

Sharpening the teeth of defence budget watchdogs

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In cooperation with:



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Transparency International's (TI) new report "Watchdogs?" has revealed serious failings in the efforts of parliaments around the world to fulfill the key task of fighting corruption in the defence and security sectors.

The report, presented at a Security & Defence Agenda debate, found that 85 percent of countries lack effective legislative scrutiny of defence policy and two-thirds of the 82 nations surveyed are at a high to critical-risk of corruption due to poor legislative controls.

"Parliamentarians should be really strong in ensuring no waste and no corruption: they are not doing that job," said **Mark Pyman**, director of Transparency International UK's Defence and Security Programme, who presented the report. "Legislators, and that includes legislators in Europe, need to sharpen their teeth substantially on this issue of defence spending."

The Middle East and North Africa fared particularly badly in the report. Eight out of the 14 countries in the lowest "critical risk" category came from the region - including big military spenders such as Saudi Arabia and Egypt.



"Parliamentarians should be really strong in ensuring no waste and no corruption: they are not doing that job."

Mark Pyman

Abdesselam Abouddrar, Chairman of Morocco's Central Authority for Corruption Prevention and a former chairman of the Arab Anti-corruption and Integrity Network, warned graft in the defence sector was adding to region's turmoil.

"I strongly believe it is no longer the time for questioning the impact of corruption, or the need to consider it as a priority threat," he said. "This is time to realise that if armies and security institutions do not change their mindsets and if they do not undertake serious reforms, this could have a dramatic impact on the stability of the region and therefore world peace."

Across the region, he said, corruption risked undermining public confidence in the military, facilitating terrorism and organised crime and reducing the capabilities of the armed forces. In societies in transition, action is needed early to stop corruption taking root, Abouddrar added.

"Corruption and bad governance are like viruses that are often detected in the body when it's too late," he said. "Thus they require a preventive approach to ensure that they do not become habits



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Abdesselam Abouddrar

and bad traditions."

Western governments that have a better record in keeping track of their domestic defence spending often contribute to the problem in the Middle East and other regions by turning a blind eye or even encouraging corrupt activities by defence companies seeking lucrative export contracts.

"This is fundamentally a government-sponsored business, so it is very disingenuous for the government to say: 'it is not my business, this is private sector stuff,'" said Pyman. "If you look around at the major exporting countries, almost none of them have any sort of good record."

Europe was the best-performing region in the TI report with three countries - Germany, Norway and the United Kingdom - joining Australia in the top "very low" risk category. However, speakers warned there was no reason for complacency.

Moderator **Giles Merritt**, Director of the Security & Defence Agenda, recalled a long list of defence-related scandals that rocked European nations over the years.

"It's not about money, it's about trust. One of the problems the defence industry has is that it not seen by the public as moral, as above board," he said. "It's something that's been with us for some time."



"One of the problems the defence industry has is that it not seen by the public as moral, as above board."

Giles Merritt

At a time when the economic crisis is putting enormous pressure on defence budgets, **Ana Gomes**, a Member of the European Parliament who sits on the EP's Subcommittee on Security and Defence, warned that governments really needed to show that taxpayers' money was not being wasted through corruption or bad management.

"We should not be losing the capabilities that we are now losing as a result of the financial crisis," she told the audience. "We need better defence for the money we are spending. We need this so-called smart defence, pooling and sharing, but we also need to make sure that the money is spent with integrity and that must include fighting corruption in defence contracts."

Gomes focused on a case involving the purchase of German submarines for the navy of her native Portugal, complaining that more needs to be done at a national and European level to investigate suspicions of malpractice and restore public confidence.



"We need better defence for the money we are spending."

Ana Gomes

"The matter of corruption in defence budgets is something that is really crippling our capabilities and our ability to actually ask for the support of our citizens," Gomes said. "If our citizens believe that our governments continue to waste money through corruption, through poor defence purchases, why should they go along? Why should they be persuaded that we need more money for the capabilities we need?"

Gomes agreed with **Avgustina Tzvetkova**, Senior Consultant on the Defence and Security Programme at Transparency International UK, who said transparency and anti-corruption should feature prominently at the December European Council summit which will focus on defence and security.



"This is the right time to introduce an anti-corruption policy in defence on the agenda of the EU and appropriate integrity and trust building measures to be accomplished."

Avgustina Tzvetkova

"This is the right time to introduce an anti-corruption policy in defence on the agenda of the EU and appropriate integrity and trust building measures to be accomplished," said Tzvetkova, a former Bulgarian Deputy Defence Minister. "If anti-corruption issues could be addressed in the official documents of the December summit, this would be a huge step ahead."

Several practical measures for boosting transparency in defence budgets were put forward by speakers. Pyman cited the example of Colombia where a new head of the Defence Ministry decided to make all defence contracts public. Ukraine took a major step forward, he said, when the ministry decided to publish its internal audits on the Internet.



Recalling her experience in Bulgaria, Tzvetkova stressed the importance of involving external independent experts, lawmakers and senior military officers in efforts to provide effective monitoring.



"Parliamentary oversight reduces the corruption risk. Executives perform better if they are evaluated and monitored."

Avgustina Tzvetkova

"Parliamentary oversight reduces the corruption risk. Executives perform better if they are evaluated and monitored. Really the parliamentarians should play a crucial role," she insisted. There was, however, a warning from the floor about the often unhealthy ties between defence companies and political parties sitting in parliament.

Andrew Feinstein, former South African MP and author of 'The Shadow World: Inside the Global Arms Trade,' said he'd found overt and covert relationships between defence contractors and political parties in every country he'd investigated.

"I do not understand why it should be legal for these companies to contribute either overtly or covertly to party political coffers at all," he argued. "That is something that there needs to be agreement on at an international level."

Even with a good legal framework in place to tackle corruption, **Susan Pond**, Head of the Building Integrity Programme at NATO, warned that greater efforts are needed to ensure nations have the staff and resources to ensure the rules are implemented.



"I do not understand why it should be legal for these companies to contribute either overtly or covertly to party political coffers at all."

Andrew Feinstein

"We also need capable forces, both civil and military. Many nations, engaged in the NATO Building Integrity Programme, have the most beautifully written legislation... but they lack trained and professional civil servants working in the military and the defence sector who can implement procedures and policies in the area where they work," she said. "It's not just enough to have legislative framework, you need people who are trained and capable. This we see as one of the major deficiencies."

On the positive side, Pond said the successful introduction of anti-corruption efforts in the military has knock-on effect on the wider society. "If you can get it right in the defence and security sector, it will have an impact in other sectors," she concluded.



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