

September 2013

Watchdogs?

The quality of legislative
oversight of defence
in 82 countries

Executive summary

“The defence sector is beset by significant corruption. Failure to effectively investigate defence spending undermines law-makers’ responsibility to their electorate to ensure that every tax dollar is spent honestly and effectively.

Legislative oversight of defence has been neglected for too long at the expense of the well-being of citizens.”

Andrew Feinstein, former South African Member of Parliament and author of ‘The Shadow World: Inside the Global Arms Trade’

Embargoed until 17 September, 12:00 London time

Executive summary

Parliaments and legislatures have a vital role in reducing the risk of corruption in defence and security. Most are not performing.

This report shows how they can improve.

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Parliaments and legislatures can prevent corruption in the defence sector by drafting laws to tackle it, putting the topic at the level of national debate, and vigorously exercising powers of oversight.

Transparency International UK's Defence and Security Programme (TI-DSP) published the first ever **Government Defence Anti-Corruption Index (GI)** in January 2013, available at www.defenceindex.org. This made available an extensive and unprecedented analysis of corruption risk in the defence and security sector in 82 countries around the world.

Building on TI-DSP's work with governments, defence companies, armed forces, civil society, and policy-makers, the Index provides original research by knowledgeable country assessors. It quantifies corruption risks in five key areas: political, financial, personnel, operations and procurement.

The GI analysis finds that 70 per cent of countries leave the door open to waste and threats to security as they lack the tools to prevent corruption in the defence and security sector.

Parliaments and legislatures play a key role in the battle to prevent this risk. They can do this by legislating for laws to prevent it, putting issues of corruption in defence at the level of national debate, and exercising powers of oversight. This report—the first one to take an in-depth look at the results of the GI—examines how effectively they do this. It aims to better understand the strengths and weaknesses of legislative institutions in controlling corruption in the defence and security sector, and to provide clear guidelines on how parliaments and legislatures can do better.

LEGISLATURES' PERFORMANCE IN CONTROLLING CORRUPTION RISK

The GI has 19 questions which assess legislative capacity to stem corruption risk in defence and security. These questions are clustered into seven key focus areas, as shown in the box below.

7 Parliament-focused themes in GI questions

DEFENCE BUDGETS OVERSIGHT & DEBATE	DEFENCE POLICY	INTELLIGENCE
Oversight of process acquisition planning	Formal legislative oversight procedures	Effective & independent oversight
Committee scrutiny of defence budget	Committee oversight	PROCUREMENT MECHANISMS & OVERSIGHT
Internal audit of expenditure	Defence policy debated	Procurement legislation
DEFENCE BUDGET TRANSPARENCY	Military exploitation of natural resources	Procurement oversight
Budget transparency & detail	Arms export controls	Disclosure of purchases
Budget publicly available	SECRET BUDGETS	
EXTERNAL AUDIT	Percentage of budget secret	
Effective & transparent external audit	Legislative access to information on secret items	
	Legislative access to audit reports	
	Mechanisms for classifying information	

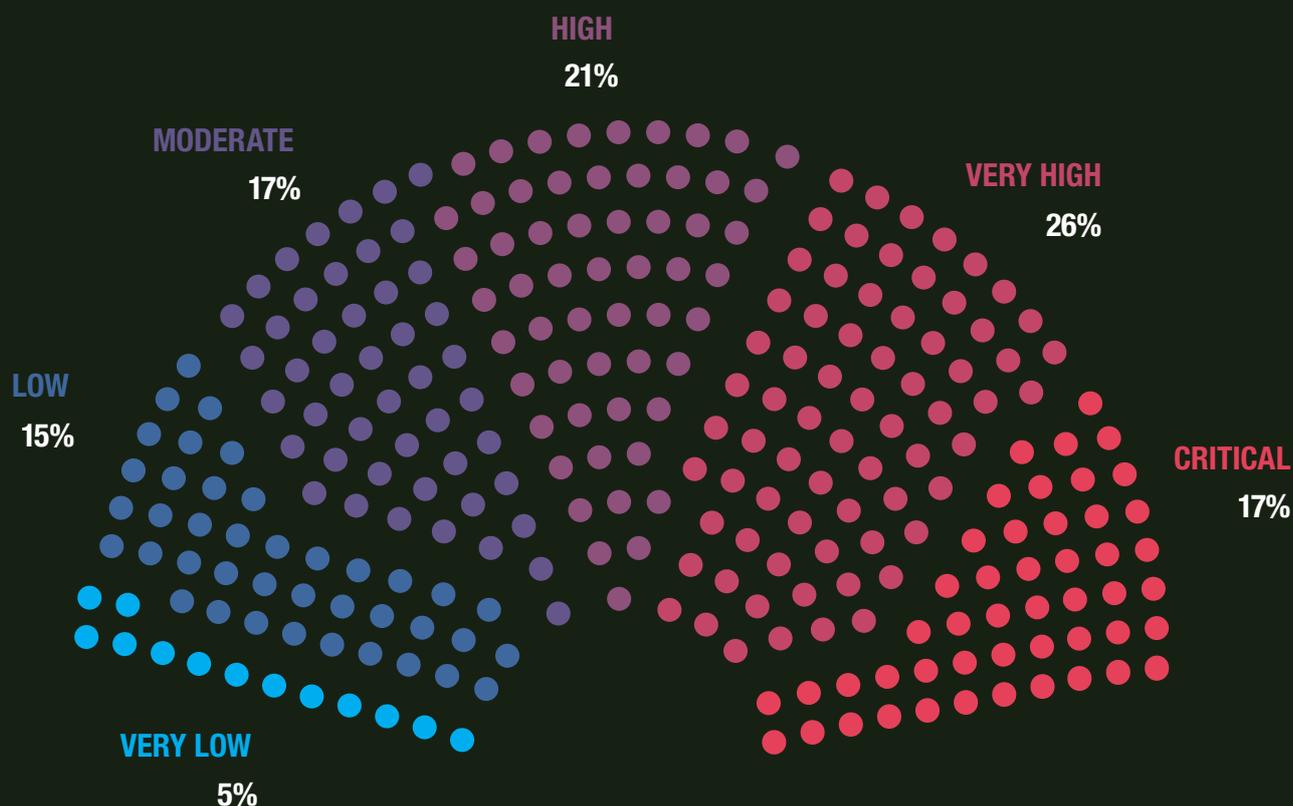
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The results

- Parliaments and legislatures in two-thirds of the 82 countries assessed have seriously insufficient controls that give rise to high or critical corruption risk in their Ministry of Defence and armed forces.
- Eighty-five per cent of countries lack effective scrutiny of their defence policy.
- More positively, 16 out of the 82 countries assessed have low or very low risk of corruption due to strong legislative mechanisms in place.

If the countries analysed were parliamentarians, and the levels of corruption risk they displayed were political parties, the distribution of seats in this parliament would look like the image below. These results are also available online at <http://government.defenceindex.org/parliaments>.

DISTRIBUTION OF COUNTRIES BY PARLIAMENTARY LEVEL OF CORRUPTION RISK



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THE RESULTS:

The table opposite lists countries according to their final score on the parliament-focused questions of the GI. They are placed in one of six bands according to their level of corruption risk, which ranges from very low to critical.

BANDING BRACKETS

Corruption Risk	Lower % Score	Upper % Score
VERY LOW	83.3	100
LOW	66.7	83.2
MODERATE	50.0	66.6
HIGH	33.3	49.9
VERY HIGH	16.7	33.2
CRITICAL	0	16.6

BAND	COUNTRIES
VERY LOW	AUSTRALIA, GERMANY, NORWAY, UNITED KINGDOM
LOW	AUSTRIA, BRAZIL, BULGARIA, COLOMBIA, FRANCE, JAPAN, POLAND, SLOVAKIA, SOUTH KOREA, SWEDEN, TAIWAN, UNITED STATES
MODERATE	ARGENTINA, BOSNIA AND HERZEGOVINA, CHILE, CROATIA, CYPRUS, CZECH REPUBLIC, HUNGARY, ITALY, LATVIA, MEXICO, SOUTH AFRICA, SPAIN, THAILAND, UKRAINE
HIGH	GEORGIA, GHANA, GREECE, INDIA, INDONESIA, ISRAEL, KAZAKHSTAN, KENYA, KUWAIT, LEBANON, NEPAL, PHILIPPINES, RUSSIA, SERBIA, TANZANIA, TURKEY, UGANDA
VERY HIGH	AFGHANISTAN, BAHRAIN, BANGLADESH, BELARUS, CHINA, ETHIOPIA, IRAQ, JORDAN, MALAYSIA, MOROCCO, NIGERIA, OMAN, PALESTINE NATIONAL AUTHORITY, PAKISTAN, RWANDA, SINGAPORE, TUNISIA, UNITED ARAB EMIRATES, UZBEKISTAN, VENEZUELA, ZIMBABWE
CRITICAL	ALGERIA, ANGOLA, CAMEROON, COTE D'IVOIRE, DRC, EGYPT, ERITREA, IRAN, LIBYA, QATAR, SRI LANKA, SAUDI ARABIA, SYRIA, YEMEN

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RESULTS IN MORE DETAIL

1. Defence budgets & secret budgets

- Defence budgets in 55 per cent of countries entirely lack transparency or include only limited, aggregated information.
- Seventy five per cent of countries do not publicly reveal defence and security expenditure that is secret.

Parliaments and legislatures promoting low corruption risk share the following attributes:

- a. Feature properly resourced defence committee with formal powers to veto the defence budget and the authority to hold public officials to account.
- b. Possess parliamentary committees with decision-making and veto power over the secret budget. They are provided with comprehensive and classified information.
- c. Disclose the defence budget in both its technical and non-technical forms, which are easily accessible to the public.

2. Policy oversight and debate

- Parliaments and legislatures in almost half of the countries analysed only have minimal formal mechanisms to scrutinise and debate defence policy.
- Evidence of highly effective mechanisms were found in less than 15 per cent of the countries studied.
- In a third of the countries analysed, any external auditing of the defence budget that takes place is either ineffective or its independence is fully undermined by the government.

Parliaments and legislatures promoting low corruption risk share the following attributes:

- a. The parliaments, legislatures, and committees are independent, able to call witnesses, and to decide on lines of inquiry to inform powers that can veto defence policy.
- b. They possess independent audit bodies and parliamentary committees with the specific remit of analysing audit findings and the power to call audit officials for questioning.

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3. Intelligence services oversight

- There is no evidence of independent external oversight of intelligence services' policies, budgets, and administration in half of the countries assessed.

Parliaments and legislatures promoting low corruption risk share the following attributes:

- a. Its defence or security committees are legally granted oversight of the intelligence services. Parliaments and legislatures have access to classified information, the power to call on intelligence service personnel for evidence, and adequate support resources.

4. Procurement oversight

- In 40 per cent of the countries assessed there is either no evidence of procurement oversight mechanisms, or those in place are highly opaque and inactive.

Parliaments and legislatures promoting low corruption risk share the following attributes:

- a. They have full and transparent oversight of defence procurement. The relevant parliamentary committee—and potentially sub-committees dedicated to specific parts of the military—is fully resourced and able to question procurement officials.

5. External Audit

- Three-quarters of countries either have external auditing processes with questionable effectiveness, or there is uncertainty as to whether external auditing occurs at all.

Parliaments and legislatures promoting low corruption risk share the following attributes:

- a. Together with independent audit bodies, they have the specific remit of analysing audit findings, with the power to call audit officials for questioning.

FACTORS MAKING A DIFFERENCE

There are several national-level characteristics that help explain the degree to which parliaments and legislatures can affect the risk of corruption:

- **Broader political freedoms, and truly democratic systems, mean more effective defence procurement committees, better able to prevent corruption from occurring.**
- **High levels of military per capita tend to increase the risk of corruption. This may result from the armed forces in more militarised societies having strong influence or lobbying power with decision-makers. In such situations, parliaments and legislatures may be undermined and sidelined.**
- **Increased military spending promotes reduced corruption risk. An interesting result deserving of further research, which might be explained by parliamentarians being motivated to push for better and deeper oversight when spending of taxpayers' money on the sector is particularly high.**
- **Presidential systems have higher defence corruption risk than parliamentary systems.**

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What to do?

Tools

This report shows that there are major, dangerous weaknesses in legislative oversight of defence worldwide. But what specific actions can be taken to improve oversight?

There are recommendations for parliamentarians, governments, audit bodies, and civil society and the media which may facilitate better scrutiny of defence. In some countries, it is too convenient for politicians, military, and government officials to avoid serious scrutiny of this sector. In other countries, it is too sensitive for parliamentarians to question defence matters, as it means that they may be questioning their own party leadership. Two innovative tools that may catalyse change are to empower a defence expert consulting group, and to set up a secure system for anonymous reporting:

1. DEFENCE EXPERT CONSULTING GROUP

Convening a group comprising concerned technical experts from diverse backgrounds who come together to assist legislators and press for change is one way that the legislative committee can strengthen its capability.

The defence expert consulting group may include members of civil society, retired military personnel, retired defence industry personnel, and subject matter experts or academics that legislators in the defence committee can regularly draw upon for their expertise.

They can assist parliamentarians by providing them with knowledge and information on a specific and often technical sector. It will also help to ensure the information that parliamentarians receive is independent of the current military institutions they are overseeing. Well-respected members of the group may also raise public support and understanding for effective parliamentary activity.

2. BIPARTISAN REPORTING BODY

Governments can create such a body, perhaps run by the Auditor General, to take the role of regularly soliciting concerns about misuse of defence funds, both from legislators themselves and the public. This committee would encourage anonymous reporting, and would have power to investigate and to report the list of concerns. It should be required to present its findings annually to parliament.

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Actions

PARLIAMENTARIANS

- 1. Establish a well-resourced and cross-party parliamentary defence committee, and be bold in demanding that government and defence officials attend and give evidence to it.**
- 2. Establish a closed parliamentary committee that scrutinises secret spending and the intelligence services.**
- 3. Lobby the government to introduce laws ensuring that parliaments and legislatures have the legal authority to scrutinise, legislate and debate defence matters, including secret defence budgets and the intelligence services, as well as defence institutions and sites.**
- 4. Press for budget support to employ technical experts with specialist knowledge that can be deployed to help reduce corruption risk by, for example, identifying financial anomalies.**

THE EXECUTIVE

- 1. Allocate the resources for legislatures to scrutinise, legislate and debate defence matters, including secret defence budgets and the intelligence services.**
- 2. Provide parliament with the full range of defence budget, procurement and audit documents. The executive should also respond to parliamentary questions according to a strict timeframe, yet allow sufficient time for scrutiny.**
- 3. Empower the legislature defence committee with formal powers to review and veto the defence budget, defence policy and laws. These powers should extend to secret budgets, and should include the option of freezing defence spending.**
- 4. Introduce laws that clearly define when defence information may be classified and prohibit secrecy unless justifiably required to protect national security.**
- 5. Establish an independent audit office with the legal authority to examine government defence expenditure. It should produce publicly available and accessible audit reports.**

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AUDIT OFFICES

- 1. Produce detailed, timely audit reports of government defence expenditure that are clear, transparent and easily accessible to the legislature and the general public.**
- 2. Consult with the legislature before conducting audits in order to understand where parliaments and legislatures may lack technical expertise on defence, and therefore require additional support.**
- 3. Attend legislature committee meetings upon request to offer the audit office's opinions and explain audit reports.**

CIVIL SOCIETY & MEDIA

- 1. Lobby the government to introduce laws to create a legislature with effective legal authority to scrutinise, legislate and debate defence matters, including secret defence budgets and the intelligence services.**
- 2. Act as a source of defence expertise that the legislature can call upon, and provide support to those parliamentarians acting to improve oversight of the sector.**
- 3. Initiate public debate and discussion about defence spending and weak oversight.**

**Transparency International UK's
Defence and Security Programme
works to reduce corruption in
defence and security worldwide.**

**We engage with governments,
armed forces, security forces,
defence companies, international
organisations, civil society and
others to advance this goal.**

**We provide new tools, practical
reforms, benchmarks and
research to enable change.**