislation (applicable to military and official personnel) that facilitates corruption reporting or protection of whistleblowing. GDI data further highlights that implementation is a major issue, as 57 per cent of countries in the index score 0 for effectiveness. In fact, even where whistleblowing laws exists, there may be challenges that limit applicability to the defence and security sector. In Canada, for example, the law is clear that the armed forces and intelligence services are excluded from the whistleblowing legislation.[213]

Overall, robust standards for whistleblowing in the defence sector are still lacking in many countries around the world. Only 48 states in the GDI have dedicated national whistleblower laws.[214] Though it contains national security exemptions, efforts such as the 2019 EU Directive on Whistleblowers represent an initial step in the right direction, as it may generate demand for improved systems throughout government, including defence.[215]

212 BBC News, "Has corruption hindered Mali's fight against jihadists?"

213 Government of Canada, Public Servants Disclosure Protection Act, S.C. 2005, c. 46, Sec. 52-53.

214 IBA and GAP, "Are Whistleblowing Laws Working? A Global Study of Whistleblower Protection Litigation" (Washington D.C.: International Bar Association (IBA) and Government Accountability Project (GAP), March 2021), 72.

215 As of October 2021, 23 of the 27 EU states were in the process of transposing the directive into national law. Only four countries - Cyprus, Hungary, Luxembourg and Malta - had not started the process.

With an average index score of 50, transparency in defence personnel management is modest, however significant disparities still exist. 12 per cent of countries have very robust personnel management transparency standards, ranking in the top bracket for this area. Among them are Canada and the United States, along with seven North and Western European states and North Macedonia.[216] Personnel management is one of the most transparent areas of defence, including amongst states who generally score poorly in relation to transparency.

Regardless, there are still some areas in which countries fall short. GDI data reveal that 86 per cent of countries in the index release only partial information on the selection of military personnel at middle and top management level, which includes selection criteria and rank. Only 74 per cent of countries in the index publicly declare promotion information for commissioned officers and their civilian counterparts. Such limited transparency in appointments and promotions leaves the processes open for abuse, allowing individuals to be placed into ranks and positions on the basis of personal connections or political allegiance, rather than on performance.

Transparency in defence procurement

Defence procurement is considered one of the most sensitive and secretive areas of military spending, despite the fact that the majority involves the purchases of ordinary goods and technology, rather than arms, parts and components, and ammunitions. Given the size of defence budgets and opacity with which much military procurement is conducted, procurement is highly susceptible to corruption. Ineffective or non-existent procurement processes do not just lead to waste and corruption, they can also result in purchases with high costs but with questionable strategic purpose, severe delays and cost overruns.[217]

Enhancing transparency and access to information about the entire procurement cycle can help significantly reduce corruption risk, facilitating scrutiny by oversight institutions, increasing external involvement in the procurement planning process, and mitigating opportunities for corruption at key junctures of the process. However, given the sensitivities attached to the procurement of goods that can impact on national security, efforts to enhance defence procurement transparency have had limited success.

With an average score of 32/100, GDI data underscores the continuing gaps in procurement transparency that contribute to persistently high levels of corruption risk in the acquisition of defence goods and services. This also means that procurement transparency is the weakest aspect of defence transparency as a whole. This is epitomised by the fact that only seven countries score higher in terms of procurement transparency than they do for personnel. For procurement, only New Zealand scores in the top bracket.

Conversely, 37 per cent of the index is assessed as having limited to no transparency whatsoever with regards to procurement. This includes some of the most significant importers of major arms in the world: Saudi Arabia, Egypt, China, Algeria, UAE, Turkey, Iraq, and Thailand. In fact, six of the top nine largest importers of major arms have extremely limited transparency in their procurement processes, exposing them to critical levels of corruption risk.

The transparency of defence purchases, and in particular arms deals, is severely lacking across the index. While North and Western European countries score in the 'very robust' range when it comes to transparency of planned defence purchases, nearly 75 per cent of countries in the index score in the bottom quarter. This means information on forward purchase plans is released only partially and for the very short-term, rendering it insufficient for prospective suppliers to prepare and seek further information, as well as for oversight actors to debate the necessity of purchases.

Information on *actual* purchases is similarly limited, with nearly 70 per cent of countries failing to provide details for all purchases. When this information is released, even in top-scoring countries, it is rarely made available in an accessible format for analysis. The transparency of financing packages for arms deals is even more stark: 67 per cent of states in the index score 0. This includes Algeria, Australia, China, Egypt, Qatar, Saudi Arabia, and South Korea, which are some of the world's top arms importers. Only India and Latvia score in the top quartile.

Income group scores also underline the fact that limited transparency in procurement is an issue affecting countries regardless of socio-economic levels, albeit it to varying extents. While low-income states have extremely limited standards in place, high income ones fare only moderately better. This points to a broader issue undermining procurement transparency. Financial management processes and procurement regulations are intended to reduce corruption risk and increase transparency in public financial management; however, the continued exemption of defence institutions from these norms and regulations, significantly increases the risk of corruption among both wealthy and lower-income states.

216 These are Switzerland, France, Portugal, United Kingdom, Spain, Belgium and Norway.
217 Perlo-Freeman, "Transparency and accountability in military spending."

Defence Oversight

Oversight is another key component of good defence governance. It refers to the involvement of democratic and external institutions in formulating, implementing, monitoring and reforming security policy. Institutions involved in oversight form a broad spectrum and include the parliament and its relevant committees, civil society, the media, audit institutions, specialised commissions, ombudsmen, and inspectors (see Figure 48). Of these, parliaments are often the central element of systems that impose civilian control over the armed forces as they ensure that defence and security forces carry out their duty in accordance with national and international law, vote on defence-specific legislation, and oversee budgets and spending.

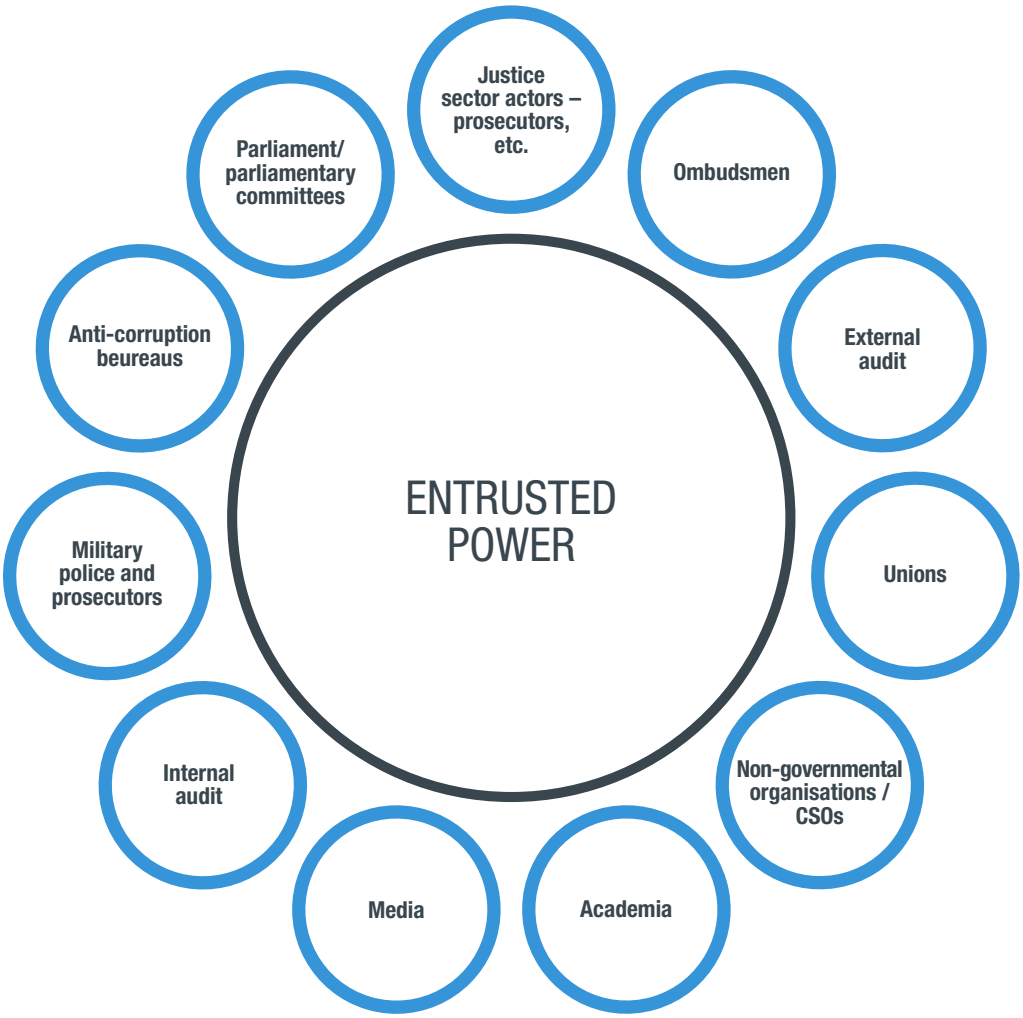
Oversight is vital to ensuring that resources allocated to defence are managed efficiently and effectively, that personnel behave in accordance with the law and that those who contravene rules are held accountable.

Oversight is "the process by which transparency translates into accountability and democratic control of the security sector."[218] As such, it is also key to anti-corruption efforts in the sector.

GDI findings shed light onto some key areas of deficiency in defence oversight. With an aggregated score of 40/100 for all oversight-related indicators, defence oversight remains weak across all countries. Close to a quarter of the index (24 per cent) ranks in the lowest bracket, denoting extremely limited or no oversight whatsoever of the sector (see Figure 49). This includes China and Saudi Arabia, two of the top six countries with the highest military expenditure in the world.[219]

Index averages for defence oversight reveal that only asset disposal scrutiny is considered to be robust, while there is limited to no oversight of export controls and corruption mitigation in forward planning for operations (see Figure 50).

Figure 48: Various types of oversight in the defence sector



218 DCAF, "Security Sector Integrity - Oversight," Geneva Centre for Security Sector Governance (DCAF), 2021.

219 Lopes de Silva et al., "Trends in World Military Expenditure, 2020."

Figure 49: Strength of defence oversight across the GDI

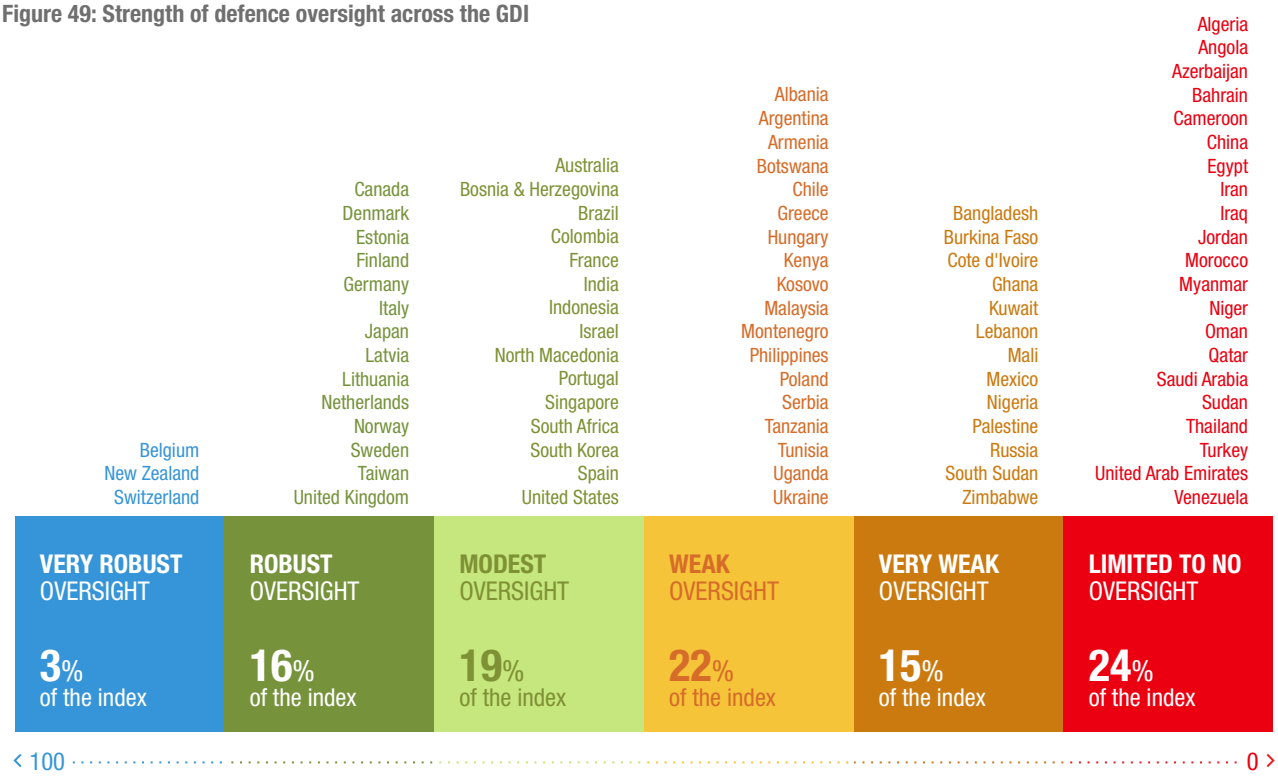


Figure 50: GDI 2020, Defence Oversight Scorecard

No.	Defence Policymaking and Political Affairs	Index average
1A	Mandate for Legislative Scrutiny of Defence Policy	63
2A	Mandate for Defence Committee Scrutiny of Defence Policy	63
1C	Independence of Legislative Scrutiny of Defence Policy	50
2C	Responsive policymaking of Defence Committee	47
11C	External Oversight of Acquisition Planning	46
21B	Effectiveness of Intelligence Services Oversight	46
28B	Parliamentary Scrutiny of Secret Programmes	45
1B	Effectiveness of Legislative Scrutiny of Defence Policy	44
2D	Short-term Oversight by Defence Committee	44
2B	Defence Committee Expertise	44
21A	Independence of Intelligence Services Oversight	40
76D	Oversight & Enforcement of Lobbying Rules	36
2E	Long-term Oversight by Defence Committee	37
28A	Comprehensiveness of Secret Programme Auditing	30
23C	Parliamentary Scrutiny of Exports	15

No.	Defence Finances	Index average
25B	Independence of Asset Disposal Scrutiny	68
17B	Independence of External Audit Agency	66
32A	Independent scrutiny of Military-Owned Businesses	65
13A	Formal rights of Defence Committee to Scrutinize Budget	61
15B	Institutional Scrutiny of Defence Income	58
17C	Transparency of External Audit	58
14B	Oversight of Comprehensive Budget	54
17A	Activity of External Audit Agency	54
16A	Activity of Internal Audit Unit	51
17D	Responsiveness of Ministry to External Audit Findings	49
16D	Responsiveness of Ministry to Internal Audit Findings	46
25A	Scrutiny of Asset Disposals	44
13B	Influence of Defence Committee on Budgets	42
16C	External Scrutiny of Internal Audit Reports	41
16B	Enabling Oversight of Sentiive Issues in Internal Audit	38
32B	Transparency of Military-Owned Business Scrutiny	29
15C	Public Scrutiny of Defence Income	27
18E	Scrutiny of Defence Interests in Natural Resources	19

No.	Defence Personnel Management	Index average
37C	Oversight of High-risk positions	40
41B	Scrutiny of Appointments	17

No.	Corruption in Operations	Index average
53B	Evaluation of Corruption Mitigation in Forward Planning	13

No.	Defence Procurement	Index average
59A	Independence of Procurement Oversight Mechanisms	55
59C	Transparency Procurement Oversight Mechanisms	45
59B	Effectiveness of Procurement Oversight Mechanisms	42
65B	Audit Trail of Tender Board	38
63B	Scrutiny of Procurement Requirements	37
67D	Enforcement of Contract Awards / Delivery	33
64B	Scrutiny of single/restricted competition procedures	29
60B	Notice of Planned Purchases for External Scrutiny	29
67B	Transparency of Contract Awards / Delivery	25
65D	External Scrutiny of Tender Board Decisions	23
72	External Scrutiny of Offset Contracts	19

Legend

- Very robust Oversight
- Robust Oversight
- Modest Oversight
- Weak Oversight
- Very weak Oversight
- Limited or no Oversight

GDI scores on oversight have been aggregated into categories on parliamentary oversight, which covers the work of legislatures and their defence committees in overseeing the sector, and administrative oversight, which includes the work of internal and external audit mechanisms, as well as personnel management bodies and procurement oversight entities.

Figure 51 provides a comparison of strength of each type of oversight and corresponding country scores in each area. The distinction between these two types of oversight allows for analysis of the work of the legislature in scrutinising the defence sector, as compared to the organisational work of the ministries and departments that oversee administration in defence finances, personnel, and procurement. It should be noted that these are just some of the types of oversight that function within defence governance.

Parliamentary oversight of defence

Empowering parliaments to provide scrutiny over the policies, activities and budgets of the sector helps to ensure that defence institutions remain accountable, function effectively, and do not become captured by elites who could seek to use them to respond to their own security needs rather than the populations'.[220] Through their legislative, budgetary and oversight functions, parliaments help build up the legal framework for the sector, approve or reject budgets, and hold the executive to account for its policies and activities. Under authoritarian rule, there is a danger that parliaments become largely rubberstamping bodies, uncritically passing legislation, and rarely exercising any oversight over government activity, essentially giving the executive free reign to utilise defence resources at its discretion.[221]

With an average score of 40/100, parliamentary oversight of defence is weak across the index. Countries in North and Western Europe score highest, with the six highest scorers all from this region and the remaining ones still ranking in the upper bracket.[222] States in Central and Eastern Europe perform moderately well as a whole, but with significant variations between sub-regions. The Baltic States of Latvia, Lithuania, and Estonia all exhibit robust standards of parliamentary oversight, as opposed to the Western Balkans states of Albania, Montenegro, Bosnia and Herzegovina, Kosovo, and Serbia where parliamentary oversight is weak.

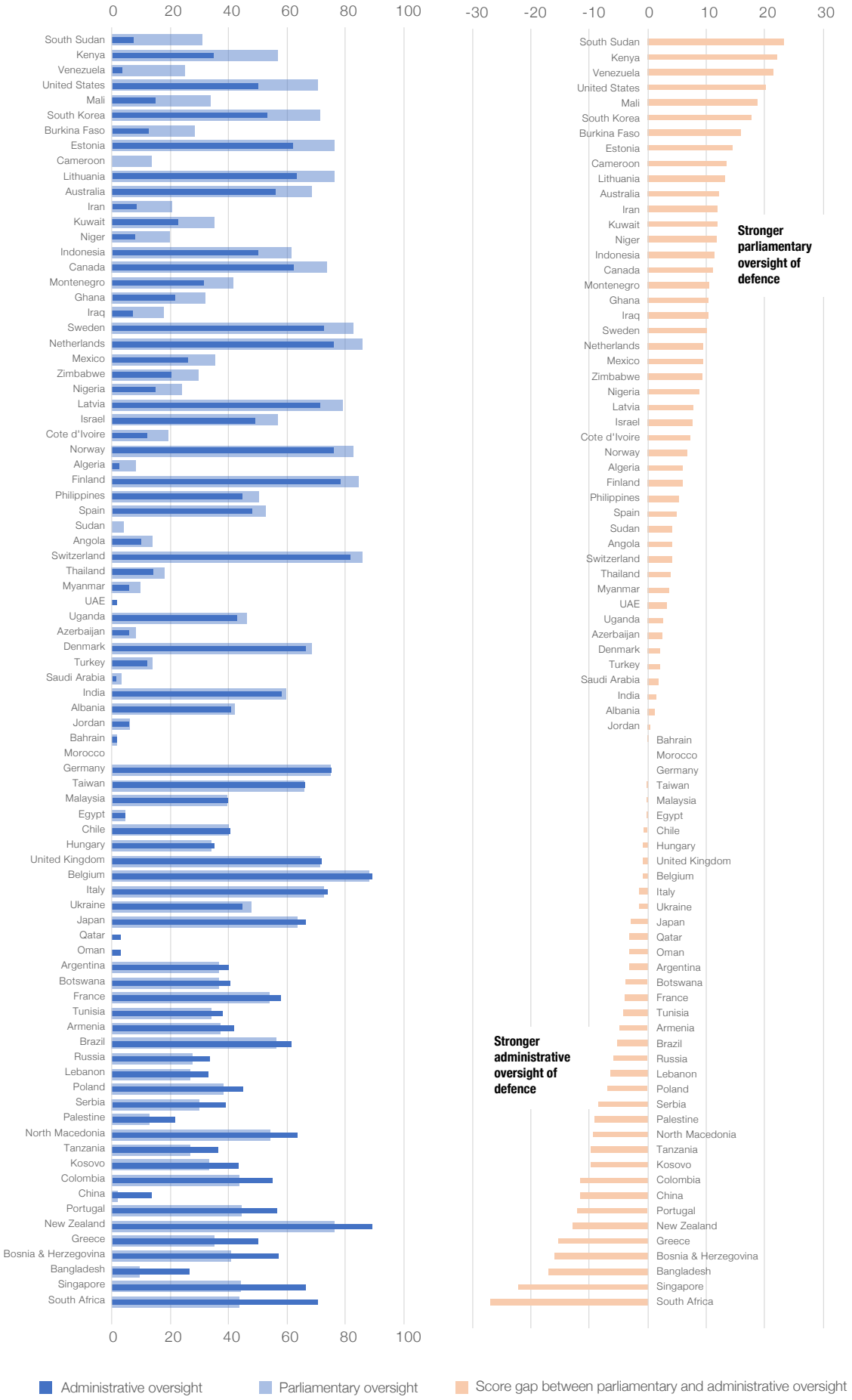
At the other end of the spectrum, 21 per cent of countries rank in the bottom bracket, which groups countries with extremely limited or non-existent parliamentary oversight of defence. Of the 18 countries in this bracket, ten are from MENA, including four countries that score 0, meaning there is no formal provisions for parliamentary oversight and no oversight in practice in the UAE, Morocco, Qatar, and Oman. It is also interesting to note the presence of China, Egypt, Myanmar, Turkey, and Azerbaijan in this bracket, all significant defence spenders where parliaments have been either completely side-lined by the executive or co-opted entirely by the executive and military, as is the case in Myanmar.

220 Heiner Hänggi, ed., "Security Sector Reform - Concepts and Contexts," in *Transformation: A Security Sector Reform Reader* (Pasig City, Philippines: International Center for Innovation, Transformation and Excellence in Governance, 2012).

221 Office for Promotion of Parliamentary Democracy, "Parliamentary Oversight of the Security Sector" (Brussels: European Parliament, 2013).

222 These are: Belgium, Netherlands, Switzerland, Finland, Norway, and Sweden.

Figure 51: Comparison of parliamentary and administrative oversight of defence, country results



Administrative oversight of defence

Parliament's oversight function is supported by internal and external audit institutions that play a key role in strengthening financial transparency in the defence sector. Ministries of Defence in most countries have internal audit units, responsible for carrying out checks on finances from within the chain of command and whose reports should be made available to other oversight institutions.

External, or Supreme Audit Institutions (SAIs), are national bodies responsible for carrying out audits of public institutions and are established as independent from the executive, legislative and judicial branches.[223] Through their investigations, SAIs produce reports that enhance oversight by providing other institutions, such as parliamentary committees, with financial and performance information that can inform oversight. There is also significant oversight of defence procurement expected of ministries, through tender boards, procurement oversight, and monitoring and enforcement of defence suppliers.

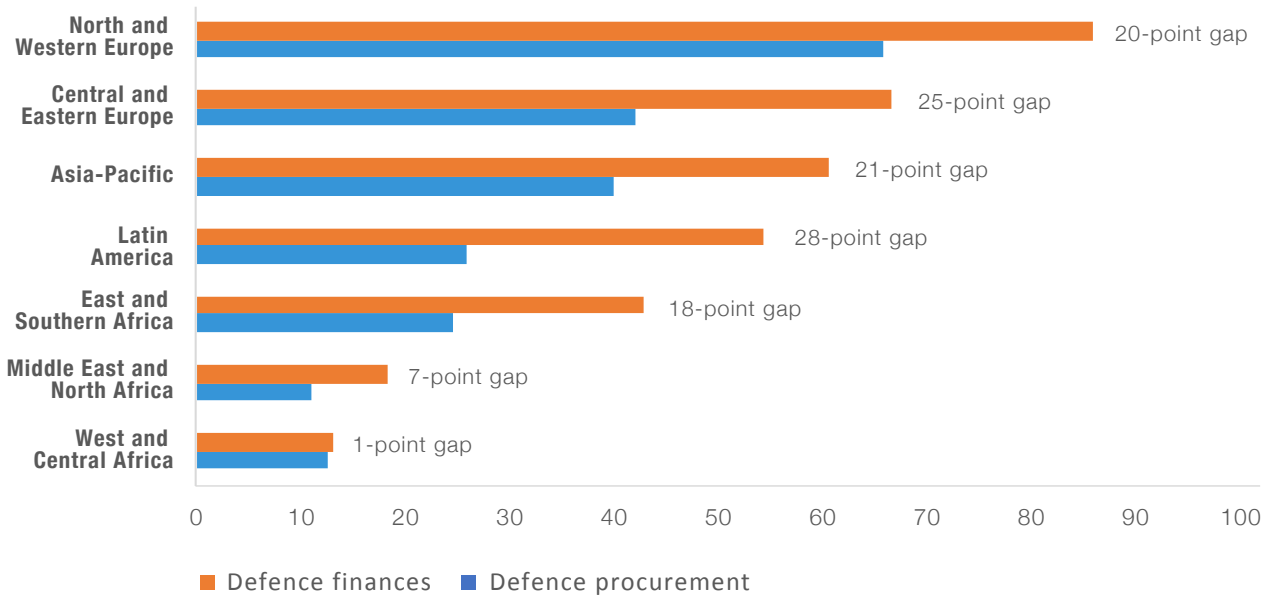
The GDI average for administrative oversight stands at 38/100, mirroring the average score of 40/100 for parliamentary oversight. Just two countries score in the upper bracket here: New Zealand and Belgium. A further 10 are classed as having robust administrative oversight functions in place for defence, all of whom are European apart from South Africa which ranks highly owing in part to the strength of its external audit body, the Auditor-General.

It should also be noted that significant defence spenders including France, the United States, Australia, and South Korea score between 50 and 60, denoting only moderately robust administrative oversight procedures, with significant gaps in relation to procurement in particular. On the lower end of the spectrum, 40 per cent of countries have significant administrative oversight deficits. This includes 88 per cent of MENA states and 69 per cent of those in Sub-Saharan Africa, but also a third of states in Asia-Pacific including China, Myanmar, Bangladesh, and Thailand.

One significant pattern that emerges from the data is the gap between administrative oversight of defence finances on one side and procurement on the other (see Figure 52). Oversight of finances is relatively strong in Latin America, Asia-Pacific, Central and Eastern Europe, and North and Western Europe, with even the lowest-scoring region (Latin-America) still scoring above 50. However, when it comes to procurement, there is a considerable drop in scores. Even North and Western Europe, which scores 86 for finances, drops to 64 for procurement.

A similar pattern is evident amongst member states in intergovernmental bodies where gaps average around 20 points, apart from NATO countries where the average gap is 24. These findings reinforce the finding that procurement is one of the most secretive and least scrutinised areas of defence. This combination of poor transparency and weak oversight is the ideal breeding ground for corruption, as abuses can go largely unnoticed

Figure 52: Administrative Oversight, defence finances v. procurement



223 Nicolas Masson, Lena Andersson, and Mohammed Salah Aldin, "Strengthening Financial Oversight in the Security Sector," DCAF Toolkit - Legislating for the Security Sector (Geneva Centre for Security Sector Governance (DCAF), 2011), 29.

through institutionalised opacity, and where accountability is stripped back. This situation is largely the product of states privileging secrecy over all else in the procurement process, often with little appropriate justification.

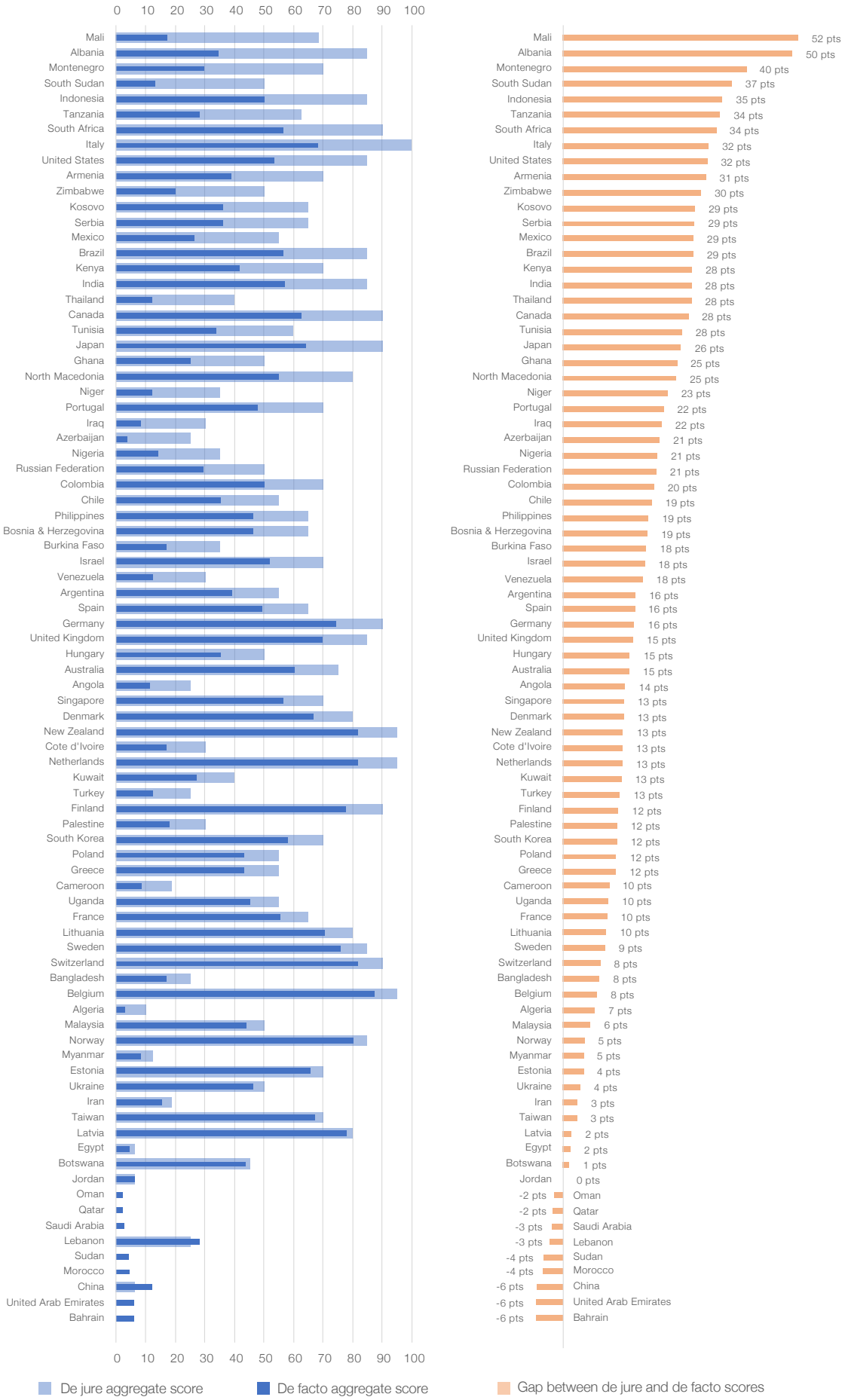
Implementation gaps in defence oversight

Defence oversight is weak across the board, with the *effectiveness* of oversight particularly limited. This points to a pressing implementation gap between the formal provisions for oversight as enshrined in constitutions and legislations, and the reality in practice (see Figure 53). This is borne out in the GDI data: the *de jure* average is 54 whereas the *de facto* is a full 16 points lower at 38.

Despite formal provisions for oversight, the defence sector remains largely the preserve of the executive in many countries and parliamentary involvement is often curtailed through various means. From stacking defence committees with government allies, to limiting parliamentary access to information, or hampering work by submitting documents and records to parliament too late for members to have time to process information, the effectiveness of parliamentary oversight can be extremely fragile. Similar tactics have been used with other oversight bodies such as external audit bodies that can find their access to critical information severely limited and their findings and recommendations ignored by governments and defence institutions.

Moreover, there is often a noticeable knowledge imbalance between parliamentarians and the institutions they are supposed to oversee. Owing to a lack of time and resources, this imbalance can be difficult to compensate, especially given how frequently defence committee members can move on to new appointments according to legislative cycles or executive decision-making.

Figure 53: Implementation gaps in defence oversight, country results



Though not as stark as for parliaments, GDI data on the effectiveness of administrative oversight mirrors these findings. The effectiveness of this oversight is very limited to non-existent in 41 per cent of countries, and in a significant number of cases, those that perform poorly on parliamentary effectiveness also perform poorly on administrative oversight. This correlation underlines the role played by the executive, sometimes in conjunction with the military, to undermine external oversight of the sector.

In many instances, audit bodies' effectiveness is limited by their poor enforcement capabilities, which means that defence institutions and the government are not required to incorporate their findings and recommendations into practice. South Africa is a good example of this: the Auditor-General's office is formally strong and independent from the government with its reports presented to parliament and the Department of Defence. However, it has no power to enforce its findings, which often reveal significant financial oversight and reporting failures within the Department, meaning that recommendations go unaddressed and limiting the Auditor-General's effectiveness in practice.[224]

Equally, and similarly to parliaments, limited financial and human resources –, and a lack of technical expertise – can limit the capacity of administrative oversight bodies to conduct detailed and informed assessments. This is not just the case for audits; personnel and procurement oversight suffer from limited effectiveness for similar reasons, though it is often a political decision not to assign resources where they are most needed for oversight of tenders, bids, and supplier behaviour.

The Civic Space of Defence

Civic space is the set of conditions that allow civil society organisations and individuals to organise, participate, and communicate freely and without discrimination, in order to co-create political and social structures for society.[225] Core civic space rights, such as freedom of association, freedom of assembly, and freedom of expression are the critical foundations for civil society to flourish and for civic space to be considered open.

Civil society can play a key role in in the development of policy by lobbying for changes and by contributing to citizen oversight of the government's work and mandate. Among other activities, this can include monitoring how public services, such as defence and security, are delivered, and how human rights are both violated and upheld by government actors.[226] In relation to the defence sector in particular, civic space and civil society engagement are crucial to strengthening the defence governance chain; from lobbying and communicating public opinions during policy formulation, to supporting and monitoring the implementation of reforms and service delivery.[227]

However, engagement between civil society and defence institutions in many countries is often limited due to the tradition of secrecy, the prioritisation of national security concerns over civil liberties, the technical nature of the defence sector, and the lack of trust between civil society and defence institutions. In the current global context marked by shrinking civic space,[228] particularly in a post-pandemic world, it is more important than ever to ensure civil society have the space and freedom they need to voice their concerns and bring their expertise to the table.[229]

Civil society can play a key role in in the development of policy by lobbying for changes and by contributing to citizen oversight of the government's work and mandate.

224 Republic of South Africa Department of Defence, "DOD Annual Report, 2019-2020," 2020, 19.

225 CIVICUS, "What is Civic Space?" 2021.

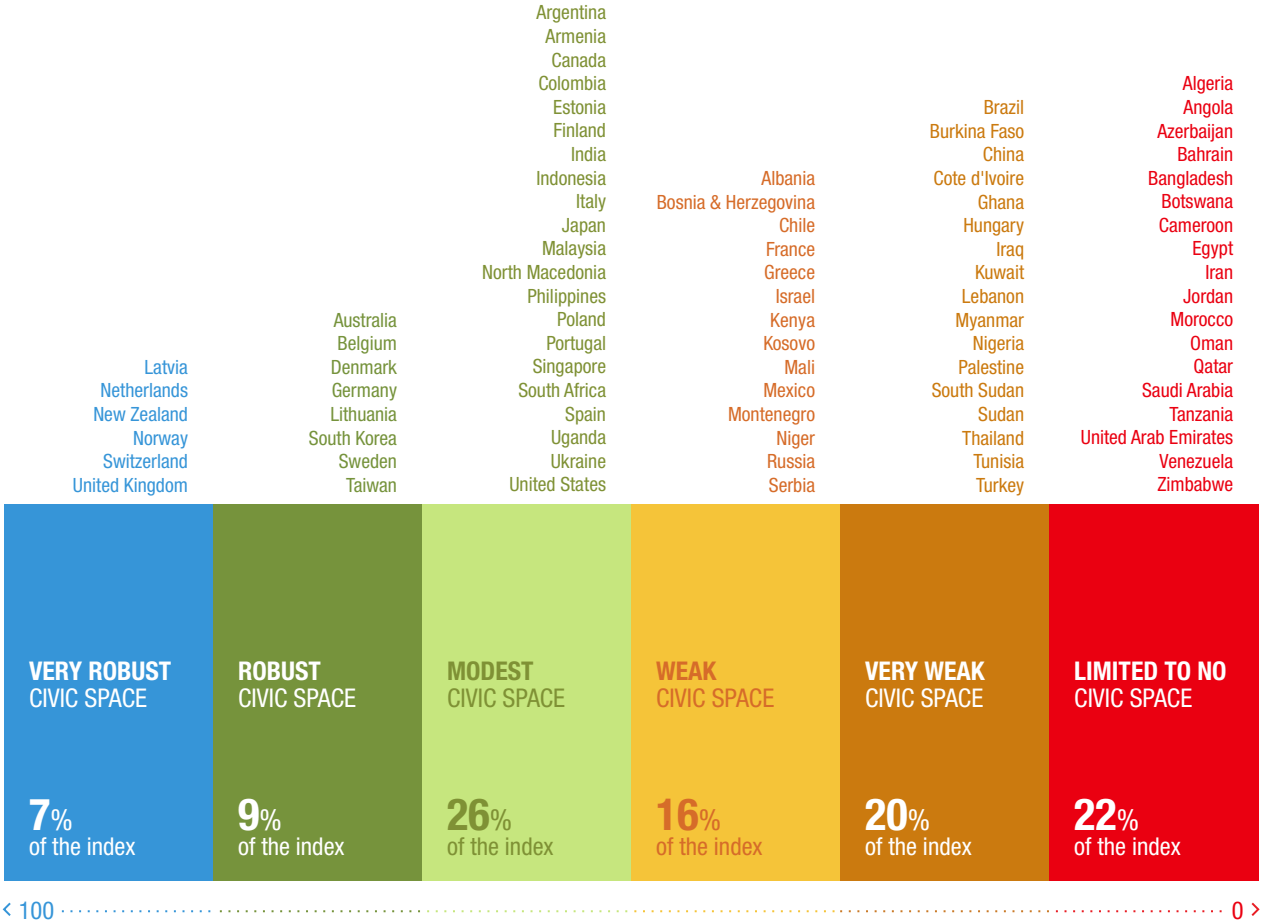
226 DCAF, "Civil Society Involvement in Security Sector Reform and Governance," Tool 6 (Geneva Centre for Security Sector Governance (DCAF), 2015), 3.

227 Ibid, 22.

228 Saskia Brechenmacher and Thomas Carothers, "Defending Civic Space: Is the International Community Stuck?" (Washington, D.C.: Carnegie Endowment for International Peace, October 22, 2019).

229 Colin Anderson et al., "Navigating Civic Space in a Time of Covid: Synthesis Report" (Brighton: Institute of Development Studies, May 2021).

Figure 54: Strength of civic space across the GDI



GDI data underscores significant global challenges for civil society organisations (CSO) trying to engage on defence issues. The good news is that 67 per cent of countries in the index have protections in place that allow CSOs to operate freely in their countries. However, even when such actors are allowed to operate relatively freely in a given country, this is no guarantee that CSO engagement in defence will be strong. Having formal protections in place that protect civic space is a necessary foundation for defence engagement, but it is not an end in itself.

The GDI data indicates that 58 per cent of states in the index have weak, very weak, or non-existent civic spaces of defence (see Figure 54). In some cases, this increases the risk of reprisals from governments and in other cases, it undermines the ability of civil society actors to engage on defence issues. This 58 per cent includes all states in MENA and West and Central Africa; six out of eight states in East and Southern Africa; four out of six states in Latin America; five out of 15 states in Asia-Pacific; and seven out of 14 states in Central and Eastern Europe, as well as France and Greece. Just 7 per cent of countries in the GDI have very robust civic space for organisations working on defence institutions, including New Zealand, Latvia, Switzerland, and the United Kingdom.

> **The good news is that 67 per cent of countries in the index have protections in place that allow CSOs to operate freely in their countries.**

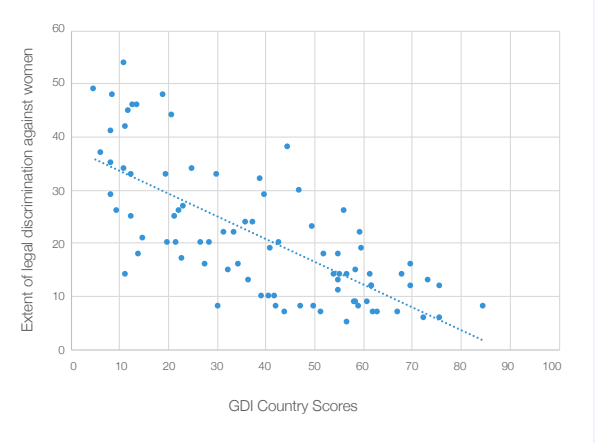
Box 24: Civic space, conflict, and peace processes

During conflict, civil liberties are frequently curtailed and civic space restricted. In fragile and conflict-affected contexts (FCAS), civil society can often become fragmented along conflict lines, requiring not only the re-establishment of relationships in post-conflict situations, but also the rebuilding of trust across society. This is where the complexity and pluralism of civil society actors' networks can have a significant transformative impact on conflict dynamics. Civil society groups can facilitate dialogue between conflict parties, foster inclusion in peace processes, advocate for human rights, monitor implementation of peace agreements, and support reconciliation.[230]

A severely restricted civic space impacts directly on conflict prevention and peacebuilding efforts. Core elements of peacebuilding processes, such as dialogue, inclusion, participation and responsibility will be increasingly out of reach as civil society actors, often the lynchpins of these processes, do not have the freedom, funding, or safety to be engaged.

Fundamentally, less civic space means weaker peacebuilding processes. Poorer quality peace agreements lack the pluralism, trust and scope of inclusion that civil society involvement can foster.[231] The impact of limited civic space is felt even more keenly by women and historically marginalised groups (see Figure 55). In such situations, these groups' voices are heavily restricted, compounding their already limited access to decision-making, and frequently making them targets for state and non-state repression.[232] Yet, studies have shown how the participation of women's groups in peace processes leads to more durable agreements which contribute to more durable peace.[233] In fact, as a whole, civil society participation in peace processes, including strong representation of women's groups, makes the resulting agreement 64 per cent less likely to fail.[234] Civic space, then, is a key pillar of initiatives seeking to peacefully resolve conflicts. Without protecting and preserving the civic space necessary for these actors to make their voices heard, states risk stripping themselves of the tools and mechanisms necessary to end conflict and build sustainable peace.

Figure 55: Strong negative correlation between Legal Discrimination against women and GDI Country Scores



Core elements of peacebuilding processes, such as dialogue, inclusion, participation and responsibility will be increasingly out of reach as civil society actors, often the lynchpins of these processes, do not have the freedom, funding, or safety to be engaged.

230 FriEnt, "Prevention and Peacebuilding in the Context of Shrinking Space," Briefing No. 13, October 2018, 2.
231 Ibid, 4.
232 Kvinna till Kvinna Foundation, "Suffocating the Movement – Shrinking Space for Women's Rights," 2018, 16.
233 Council on Foreign Relations, "Including Women at the Peace Table Produces Better Outcomes" (Washington D.C.: Council on Foreign Relations, 2021).
234 Desirée Nilsson, "Anchoring the Peace: Civil Society Actors in Peace Accords and Durable Peace," *International Interactions* 38, no. 2 (April 1, 2012): 243–66.

A further breakdown of civic space country scores underlines key areas of weakness (see Figure 56). Policy and practice is strongest in relation to the quality debate on defence issues. However, the quality of internal dialogue on defence policy and strategy, extent of state openness to civil society engagement, and the effectiveness of participatory mechanisms are much weaker, and underlines how the existence of a general public debate on defence issues does not necessarily translate to effective civil society engagement on these issues.

A key factor in this is the government's openness to engaging with civil society. If this is limited, then the quality of dialogue on policy and strategic issues, and the effectiveness of participatory mechanisms, are also likely to be limited, as the government and defence institutions can easily withdraw from these processes. As such, civil society can find themselves walking a tightrope between wanting to engage fully and frankly on defence issues, and not wanting to be shut out completely by defence actors – or worse, become targets for harassment and intimidation.

The basis for robust civic space is the deliberative principle of democracy, which focuses on the processes by which decisions are reached in a polity. In the civic space of defence, this principle allows for meaningful exchange between government institutions and citizens on topics that matter for both human security and national interests. Figure 57 demonstrates the strong correlation between the V-Dem Deliberative Democracy Index and GDI country scores on civic space, which serves as evidence that openness to civil society engagement is not only possible, but employed in practice by some of the top military spenders in the world, including Australia, Germany, Netherlands, Norway, and South Korea.

Box 25: V-Dem Deliberative Democracy Index[235]

The deliberative principle of democracy focuses on the process by which decisions are reached in a polity. A deliberative process is one in which public reasoning focused on the common good motivates political decisions – as contrasted with emotional appeals, solidary attachments, parochial interests, or coercion. According to this principle, democracy requires more than an aggregation of existing preferences. There should also be respectful dialogue at all levels – from preference formation to final decision – among informed and competent participants who are open to persuasion. To make the Deliberative Democracy Index a measure of not only the deliberative principle but also of democracy, the index also takes the level of electoral democracy into account.

Figure 56: GDI 2020, Civic Space of Defence Scorecard

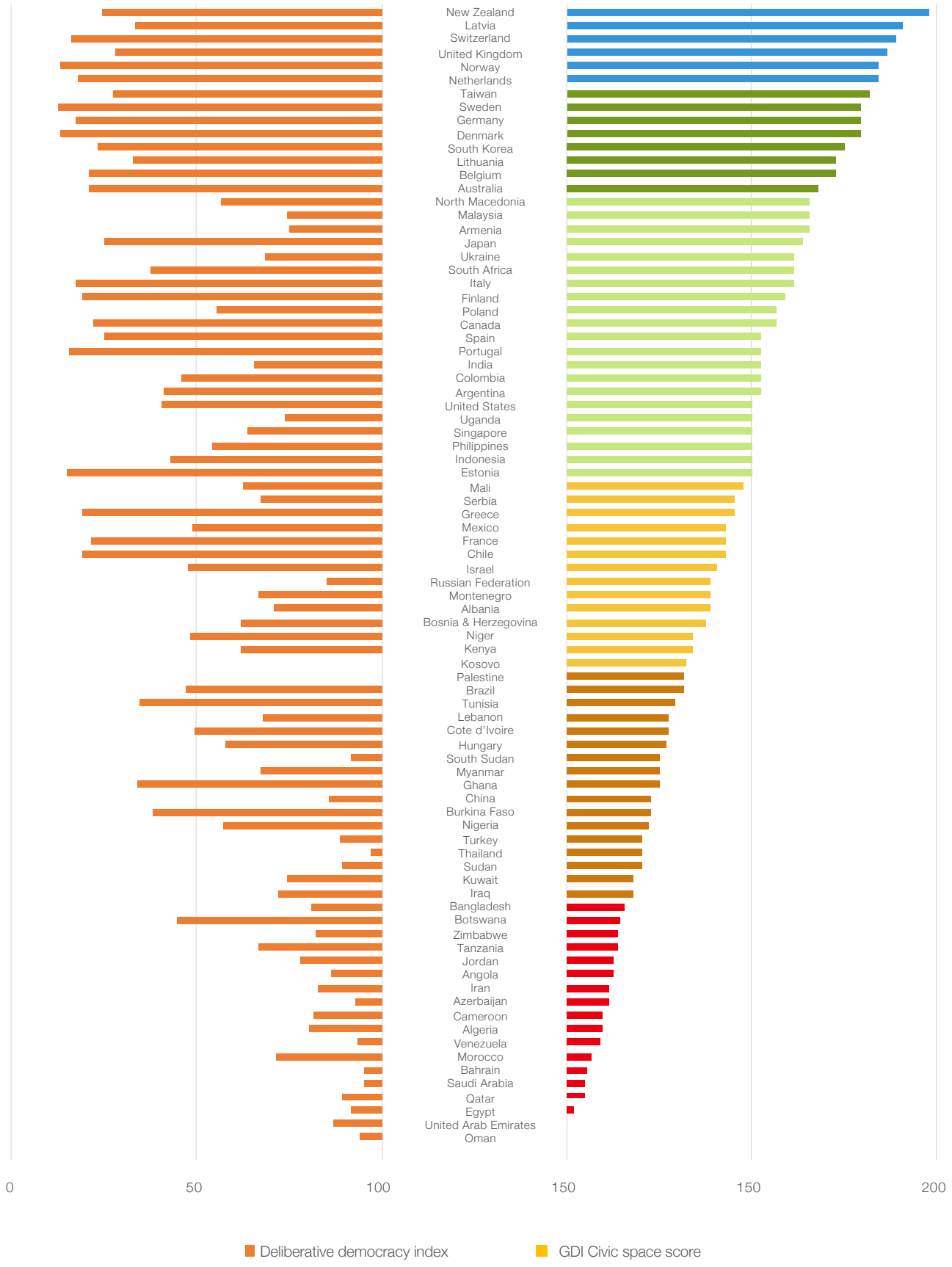
No.	Indicator	Index average
6A	Public debate around Defence Issues	57
4B	Protections for Civil Society Organisations	53
3B	Scope of Defence Policy Debate	52
6B	Government engagement in public discourse	46
3A	Range of Actors Involved in Defence Policy Debate	45
14C	Response to Budget Information Requests	42
3D	Transparency of Defence Policy Debate	40
4C	Practice of openness to Civil Society Organisations	36
4A	Policy of Openness to Civil Society Organisations	32
3C	Public Consultations in Defence Policymaking	29
15C	Public Scrutiny of Defence Income	27

Legend

- Very robust Civic Space
- Robust Civic Space
- Modest Civic Space
- Weak Civic Space
- Very weak Civic Space
- Limited or no Civic Space

235 Nazifa Alizada et al., "Autocratization Turns Viral," Democracy Report 2021 (University of Gothenburg: V-Dem Institute, 2021).

Figure 57: Comparison of V-Dem Deliberative Democracy Index and GDI Civic Space Scores



GDI data sheds light on a clear gap between the existence of a broad public debate on issues of defence, and the prevalence of more specific engagement with defence institutions on specific policy or security strategy. Regardless of regional or income grouping, broad public debate on defence issues is always more frequent than specific strategic or policy discussions. As shown in Figure 58, CEE and Latin America score above 50 for public debate on security issues. However, when it comes to more specific debate on policy and strategy, these regions drop by nearly 20 points.

When debate does occur, in many cases the executive is not involved and discussion is confined to the media and civil society. This dilutes the potential impact of these debates and underlines how disengaged the executive can be with civil society and with consultative policymaking in general, in the field of defence. In 43 per cent of countries, there is very little active involvement of the executive in these debates and in the most extreme cases, no debate whatsoever. This is the case in four out of 14 states in CEE, 13 out of 16 states in MENA, and 11 of 16 states in Sub-Saharan Africa.

GDI data highlights that governments are open to allowing some level of public debate on general defence issues, as only countries in MENA are in the bottom two brackets here. However, when it comes to more specific issues related to defence policy direction and strategy, engagement with government tends to be restricted, either because of the perceived sensitivity of the issues or the prioritisation of national security over civil society engagement, even with regards to top-level issues. The gap is even more apparent for top arms importers and exporters, and top military spenders, who see a 20-30 point drop from public debate on defence to specific engagement about defence policy (see Figure 59).

There is also the issue of the diminished ability of civil society groups and the media to focus on these matters, given the highly technical nature of defence. In many states, the very secretive and closed-off nature of defence, coupled with the fear of repercussions, can dissuade civil society actors from attempting to engage with defence institutions, and pushes them to prioritise other issues that have more visibility. This, however, can lead to a vicious circle, where the lack of engagement and restriction of civic space stunts the development of a civil society body of knowledge on defence issues, which in turn further limits opportunities and incentives for engagement.

Figure 58: Comparison of engagement with government on defence policy vs broad public debate on defence, regional averages

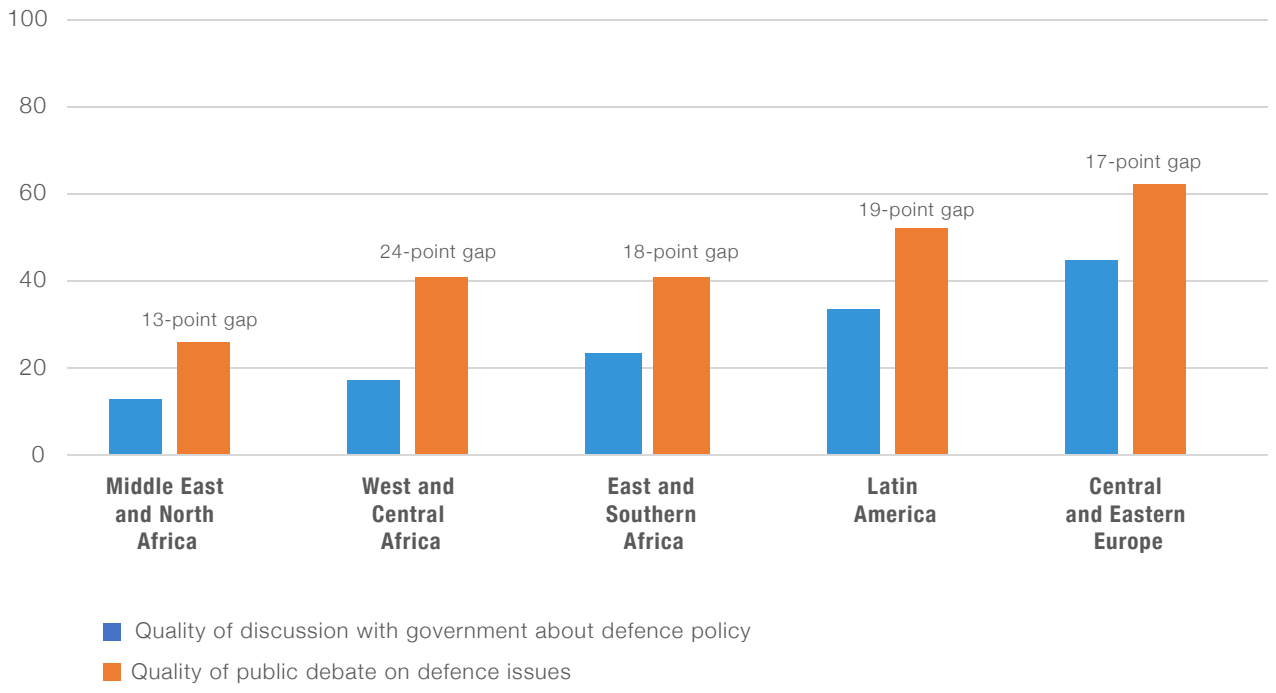
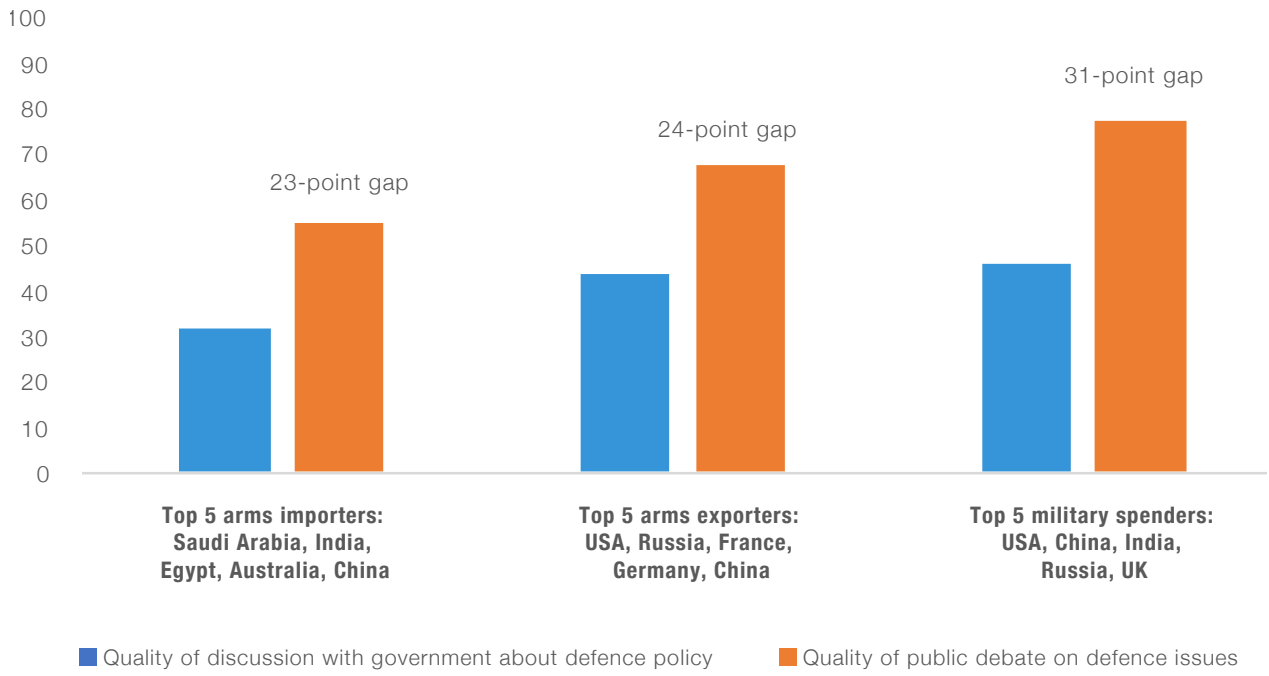


Figure 59: Scope of Public Debate, key actors in the arms trade



THE CIVIC SPACE OF DEFENCE

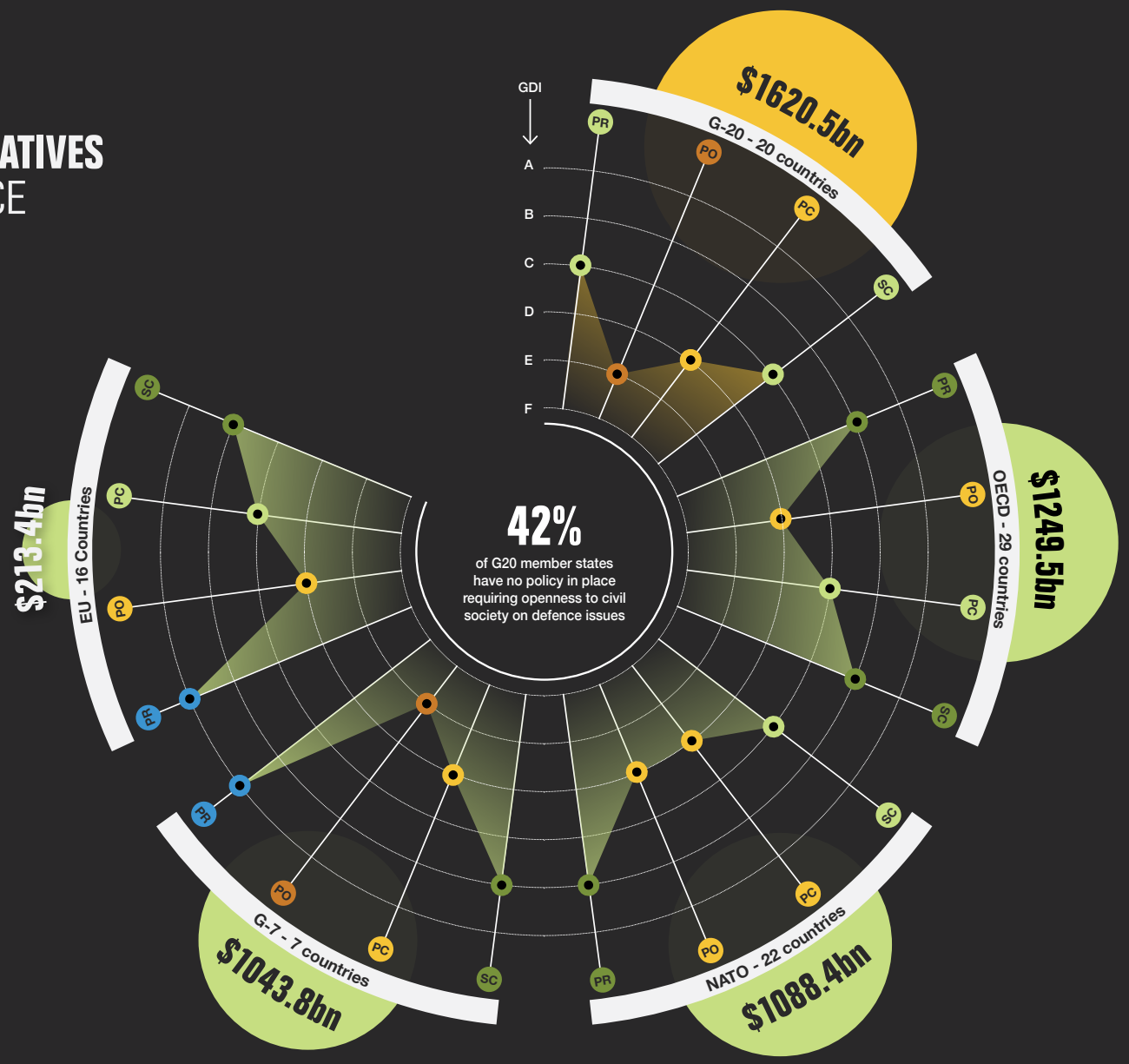
FOCUS ON MULTILATERAL INITIATIVES

2020 GOVERNMENT DEFENCE INTEGRITY INDEX (GDI)

Robustness of the civic space of defence. Arms expenditures determined by SIPRI, 2020 (Stockholm International Peace Research Institute).

- PR Protections for civil society organisations
- PO Policy of openness to civil society on defence issues
- PC Extent of public consultations on defence
- SC Scope of debate over defence policy/strategy

- A: Very robust (100-83)
- B: Robust (82-67)
- C: Modest (66-50)
- D: Weak (49-33)
- E: Very weak (32-17)
- F: Limited or none (16-0)



G-20: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, United States, EU

OECD: Australia, Belgium, Canada, Chile, Colombia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Japan, Latvia, Lithuania, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, South Korea, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States

NATO: Albania, Belgium, Canada, Denmark, Estonia, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Montenegro, Netherlands, North Macedonia, Norway, Poland, Portugal, Spain, Turkey, United Kingdom, United States

G-7: Canada, France, Germany, Italy, Japan, United Kingdom, United States

EU: Belgium, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Spain, Sweden

Source: Transparency International, Defence & Security; SIPRI Military Expenditure Database, 2020.

Openness of the defence establishment to citizen engagement

Regular consultations and access by civil society to information on the defence policy and/or security strategy constitutes another form of accountability to the public. Public discussions feed into dialogue between civil society and policymakers, who can then incorporate findings into policymaking processes. In fact, the engagement of civil society as a 'watchdog' and barometer of contentment with institutional performance makes it integral to good governance and accountability.[236]

Across the index, the level of public discussions on national security strategies and defence policies is very low, with a global score of 29/100, suggesting that broader public engagement is required in order to strengthen defence policymaking. In fact, only three countries score in the top bracket: Malaysia, Sweden, and New Zealand. Conversely, 47 per cent of countries in the index have had no formal consultation process involving the public in defence policy formulation in the last 5 years (See Figure 61). This includes three of six Latin American states, 11 of 16 Sub-Saharan African countries, and 13 of 16 MENA states. Additionally, this group includes the top four largest military spenders in the world, namely the United States, China, India and Russia, as well as Saudi Arabia and France which sit 6th and 8th respectively in the list (see Figure 60).[237]

Figure 60: Quality of public consultations on defence matters

236 UNDP, "Public Oversight of the Security Sector: A Handbook for Civil Society Organizations" (United Nations Development Program, 2015).

237 Lopes da Silva et al., "Trends in World Military Expenditure, 2020."

The data also points to the particular risks associated with fragile and conflict-affected states (FCAS). These states are at 'critical' risk with an average score of 16/100 with regard to public consultation, emphasising that there is extremely limited public consultation on these issues (see Figure 61). Given that national defence policies and security strategies cover areas that are likely to affect the daily lives of people in such countries, including the use of defence forces in domestic operations and the level of defence spending, this presents a major challenge. In FCAS, matters of defence and security are key issues that require consensus and consultation in order to build and maintain stability within states.

In practice, this means that these countries do not have a policy requiring defence institutions to be open to CSOs and to establish communication mechanisms with them. It also means that defence institutions have no consistent record of working with CSOs on corruption and defence issues. On the contrary, in some cases, it can mean that defence institutions are actively hostile to civil society and individuals and groups can be the targets of harassment, persecution, intimidation, and even death threats.

Box 26: Civil society forums and defence institutions: TI-DS work on the civic space of defence

TUNISIA: Monitoring governance and advocating for transparency in defence (2017-2019)

The Tunisian Ministry of Defence have engaged with the TI chapter in Tunisia, IWATCH, as well as TI-DS, in relation to the past two iterations of the GDI. Over the past 5 years, IWATCH have made defence one of their key areas of work and are now the main authority within Tunisian civil society on transparency and integrity in the defence sector. As well as continuing to work directly with the MoD to support their governance reform efforts, they have established a monitoring group (the Collective for Defence and Security Integrity) composed of experts from across Tunisian civil society. This group's role is to produce evidence and policy positions in relation to governance reforms needed in the defence sector, to provide external oversight of the Tunisian defence sector, and to advocate for greater transparency and stronger anti-corruption controls in defence.

MALI: Strengthening civil-military relations and civilian oversight (2019)

A key issue in Mali has been the absence of dialogue between civil society and defence institutions. To address this, TI-DS and TI chapter in Mali, CRI-2002, set up the Forum of CSOs on Defence and Security (FOSC-DS), bringing together multiple civil society groups from across Mali to focus on defence governance and corruption issues. They also engage with defence actors in a meaningful way to tackle corruption, which has been identified as one of the drivers of conflict in the country. By providing a platform for collaboration between civil society and defence and security organisations, and supporting the development of the technical knowledge needed by members of the forum to advocate for improvements in defence governance in Mali, the FOSC-DS has managed to build viable bridges between the Malian defence establishment and civil society around technical and practical issues such as civilian oversight, financial management, and procurement processes

as a 'watchdog' and barometer of contentment with institutional performance makes it integral to good governance and accountability.

METHODOLOGY

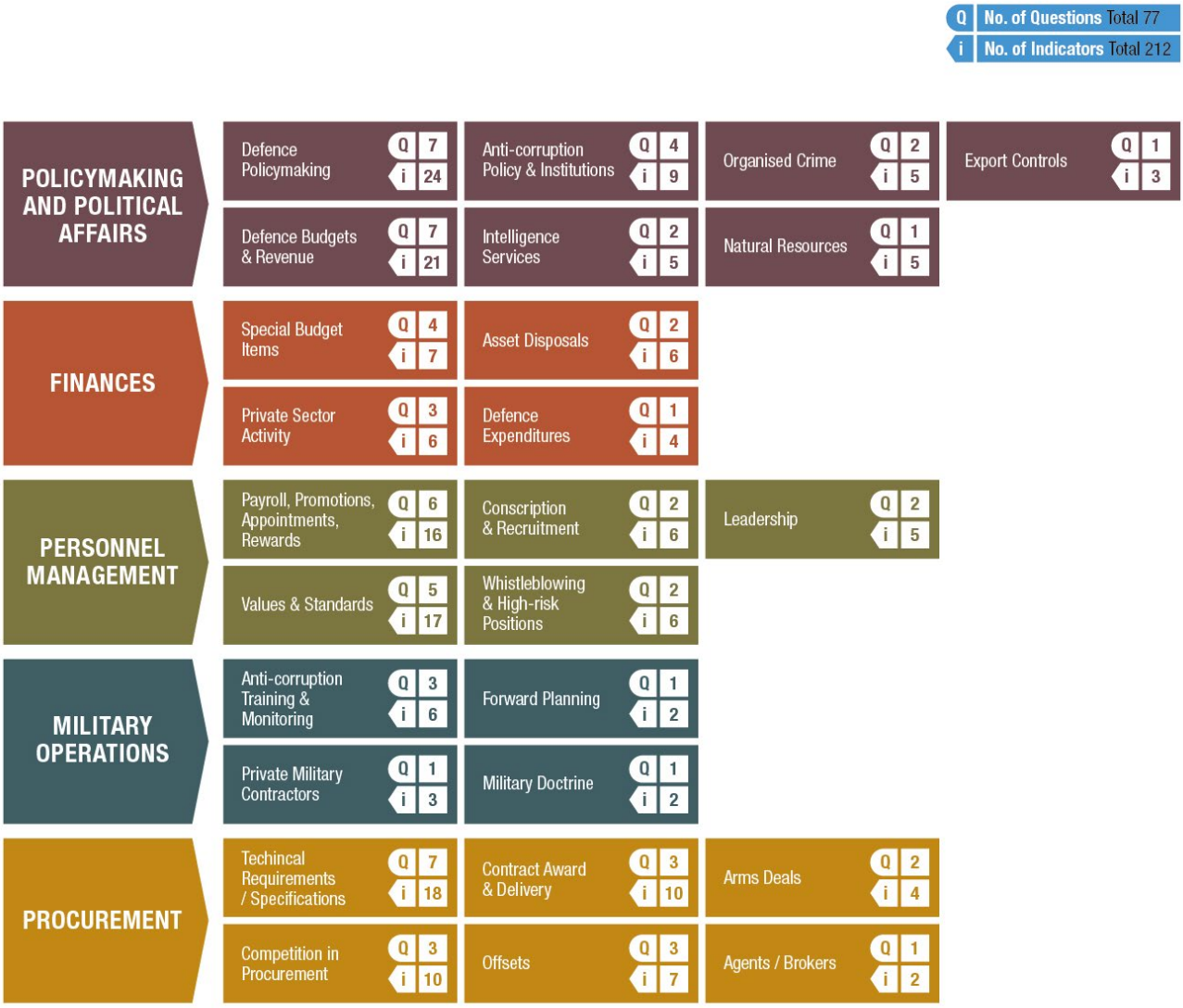
What is the GDI?

The Government Defence Integrity Index (GDI) provides a framework of good practice that promotes accountable, transparent, and responsible governance in defence establishments. It is the first global analysis of institutional and informal controls to manage the risk of corruption in defence and security institutions. The GDI is premised on the idea that better institutional controls reduce the risk of corruption. It is thus a comprehensive assessment of defence integrity, which is defined here as institutional resilience against corruption in the defence sector. As such, it has a crucial role to play in driving global defence reform and improving defence governance.

What the GDI does not measure

The GDI is not a measurement of corruption. It is not concerned with measuring the amount of funds that are lost, identifying corrupt actors, or estimating the perceptions of corruption by the general public. The GDI is a measure of defence governance within a country. In this regard, it assesses the quality of mechanisms used to manage corruption risk – and evaluates the factors that are understood to facilitate corruption, together with the dynamics that provide an environment in which corruption can flourish unchecked. It should be noted that the index focuses primarily on internal issues, with only a minority of questions being applicable to the country's external impact through arms exports and military operations.

Figure 61: GDI Diagram, five broad corruption risk areas



Despite being considered critical to evaluating defence corruption risk, there are also certain factors included within our corruption risk assessment that will contain qualitative data, but which we have chosen not to score. These are elements for which there is no good practice standard yet established, or areas that are too context-dependent to be consistently and appropriately measured with the same metric across a variety of countries. This decision is based on the difficulties involved in scoring these questions consistently over time, and in this iteration of the index.[238]

Risk areas

The index is organised into five main risk areas: *policymaking and political affairs; finances; personnel management; military operations; and procurement.*

Within these risk areas, the GDI identifies 29 corruption risks specific to the defence and security sector. The GDI is further organised into 77 main questions, which are broken down into 212 indicators. In order to provide a broad and comprehensive reflection of these risk areas, the GDI assesses both legal frameworks (de jure) and implementation (de facto), as well as resources and outcomes.

Selection of countries

The GDI 2020 assesses 86 countries, which were chosen for reasons that include their significant and/or high-profile roles in the global arms trade, political or defence-related instability, and/or recent reforms that have been expected to result in changed circumstances for defence integrity. Countries were also chosen for their relevance to TI-DS's and partners' existing work and advocacy.

Figure 62: List of 86 countries in the 2020 GDI

Albania	Colombia	Japan	Nigeria	Switzerland
Algeria	Cote d'Ivoire	Jordan	Norway	Taiwan
Angola	Denmark	Kenya	Oman	Tanzania
Argentina	Egypt*	Kosovo	Palestine*	Thailand
Armenia	Estonia	Kuwait	Philippines	Tunisia
Australia	Finland	Latvia	Poland	Turkey
Azerbaijan	France	Lebanon	Portugal	UAE
Bahrain	Georgia	Lithuania	Qatar	Uganda
Bangladesh	Germany	Macedonia	Russia	Ukraine
Belgium	Ghana	Malaysia	S Sudan	United Kingdom
Bosnia	Greece	Mali	Saudi Arabia	United States
Botswana	Hungary	Mexico	Serbia	Venezuela
Brazil	India	Montenegro	Singapore	Vietnam
Burkina Faso	Indonesia	Morocco	South Africa	Zimbabwe
Cameroon	Iran	Myanmar	South Korea	
Canada	Iraq	Netherlands	Spain	
Chile	Israel	New Zealand	Sudan	
China	Italy	Niger	Sweden	

238 Transparency International, Defence & Security, "GDI Methods Paper," 2020, 3-4.

Selection of institutions

The types of institutions and entities that are addressed in the GDI are those that matter for an understanding of defence integrity. These institutions include:

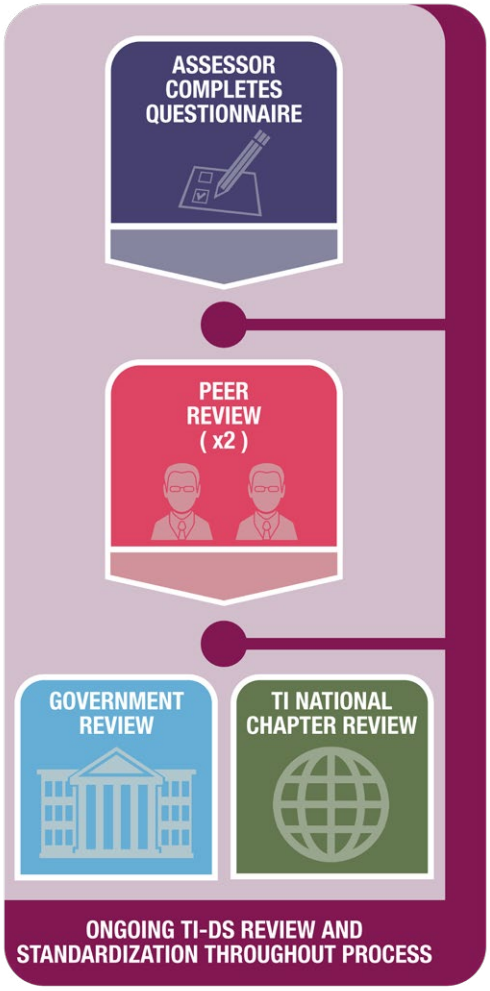
- Parliamentary defence committees and finance committees,
- Ministries of defence, security, and finance,
- Internal audits departments within ministries,
- Supreme audit institutions or courts of account,
- Procurement agencies and tender boards,
- Compliance and ethics units within ministries of defence,
- National intelligence agencies,
- Promotion and appointment committees within ministries of defence,
- Military police,
- Military-owned businesses,
- Anti-corruption institutions, and
- Information commissioners.

Depending on the country context, these institutions may figure more or less prominently in relation to corruption risk. The GDI aims to provide not only a score for each indicator, but also a full qualitative overview of defence governance, with the roles played by the different institutions highlighted depending on their significance and relevance. This includes their interlinkages and working relationships, and whether they are effective at addressing the five corruption risk areas.

Research Process

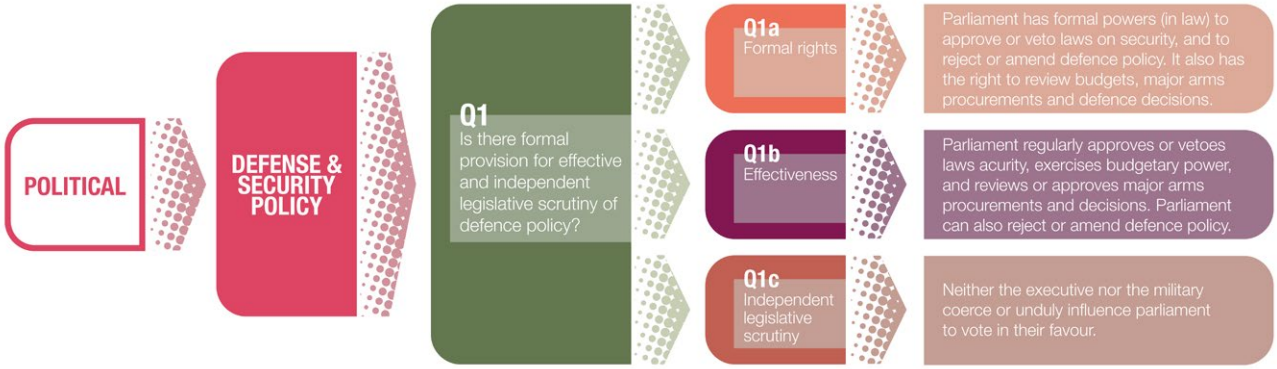
The core of the GDI research process consists of a lead Country Assessor who scores and answers the standardised questionnaire, which spans the range of 29 corruption risks relevant to the defence and security sectors. Assessors draw on primary and secondary data and are expected to conduct both desk research and interviews with key individuals in government, military, academia, and civil society, allowing for confidentiality to protect the safety of informants.

Given that scores are awarded on the basis of both quantitative and qualitative data, with a heavy reliance on narrative justification, it is imperative that all evidence be properly cited and triangulated for accuracy and objectivity. Assessors are expected to adhere to the following standards for data collection:



- Qualitative data must be original. Explanatory text must be context-specific, and well-evidenced. There must be a defensible and balanced judgment to justify the score of each indicator.
- The narrative justification must be, as far as possible, objective, and take into account the sources used as evidence. Multiple perspectives are encouraged where an issue is controversial or risks a subjective reading.
- The text must be qualified, for example, when the information presented is the opinion of an interviewee or a reflection of public opinion, the subjectivity must be openly stated, and reliability of all subjective opinion examined. These sources are evaluated critically, and information provided is verified with other sources.
- Responses are supported by **at least two recent sources,** except in the cases of *de jure* indicators, such as where there is only one piece of guiding legislation. If only one source is retrieved, the circumstances are explained.

Figure 63: Question and indicator framework



The entire research process for one country spans approximately 12 to 14 months, from launch of data collection phase to publication of results. At each stage that the assessor submits their work, TI-DS conducts comprehensive checks for coherence of explanations, justification for scores, and adequacy of evidence.

Once completed, the assessment is sent to two independent peer reviewers for review and comment as part of the drafting process. Peer reviewers are asked to check and validate the assessor's research, while providing insights based on their expertise. Peer review comments are considered part of the drafting and revision process for the GDI assessment. Assessors are expected to respond to all peer reviewer comments, either by integrating the information into the assessment as appropriate, or by explaining why the assessment need not be amended in light of reviewer comments.

An integral part of the research process for the GDI is the involvement of governments in verifying the accuracy of data in their country assessments and providing additional commentary or evidence to justify scores. All governments from countries in the index are formally invited to appoint a reviewer to work with TI-DS on a thorough review of the assessment. Their comments are evaluated and incorporated where relevant. Governments are also invited to submit a formal statement on the GDI findings, which is posted online with country data. In addition, each nationally-based Transparency International chapter is provided with the GDI findings for their country in order to verify accuracy and provide commentary, which is incorporated if relevant.

Scoring

The scoring rubric for each of the 212 indicators provides 5 distinct levels of scoring for each indicator from 0 to 100 (0, 25, 50, 75, 100), with 100 indicating good practice for the area. The scoring rubric provides an explanation and breakdown for each indicator, which allows users to identify the specific areas of strength and weakness within each indicator area. In the example shown in Figure 64 below, the indicator addresses the legal framework, its implementation/practice, and its oversight.

Indicator scores are aggregated using a simple aggregation method (no weighting) to determine the 77 question scores, the risk area scores, and the overall country score. Overall scores are then assigned to a band from A to F, which is intended to reflect the level of **corruption risk** (*not levels of corruption*) in defence sector institutions and practices.

The bands can also be viewed in relation to institutional resilience to corruption, and are mapped out using the classifications identified in Figure 65.

As established, the review process is extremely comprehensive, with a wide range of actors involved in the review of the draft GDI data. The final stage of the research process is a comprehensive review of the data before publication, which is undertaken to ensure that the scoring rubric has been applied consistently across all countries.

Figure 64: Scoring rubric, with levels of institutional resilience and corruption risk

Range of Scores					Corruption Risk
A	83	–	100	Very robust institutional resilience to corruption	Very low
B	67	–	82	Robust institutional resilience to corruption	Low
C	50	–	66	Modest institutional resilience to corruption	Moderate
D	33	–	49	Weak institutional resilience to corruption	High
E	17	–	32	Very weak institutional resilience to corruption	Very high
F	0	–	16	Limited to no institutional resilience to corruption	Critical

Comparability

While the main 77 questions are unchanged from 2015 to 2020, the underlying scoring rubric is different. The indicators, and their individual scoring rubrics, were introduced prior to the start of data collection for the GDI 2020 in order to narrow the field of analysis, so that assessments are focused on specific and measurable areas of interest. This allows for more reliable comparisons across countries and over time and, additionally, for a more robust framework of analysis due to the more specific and targeted nature of the indicators.

In order to reflect these significant methodology changes, a decision was made to change the name of the index from the Government Defence Anti-Corruption Index (GI), to the Government Defence Integrity Index (GDI). This name change reflects the focus on building institutional controls within the defence sector and government writ large, rather than highlighting areas of corruption, the latter of which has never been possible with the index.

Interpretation of the 77 questions in 2015 was broader and, therefore it is highly likely that some areas of focus in the 2020 index will not be present for every country that was assessed in 2015. Thus, changes in overall country scores from 2015 to 2020 will not reflect the entirety of the new index, and should not be seen as an indication of improvement or weakening of country institutions.

Regional and cross-country comparisons using the 2020 data are reliable and are encouraged. This is not time-series data, but it does provide benchmarking comparisons. Overall, the GDI 2020 contains provides an in-depth analysis of a country's defence sector controls, offering information on over 200 elements that are critically important for improving defence governance and institutional resilience to corruption.

GDI Resources

Additional resources on the GDI can be found on the GDI website (*https://ti-defence.org/gdi*). These include:

- country briefs
- scorecards
- country assessments

The full GDI methods paper is also available on the website.

ANNEX 1. GLOSSARY

Accountability is the concept that individuals, agencies and organisations (public, private and civil society) are held responsible for reporting their activities and for executing their powers properly. It also includes the responsibility for money or other entrusted property.

Agents and Brokers are defined as individuals or entities authorised to act for, or on behalf of, a company to further its business interests, for example in sales or marketing, and in, or with, a foreign country or foreign entity. Agents pose distinct risks compared to other types of intermediaries, because they are authorised to act on the company's behalf, often with a high level of discretion and minimal oversight, and their activities usually involve close interaction with public officials. The terms agent and broker are often used interchangeably

Asset Disposals: The process of selling, auctioning or otherwise disposing of military assets, which can include: land and buildings, single use military equipment (which cannot be used for civilian purposes), equipment or materiel in construction, transportation equipment, plants and machinery, and IT or communications software.

Bribery is defined as the offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of money, gifts, loans, fees, rewards or other advantages (taxes, services, donations, favours etc.).

Collusive bidding: Also known as collusion, this is a phenomenon that occurs when supplier companies supposedly competing against one another secretly agree on who will win the contract. These companies may have agreements for sharing the profits, for rotating the contract between the bidders, or for agreeing who is to be the successful bidder in a range of different contracts.

Conflict of interest (CoI) refers to a situation where an individual or the entity for which they work, whether a government, business, media outlet, or civil society organisation, is confronted with choosing between the duties and demands of their position and their own private interests.

Corruption is defined as the abuse of entrusted power for private gain. Corruption can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs.

Export Controls: Legal mechanisms in place, enforced by governments, to limit and control the export of arms.

Facilitation Payments: Small bribes paid or demanded in order to receive basic services, pass checkpoints, or to speed administrative procedures.

Financing Package: The detailed way in which purchases are paid for, which may include interest rates, commercial loans or export credit agreements, and may cover things like a fixed price for equipment maintenance fees. It may specify time periods for a government to pay for the equipment, for example, and penalties incurred for late payment.

Ghost Soldiers: Fake soldiers that exist only on the payroll of defence institutions and can be used as a way of siphoning funds.

Lobbying is defined as any activity carried out to influence a government or institution's policies and decisions in favour of a specific cause or outcome. Even when allowed by law, these acts can become distortive if disproportionate levels of influence exist – by companies, associations, organisations, and individuals.

Military-Owned Businesses: Civilian businesses or defence companies owned, in whole or part, by the government defence establishment or the armed forces. This does not include private businesses lawfully owned by individuals in the defence establishment.

Offsets: Arrangements made by governments and companies when entering a procurement contract requiring the company to reinvest a percentage of the value of the deal in the importing country.

Oversight is the process of independently monitoring and investigating – internally or externally – the operations and activities of a government agency, company, or civil society organisation to ensure accountability and efficient use of resources.

Private Security Military Contractors (PMSCs): Companies that provide security and related services, such as training, either to governments or private institutions. The term may also be used to refer to Private Military Contractors, whose activities may extend to providing soldiers-for-hire and mercenary activity.

Salary Chain: The path that money takes from the national treasury to individual soldiers.

Seller Influence: Pressure or lobbying by one government to another, in order to encourage the purchasing government to award a contract to a company due to a company's nationality or due to political issues, rather than due to the merit of the company's bid.

Single Sourcing: Also known as non-competitive defence procurement, single sourcing refers to procurement carried out without a usual competitive bidding process between companies; instead, one supplier is used and its bid is not compared to others.

Subcontractors: When a company hired to do a project contracts a company to undertake some or all of the work associated with the project, the company is said to be subcontracted; this subcontractor may, in turn, subcontract that work further, leading to a chain of subcontractors.

Unauthorised Private Enterprises: A form of misuse of assets whereby an individual uses defence assets or connections to profiteer; for example, the payment of exorbitant fees to cronies for consultancy or other services, or the use of service personnel for private work.

Whistleblowing involves a disclosure in the public interest by an employee, director or external person, in an attempt to reveal neglect or abuses within the activities of an organisation, government body or company (or one of its business partners) that threaten public interest, its integrity and reputation.

ANNEX 2. GDI CONTENT: 77 QUESTIONS

Q1. Is there formal provision for effective and independent legislative scrutiny of defence policy?

Q2. Does the country have an identifiable and effective parliamentary defence and security committee (or similar such organisations) to exercise oversight?

Q3. Is the country's national defence policy or national security strategy debated and publicly available?

Q4. Do defence and security institutions have a policy, or evidence, of openness towards civil society organisations (CSOs) when dealing with issues of corruption?

Q5. Has the country signed up to the following international anti-corruption instruments: UNCAC and the OECD Convention?

Q6. Is there evidence of regular, active public debate on issues of defence? If yes, does the government participate in this debate?

Q7. Does the country have an openly stated and effectively implemented anti-corruption policy for the defence sector?

Q8. Are there independent, well-resourced, and effective institutions within defence and security tasked with building integrity and countering corruption?

Q9. Does the public trust the institutions of defence and security to tackle the issue of bribery and corruption in their establishments?

Q10. Are there regular assessments of the areas of greatest corruption risk for ministry and armed forces personnel, and are the findings used as inputs to the anti-corruption policy?

Q11. Does the country have a process for acquisition planning that involves clear oversight, and is it publicly available?

Q12. Is the defence budget transparent, showing key items of expenditure? And it is provided to the legislature in a timely fashion?

Q13. Is there a legislative committee (or other appropriate body) responsible for defence budget scrutiny and analysis in an effective way?

Q14. Is the approved defence budget made publicly available? In practice, can citizens, civil society, and the media obtain detailed information on the defence budget?

Q15. Are sources of defence income other than from central government allocation (from equipment sales or property disposal, for example) published and scrutinised?

Q16. Is there an effective internal audit process for defence ministry expenditure (that is, for example, transparent, conducted by appropriately skilled individuals, and subject to parliamentary oversight)?

Q17. Is there effective and transparent external auditing of military defence expenditure?

Q18. Is there evidence that the country's defence institutions have controlling or financial interests in businesses associated with the country's natural resource exploitation and, if so, are these interests publicly stated and subject to scrutiny?

Q19. Is there evidence, for example through media investigations or prosecution reports, of a penetration of organised crime into the defence and security sector? If no, is there evidence that the government is alert and prepared for this risk?

Q20. Is there policing to investigate corruption and organised crime within the defence services and is there evidence of the effectiveness of this policing?

Q21. Are the policies, administration, and budgets of the intelligence services subject to effective and independent oversight?

Q22. Are senior positions within the intelligence services filled on the basis of objective selection criteria, and are appointees subject to investigation of their suitability and prior conduct?

Q23. Does the government have a well-scrutinised process for arms export decisions that aligns with Articles 7.1.iv, 11.5, and 15.6 of the Arms Trade Treaty (ATT)?

Q24. How effective are controls over the disposal of assets, and is information on these disposals, and the proceeds of their sale, transparent?

Q25. Is independent and transparent scrutiny of asset disposals conducted by defence establishments, and are the reports of such scrutiny publicly available?

Q26. What percentage of defence and security expenditure in the budget year is dedicated to spending on secret items relating to national security and the intelligence services?

Q27. Is the legislature (or the appropriate legislative committee or members of the legislature) given full information for the budget year on the spending of all secret items relating to national security and military intelligence?

Q28. Are audit reports of the annual accounts of the security sector (the military and intelligence services) subject to parliamentary debate?

Q29. In law, are off-budget military expenditures permitted, and if so, are they exceptional occurrences that are well-controlled? In practice, are there any off-budget military expenditures? If so, does evidence suggest this involves illicit economic activity?

Q30. Are mechanisms for accessing information from the defence sector effective?

Q31. Do national defence and security institutions have beneficial ownership of commercial businesses? If so, how transparent are details of the operations and finances of such businesses?

Q32. Are military-owned businesses subject to transparent independent scrutiny at a recognised international standard?

Q33. Is there evidence of unauthorised private enterprise by military or other defence ministry employees? If so, what is the government's reaction to such enterprise?

Q34. Do the Defence Ministry, Defence Minister, Chiefs of Defence, and Single Service Chiefs publicly commit, through, for example, speeches, media interviews, or political mandates, to anti-corruption and integrity measures?

Q35. Are there effective measures in place for personnel found to have taken part in forms of bribery and corruption, and is there evidence that these measures are being carried out?

Q36. Is whistleblowing encouraged by the government, and are whistle-blowers in military and defence ministries afforded adequate protection from reprisal for reporting evidence of corruption, in both law and practice?

Q37. Is special attention paid to the selection, time in post, and oversight of personnel in sensitive positions, including officials and personnel in defence procurement, contracting, financial management, and commercial management?

Q38. Is the number of civilian and military personnel accurately known and publicly available?

Q39. Are pay rates and allowances for civilian and military personnel openly published?

Q40. Do personnel receive the correct pay on time, and is the system of payment well-established, routine, and published?

Q41. Is there an established, independent, transparent, and objective appointment system for the selection of military personnel at middle and top management level?

Q42. Are personnel promoted through an objective, meritocratic process? Such a process would include promotion boards outside of the command chain, strong formal appraisal processes, and independent oversight.

Q43. Where compulsory conscription occurs, is there a policy of not accepting bribes for avoiding conscription? Are there appropriate procedures in place to deal with such bribery, and are they applied?

Q44. Is there a policy of refusing bribes to gain preferred postings? Are there appropriate procedures in place to deal with such bribery, and are they applied?

Q45. Are chains of command separate from chains of payment?

Q46. Is there a Code of Conduct for all military personnel that includes, but is not limited to, guidance with respect to bribery, gifts and hospitality, conflicts of interest, and post-separation activities? Is there evidence that breaches of the Code of Conduct are effectively addressed?

Q47. Is there a Code of Conduct for all civilian personnel that includes, but is not limited to, guidance with respect to bribery, gifts and hospitality, conflicts of interest, and post-separation activities? Is there evidence that breaches of the Code of Conduct are effectively addressed?

Q48. Does regular anti-corruption training take place for military and civilian personnel?

Q49. Is there a policy to make public outcomes of the prosecution of defence services personnel for corrupt activities, and is there evidence of effective prosecutions in recent years?

Q50. Are there effective measures in place to discourage facilitation payments (which are illegal in almost all countries)?

Q51. Do the armed forces have military doctrine addressing corruption as a strategic issue on operations?

Q52. Is there training in corruption issues for commanders at all levels in order to ensure that these commanders are clear on the corruption issues they may face during deployment?

Q53. Is corruption as a strategic issue considered in the forward planning of operations? If so, is there evidence that commanders at all levels apply this knowledge in the field?

Q54. Are trained professionals regularly deployed to monitor corruption risk in the field (whether deployed on operations or peacekeeping missions)?

Q55. Are there guidelines, and staff training, on addressing corruption risks in contracting whilst on deployed operations or peacekeeping missions?

Q56. Are private military contractors employed and if so, are they subject to a similar level of scrutiny as for the armed forces?

Q57. Does the country have legislation covering defence and security procurement with clauses specific to corruption risks, and are any items exempt from these laws?

Q58. Is the defence procurement cycle process, from assessment of needs, through contract implementation and sign-off, all the way to asset disposal, disclosed to the public?

Q59. Are defence procurement oversight mechanisms in place and are these oversight mechanisms active and transparent?

Q60. Are potential defence purchases made public?

Q61. Are actual defence purchases made public?

Q62. What procedures and standards are companies required to have – such as compliance programmes and business conduct programmes – in order to be able to bid for work for the Ministry of Defence or armed forces?

Q63. Are procurement requirements derived from a national defence and security strategy, and are procurement decisions well-audited? Are defence purchases based on clearly identified and quantified requirements?

Q64. Is defence procurement generally conducted as open competition or is there a significant element of single-sourcing (that is, without competition)?

Q65. Are tender boards subject to regulations and codes of conduct and are their decisions subject to independent audit to ensure due process and fairness?

Q66. Does the country have legislation in place to discourage and punish collusion between bidders for defence and security contracts?

Q67. Are there mechanisms and procedures that ensure that contractors meet their obligations on reporting and delivery?

Q68. Are there mechanisms in place to allow companies to complain about perceived malpractice in procurement, and are companies protected from discrimination when they use these mechanisms?

Q69. What sanctions are used to punish the corrupt activities of a supplier?

Q70. When negotiating offset contracts, does the government specifically address corruption risk by imposing anti-corruption due diligence on contractors and third parties?

Q71. How does the government monitor offset contracts?

Q72. What level of competition are offset contracts subject to?

Q73. How strongly does the government control the company's use of agents and intermediaries in the procurement cycle?

Q74. Are the principal aspects of the financing package surrounding major arms deals, (such as payment timelines, interest rates, commercial loans or export credit agreements) made publicly available prior to the signing of contracts?

Q75. How common is it for defence acquisition decisions to be based on political influence by selling nations?

Q76. Does the country regulate lobbying of defence institutions?

Q77. Is comprehensive data on actual spending on defence published during the budget year?

ANNEX 3. GDI COUNTRY GROUPINGS

3.1 Regimes of the World (RoW)[239]

Liberal Democracy	Electoral Democracy	Electoral Autocracy	Closed Autocracy
Australia	Albania	Algeria	Bahrain
Belgium	Argentina	Angola	China
Canada	Bosnia and Herzegovina	Armenia	Jordan
Denmark	Botswana	Azerbaijan	Kuwait
Estonia	Brazil	Bangladesh	Morocco
Finland	Burkina Faso	Cameroon	Oman
France	Chile	Cote d'Ivoire	Qatar
Germany	Colombia	Egypt	Saudi Arabia
Ghana	Georgia	Hungary	Sudan
Greece	Indonesia	India	Thailand
Israel	Kosovo	Iran	United Arab Emirates
Italy	Lithuania	Iraq	
Japan	Mexico	Kenya	
Latvia	Niger	Lebanon	
Netherlands	Nigeria	Malaysia	
New Zealand	North Macedonia	Mali	
Norway	Poland	Montenegro	
South Korea	Portugal	Myanmar	
Spain	South Africa	Palestine/West Bank	
Sweden	Tunisia	Philippines	
Switzerland	Ukraine	Russia	
Taiwan		Serbia	
United Kingdom		Singapore	
United States		Tanzania	
		Turkey	
		Uganda	
		Venezuela	
		Zimbabwe	
24	**21**	**28**	**12**

239 Nazifa Alizada et al., "Autocratization Turns Viral," Democracy Report 2021 (University of Gothenburg: V-Dem Institute, 2021); Anna Lührmann, Marcus Tannenberg, and Staffan I. Lindberg, "Regimes of the World (RoW): Opening New Avenues for the Comparative Study of Political Regimes," *Politics and Governance* 6, no. 1 (March 19, 2018): 60–77.

3.2 Intergovernmental bodies

EU (27)	OECD (38)	NATO (30)	G-20	G-7
Belgium	Australia	Albania	Argentina	Canada
Denmark	Belgium	Belgium	Australia	France
Estonia	Canada	Canada	Brazil	Germany
Finland	Chile	Denmark	Canada	Italy
France	Colombia	Estonia	China	Japan
Germany	Denmark	France	France	United Kingdom
Greece	Estonia	Germany	Germany	United States
Hungary	Finland	Greece	India	
Italy	France	Hungary	Indonesia	
Latvia	Germany	Italy	Italy	
Lithuania	Greece	Latvia	Japan	
Netherlands	Hungary	Lithuania	Mexico	
Poland	Italy	Montenegro	Russia	
Portugal	Japan	Netherlands	Saudi Arabia	
Spain	Latvia	North Macedonia	South Africa	
Sweden	Lithuania	Norway	South Korea	
	Mexico	Poland	Turkey	
	Netherlands	Portugal	United Kingdom	
	New Zealand	Spain	United States	
	Norway	Turkey	European Union	
	Poland	United Kingdom		
	Portugal	United States		
	South Korea			
	Spain			
	Sweden			
	Switzerland			
	Turkey			
	United Kingdom			
	United States			
16	**29**	**22**	**20**	**7**

3.3 Fragility groups[240]

FCAS (39)	Populist
Armenia	Brazil
Azerbaijan	Colombia
Burkina Faso	Hungary
Cameroon	India
Iraq	Indonesia
Kosovo	Mexico
Lebanon	Philippines
Mali	Poland
Myanmar	Serbia
Niger	Tunisia
Nigeria	Turkey
Palestine	Venezuela
South Sudan	
Sudan	
Venezuela	
Zimbabwe	
16	**12**

240 World Bank, "Classification of Fragile and Conflict-Affected Situations," July 1, 2021; Brett Meyer, "Populists in Power: Perils and Prospects in 2021" (London: Tony Blair Institute for Global Change, January 2021).

3.4 Income groups[241]

Low income - 27 ($1,045 OR LESS)	Lower-Middle income -55 ($1,046 TO $4,095)	Upper-middle income -55 ($4,096 TO $12,695)	High income - 80 ($12,696 OR MORE)
Burkina Faso	Algeria	Albania	Australia
Mali	Angola	Argentina	Bahrain
Niger	Bangladesh	Armenia	Belgium
South Sudan	Cameroon	Azerbaijan	Canada
Sudan	Côte d'Ivoire	Bosnia and Herzegovina	Chile
Uganda	Egypt, Arab Rep.	Botswana	Denmark
	Ghana	Brazil	Estonia
	India	China	Finland
	Indonesia	Colombia	France
	Iran, Islamic Rep	Georgia	Germany
	Kenya	Iraq	Greece
	Morocco	Jordan	Hungary
	Myanmar	Kosovo	Israel
	Nigeria	Lebanon	Italy
	Palestine	Malaysia	Japan
	Philippines	Mexico	Kuwait
	Tanzania	Montenegro	Latvia
	Tunisia	North Macedonia	Lithuania
	Ukraine	Russian Federation	Netherlands
	Zimbabwe	Serbia	New Zealand
		South Africa	Norway
		Thailand	Oman
		Turkey	Poland
			Portugal
			Qatar
			Saudi Arabia
			Singapore
			South Korea
			Spain
			Sweden
			Switzerland
			Taiwan, China
			United Arab Emirates
			United Kingdom
			United States
6	21	23	35

241 World Bank, "World Bank Country and Lending Groups," July 1, 2021

3.5 Regional groups

West and Central Africa	East and Southern Africa	Sub-Saharan Africa	Central and Eastern Europe	North and Western Europe
Angola	Botswana	Angola	Albania	Belgium
Burkina Faso	Kenya	Botswana	Armenia	Denmark
Cameroon	South Africa	Burkina Faso	Bosnia	Finland
Cote d'Ivoire	South Sudan	Cameroon	Estonia	France
Ghana	Sudan	Cote d'Ivoire	Georgia	Germany
Mali	Tanzania	Ghana	Hungary	Greece
Niger	Uganda	Kenya	Kosovo	Italy
Nigeria	Zimbabwe	Mali	Latvia	Netherlands
		Niger	Lithuania	Norway
		Nigeria	Montenegro	Portugal
		South Africa	North Macedonia	Spain
		South Sudan	Poland	Sweden
		Sudan	Serbia	Switzerland
		Tanzania	Ukraine	United Kingdom
		Uganda		
		Zimbabwe		
8	8	16	14	14

Europe	Middle East and Northern Africa	Latin America	Asia-Pacific	Other
Albania	Algeria	Argentina	Australia	Azerbaijan
Armenia	Bahrain	Brazil	China	Canada
Belgium	Egypt	Chile	India	Russia
Bosnia	Iran	Colombia	Indonesia	Turkey
Denmark	Iraq	Mexico	Japan	United States
Estonia	Israel	Venezuela	Bangladesh	
Finland	Jordan		Malaysia	
France	Kuwait		Myanmar	
Georgia	Lebanon		New Zealand	
Germany	Morocco		Philippines	
Greece	Oman		Singapore	
Hungary	Palestine		South Korea	
Italy	Qatar		Taiwan	
Kosovo	Saudi Arabia		Thailand	
Latvia	Tunisia		Vietnam	
Lithuania	UAE			
Montenegro				
Netherlands				
North Macedonia				
Norway				
Poland				
Portugal				
Serbia				
Spain				
Sweden				
Switzerland				
Ukraine				
United Kingdom				
28	**16**	**6**	**15**	**5**

3.6 SIPRI groups[242]

Top Exporters (Top 25)	Top Importers (Top 40)	Top military spenders (Top 40)	Top Exporters (Top 10)
1 United States	1 Saudi Arabia	1 United States	1 United States
2 Russia	2 India	2 China	2 Russia
3 France	3 Egypt	3 India	3 France
4 Germany	4 Australia	4 Russia	4 Germany
5 China	5 China	5 United Kingdom	5 China
6 United Kingdom	6 Algeria	6 Saudi Arabia	6 United Kingdom
7 Spain	7 South Korea	7 Germany	7 Spain
8 Isreal	8 Qatar	8 France	8 Israel
9 South Korea	9 United Arab Emirates	9 Japan	9 South Korea
10 Italy	11 Iraq	10 South Korea	10 Italy
11 Netherlands	12 Japan	11 Italy	
12 Ukraine	13 United States	12 Australia	
13 Turkey	14 United Kingdom	13 Canada	
14 Switzerland	15 Israel	14 Israel	
15 Sweden	16 Vietnam	15 Brazil	
16 Australia	17 Singapore	16 Turkey	
17 Canada	18 Indonesia	17 Spain	
18 United Arab Emirates	19 Italy	18 Iran	
20 Brazil	20 Turkey	19 Poland	
21 Norway	21 Norway	20 Netherlands	
22 South Africa	22 Bangladesh	21 Taiwan	
24 India	23 Thailand	22 Singapore	
25 Portugal	24 Oman	24 Algeria	
	26 Netherlands	25 Indonesia	
	28 Jordan	26 Colombia	
	29 Morocco	27 Thailand	
	30 Canada	28 Norway	
	31 Philippines	29 Iraq	
	32 Azerbaijan	30 Kuwait	
	33 Myanmar	31 Oman	
	34 Taiwan	32 Sweden	
	35 Mexico	33 Mexico	
	36 Poland	34 Ukraine	
	37 Brazil	36 Switzerland	
	39 Angola	37 Belgium	
	40 Malaysia	38 Greece	
		39 Denmark	
		40 Morocco	
23	**36**	**38**	**10**
missing 19, 23 19 Belarus 23 Czechia	**missing 10, 25, 27, 38** Pakistan Afghanistan Kazakhstan Belarus	**missing 23, 35** Pakistan Romania	

242 Peter D. Wezeman, Alexandra Kuimova, and Siemon T. Wezeman, "Trends in International Arms Transfers, 2020," SIPRI Fact Sheet (Stockholm International Peace Research Institute, March 2021); Diego Lopes da Silva, Nan Tian, and Alexandra Marksteiner, "Trends in World Military Expenditure, 2020," SIPRI Fact Sheet (Stockholm International Peace Research Institute, April 2021),

Top Importers (Top 10)	Top military spenders (Top 10)	Top Exporters (Top 5)	Top Importers (Top 5)	Top military spenders (Top 5)
1 Saudi Arabia	1 United States	1 United States	1 Saudi Arabia	1 United States
2 India	2 China	2 Russia	2 India	2 China
3 Egypt	3 India	3 France	3 Egypt	3 India
4 Australia	4 Russia	4 Germany	4 Australia	4 Russia
5 China	5 United Kingdom	5 China	5 China	5 United Kingdom
6 Algeria	6 Saudi Arabia			
7 South Korea	7 Germany			
8 Qatar	8 France			
9 United Arab Emirates	9 Japan			
10 Iraq	10 South Korea			
10	**10**	**5**	**5**	**5**

ANNEX 4: DATES OF GDI DATA COLLECTION

The dates below indicate the year-long period of data collection and quality control with country assessors and peer reviewers. The dates may also include any later process of additional research needed to ensure a robust qualitative dataset upon which scores are based. In some cases, there may have been a suspension of research due to conflicts or instability in the countries under study.

While some data points may indeed no longer be accurate, particularly in the case of legal reforms, the vast remainder of the 200+ data points per country apply to practices and institutional arrangements, which are much more difficult to change, and indeed, tend to endure for years, if not decades. The pace of institutional reform is dictated by much more than regulatory reform, and thus, the GDI data is likely to remain relevant for years to come.

Country	Start date	End date
Albania	August 2018	September 2019
Algeria	July 2018	September 2019
Angola	February 2018	March 2019
Argentina	June 2019	November 2020
Armenia	May 2018	July 2019
Australia	July 2019	June 2020
Azerbaijan	June 2018	June 2019
Bahrain	March 2020	October 2020
Bangladesh	April 2020	June 2021
Belgium	April 2020	September 2021
Bosnia and Herzegovina	April 2018	February 2020
Botswana	April 2020	May 2021
Brazil	October 2019	August 2020
Burkina Faso	February 2018	March 2019
Cameroon	February 2018	March 2019
Canada	June 2019	July 2021
Chile	March 2019	November 2020
China	August 2019	April 2020
Colombia	March 2019	November 2020
Cote d'Ivoire	February 2018	March 2019
Denmark	February 2020	October 2020
Egypt	July 2018	September 2019
Estonia	May 2018	September 2019
Finland	April 2020	May 2021

Country	Start date	End date
France	January 2019	November 2020
Georgia	June 2018	August 2019
Germany	July 2019	June 2021
Ghana	February 2018	March 2019
Greece	March 2020	April 2021
Hungary	July 2018	May 2019
India	January 2019	November 2020
Indonesia	June 2019	December 2020
Iran	December 2018	September 2019
Iraq	July 2018	December 2019
Israel	July 2019	April 2021
Italy	March 2020	April 2021
Japan	July 2019	December 2020
Jordan	July 2018	September 2019
Kenya	January 2020	May 2021
Kosovo	September 2018	November 2019
Kuwait	July 2018	September 2019
Latvia	June 2018	March 2020
Lebanon	July 2018	September 2019
Lithuania	April 2018	June 2019
Malaysia	August 2019	May 2020
Mali	February 2018	March 2019
Mexico	June 2019	November 2020
Montenegro	February 2019	October 2019
Morocco	July 2018	September 2019
Myanmar	August 2019	June 2021
Netherlands	March 2020	June 2021
New Zealand	March 2020	April 2021
Niger	February 2018	March 2019
Nigeria	February 2018	March 2019
North Macedonia	May 2018	March 2020
Norway	February 2020	November 2020

Country	Start date	End date
Oman	July 2018	September 2019
Palestine	July 2018	September 2019
Philippines	December 2019	February 2021
Poland	April 2018	September 2019
Portugal	April 2020	April 2021
Qatar	July 2018	September 2019
Russia	June 2019	May 2020
Saudi Arabia	July 2018	September 2019
Serbia	March 2018	September 2019
Singapore	July 2019	November 2020
South Africa	April 2019	April 2020
South Korea	May 2019	May 2020
South Sudan	December 2019	November 2020
Spain	April 2020	April 2021
Sudan	April 2020	April 2021
Sweden	May 2020	April 2021
Switzerland	February 2020	January 2021
Taiwan	August 2019	November 2020
Tanzania	June 2020	May 2021
Thailand	February 2020	February 2021
Tunisia	July 2018	September 2019
Turkey	April 2020	April 2021
Uganda	December 2019	May 2021
Ukraine	April 2018	June 2019
United Arab Emirates	July 2018	September 2019
United Kingdom	June 2019	August 2021
United States	June 2019	May 2021
Venezuela	March 2019	November 2020
Vietnam	August 2019	November 2020
Zimbabwe	March 2020	May 2021

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