

GOVERNANCE FIRST

TACKLING CORRUPTION RISKS AMID RISING DEFENCE SPENDING

TI-DS SPOTLIGHT

The inherently secretive nature of the defence sector can make it a lucrative breeding ground for graft and impunity. Corruption risks related to defence spending and procurement can have a serious impact on all aspects of defence governance and capabilities.¹



WHY DOES IT MATTER?

Defence sector integrity is pivotal to peace and security. Corruption in the defence sector erodes stability and security by wasting resources, degrading readiness, and weakening the state's ability to address evolving security challenges.

With steep defence investments forming a huge part of rapid state responses to growing security concerns, maintaining robust safeguards against corruption – is more important than ever. When defence institutions lack functioning mechanisms to ensure transparency, accountability, and oversight – rearmament efforts can swiftly become a playing field for personal gain.

By diverting vital resources meant for growing national defence capabilities, corruption can leave forces unarmed and under-resourced when most needed, thus threatening efforts towards deterrence and international peace.² Left unaddressed, corruption within defence institutions can undermine trust in authorities, trigger civil unrest, and enable organised crime as well as violent non-state actors, thereby weakening human security, prolonging conflicts, and interfering with post-conflict peacebuilding processes.

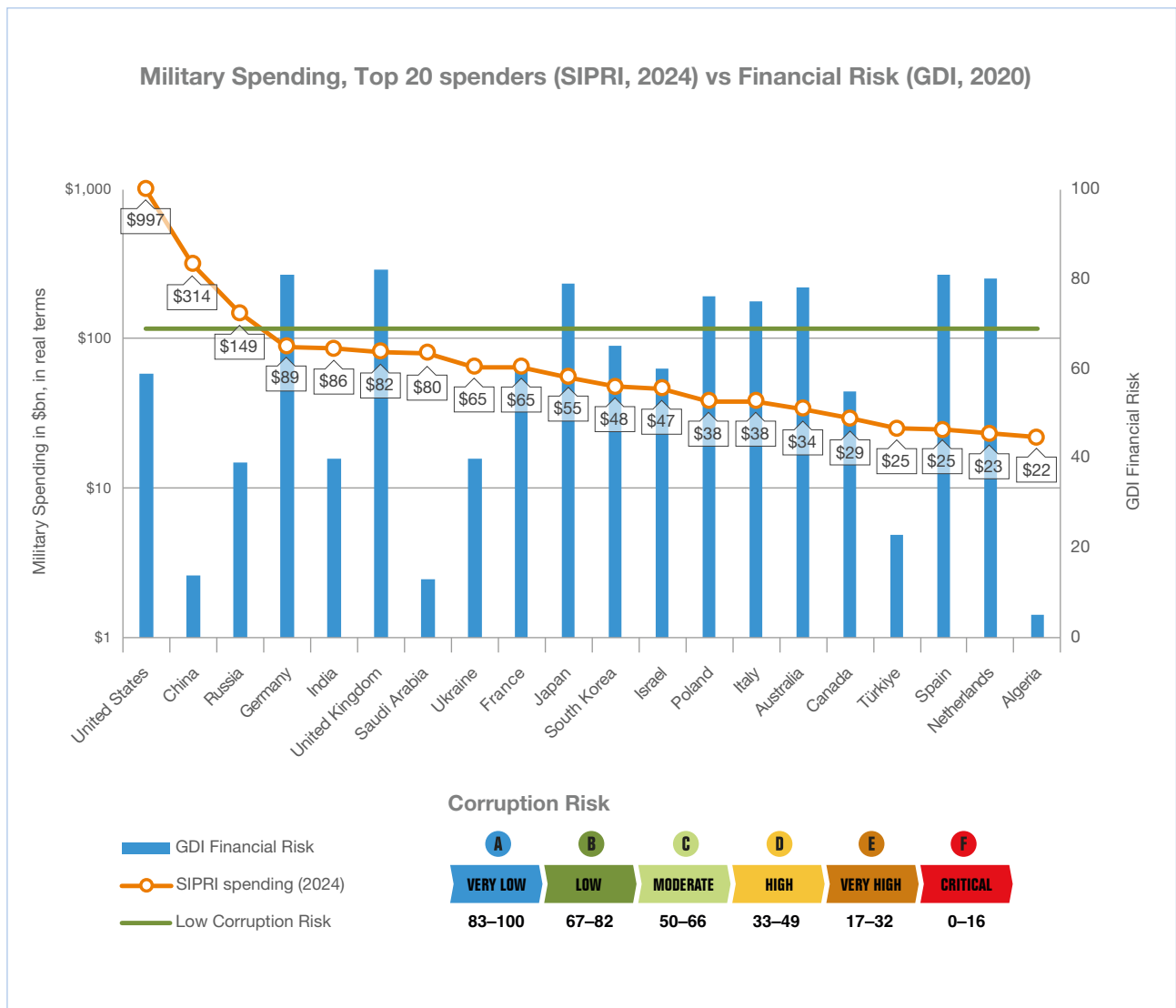
¹ Gupta, Sanjeev, Luiz De Mello, and Raju Sharan (2001), "Corruption and military spending". *European Journal of Political Economy*, Vol.17 (4), pp.749-777

² 'Sabotaging Peace: Corruption as a Threat to International Peace and Security', *Transparency International Defence & Security*
<https://ti-defence.org/publications/sabotaging-peace-corruption-as-a-threat-to-international-peace-and-security/> [accessed 9 July 2025].

INSTITUTIONAL CORRUPTION RISKS IN DEFENCE SPENDING

Global levels of transparency around defence budgeting and expenditure are weak, which means that as defence budgets continue to grow rapidly, so do corruption risks. Just under half of 86 countries assessed in the Government Defence Integrity Index 2020 (GDI)³ publish either only highly aggregated spending figures or no data whatsoever – which included 16 of the top 40 military spenders in the world.⁴

Currently, at least 19 out of the top 40 military spenders in 2024⁵ publish no data, highly aggregated data, or provide superficial explanations regarding actual spending.⁶ At least 18 out of the top 40 importers (2020-2024)⁷ conduct less than 30% of their defence procurement through open competition.



3 Transparency International Defence & Security, Government Defence Integrity Index. <https://ti-defence.org/gdi/>

4 Transparency International Defence & Security, 'GDI 2020 Global Report: Disruption, Democratic Governance, and Corruption Risks in Defence Institutions' (London: Transparency International Defence & Security, 2021).

5 The list excludes Pakistan (rank 29), Romania (rank 31), and Czechia (rank 38) as they are not part of the GDI 2020 assessment.

6 Stockholm International Peace Research Institute (SIPRI), Trends in World Military Expenditure, 2024 (SIPRI, April 2025). SIPRI figures for China, Russia and Saudi Arabia are based on estimations as data is not available.

7 Stockholm International Peace Research Institute (SIPRI), Trends in International Arms Transfers, 2024 (SIPRI, March 2025).

Weak standards and corruption risks in defence spending and procurement stem from several factors, including:



Ineffective oversight, including weak governance standards around defence budgeting and expenditure.



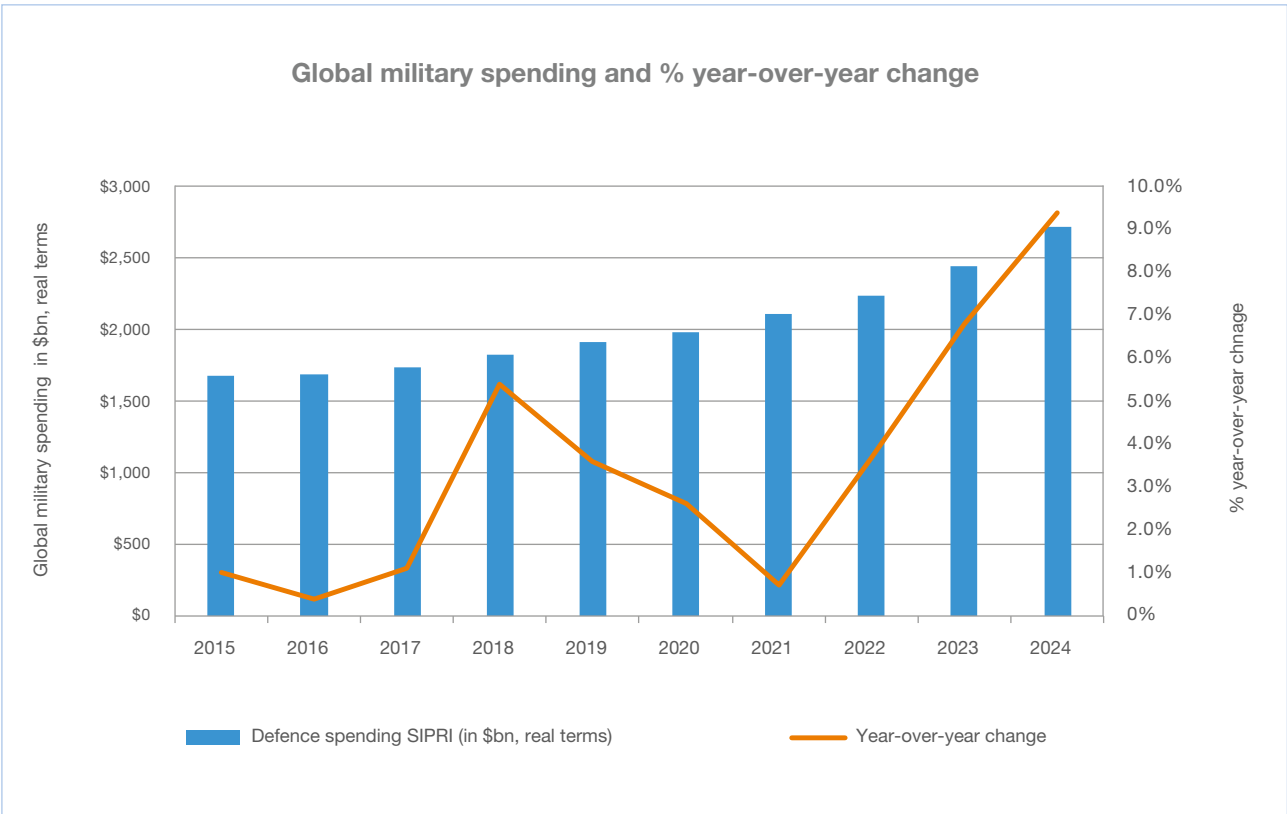
Insufficient or opaque acquisition planning processes, where defence spending is not linked to clear capability requirements.



Misplaced norms around 'defence exceptionalism', the idea that the sector should be exempt from transparency norms entirely due to national security considerations.

RAPID REARMAMENT ACCOMPANIED WITH UNADDRESSED CORRUPTION RISKS

In 2024, global defence spending reflected rising security concerns across the globe and reached \$2.718 trillion, up from \$2.24 trillion the previous year — a 9.4% annual increase and a staggering growth of 37% from 2015 to 2024. Russia’s full-scale invasion of Ukraine and Europe’s rapid rearmament, conflicts in the Middle East and the Sahel, and heightened tensions in the Asia-Pacific region have all contributed to these increases.



How do corruption risks increase during conflict and heightened insecurity?



Urgency sidelines and/or overwhelms scrutiny.

Rapid rearmament accelerates decisions around acquisitions, arms transfers, and asset disposals and tend to outpace oversight.

Combined with high turnover of materials and assets, this creates opportunities for funds misuse and makes irregularities harder to detect.



Political agendas can distort spending priorities.

Political incentives and security narratives can boost the perceived urgency around the sector, which can lead to expanding budgets and justifying rapid expenditure without proper strategic rationale.

Poorly justified procurement and disproportionate defence spending divert resources from essential sectors and weaken accountability under the pressure to act quickly.



Surging defence budgets shift power balances.

Steep increases in defence spending reshape institutional influence, raising the relative power of military establishments over civilian oversight actors.

In systems already facing critical corruption risks, corrupt actors are best placed to benefit from influxes of funds. This creates a self-reinforcing cycle in which entrenched networks can capture new funding flows and accumulate illicit wealth.

DEFENCE PROCUREMENT IS A HIGH-RISK AREA FOR CORRUPTION

Defence procurement involves high-value funding with limited transparency, leaving it especially vulnerable to corruption risks during periods of rapid defence spending, due to:

- over-reliance on non-competitive procedures,
- restrictive levels of clarity and transparency around procurement mechanisms, particularly tendering procedures; and
- failure to publish sufficient details on defence purchases.



Case example: Diverted defence funds and weakened security in Nigeria.

Nigeria illustrates how systemic corruption in defence procurement can compromise military effectiveness in fighting Boko Haram. Reports suggest that military officers have embezzled some \$15 billion over the last 20 years via illegal arms transactions.⁸ At the same time, covert, non-competitive tenders allow for misconduct from defence companies, similar to the recent corruption allegation cases related to BAE and Airbus.^{9,10}

8 Sahara Reporters. 'Military Leaders Have Stolen \$15billion in 20 Years Through Arms Deals, Civic Group Says | Sahara Reporters'. Sahara Reporters, 9 January 2022.
 9 David Pegg and Rob Evans, 'MoD paid millions into Saudi account amid BAE corruption scandal', The Guardian, 8 March 2024.
 10 Office of Public Affairs, US Department of Justice, "Airbus agrees to pay over \$3.9 billion in global penalties to resolve foreign bribery and ITAR case". January 31, 2020

RECOMMENDATIONS

There is no one-size-fits-all solution to addressing institutional weaknesses related to defence governance. However, the following areas are key for strengthening public financial management and improving integrity standards, especially in defence spending:



- 1) **Continuous monitoring of spending risks:** both longstanding risks and those that can rapidly develop in periods of heightened insecurity and growing spending – using tools such as the GDI as part of audit procedures.



- 2) **Ensuring transparent budgeting:** including clear mechanisms for the tracking of actual spending, and categorisation of secret items, off-budget, and extra-budget expenditures.



- 3) **Strong legislative oversight:** parliament (or a dedicated defence committee) should have extensive formal rights (and training) to scrutinise all aspects of budgetary and expenditure information, and proactively exercise these rights.



- 4) **Robust external audit process:** independent external national bodies, known as Supreme Audit Institutions, should have the power to carry out audits of defence budgets, spending, and procurement practices.



- 5) **Open competition:** while there are justifiable reasons¹¹ for some non-transparent defence acquisitions, defence institutions should still ensure sufficient procedures are in place to prioritise open competition and tightly regulating non-competitive procedures.



- 6) **Strategic approach to anti-corruption:** focus on preventing corruption in defence institutions through consolidated, proactive measures that aim to foster a culture of integrity within the sector. This can include establishing a state-wide anti-corruption strategy with specific attention to the defence sector and recognising the threat of corruption in national security frameworks; in conjunction to regular corruption risks assessments in procurement and personnel training, while strengthening whistleblowers protections at the same time.

¹¹ This can include legitimate national security concerns, the need to respond to an urgent situation, or the availability of only one supplier due to technical specifications.

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