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Defence Governance
in Central and Eastern Europe

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Defence Governance
in Central and Eastern Europe

Government Defence Integrity Index

Central & Eastern Europe Results

Country	Grade	Risk		Country	Grade	Risk
Albania	D	High Risk		Latvia	B	Low Risk
Armenia	D	High Risk		Lithuania	C	Moderate Risk
Azerbaijan	F	Critical Risk		Montenegro	E	Very High Risk
Bosnia & Herzegovina	C	Moderate Risk		North Macedonia	C	Moderate Risk
Estonia	C	Moderate Risk		Poland	C	Moderate Risk
Georgia	C	Moderate Risk		Serbia	D	High Risk
Hungary	D	High Risk		Ukraine	D	High Risk
Kosovo	D	High Risk				

The Government Defence Integrity Index (GDI) is a comprehensive assessment of the quality of institutional controls to manage the risk of corruption in defence and security institutions. It provides a snapshot of governance within the defence sector in a country. For more information on the GDI, please go to ti-defence.org/gdi

Acronyms

ASK – Anti-Corruption Agency (Montenegro)
BIRN – Balkan Investigative Reporting Network
ECDI – Estonian Centre for Defence Investment
EDF – European Defence Fund
EPF – European Peace Facility
EU – European Union
FoIA – Freedom of Information Act
GDI – Government Defence Integrity Index
GDPR – General Data Protection Regulation
MFF – Multiannual Financial Framework
MP – Member of parliament/national assembly
NATO – North Atlantic Treaty Organisation
NAKO – The Independent Anti-Corruption Committee on Defence (Ukraine)
NGO – Non-Governmental Organisation
OECD – Organisation for Economic Cooperation and Development
PiS – Law and Justice Party (Poland)
PSOTC – Peace Support Operations Training Centre (Bosnia)
R&D – Research and Development
RSF – Reporters Without Borders
SAI – Supreme Audit Institution
TI-DS – Transparency International Defence and Security
UN – United Nations
UOP - UkrOboronProm

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EXECUTIVE SUMMARY

This report examines the quality and effectiveness of defence governance across fifteen countries in Central and Eastern Europe: Albania, Armenia, Azerbaijan, Bosnia & Herzegovina, Estonia, Georgia, Hungary, Kosovo, Latvia, Lithuania, Montenegro, North Macedonia, Poland, Serbia and Ukraine. It analyses vulnerabilities to corruption risk and the strength of institutional safeguards against corruption across national defence sectors, drawing on data collected as part of Transparency International Defence & Security's (TI-DS) Government Defence Integrity Index (GDI).[1] It is intended to provide governments and policymakers with an analysis of defence governance standards in the region and supply civil society with an evidence base that will facilitate their engagement with defence establishments and support advocacy for reforms that will enhance the transparency, effectiveness and accountability of these institutions.

This report details good practice guidelines and policy implications that are designed to reduce the opportunities for corruption and improve the quality of defence governance in Central and Eastern Europe. It identifies five key issues of defence governance where improvements are urgently needed in order to mitigate corruption risks: parliamentary oversight, defence procurement, transparency and access to information, whistleblowing, and military operations.

legislating. Except in the Baltic states, committees often lack technical expertise to carry out their functions and their recommendations are insufficiently implemented. Oversight is further hindered by the committees' often inadequate access to defence information. Access to information on secret item spending is restricted everywhere but in the Baltics and Bosnia. External auditing of defence institutions, a key source of financial information for oversight bodies, is highly uneven across the region. In the Balkans and Central Europe, external audits of defence institutions are a rarity and assessments remain largely superficial.

These findings highlight the tangible effects of democratic backsliding on the defence sector, with parliamentary oversight rolled back and increasing executive control. Initiatives to strengthen oversight must be better tailored to this context and designed in such a way as to be flexible and target multiple oversight actors, including civil society. More attention must be paid to the relationships between oversight bodies and increased emphasis must be put on strengthening their coordination. As effective parliamentary oversight is a question of both will and capacity, strengthening it cannot be a purely technical exercise; rather, attempts to enhance technical expertise need to be accompanied by initiatives aimed at affecting power dynamics and changing the incentives for oversight.

Weak parliamentary oversight

Parliaments play a critical role in effective defence governance. Through their legislative, budgetary and oversight functions, they are crucial in ensuring that defence institutions and the armed forces comply with the law and remain accountable to citizens. In the consolidating democracies of Central and Eastern Europe, empowering parliaments to provide substantial scrutiny over the policies, activities and budgets of defence forces is an essential element of civilian oversight, a safeguard against state capture by segments of elites or by governments, and a way to help ensure efficient spending.

This report raises significant concerns related to parliamentary oversight, which, though well established in legislation, often falls short in practice. Increasing alignment between legislatures and the executive, government interference in parliamentary duties and curbs on legislative powers are noticeable trends, particularly in the Balkans, Central Europe and the Caucasus. Parliamentary defence committees often fail to exercise their formal rights, showing high levels of deference to the executive and playing a largely reactive role in

Opaque procurement processes

Defence procurement is an area of high government expenditure, representing a significant portion of national budgets. Efficient and transparent financial management is essential to avoid wasting scarce public resources. Defence spending in Central and Eastern Europe has increased significantly is the past ten years and many states are actively investing in revamping their defence and security forces. Without accompanying attempts to reinforce procurement processes, the risk of corrupt actors diverting significant resources for private gain will increase correspondingly.

This report reveals considerable gaps in countries' defence procurement processes that increase corruption risk throughout the cycle. Only a handful of states have publicly available acquisition planning processes that explicitly link requirements to a defence strategy. The vast majority have deficiencies in their planning processes, which remain either opaque or confidential, and whose links to an overarching strategy are unclear. Most countries, with the exception of Estonia and Latvia, conduct the majority of defence procurement through

single-sourcing or secret procedures. Many states use national security exemption clauses to justify these decisions, with defence procurement often exempted from public procurement law. This shields such procurement from oversight mechanisms, which, though formally well-established, often lack the resources to effectively scrutinise defence procurements.

This research underscores the importance of strengthening both the capacity and access to information of procurement oversight functions. Increased technical, financial and human resources are only effective when oversight bodies have a mandate to access the whole portfolio of procurement procedures that contracting authorities use. This balance should be a key consideration when designing initiatives to strengthen oversight. It is also crucial for public procurement legislation to be improved and for defence-related exemptions and gaps to be addressed to enhance legal frameworks. Attention must also be paid to the interpretations of exemptions, such as in the European Union's (EU) 2009 Defence Procurement Directive,[2] which can further reduce transparency. Finally, fair, transparent and open tendering reduces opportunities for anti-competitive practices. Policymakers could consider the example of Baltic States such as Estonia that have used centralisation and consolidation of defence procurement as a means to increase transparency and enhance competition in tendering. But caution is warranted; further analysis is required in order to arrive at a definitive understanding of why a centralisation approach worked in these contexts, as it may not work under different circumstances.

Attacks on transparency and access to information regimes

Transparency is a key pillar of good governance that acknowledges the need for citizens to have access to information related to government activities. Key legislation to facilitate this are access to information laws that guarantee citizens' right to request information from the government. Access to information in the defence sector is a complex issue. Governments often use secrecy as a pretext to justify low levels of transparency, manifested through overclassification. However, despite being justified in some instances for highly sensitive information, such opacity provides the ideal cover for corruption, as evidence is shielded from the public and oversight bodies.

Across the Central and Eastern European region, there is a serious gap between legislative provisions for information

access, and their enforcement in practice. Only Armenia and Azerbaijan, which at the time of writing are engaged in active conflict, have no legislation guaranteeing access to defence information. All other countries legally enshrine this right, but deliver poorly on implementing it. Governments frequently abuse vague or incomplete legislative frameworks to justify overclassification of information, especially in the Balkans and Central Europe. Defence institutions in the majority of countries often fail to respond to requests of information at all or provide only partial answers with Georgia, Latvia and Lithuania the exceptions.

Transparency, then, remains elusive in most contexts, with national security exemptions often used to withhold information. Transparency and security, however, should not be perceived in opposition, as the former can in fact enhance security and the latter can cover irregularities leading to weakening of defence institutions. Transparency should remain the default approach, with the defence sectors' legitimate needs for secrecy fulfilled through a well-regulated process of managing exemptions to the rule. Decisions to restrict access to information should be contingent on tests balancing the public interest against the concrete harm of releasing specific information. Legislators should also consider the impact of restricting access to information on oversight bodies, which report difficulties in obtaining information they need to perform their functions. This aspects needs to be considered when designing legislation and setting up frameworks as oversight bodies play a critical role in effective defence governance.

Ineffective protection of whistleblowers

Whistleblowing plays a key role in anti-corruption strategies: anonymous reporting mechanisms allow irregularities to be detected early and provide a chance for the institutions to self-correct. However, in most countries analysed for this report, whistleblowing is often equated to 'snitching' and viewed as a destabilising practice. It is often even more difficult in defence institutions, where it goes against the grain of established hierarchies and chains of command. Nevertheless, the issue is becoming increasingly prominent in Europe; the adoption of the EU's Directive on Whistleblowers in 2019 offers an opportunity to revive the debate on the application of whistleblower protection to all public sector employees, including those in defence and security.[3]

2 European Parliament and Council of the European Union, 'Directive 2009/81/EC of 13 July 2009 on the Coordination of Procedures for the Award of Certain Works Contracts, Supply Contracts and Service Contracts by Contracting Authorities or Entities in the Fields of Defence and Security', *Official Journal of the European Union*, L216/76, 20 August 2009, https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009L0081&from=EN

3 European Parliament and the Council of the European Union, 'Directive (EU) 2019/1937 of 23 October 2019 on the Protection of Persons who Report Breaches of Union Law', *Official Journal of the European Union*, L305/17, 26 November 2019, https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019L1937

This research reveals that even where legislation aimed at protection of whistleblowers has been adopted, the defence sector is often exempt from these provisions and implementation lags behind legislation. Since 2014, eleven countries out of the sample of fifteen have adopted legislation designed to better protect whistleblowers reporting corruption in the public sector. Whilst this legislative progress is a promising step, tangible improvements will depend on implementation. Such a process will take a number of years, however there are already signs that it could prove an issue. Implementation of the law and secondary legislation is lagging in a number of countries, such as Armenia, Serbia and Ukraine, while frameworks in Kosovo, Hungary and Estonia have serious flaws in them that open the door to retaliation against whistleblowers.

These findings highlight the need for a focus specifically on defence in whistleblowing legislation. Legal frameworks, such as the EU's 2019 Whistleblower Directive, frequently provide exemptions for national security issues and loosely defined national security exemptions are abused by governments. More efforts are needed to address such loopholes which unduly expose whistleblowers to retaliation and hinder the development of whistleblowing systems. The findings also point to the importance of financial and operational independence of whistleblowing management bodies. When these institutions are not seen as impartial, personnel are dissuaded from utilising whistleblowing channels, thereby undermining the whole system. These critical actors demand more attention from policymakers and donors when addressing whistleblowing in the sector.

Poor integration of anti-corruption into military operations

Corruption and conflict are profoundly intertwined and most military operations – from support to partner security sectors to peace support or stabilisation operations – take place in environments affected by corruption. Military forces therefore need to have in place the strategies and the training to counter the effects of corruption in the host nation and among mission forces themselves. All states analysed in the context of this report contribute to EU, NATO and/or United Nations operations. In doing so, these militaries' resilience or vulnerability to corruption risks have an impact on the overall performance, effectiveness and legitimacy of the UN's, EU's and NATO's institutions and operations.

This research illustrates the failure to mainstream anti-corruption in military operations across the region's armed forces. None of the countries assessed have a military doctrine that identifies corruption as a strategic threat during deployments. There are no strategies to

counter and mitigate the effects of corruption during missions. This absence is replicated in pre-deployment training, which often fails to address corruption issues. Poland and Georgia are notable exceptions to this, while peacekeeping centres in Armenia, Bosnia and Serbia provide some training, although only for troops preparing for peace support operations. The vast majority of countries subscribe to guidelines on anti-corruption established by multilateral partners, but fail to enshrine these same practices in their strategic documents, creating an imbalance between standards at the national and regional or international levels.

These findings point to the necessity to address the gap between the established anti-corruption principles and practices of international organisations, such as the EU and NATO, and their absence at country-level. Whilst an anti-corruption strategy should utilise the resources and expertise of these bodies, it must also be based on the mainstreaming of anti-corruption into operational planning, training and deployments at the national level. International organisations and national governments should consider working together to plug this gap in order to enhance both national and multilateral missions' resilience to corruption risks.

National Focus: GDI Country Briefs

This regional report is supplemented by national-level 'Country Briefs.' These briefs provide a deeper analysis of the key themes identified in this report at individual country level. The analysis anchors these findings in the national context and provide greater insight into the specific challenges faced by different countries. They help complement the technical analysis by situating the findings within national contexts and help national actors to identify priority areas and target advocacy efforts accordingly.

The Country Briefs, published alongside this report, are available at: https://ti-defence.org/gdi/downloads/

INTRODUCTION

Corruption and weak governance in the defence and security sector is dangerous, divisive and wasteful. It deprives countries of security and defence forces that can respond effectively to crises, exposes them to malign influence, and can sever the links between defence forces and the society of which they are a part. Given that defence is frequently one of the most significant areas of government expenditure, corruption in the sector can waste significant amounts of resources. Conversely, strong defence governance can help make defence and security forces stronger, more effective, and better able to contribute to both national and international security.

Defence governance standards in Europe are some of the most robust globally, yet gaps and deficiencies do remain, from challenges to parliamentary oversight, to limiting access to information and weak protection for whistleblowers. States in Central and Eastern Europe and the Caucasus, where a combination of acute threat perceptions, rising defence budgets, and challenges to democratic institutions threaten to de-prioritise internal governance, are particularly vulnerable to setbacks to their recent progress in governance and development. These factors, in combination with multilateral institutions increasingly involved in defence issues, will significantly reshape the defence landscape, affect state expenditures and change key policy processes. As the strategically important Central and Eastern European states become increasingly integrated with the EU and NATO through membership and partnerships, they are poised to play an increasingly important role in the continent's future and in particular its security and defence decisions.[4]

This report identifies five key issues that represent significant shortcomings in the governance of the defence sector in fifteen states in the region: Albania, Armenia, Azerbaijan, Bosnia & Herzegovina, Estonia, Georgia, Hungary, Kosovo, Latvia, Lithuania, Montenegro, North Macedonia, Poland, Serbia and Ukraine. These issues are:

1. **Weak parliamentary oversight,** characterised by increasing alignment between legislatures and the executive, parliaments' exclusion from information flows and a failure to exercise proper scrutiny, instead settling for light touch reviews and rubber-stamping legislation;

2. **Opaque procurement processes** that are shrouded in secrecy and exempted from standard procedures, resulting in the prevalence of single-sourced and classified procurement, devoid of external oversight;

3. **Attacks on access to information regimes** that are increasingly coming under threat as governments resort to overclassification in an attempt to restrict public access to defence;

4. **Ineffective protection of whistleblowers** in practice, despite the existence of robust legislative frameworks;

5. **Poor integration of anti-corruption into military operations,** with missions failing to properly assess and plan for corruption risks as part of troop training and deployments

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The Government Defence Integrity Index (GDI)[5]

Developed by Transparency International Defence & Security (TI-DS), the GDI is designed to measure corruption risk in national defence sectors. It assesses the existence, effectiveness, and enforcement of institutional safeguards to corruption across five key risk areas: financial, operational, personnel, political, and procurement. The GDI is the result of a robust research process, involving multiple peer review stages and reviews by governments themselves. It is based on a variety of evidence, including desk research and confidential interviews. Each country assessment is built around a set of 212 risk indicators, spread across the risk areas, with each indicator looking at a specific aspect of corruption risk and assessing how it measures against the standard for best practice (as determined by TI-DS). These indicators allow the GDI to drill down in fine detail on a variety of issues across the broad field of corruption risk. 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 in some areas. This is intended to capture the implementation gap between law and practice, and target areas for reform to narrow this gap.

By providing a framework of good practice that promotes accountable, transparent, and responsible governance in the defence establishment, the GDI is designed to be a tool for governments seeking to improve their integrity protocols and strengthen defence governance practices. It has also proved a very useful tool for civil society to collaborate with defence institutions, the military, and oversight bodies to build their capacity in order to improve transparency and integrity. The GDI provides rigorous evidence-based recommendations to civil society organisations, research institutions, international organisations and the media to locate where they need to push for change and help bring about positive change in a sustainable way.

More money, but better spent?

These issues all occur against the backdrop of rising defence budgets, the growth and spread of authoritarian governments and the emergence of new, multidimensional security threats. A non-binding joint declaration at the 2014 NATO summit in Wales[6] set member states on the path of increasing defence spending towards 2 per cent of GDP, with 20 per cent of their budgets intended to go toward equipment expenditure.[7] In 2014, only the United States, United Kingdom and Greece met the 2 per cent threshold; in 2018, four years after allies pledged to reach that threshold by 2024, seven NATO members were spending 2 per cent or more of GDP on defence.[8] Expenditures in NATO and EU partner countries in the Central and Eastern European region have similarly kept pace. In 2018 and 2019, Armenia, which spends close to 4 per cent of GDP for defence, ranked among the top ten most militarised countries in the world, closely followed by Azerbaijan.[9] Ukraine's defence budget has increased twofold since 2014, with defence expenditures poised to reach 3 per cent of GDP in 2020 and an additional 2.5 per cent funding other security-related items; this is the largest budget since the country's independence.[10] Meanwhile, Lithuania and Latvia increased military spending by 232 per cent and 176 per cent respectively between 2010 and 2019, and Poland by 51 per cent over the same period.[11]

Threats old and new

Evolving security threats further complicate the picture in the region. Continuing and frozen conflicts in Ukraine, Moldova, Armenia and Azerbaijan are driving defence strategies and policies and can provide a ready excuse to stymie transparency and accountability, with secrecy touted as a necessity for national security. But secrecy, while necessary to protect some sensitive information, can also serve as the perfect veil to hide mismanagement, corruption, and theft, and result in armed forces which

5 Transparency International Defence & Security, *Government Defence Integrity Index*, 2020, available at: https://ti-defence.org/gdi/.

6 NATO, 'Wales Summit Declaration: Issued by the Heads of State and Government Participating in the Meeting of the North Atlantic Council in Wales', Press Release (2014) 120, 5 September 2014, https://www.nato.int/cps/en/natohq/official_texts_112964.htm

7 NATO, 'Defence Expenditure of NATO Countries (2013-2019)', Press Release PR/CP(2019)123, 29 November 2019, https://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2019_11/20191129_pr-2019-123-en.pdf

8 These are: Estonia, Greece, Latvia, Lithuania, Poland, the United Kingdom and the United States. See Ryan Browne, 'NATO Report Says Only 7 Members are Meeting Defence Spending', *CNN Politics*, 14 March 2019, https://edition.cnn.com/2019/03/14/politics/nato-defense-spending-target/index.html

9 Bonn International Center for Conversion, 'Global Militarization Index 2018', available at: https://gmi.bicc.de/index.php?page=ranking-table?year=2018&sort=rank_asc

10 Ministry of Defence of Ukraine, 'Defence Ministry's Budget for 2020 will be the Largest since Ukraine's Independence, says Andrii Zagorodniuk', 5 November 2019, https://www.kmu.gov.ua/en/news/byudzhet-minoboroni-u-2020-roci-stane-najbilshim-z-chasiv-nezalezhnosti-ukrayini-andrij-zagorodnyuk

11 Alexandrs Brzozowski, 'Military Spending Saw Biggest Increase in a Decade in 2019', *Euractiv*, 27 April 2020, https://www.euractiv.com/section/defence-and-security/news/military-spending-saw-biggest-increase-in-a-decade-in-2019/

are woefully unprepared to face a crisis when called upon. As Ukraine discovered in 2014,[12] secrecy does not necessarily breed effectiveness. Rather, it can facilitate the theft and corruption that lead to a lack of basic equipment, inability to stretch supply lines, reliance on volunteers to supply frontline troops with medical kit and conscripts forced to either bribe their way out of service or use the money to finance private purchases of protective equipment. In the longer term, it is also a sector unable to provide basic social rights to its service personnel and failing in the duty of care.[13]

The perceived threat from Russia has also prompted some countries to reinforce or reintroduce conscription (the Baltic states) or establish territorial defence structures (Poland).[14] Conscription and parallel structures can introduce additional corruption risks, such as bribes to avoid conscription or bribes for preferred postings. New threats, including hybrid warfare and the use of corruption as a foreign policy tool, also build on governance gaps in strategic sectors, especially energy and defence. These gaps can enable large-scale, durable corruption-based schemes through which elites in one country can exert illegitimate influence on foreign and security policy outcomes in another.[15] In Ukraine and Armenia, energy and defence sectors are closely tied to Russia; in the Balkans, increasing Chinese involvement through the Belt and Road initiative is funding investments, but at the cost of weakening transparency standards and a debt burden that could be crippling to the countries' future ability to make independent decisions.[16] In the long term, lack of robust defence governance and transparency could facilitate hybrid warfare schemes, weakening resilience and self-defence capabilities.

Challenges to democracy

The region has also witnessed a breakdown of the democratic consensus, with the increasing erosion of judicial independence, assaults on independent media and civil society, electoral manipulation and the subversion of legislative power and oversight.[17] In Poland, the populist Law and Justice (PiS) party, which won re-election in July 2020, has overseen a sustained attack on the judiciary and on civil liberties.[18] Hungary's long-serving president, Viktor Orban, has systematically undermined democratic institutions since his victory in 2010, by aggressively centralising power, taking control of the media and harassing opponents, to such an extent that watchdog Freedom House no longer classifies Hungary as a democracy.[19] Similar trends are also evident in the Balkans where increasingly authoritarian governments in Serbia, Montenegro and Albania are accused of state capture, grand corruption and frequent abuses of power.[20]

The dismantling of democratic institutions and centralisation of power into the hands of party elites has been further accelerated by the COVID-19 pandemic that has provided an opportunity to strip back freedoms and increase the reach of the state under the cover of lockdowns, curfews and restrictions on civil liberties.[21] Nevertheless, some countries have managed to buck these trends. Most notably, public demands for improved governance have led to voters rejecting the status quo and voting in new opposition parties in election in Armenia, Montenegro and Ukraine.[22] Incremental democratic progress has also been evident in the two newest states in the region, North Macedonia and Kosovo. The challenge now will be to deliver on electoral promises and restructure corrupt systems without falling into the authoritarian trap.

12 Sarah Chayes, 'How Corruption Guts Militaries: The Ukraine Case Study', *DefenseOne*, 16 May 2014, https://www.defenseone.com/ideas/2014/05/how-corruption-guts-militaries-ukraine-case-study/84646/

13 The Independent Defence Anti-Corruption Committee (NAKO), *Poor Governance and Corruption in Ukraine's Defence Housing System: Risks and Recommendations*, Transparency International, Ukraine, 2018, https://ti-defence.org/publications/poor-governance-and-corruption-in-ukraines-defence-housing-system-risks-and-recommendations/

14 Piotr Szymański, 'The Baltic States' Territorial Defence Forces in the Face of Hybrid Threats', *OSW Commentary*, No. 165, 19 March 2015, http://aei.pitt.edu/63158/1/commentary_165.pdf

15 Transparency International Defence and Security, *Corruption as Statecraft: Using Corrupt Practices as Foreign Policy Tools*, Transparency International UK, London, 18 November 2019, https://ti-defence.org/publications/corruption-as-statescraft/

16 Svante E. Cornell & Niklas Swanstrom, 'Compatible Interest? The EU and China's Belt and Road Initiative', *Swedish Institute for European Policy Studies*, 2020:1, https://isdp.eu/content/uploads/2020/02/Sieps-2020_1-eng-web.pdf

17 Zselyke Csaky, 'Dropping the Democratic Façade', in Freedom House, *Nations In Transit 2020*, 2020, p. 1, https://freedomhouse.org/sites/default/files/2020-04/05062020_FH_NIT2020_vfinal.pdf

18 Associated Press, 'In Poland, Controversial Legislation Restricting Judiciary is Signed into Law', *The New York Times,* 4 February 2020, https://www.nytimes.com/2020/02/04/world/europe/Poland-judiciary-law.html

19 Csaky, 'Dropping the Democratic Façade', p. 2.

20 Maarten Lemstra, 'The Destructive Effects of State Capture in the Western Balkans: EU Enlargement Undermined', *Clingendael Institute*, Policy Brief, September 2020, https://www.clingendael.org/sites/default/files/2020-09/Policy_brief_Undermining_EU_enlargement_Western_Balkans_September_2020.pdf

21 Transparency International, 'Will the Legacy of COVID-19 Include Increased Authoritarianism?', 29 May 2020, https://www.transparency.org/en/news/will-the-legacy-of-covid-19-include-increased-authoritarianism

22 Csaky, 'Dropping the Democratic Façade', p. 5.

The multinational factor

Robust defence governance in Central and Eastern Europe is important not only for the security of the states in the region, but also to their ability to contribute to multinational initiatives as key international institutions increase their engagement in defence and security. The EU will be adding to member states' defence budgets through the research and development-focused European Defence Fund (EDF), valued at €13 billion throughout the 2021-2017 Multiannual Financial Framework (MFF). The Fund is yet another step in the EU assuming a more active and assertive role in the defence realm, and directing concrete resources toward research and development. In parallel, the European Peace Facility (EPF) aims to provide a mechanism and resources to finance overseas military operations and support to the security sectors of partner countries. With a financial envelope of €10.5 billion for 2021-2027, the EPF will direct significant resources toward partner states, especially in the Southern and Eastern Neighbourhoods. These are uncharted waters for the EU and it is essential that these interventions are conducted in a transparent and accountable manner, that they improve defence governance, and that they do not strengthen corrupt actors and add to insecurity in fragile and conflict states. Member states' ability to support these approaches will be crucial to their success.

In this context, the stakes are high for the countries assessed in this report. Evolving security imperatives, spiralling defence spending and considerable political shifts all require robust defence governance mechanisms to counter threats and ensure that resources are managed correctly and to the benefit of all. However, as the following analysis will show, this is far from the case in many countries in the region. From the Baltics to the Balkans by way of the Caucasus, sustained efforts are required to strengthen parliamentary oversight, improve defence procurement processes, protect access to information frameworks, bolster whistleblower protections and reinforce operational resilience to corruption. A failure to do so could have dire consequences for peace, security and stability in a region that finds itself at a historical crossroads.

Section 1

PARLIAMENTARY OVERSIGHT: A QUESTION OF CAPACITY AND INCENTIVES

Parliament's role is to represent the public's views, propose security and defence policies, identify priorities, pass and shape budgets, make amendments to draft laws and suggest new pieces of legislation.[23] In democracies, parliaments play a critical role in ensuring that defence and security forces carry out their duty in accordance with national and international laws. Parliamentary oversight of defence is a key pillar in enforcing transparency and accountability in the sector, whilst ensuring that defence and security forces operate in conformity with democratic standards.[24] In theory, parliaments' 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.[25] 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.

In Central and Eastern Europe, parliamentary oversight of the defence sector is a critical component of democratic consolidation. Since the end of communist regimes in the region and the collapse of the Soviet Union, the region has undergone a significant process of democratisation, with a considerable number of states transitioning from authoritarian to democratic regimes.[26] 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'.[27] 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. It is critical not only for improving defence governance, but also as a primary tool of democratic consolidation.

1.1 Parliaments and Standing Committees

All countries assessed as part of this report have full legal provisions for parliamentary oversight of the defence sector. Though the extent of these powers vary, all fifteen states enshrine the right of parliamentary control over the defence sector in their constitutions, at a minimum granting the legislature power to approve, amend or reject laws on defence policy. In a number of countries however, there are significant gaps between these formal provisions and the reality in practice. In Armenia, Albania, Hungary, Kosovo, Montenegro, Poland and Serbia, there is a notable tendency for parliaments to align themselves with the executive on defence matters, for example by passing executive-sponsored legislation with no or only minor amendments. In Azerbaijan, the parliament exercises virtually no control over defence, with the military and security forces answering directly to the President. This lack of independence and superficial scrutiny extend to standing parliamentary defence committees in these same countries. Defence committees in Albania, Hungary, Kosovo, Montenegro, Poland and Serbia regularly neglect to provide substantial scrutiny over government activities, and appear content to rubberstamp executive-driven legislation. This failure to exercise oversight properly includes paying little attention to audit reports, failing to issue recommendations and monitor their implementation, and a poor track records of conducting hearings and investigations. Defence committees in the Baltic States

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23 Hans Born, 'Chapter Three: The Role of Parliaments', in Eden Cole, Philipp Fluri & Simon Lunn (eds.), *Oversight and Guidance: Parliaments and Security Sector Governance*, DCAF, Geneva, pp. 64-84 (p. 67), https://www.dcaf.ch/sites/default/files/publications/documents/Oversight%20and%20Guidance%20Parliaments%20and%20SSG_eng.pdf

24 Born, 'Chapter Three', pp. 67-68.

25 Nicolas Masson, Lena Andersson and Mohammed Salah Aldin, 'Strengthening Financial Oversight in the Security Sector', *DCAF Toolkit – Legislating for the Security Sector (7.1), DCAF*, Geneva, 2011, p. 29.

26 Office for the Promotion of Parliamentary Democracy, 'Parliamentary Oversight of the Security Sector', European Parliament, Brussels, 2013, p. 45, https://www.dcaf.ch/sites/default/files/publications/documents/EP_Parliamentary_Oversight_Security_Sector_2013_BOH.pdf

27 Heiner Hänggi, 'Security Sector Reform – Concept and Contexts', in *Transformation: A Security Sector Reform Reader*, Pasig City, Philippines, INCITEGov, 2012.

and Georgia, on the other hand, have greater impact on the formulation of defence policy and are more effective at holding the executive to account, though consistent implementation of recommendations by Defence Ministries remains a challenge in Lithuania and Georgia.

Defence committees also have uneven access to spending information on secret items relating to defence and national security, despite it representing an important portion of defence expenditure. Bosnia, Estonia, Latvia and Lithuania exhibit strong practice in this regard, with committees provided with access to classified information and granted full details on spending related to such items, enabling external scrutiny of a highly corruption-prone area of government expenditure.[28] Other states fall short of these standards. Defence committees in Albania, Georgia, Poland and Ukraine, receive either only general or highly aggregated information on this expenditure, whilst committees in Hungary and Armenia only discuss such spending in closed door sessions. In Azerbaijan, Kosovo and Montenegro, there is no provision for legislative oversight of secret item spending, raising the risk of a complete absence of external scrutiny of such an opaque and corruption-prone area of expenditure.

Another key factor shaping the influence and effectiveness of parliamentary defence committees on defence policy is their sector specific expertise. Defence is a highly technical area, replete with jargon and often intimidating to those new to the issues. Understanding of defence issues and

ability to interact with government officials are key enablers of scrutiny. Of course, not all MPs will have defence expertise and diversity of experience is also desirable; this is why access to trained staff and to external experts is key, especially for those new to the area. Across the region the expertise of defence committees varies considerably. In the Baltic states, Bosnia, Georgia and Poland, committees are fairly well equipped, possessing technical expertise on defence matters and supported by trained parliamentary staffers and aides. Elsewhere, such as in Albania, Armenia, Hungary, North Macedonia, Serbia and Ukraine, proportionally fewer members have relevant expertise and the ability of committee members to influence decisions is often limited by party political allegiances. For committees in Azerbaijan, Kosovo and Montenegro, expertise is severely lacking, restricting their ability to effectively scrutinise defence actors.

These findings underscore key issues that initiatives designed to strengthen parliamentary oversight of the defence sector must address to be effective. The trend towards democratic backsliding and increasing executive control has had a notable effect in many countries in the region and has contributed to exacerbating corruption risks in the defence sector. The rollback of parliamentary oversight and growing alignment between legislatures and executive powers underlines how attempts to enhance oversight cannot rely on purely technical solutions. Such technical support, though necessary, must form part of a wider political strategy that aims to affect power
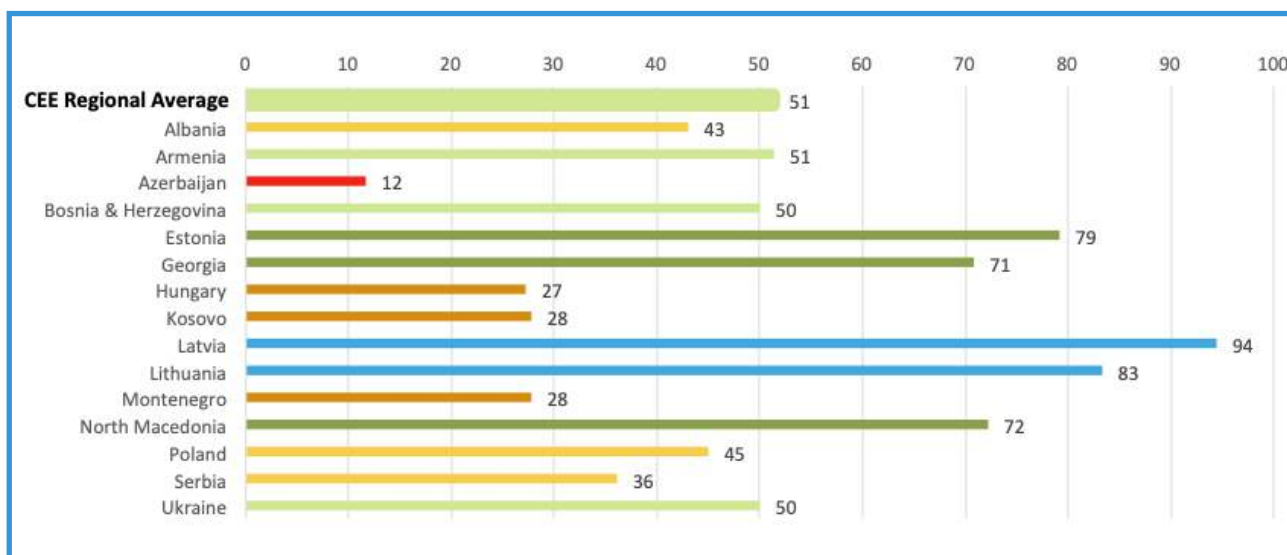
Graph 1.1 - Strength of legislative scrutiny of defence

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28 Oliver Cover and Saad Mustafa, 'Identifying Corruption Risks in the Defence and Security Sector: Empirical Evidence using the Government Defence Anti-Corruption Index', *The Economics of Peace and Security Journal*, vol. 9, no. 2, 2014, p. 31.

dynamics between the two branches by enhancing the capacity, incentives and ability to engage in systematic and effective oversight. In this regard, civil society groups can be key drivers of change who, through campaigning and coordinated advocacy play a potentially crucial role in driving reform and putting the issue of defence governance firmly on the agenda.

GDI Good Practice
Effectiveness of parliament's defence sector oversight

Formal Rights & Independence

- Neither the Executive nor the military coerce or unduly influence parliament to vote in their favour (Q1B).
- There is a defence committee or similar institution with extensive formal rights. The committee (or similar such organisation) has the power to scrutinise any aspect of performance of defence ministry or agencies, (budgets, personnel management, policy planning, arms acquisitions), and demand information on these areas. The committee is in a position to require expert witnesses to appear in front of it (Q2A).
- The appropriate legislative committee or members of the legislature are provided with extensive information on all spending on secret items, which includes detailed, line item descriptions of all expenditures, and disaggregated data (Q27).

Oversight in Practice

- The parliamentary defence committee is comprised of members with expertise in the defence sector who are able to influence decisions. (Q2B).
- The committee reviews major decisions every 5 years or earlier if new threats arise (Q2C).
- The committee meets at least once a month, and issues budget amendments and recommendations. It also requires ministries to consider, and respond to, recommendations within specific time frames (Q2D).
- The committee conducts long-term investigations on current activities, including operations, or it can commission an external body to do it (Q2E).

Effectiveness

- Parliament regularly approves or vetoes laws, exercises budgetary power, and reviews or approves major arms procurements and decisions. Parliament can also reject or amend defence policy (1B).
- Ministries regularly incorporate recommendations into practice (2F).

1.2 Audit institutions

Effective cooperation between SAIs and parliaments can help provide the public with first-hand information on defence sector financial management, assess government defence expenditure in light of the performance of security providers and help to take corrective actions based on reports that reveal misuses of funds.[29] As such, the relationship between the two entities plays a crucial role in strengthening governance and reducing corruption risks.

Our analysis reveals some deficiencies in the auditing of defence institutions and the relationships between oversight bodies. Whilst all fifteen states have external auditing processes in place that authorise SAIs to carry out investigations into defence institutions, their quality, regularity and effectiveness vary considerably. Azerbaijan, Hungary, Montenegro and Serbia stand out by the infrequency of external auditing of the defence sector and the superficial nature of the exercise when they do. In Hungary, the last external audit of the Ministry of Defence was in 2009,[30] whilst Montenegro has had only three since 2005.[31] As for Serbia, prior to 2020, the last defence audit took place in 2012.[32] In Azerbaijan, external audit reports are considered state secrets and no record is publically available. Moreover, questions have been raised around the independence of these bodies. In Estonia[33] and Ukraine, [34] the financial independence of SAIs is not guaranteed, opening them up to potential interference and influence from the executive. In Montenegro and Hungary, SAI independence is jeopardised by the staffing of leadership positions with ruling party loyalists.[35]

Furthermore, most states analysed exhibit low levels of implementation of audit recommendations by the Ministry of Defence. In fact, only in Bosnia, Georgia, Latvia and Lithuania have the ministries shown a willingness to incorporate audit recommendations and, even then, this has not always been systematic or extensive. However, it is indicative that these countries, along with Poland, have the most active and effective SAIs in the region. State audit bodies in these five countries carry out regular financial and performance (value for money) assessments of defence institutions and have stronger links with the legislature than in other states.

Latvia is an example of effective external auditing of the defence sector. The State Audit Office has an extensive mandate to scrutinise all aspects of the defence sector and regularly conducts both financial and performance audits. The audit office is in regular and close communication with the Ministry of Defence and even
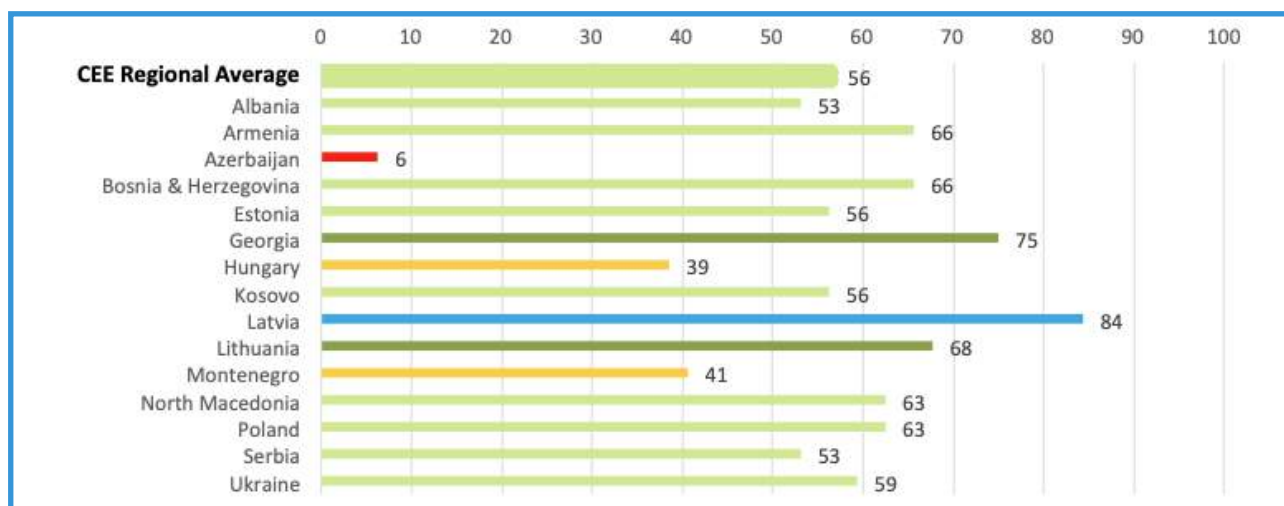
Graph 1.2 - Effectiveness of audit institutions

29 Masson et al., 'Strengthening Financial Oversight', p. 33.

30 Supreme Audit Office of the Republic of Hungary, 'SAO Report about the Functioning of the Hungarian Ministry of Defence,'2009, available: https://asz.hu/storage/files/files/Összes%20 jelentés/2009/0905j000.pdf?download=true

31 State Audit Institution of the Republic of Montenegro, 'Audit Reports', available: http://www.dri.co.me/1/index.php?option=com_content&view=article&id=239&Itemid=235&lang=en

32 State Audit Institution of the Republic of Serbia, 'Audit Reports Archive', available: http://dri.rs/revizije/izvestaji-o-reviziji.136.html

33 The National Audit Office of the Republic of Estonia, 'Budget of the National Audit Office', 28 February 2018, available: https://www.riigikontroll.ee/Riigikontrollkuiasutus/Eelarve/tabid/142/ language/en-US/Default.aspx

34 Ukrainska Pravda, 'MPs Agree on How to Vote for the Head of the National Bank and other Public Officers,' *Ukrainska Pravda*, 14 March 2018, https://www.pravda.com.ua/ news/2018/03/14/7174591/

35 See for instance, "Állásfoglalásunk az Állami Számvevőszék ellenzéki pártokat ért szankcióiról," *Hungarian Civil Liberties Union* (Társaság a Szabadságjogokért), 17 January 2018, https:// tasz.hu/cikkek/allasfoglalasunk-az-allami-szamvevoszek-ellenzeki-partokat-ert-szankcioirol

has access to the Ministry's internal accounting system, ensuring transparency and active information exchange. The State Audit Office publishes regular defence audit reports, including two performance audits in 2020, with all its reports available online.[36] The State Audit Office also has a good working relationship with the parliamentary defence committee and the Ministry's internal audit unit, allowing a good flow of information between relevant oversight institutions and ensuring that such institutions have the necessary information to carry out their duties effectively.

This research points to a critical implication that demands increased attention from governments, policy makers and donors: the importance of information flows between different oversight institutions. This report highlights the inconsistency in these flows and the frequently weak relationships between bodies whose activities should reinforce each other. However, for defence sector oversight to be effective, different institutions, be they parliamentary committees, external or internal audit units, or civil society groups, must complement each other's efforts by enabling the oversight work of other bodies. For example, without the financial and performance

assessments carried out by audit institutions, defence committees will be unable to draw concrete conclusions on the financial management of the sector. A key objective then is strengthening the relationships between different oversight bodies and stimulating information exchange, both through legislative amendments that facilitating such practices and through formal or informal inter-agency cooperation and coordination mechanisms.

GDI Good Practice
The role of audit institutions in enabling oversight

Internal Audit

- The internal audit unit engages in reviews of defence expenditures and has the flexibility to build its own work programme for the year. Staff expertise is appropriate (e.g. there is low staff turnover). Findings are valued by the defence minister (16A).
- Oversight occurs for sensitive or critical issues. Enabling oversight bodies (e.g. parliamentary committees) are provided with non-redacted reports (16B).
- Internal audit reports are proactively released to legitimate external audit bodies (e.g. anti-corruption organisations). The internal audit process is subject to regular and in depth reviews by external audit bodies (16C).
- The ministry regularly addresses audit findings in its practices (16D).

External Audit

- The external audit unit has the mandate to review the defence sector, and regularly audits military defence spending in a formal, in-depth process. Both financial audits and performance audits (value for money) of defence spending are conducted (17A).
- The external audit unit is independent of the executive. It has its own budget (e.g. passed by parliament rather than government), and there are legal protections in place for this budget not to be altered during the budget year (17B).
- External audit information is published online proactively (in accordance with existing FoIA regulations), within a reasonable timeline and in detail (e.g. including analysis on audited accounts, oral briefings, expert advice, investigative work) (17C).
- The ministry regularly addresses audit findings in its practices (17D).

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36 The State Audit Office of the Republic of Latvia, 'Defence Reports', available: https://www.lrvk.gov.lv/en/audit-summaries/audit-summaries?area=110&type=&municipality=&department=&published=1&search=&resor=&start_date=&end_date=

Section 2

INCREASED EXPENDITURE, FLAWED CONTROLS: DEFENCE PROCUREMENT PLANNING, TRANSPARENCY AND OVERSIGHT

Sound financial management of a country's defence sector is a linchpin of defence and security effectiveness. With global military expenditure rising by 7.2 per cent between 2010 and 2019,[37] including consistent year-on-year increases since 2015, efficient and transparent financial management is essential to avoid high levels of inefficient spending and inappropriate procurement that wastes scarce public resources.[38] Defence procurement represents a significant portion of total military expenditure, accounting for roughly half of the entire military budgets of China,[39] Russia[40] and the United Kingdom,[41] whilst EU member states have committed to spending 20 per cent of their defence budgets on weapons procurement and R&D.[42] However, given the secretive and closely-guarded nature of defence procurement, it is often one of the most opaque areas of the sector. This lack of transparency is compounded by the corruption vulnerability of public procurement processes in general, leading to particularly high levels of corruption risk in defence procurement process.[43] Procedures are often exempted from public procurement regulations, oversight institutions' powers of scrutiny are curtailed and standard disclosure practices are disregarded for defence purchases.

In Central and Eastern Europe, combined military expenditures topped US$105.5 billion in 2019 (US$74 billion for Eastern Europe and US$31.5 billion for Central Europe), with the 15 countries analysed in this report responsible for approximately a quarter of the total expenditure. In most states analysed here, expenditure

rose sharply over the last decade, with regional increases in Eastern Europe averaging 4.9 per cent since 2018 and 35 per cent since 2010; in Central Europe, budgets rose at 14 per cent per year and saw a 61 per cent growth since 2010.[44] This consistent increase in expenditure also signifies a sharp increase in procurement requirements, as many states look to revamp and modernise their defence forces. In addition, NATO member states have committed to spending 20 per cent of their defence budgets on procurement that if pursued, will lead to increases in spending among countries in the region not currently hitting that target such as Albania, Estonia and Montenegro.[45] Whilst it is recognised that many states in the region need to revitalise their armed forces, the risk is that efforts to make them more efficient, professional and capable are diluted by corruption and misuse of funds. The absence of effective planning and management processes and of strong external oversight mechanisms, will enable corruption risks to multiply throughout the process.

2.1 Acquisition planning process and the procurement cycle

A well planned and executed process of acquisition planning and procurement can contribute as much to the modernisation of armed forces as increasing budgets do. The defence sector has unique requirements, with

37 Nan Tian, Alexandra Kuimova, Diego Lopes Da Silva, Pieter D. Wezeman and Siemon T. Wezeman, 'Trends in World Military Expenditure, 2019', *SIPRI Fact Sheet,* April 2020, p.1, https://www.sipri.org/sites/default/files/2020-04/fs_2020_04_milex_0.pdf.

38 Dr Sam Perlo-Freeman, 'Transparency and Accountability in Military Spending', *SIPRI Backgrounder,* 3 August 2016, https://www.sipri.org/commentary/topical-backgrounder/2016/transparency-and-accountability-military-spending

39 China Power, 'What Does China Really Spend on its Military?', *CSIS,* 2019, https://chinapower.csis.org/military-spending/

40 Michael Kofman, 'Russian Defence Spending is Much Larger, and More Sustainable than it Seems', *DefenseNews,* 3 May 2019, https://www.defensenews.com/opinion/commentary/2019/05/03/russian-defense-spending-is-much-larger-and-more-sustainable-than-it-seems/

41 Ministry of Defence of the United Kingdom, 'A Breakdown of Planned Defence Expenditure 2018', 2018, https://www.contracts.mod.uk/blog/breakdown-planned-defence-expenditure-2018/#:~:text=In%20total%2C%20defence%20expenditure%20in,was%20over%20%C2%A319%20billion.

42 European Defence Agency, *Defence Data 2017-2018: Key Findings and Analysis*, EDA, Brussels, 2019, p. 4, https://www.eda.europa.eu/docs/default-source/brochures/eda-defence-data-2017-2018.

43 OECD, *Preventing Corruption in Public Procurement*, OECD, Paris, 2016, p. 6, http://www.oecd.org/gov/ethics/Corruption-Public-Procurement-Brochure.pdf.

44 Tian et al., 'Trends in World Military Expenditure,' p. 9. Please note that the overall number of US$74 billion for Eastern includes Russia, with a 2019 defence budget of US$65 billion. These numbers are based on regional classification as utilised by the Stockholm International Peace Research Institute (SIPRI), with Armenia, Azerbaijan, Georgia and Ukraine in the Eastern European group and other countries in this report in the Central European group.

45 NATO, 'Defence Expenditure of NATO Countries.'

equipment taking a long time to develop and introduce into service, and where the ever-changing security environment necessitates frequent revisions.[46] In the context of growing defence budgets across the region, long-term acquisition planning processes that take into account the full life-cycle of investments are key in ensuring the best value for money.[47] However, our analysis paints an uneven picture of the quality of these processes in Central and Eastern Europe.

At one end of the scale, Estonia, Georgia, North Macedonia and Ukraine have clear processes in place for the entire acquisition planning cycle, with separate planning functions for budget, commercial and finance aspects. Planning processes in these countries also tie explicitly to the defence strategy, with clear connections between specific purchases and strategic requirements, enabling greater clarity and transparency around the justification for different investments. A distinction must also be made between short- and long-term planning. Latvia for instance has effective short-term planning process in place but has struggled to plan for the long-term. An external audit by the State Audit Service found that planners failed to properly assess the entire life cycle of defence equipment when drawing up acquisitions plans, which led to issues with key defence systems.[48] For example, deficiencies in long-term planning resulted in anti-air missile defence systems worth €4.4million being inoperable due to funding shortages as planners had not factored in maintenance costs.[49] At the other end, in Albania, Armenia, Bosnia, Kosovo, Lithuania, Poland and Serbia, it is much less clear how the acquisition plan ties to the national defence strategy, either because the plan itself is partially restricted or because the defence strategy is unclear. In Azerbaijan, Hungary and Montenegro, the planning process is confidential and there is extremely limited public information available relating to it, making any assessment of its quality impossible.

Even amongst states with clearly defined planning processes, oversight is often limited. In fact, only in Estonia does the parliament provide direct scrutiny over the process, while the Latvian parliament exercises indirect oversight through SAI reports. Despite having the formal power to oversee the process, parliamentary defence committees in Serbia and Montenegro, which are tightly aligned with the executive, consistently fail to use them. In Armenia, Bosnia, Hungary and Poland there are no dedicated provisions for external oversight of the process at all, raising concerns as to how the process is

conducted and how requirements are selected, especially given the lack of clear connections to a defence strategy.

Increasing transparency and efficiency in defence procurement – The Estonian Centre for Defence Investment

In November 2015, the Estonian Ministry of Defence announced the creation of the Estonian Centre for Defence Investment (ECDI), which became operational in January 2017.[50] The ECDI was designed as a means to centralise the previously separate management of procurement and infrastructure requirements of the Ministry of Defence, the Defence Forces and the Ministry's subordinate establishments.[51] Its creation stemmed from a careful planning process dating back to 2010, when military planners recognised the need to consolidate investments and defence procurement that were predicted to quadruple from €57.3 million that year to €200 million in 2020.[52] There was a pressing need to ensure this increase would be properly managed, whilst also strengthening the transparency and efficiency of the procurement process to guarantee the quality of procurements. As a centralised body with a mandate covering all defence institutions the ECDI has helped harmonise Estonian defence procurement and infrastructure management, and facilitate savings on common requirements that span different institutions.[53] The requirements the ECDI sets are derived from the National Defence Development Plan (2017-2026), allowing for greater visibility of procurement priorities. Moreover, through its close ties with the parliamentary defence committee and the use of electronic procurement platforms it has enabled much greater transparency in the defence procurement process as a whole. The ECDI is by no means perfect and progress remains to be made in terms of transparency of acquisition planning and procurement oversight. However, the Centre does provide an interesting case study for how countries facing steep increases in defence procurement requirements can innovate in order to ensure harmony and cost-efficiency in defence investments across various institutions.

46 Tom McGuffog, 'Improving Value and Certainty in Defence Procurement', *Public Money & Management*, 31:6, 2011, pp 427-432.
47 DCAF, 'Security Sector Integrity – Procurement', available: https://securitysectorintegrity.com/defence-management/procurement/
48 BNN, 'Audit: Planning Problems Impede Growth of Latvia's Defensive Capabilities', *Baltic News Network*, 14 August 2019, https://bnn-news.com/audit-planning-problems-impede-growth-of-latvia-s-defensive-capabilities-204288
49 BNN, 'Audit.'
50 Republic of Estonia Ministry of Defence, 'Centre for Defence Investment', https://www.kaitseministeerium.ee/en/organisation-contacts/centre-defence-investment
51 Defense-Aerospace, 'Tsahkna: The Estonian Centre for Defence Investments must Make Procurements more Efficient', *Defense-Aerospace.com,* 2 January 2017, https://www.defense-aerospace.com/articles-view/release/3/179943/estonia-sets-up-single-defense-procurement-agency.html
52 Defense-Aerospace, 'Tsahkna'.
53 Republic of Estonia Ministry of Defence, 'Centre for Defence Investment'.

2.2 Open-competition in defence procurement

Corruption risks are heightened by restrictions on open competition and single-sourcing or secret procedures for acquiring military goods and services. Whilst reliable data on the share of open competition procedures of total procedures is difficult to find in some contexts, often owing to a lack of government transparency, our analysis highlights that open competition is still the exception rather than the norm. Only Estonia and Latvia stand out with the vast majority of their defence procurement, between 75-80 per cent for Estonia and around 90 per cent for Latvia, conducted through open competition. In Georgia,

secret procurement accounted for 51 per cent of total procurement procedures from 2015-2017. In Ukraine that figure is 45 per cent, including 38.2 per cent of single-sourcing, whilst in Poland it is as high as 70 per cent. In Lithuania, open competition accounted for as little as 0.5 per cent of procurement procedures, with upwards of 93 per cent of defence procurement conducted through restricted tenders and negotiated procedures.[54] Serbia is another interesting case; whilst open competition is initiated for around 35 per cent of defence procurement, in practice a risk of de facto single-sourcing remains. In 2017 for instance, the Ministry of Defence received only one bid in 66 per cent of open tenders, with a low average of 1.74 bids per tender that year.[55]

Strengthening transparency and facilitating open competition: Ukraine's New Law on Defence Procurement

In July 2020, the Ukrainian Parliament passed the 'New Law on Defence Procurement', after a sustained civil society advocacy effort, including by TI-DS' partners the Independent Defence Anti-Corruption Committee (NAKO). This piece of legislation is designed to initiate a complete overhaul of defence procurement and paves the way for potentially drastic reforms in a sector frequently beset by corruption scandals.[56] The fulcrum of the new law is a desire to increase transparency in a historically opaque and corruption-vulnerable area of expenditure.[57] The legislation targets classified procurements, which currently represent up to 90 per cent of all defence purchases, by heavily restricting their usage and prioritising open and transparent competition. This will be done through the establishment of an open electronic registry of suppliers and manufacturers, hitherto subject to security classification,[58] and through the creation of a Centralised Procurement Organisation for the Ministry of Defence, intended to better coordinate procurement processes and reduce corruption risk.[59] Prior to this, a sclerotic price-setting mechanism limited the profit margins of suppliers, hindering the development of defence enterprises and opportunities for open competition in Ukraine.

Through secondary legislation, the new law foresees the replacement of this process with a new, more efficient model that will favour competition within the industry.[60] Furthermore, separate draft legislation on the reform of state-owned defence conglomerate UkrOboronProm (UOP) aims to corporatize the company in order to address long standing issues of poor transparency, corruption and efficiency that have been a strain on the defence budget. This corporatisation could result in the different divisions of UOP adopting OECD governance standards that include independent boards of directors, internal audit functions, and risk management protocols, whilst also subjecting the new companies to external audits and stringent disclosure and reporting requirements.[61] Despite representing a positive step towards reducing defence procurement corruption risks, there remains much to be done. The draft law intended to start the corporatization of UOP is yet to be passed and significant staff turnover in the company, including the departure of many reform advocates, has raised fears that management positions may be filled with an eye on stymieing reform efforts.[62] At the time of writing, it remains to be seen whether this legislation will have the desired effect on Ukrainian defence procurement or whether efforts to dilute secondary legislation will blunt their impact.

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54 Data from Lithuanian Procurement Office. However, the new Head of the Defence Resource Agency claims that during 2017 as much as 82.2 per cent of tenders were open. See: https://gra.lrv.lt/lt/naujienos/gynybos-resursu-agentura-veiklos-efektyvuma-matuos-pagal-13-rodikliu

55 Based on data for 2017 from MoD's quarterly reports http://www.mod.gov.rs/cir/4347/informator-o-radu-ministarstva-odbrane-4347

56 Transparency International Defence & Security and The Independent Defence Anti-Corruption Committee (NAKO), *Six Red Flags: The Most Frequent Corruption Risks in Ukraine's Defence Procurement*, Transparency International, London/Kiev, 2018, https://ti-defence.org/wp-content/uploads/2018/09/Ukraine_Six_Red_Flags_Eng.pdf

57 Piontkovsky, 'Can New Legislation?'

58 Emiliia Dieniezhna, 'Revolution in Defence Procurement: Why is the New Law Important for Every Ukrainian', *NAKO*, 28 July 2020, https://nako.org.ua/en/blogs/revolution-in-defence-procurement-why-is-the-new-law-important-for-every-ukrainian/

59 Piontkovsky, 'Can New Legislation?'

60 Piontkovsky, 'Can New Legislation?'

61 Olena Tregub, 'A Turbulent Summer for Ukraine's Defence Industry reform: Steph Forward, Step Backward?', *NAKO*, 22 September 2020, https://nako.org.ua/en/blogs/a-turbulent-summer-for-ukraine-s-defense-industry-reform-step-forward-step-backward/

62 Olena Tregub, 'A Turbulent Summer for Ukraine's Defence Industry reform: Steph Forward, Step Backward?', *NAKO*, 22 September 2020, https://nako.org.ua/en/blogs/a-turbulent-summer-for-ukraine-s-defense-industry-reform-step-forward-step-backward/

In Albania,[63] Hungary[64] and Montenegro[65] vaguely defined defence-specific legislation is used to exempt the majority of defence procurement from public procurement laws, effectively shielding them from scrutiny and ensuring that they are shrouded in secrecy. Azerbaijan's public procurement legislation explicitly forbids the use of open tenders in defence procurement, with exclusively closed tenders used for the acquisition of defence goods.[66]

The implications of these findings are twofold. First, there is a pressing need to improve transparency in the defence procurement process to create a climate of healthy competition that can provide greater value for money for the sector. Governments and policymakers should consider looking at the example of Baltic States, such as Estonia, that have used centralisation and consolidation of defence procurement as a method to increase transparency and further open competition in the tendering process. However, it is unclear as of yet as to why these approaches succeeded, and further inquiry is needed to order to identify the critical factors leading to the success of centralisation, so that these approaches may be generalised to other contexts. Second, fair, transparent and open tendering can expose and reduce the opportunity for anti-competitive behaviour. In a competitive market, too few bidders to an advertised tender, or a preference for a single bidder, could indicate collusion, while fewer than expected bidders could indicate bid rigging. Transparency and accountability in procurement also opens the process to small and medium enterprises, encouraging economic growth by driving down costs,

diversifying supply chains and ensuring better value for money. As such, governments should weigh the economic costs of stifling competition and the growth of domestic industry when selecting the type of procedure to be used to contract out defence procurement requirements.

2.3 Oversight

All states have formalised defence procurement oversight mechanisms in place with designated institutions mandated to carry out checks on procurement procedures. Despite this, the enforcement of oversight mechanisms is highly irregular and frequently insufficient for the volume and scale of defence procurement procedures in the region.

A critical issue is the numerous exemptions accorded to the defence sector that shield some procedures from scrutiny. In Azerbaijan and Hungary for instance, the vast majority of procurement is completely excluded from external oversight, creating a situation where government contracts worth millions of dollars are handed out with virtually no checks or controls, creating a critical corruption risk. In Albania, the Public Procurement Agency has no power to scrutinise procurement procedures exempted from standard processes by vaguely defined clauses relating to national security. Montenegro is a similar case; exemptions in the Defence and Security Directive allow contracting authorities' discretion in selecting the type of procedure to be utilised without justification or

	0	10	20	30	40	50	60	70	80	90	100
CEE Regional Average						47					
Albania					40						
Armenia						49					
Azerbaijan		8									
Bosnia & Herzegovina							58				
Estonia									74		
Georgia							60				
Hungary			14								
Kosovo						44					
Latvia									72		
Lithuania								67			
Montenegro					39						
North Macedonia										82	
Poland				31							
Serbia			21								
Ukraine						46					

Graph 2.1 - Standards in procurement planning, contracting and oversight

63 Ministry of Defence of the Republic of Albania, 'On Procedures of Ministry of Defence Purchasing of Materiel Excluded from Overall Rules of Public Procurement,' 27 October 2008, http://www.mod.gov.al/images/akteligjore/prokurimet/VKM_1403_ok.pdf.

64 Republic of Hungary, 'Law On Defence and Security Related Procurements, XXX/2016,' 2016, https://net.jogtar.hu/jogszabaly?docid=a1600030.tv&getdoc=1

65 SIGMA, *Monitoring Report: The Principles of Public Administration – Montenegro*, Paris, SIGMA, 2019, http://www.sigmaweb.org/publications/Monitoring-Report-2019-Montenegro.pdf

66 The Republic of Azerbaijan, 'Law of the Republic of Azerbaijan on Public Procurement,' Article 19, 27 December 2001, http://tender.gov.az/new/?inc=9.

oversight.[67] Moreover, while public procurement law obliges the government to adopt bylaws to regulate these procurements, they are yet to be adopted.[68]

Gaps in Serbia's defence procurement oversight framework

In Serbia, significant gaps in defence procurement oversight leading to increased corruption risks. The Public Procurement Office has no jurisdiction over public procurement in the field of defence and security,[69] with such procurements exempted from public procurement law.[70] As a result, the main procurement oversight body is the parliamentary Defence and Internal Affairs Committee. However, the committee's partisan nature and alignment with the executive, combined with its lightweight approach to oversight and its record of rubber-stamping the executive's legislative proposals;[71] raises concerns as to the quality of independent oversight of Serbian defence procurement. The only other oversight body with the power to scrutinise defence procurement is the State Audit Institution. However, given its capacity of just 300 staff for over 11,000 potential audit subjects, it is impossible for it to regularly review procurement decisions in a field as complex and specialised as defence.[72] The result of these gaps is a weak procurement oversight framework that increases the entire process' vulnerability to corruption.

In many cases, even where formal oversight mechanisms are in place and defence procurement audits occur, capacity and expertise constraints within oversight institutions can make them largely superficial. This is the case in Estonia for instance where the National Audit Office has lamented not being able to carry out thorough checks on defence procurement as they lack specialists who would be able to conduct such analyses.[73] As a result, its checks are lightweight and surface-level, raising the risk of irregular procedures being approved without scrutiny.[74] Lithuania's Public Procurement Office and

National Audit Office face similar capacity issues that limit oversight. The Procurement Office only has capacity to monitor 3 per cent of all public procurement and the audit office is understaffed and lacks the technical expertise to focus on defence procurement. In Kosovo, the Public Procurement Regulatory Commission, responsible for public procurement supervision, has been criticised by the European Commission for its weak capacity to enforce controls and its lack of cooperation with other bodies that is hindering the oversight of public procurement. It singles out the defence and security sector as cause for particular concern.[75]

Elsewhere, institutions previously mandated to scrutinise procurement processes have been weakened. Poland's Anti-Corruption Procedures Bureau, responsible for preventive monitoring of public procurement at all stages, submitting opinions on classified tenders and evaluating legislative acts of the Ministry of National Defence from an anti-corruption perspective, has been replaced with the Unit for Anticorruption Procedures at the Bureau of the Minister of National Defence. Its mandate has been weakened, as it is no longer a separate body directly subordinated to the Minister. The chair has no direct access to the minister and his/her opinions and proposals are subject of assessment by the cabinet's director.

In spite of the prevalence of single sourced defence procurement across the region, barring a few isolated examples, oversight of these procedures is noticeably weak. In Albania, Azerbaijan, Hungary, Lithuania and Poland there are no provisions for external oversight of single-sourcing at all. This is particularly concerning given the volume of total procurement that single-sourcing represents, exposing the majority of defence procurement to significant corruption risks. Elsewhere, external audit institutions in states like Montenegro, North Macedonia, Serbia and Ukraine all have formal powers of oversight over single-sourced procedures. However, in practice, they rarely exercise these powers due to capacity and expertise shortages, meaning audits are exceedingly rare. Only Bosnia,[76] Estonia and Latvia[77] appear to show strong procedures in this regard, with formal provisions

67 Government of the Republic of Montenegro, 'Law on Public Procurements', Art. 29 & 30, 30 June 2017, *Official Gazette*, 042/11, 057/14, 028/15, 042/17, http://www.ujn.gov.me/wp-content/uploads/2018/02/Zakon-o-javnim-nabavkama-pre%C4%8Di%C5%A1%C4%87em-tekst-2017-godina-1.pdf

68 Government of the Republic of Montenegro, 'Law on Public Procurements', Art. 153, 30 June 2017, *Official Gazette*, 042/11, 057/14, 028/15, 042/17, http://www.ujn.gov.me/wp-content/uploads/2018/02/Zakon-o-javnim-nabavkama-pre%C4%8Di%C5%A1%C4%87em-tekst-2017-godina-1.pdf

69 Government of the Republic of Serbia, 'Public Procurement Law - Article 127,' 124/2012. 14/2015 and 68/2015, https://www.paragraf.rs/propisi/zakon_o_javnim_nabavkama.html.

70 Government of the Republic of Serbia, 'Public Procurement Law – Article 128', 124/2012, 14/2015 and 68/2015.

71 An average sitting of the DIAC lasts just 84 minutes. One session devoted to the adoption of five draft laws, three international agreements and an annual plan for SAF participation in multinational operations lasted for 26 minutes, see: "13th Sitting of the Defence and Internal Affairs Committee" National Assembly of Serbia, April 20, 2018, accessed October 30, 2018, http://www.parlament.gov.rs/13._sednica_Odbora_za_odbranu_i_unutra%C5%A1nje_poslove.33811.941.html.

72 State Audit Institution of the Republic of Serbia, 'Competences of the SAI' (Državna revizorska institucija, Nadležnosti), available: http://dri.rs/o-nama/nadleznosti.341.html.

73 Postimees, 'Minister of Defense Luik Denied Postponing Defense Investments,' 9 November 2017, https://leht.postimees.ee/4305457/kaitseminister-luik-eitas-kaitseinvesteeringute-edasilukkamist

74 Postimees. '"Radar": The Country's Armoured Procurement is Hotly Criticized', 26 January 2016, https://www.postimees.ee/3483489/radar-riigi-soomukihanked-toovad-tulist-kriitikat.

75 European Commission, *Kosovo 2019 Report*, 29 May 2019, p. 64. https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/20190529-kosovo-report.pdf.

76 Audit Office of the Institutions of Bosnia and Herzegovina, *2017 Audit Report on Financial Audit of the Ministry of Defence of Bosnia and Herzegovina*, 2017, http://www.revizija.gov.ba/revizioni_izvjestaji/finansijska_revizija/Izvjestaji_2017/?id=6338.

77 State Audit Office of the Republic of Latvia, 'Efficiency of the National Armed Forces Security Planning and Supply System' Riga, State Audit Office, 2018, http://www.lrvk.gov.lv/uploads/reviziju-zinojumi/2016/2.4.1-9_2016/NBS-apgade-kopsavilkums-2018-01-31.pdf.

for scrutiny of single-sourcing and some evidence of oversight being exercised, although there remains room for improvement related to the effectiveness and regularity of this scrutiny.

Improving scrutiny of defence procurement in the region will depend on strengthening both the capacity and the access to information of oversight functions. Oversight institutions need the requisite technical, financial and human resources to scrutinise increasingly numerous and complex defence procurement procedures, in conjunction with a broad mandate that grants them access to the full portfolio of procedures contracting authorities utilise. Policymakers and donors must consider the balance between access and capacity before designing and funding initiatives to strengthen oversight. Initiatives that

fail to do so will achieve limited impact and risk creating an imbalance between capacity and access. Moreover, it is crucial to tighten existing procurement legislation, at national and regional levels, which all too frequently excludes defence procurement from standard reporting, contracting and oversight procedures. The EU's 2009 Defence Procurement Directive for instance was designed to regulate defence and security contracting, promote competitive tendering and enhance transparency throughout the procurement process. However, the directive allows for too broad an interpretation of national security exemptions that has led to a significant share of defence procurement being made outside of the Directive.[78]

GDI Good Practice
Planning, transparency and oversight in the defence procurement cycle

Planning

- There is a clear process for the entire acquisition planning cycle in place, with formally separate internal acquisition planning functions, e.g., budget, commercial, and finance. Connections between specific purchases and defence strategy requirements are made explicit (11A).
- The public has access to information about the entire process itself so that information can be obtained as needed. Information that is proactively published includes justification of purchases, lines of responsibility, timelines, mechanisms, and outcomes (11B).
- There are strong external oversight functions that assess the country's long-term acquisition plans, their legitimacy and likelihood that plans are going to function properly. Parliament is also involved in oversight of acquisition planning (11C).
- Procurement requirements are derived from a national defence strategy, and there is logical flow down from strategy to individual procurement with no exceptions (63A).

Transparency

- The vast majority (90 per cent or more) of defence procurements are conducted as an open competition, except in clearly defined and limited circumstances. There is a relatively small component (less than 10 per cent) of single-sourcing (64A).
- One per cent or less of military expenditure is dedicated to spending on secret items (26).

Oversight

- Procurement oversight mechanisms are independent, formalised processes. Parliament, the military, business, or politically well-connected individuals have no undue influence on their performance (59A).
- Procurement oversight mechanisms are highly active in summoning witnesses and documents, demanding explanations, issuing recommendations that are being followed or implemented, and can exercise their ability to cancel projects (59B).
- Evidence of activity (e.g. reports, announcements in the press of the cancellation of procurement programmes, the release of financial information) is made available to the public by the relevant procurement oversight institutions (e.g. parliamentary committee, a national audit function or bureau of public procurement) (59C).
- All single source and restricted competition procedure contracts must be justified and subject to external scrutiny (such as parliament or the external audit office), who have the power to reject the selected procedure (64B).

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78   European Commission, *Report from the Commission to the European Parliament and the Council on the Implementation of Directive 2009/81/EC on Public Procurement in the Fields of Defence and Security'*, COM(2016) 762 final, Brussels, 30 November 2016, p. 6, https://ec.europa.eu/transparency/regdoc/rep/1/2016/EN/COM-2016-762-F1-EN-MAIN.PDF

Section 3
TRUST, DEMOCRACY AND CIVILIAN OVERSIGHT: ACCESS TO INFORMATION REGULATIONS

Transparency is one of the basic principles of good governance,[79] entailing that citizens have access to information regarding government decision-making, plans, policies and activities.[80] It requires governments to take steps to make records available to the public in order for them to participate in and monitor activities. A key legislative tool to facilitate this is access to information 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.[81] Effective access to information systems require robust legal frameworks, responsive institutions, enforceable and realistic sanctions and strong information management processes.[82] In an area as sensitive as defence, where information is often closely guarded, enacting such legislation has proven complicated. National security and the public's right to information have historically been viewed as "pulling in opposite directions,"[83] with defence institutions' "secrecy privilege" on one side and those advocating for a "transparency fix" on the other.[84] However, transparency and secrecy can each contribute to national security, through protecting information crucial to national security and through ensuring that the cloak of secrecy is not used to hide irregularities, abuses of power, or fraud. Decisions to restrict access to information need to balance the public interest with the harm that releasing specific pieces of information could do, and needs to be based on well-justified exceptions that preserve the overall presumption of transparency and access to information.[85] Overclassification itself is a dangerous practice, which leads to the dilution of classification standards and the deterioration of the classification system as a whole.[86]

In the emerging and consolidating democracies of Central and Eastern Europe, transparency and access to information in the defence sector take on increased importance. In many of these states, democratic institutions and good governance mechanisms are still being strengthened. Signs of democratic backsliding have also appeared throughout the region, with these trends facilitated and exacerbated by poor government transparency, opaque decision-making and restrictions on public access to information. In the defence sector, national security exemptions and overclassification blur the picture even further. However, good defence and security sector governance, of which transparency and access to information are key characteristics, is critical to democratic stability.[87] Security sector governance that prioritises the transparency and accountability of the state's delivery of security to its citizens helps to strengthen the rule of law and contributes to building peaceful and just societies.

3.1 Budget transparency

Transparent, detailed and publicly accessible defence budgets are fundamental to reducing corruption risks and furthering transparency. Budgets are key documents that allow legislatures, civil society groups and the public to gain an understanding of priorities for the next budget cycle and to hold their leaders to account.[88] However, whilst every country publishes a defence budget, our analysis reveals disparities in their comprehensiveness and transparency. Kosovo, Latvia, Lithuania, North Macedonia, Poland and Ukraine all exhibit solid practice

79   Council of Europe, '12 Principles of Good Governance', available: https://www.coe.int/en/web/good-governance/12-principles#{%2225565951%22:[3]}

80   Transparency International, 'Transparency – Definition', available: https://www.transparency.org/en/corruptionary/transparency#

81   Stephen Kosack and Archon Fung. 'Does Transparency Improve Governance?', *Annual Review of Political Science*, vol. 17, 2014, pp. 65-87 (p. 67).

82   Stephanie E. Trapnell (ed.). *Right to Information: Case Studies on Implementation*, World Bank, Washington, 2014, p. xiii.

83   Open Society Justice Initiative, *The Global Principles on National Security and the Right to Information (Tshwane Principles)*, Open Society Foundations, New York, 2013, p. 6.

84   Mark Fenster, *The Transparency Fix: Secrets, Leaks and Uncontrollable Government Information*, Stanford University Press, Stanford, 2017, pp. 9-11.

85   Fenster, *The Transparency Fix*, p. 11; United Kingdom Ministry of Defence, *Access to Information Guidance Note*, version 6, June 2009, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/16835/E420090701MOD_FOI_Guidance_Note.pdf

86   See for instance, Transparency International Defence and Security, *Classified Information: A Review of Current Legislation across 15 Countries & the EU*, Transparency International, London, 2016, p. 34; Steven Aftergood, 'Reducing Government Secrecy: Finding What Works', *Yale Law & Policy Review*, vol. 27(399), 2009, pp. 399-416 (p. 404).

87   Mark Knight, 'Security Sector Reform, Democracy & the Social Contract: from implicit to explicit', Journal of Security Sector Management, Vol.7., No.1., 2009.

88   Transparency International Defence and Security, *The Transparency of National Defence Budgets*, Transparency International UK, London, 2016, p. 3, available at: http://ti-defence.org/wp-content/uploads/2016/03/2011-10_Defence_Budgets_Transparency.pdf

in making their budgets openly available, breaking down the information across different functions and including fairly comprehensive information that conveys the different budget priorities in that cycle. The Latvian Ministry of Defence also publishes infographics to accompany the budget in order to make it more accessible to the general public.[89] However, even among these countries there remains significant room for improvement. In Ukraine and North Macedonia, expenditures specific to salaries, allowances and R&D for instance are not detailed and are aggregated into larger expenditure groups. Similarly, in Lithuania, there is no reference to R&D in the budget, with this expenditure included in the opaque "other expenses" category. Budgets in Bosnia, Hungary and Montenegro also omit key areas of expenditure such as salaries, R&D, asset disposals and maintenance costs, restricting transparency and increasing their vulnerability to corruption. Defence budgets are highly aggregated and lack justifications in Albania, Estonia and Georgia. In Albania, the Ministry of Defence does not publish a budget, with only a highly aggregated version published by the Ministry of Finance. It is broken down into seven broad programmes, with one including all planning, management and administration costs, with little visibility of what the programmes cover and no justifications for allocations.

Budget timeliness is also crucial; the government should submit a proposal to the legislature ahead of the start of the budget year and with enough time for parliament to debate and submit amendments to the proposal. Whilst most governments do submit an accurate proposal two to four months before the start of the budget year, there are notable exceptions. In Azerbaijan, Bosnia, Kosovo and North Macedonia the legislature often receives the budget less than 2 months before the start of the cycle, giving it precious little time to review it properly and have amendments integrated. In Montenegro and Serbia, this reviewing period is often even shorter, with parliament frequently given one month to review.

3.2 Access to information mechanisms

Access to information legislation is a cornerstone of the relationship of accountability between governments and populations. Effective access to information mechanisms should help citizens access information that is not readily available and increase government transparency standards. Such legislation provides an additional layer of oversight over controversial processes, and can shed light on the decisions that lead to particular outcomes. Fundamentally, almost every country assessed in the Central and Eastern European region has some form of legislation regulating access to information, including for the defence sector. The exceptions to this rule are Armenia and Azerbaijan. Like most countries, Armenia's Freedom of Information Law contains an article that allows for the information holder to refuse requests for information concerning state secrets.[90] However, the corresponding Law on State Secrets lists the entire defence sector as one from which disclosing any information could jeopardise national security.[91] As a result, it is essentially excluded from access to information legislation, creating a situation where the government can reject all requests pertaining to defence, regardless of their actual relevance to national security concerns. The Azeri case is similar. Azerbaijan has a series of laws on Freedom of Information.[92] However, in 2014, amendments to the Law on State Secrets and Law on the Military Situation[93] seriously complicated public access to virtually all military information. The amendments toughened the rules for obtaining information by restricting access to a small pool of accredited state reporters and intensifying a crackdown on those disseminating defence information. As a result, independent media and NGOs have very little access to defence information and any attempt to request access is often met by intimidation by the government and Security Service.[94]

89 Ministry of Defence of the Republic of Latvia, 'Infographics on the 2018 Defence Budget,' 2017, http://www.mod.gov.lv/~/media/NBS/plakati%20utt/2017/AM_infografika_2017_lv.ashx.

90 Government of the Republic of Armenia, 'Law on Freedom of Information', 23 September 2003, available: http://www.parliament.am/legislation.php?sel=show&ID=1390&lang=eng

91 Government of the Republic of Armenia, 'Law on State and Official Secrets', 3 December 1996, available: http://www.parliament.am/legislation.php?sel=show&ID=1654&lang=arm

92 Government of the Republic of Azerbaijan, 'Law on Freedom of Information', January 2005, http://ict.az/az/content/112/

93 Government of the Republic of Azerbaijan, 'Law on State Secrets', 7 September 2004, http://www.mfa.gov.az/files/file/27.pdf; Government of the Republic of Azerbaijan, 'Law on Military Situation' 14 February 2017, https://mod.gov.az/images/pdf/14cf4689f3a3c421f6db62cab98ab824.pdf.

94 Caspian Defence Studies Institute, 'Public Discussion of Military Problems in Azerbaijan is Banned,' 2 April, 2015, https://caspiandefense.wordpress.com/2015/04/02/az%C9%99rbaycanda-h%C9%99rbi-probleml%C9%99rin-ictimai-muzakir%C9%99sin%C9%99-qadaga-qoyulub-yeni-hesabat/
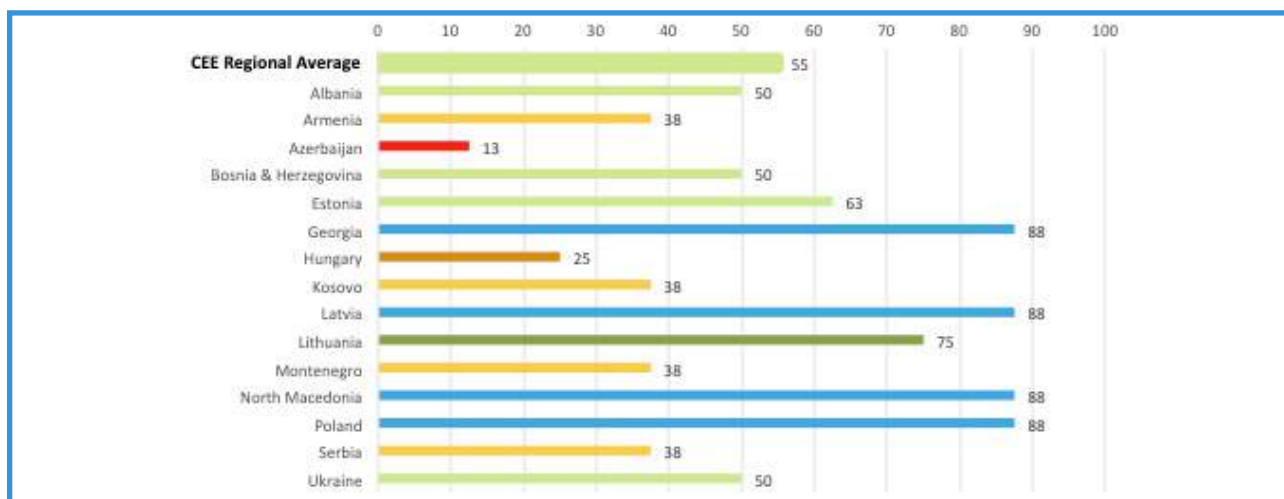
Graph 3.2 - Efficiency of access to information processes

Even where legislation does broadly apply to the defence sector, incomplete or vague frameworks often lead to governments abusing classification rules and overclassifying whole swathes of data. This is the case in Albania, Bosnia, Hungary, Montenegro, Poland and Serbia where, despite the legislation, governments abuse loosely defined classification rules to heavily restrict access. A 'test of public interest' is to be carried out in Bosnia to determine whether to release information, however there are no clear criteria or benchmarks for making such a decision, giving authorities great discretion with what to publish. In Albania, the Law on Public Information is robust and requires the Ministry of Defence to establish transparency programmes and coordinators to receive and process requests sent by the public. However, the vast majority of information provided concerns basic administrative data with little information divulged on financial matters for example.[95]

The dismantling of Hungary's freedom of information framework

Hungary is a primary example of the dismantling of access to information legislation and freedoms. This process has occurred over a long period and involved several significant steps that have led to Hungary being ranked the worst country in the EU in terms of press freedom[96] and classed as the only non-democracy in the EU by watchdog Freedom House.[97] In 2013, the government pushed through amendments to the Freedom of Information Act that allowed for requests to be rejected should they be considered "too comprehensive" as over-detailed questions were deemed a "misuse" of information rights.[98] The decision surrounding which requests were too detailed was to be made at the discretion of the data owner. This was followed, in 2015, by new restrictions that allowed holders to bill information requesters for "reimbursement expenses", if replying to the request proved time consuming.[99] Later, in 2020, the government introduced emergency legislation, under the cover of a state of emergency during the COVID-19 pandemic, granting state bodies 90 days instead of 30 to answer freedom of information requests.[100] This means journalists, NGOs and the public could face waits of up to three months to access vital defence information by which point it may be largely outdated. As part of this legislation, the government has also suspended the EU's General Data Protection Regulation (GDPR) articles, including the right of access by the data subject; the "right to be forgotten" and the right to restriction of processing.[101] These different measures have effectively stripped away the right of citizens to access government information. When these measures are paired with Hungary's record of overclassification of defence information, the prospect of free access to such information for independent media, NGOs and the public is significantly diminished, raising serious concerns around civilian democratic oversight of the sector in Hungary.

95 Ministry of Defence of the Republic of Albania, 'Register of Requests and Responses 2017,' available: http://www.mod.gov.al/images/transparenca/regjistri/regjistri_informimit_publik_2017.pdf.

96 Reporters Without Borders, 'Hungary', 2020, available: https://rsf.org/en/hungary

97 Freedom House, 'Hungary Country Report', 2019, available: https://freedomhouse.org/country/hungary/freedom-world/2020

98 Akos Keller-Alant, 'Freedom of Information Curbs Alarm Rights Actvists in Hungary', *Balkan Insight*, 13 May 2020, https://balkaninsight.com/2020/05/13/freedom-of-information-curbs-alarm-rights-activists-in-hungary/

99 Keller-Alan, 'Freedom of Information Curbs'.

100 Keller-Alan, 'Freedom of Information Curbs'.

101 Keller-Alan, 'Freedom of Information Curbs'.

Closed-off, secretive defence institutions also have an impact on the work of external oversight institutions, which often face difficulties in accessing information relevant to their oversight functions. This trend towards overclassification is noticeable elsewhere too. In Ukraine, classification regulations stipulate that a top-secret document cannot be kept confidential for more than ten years.[102] However, in practice, after ten years 'top-secret' documents are often downgraded to' secret' status, which extends its classification period by an extra five years before it is downgraded once more to 'non-secret.' Even in Estonia, which has one of the most robust access to information regimes in the region, overclassification of defence information is an increasingly common issue. Estonia's first Public Information Act in 2013, included eleven restrictions to free access to information, one of which was specific to the defence sector. By 2018, however, there were 26 restrictions, seven of which were defence-specific. According to Estonian investigative journalists,[103] the trend towards overclassification is proof of growing restrictions on access to information, with little transparency as to how these decisions are taken. Nevertheless, there are a handful of exceptions to this pattern. North Macedonia for example passed a new Freedom of Information Act in 2019 that cut the deadline for institutions to provide the requested information from 30 to 20 days.[104] The government also reiterated its refusal to impose curbs on information access during the 2020 COVID-19 pandemic, a notable outlier in the Balkan region.[105] Other countries with more robust regulations include Georgia, Latvia and Lithuania. Legislative frameworks in all three countries are largely complete, although Lithuania does lack an independent body to review access to information decisions. The Ministry of Defence in all three states exhibits high response rates

to requests and decisions not to disclose information are justified for the most part. In Georgia for example, an investigation highlighted that the Ministry responded to around 90 per cent of requests in full and the rest partially, with no requests ignored or rejected.[106]

These findings underscore how transparency and access to information are undermined by weak implementation of legislation and by overclassification. Overclassification influences not only the public's access to information, but also oversight institutions' ability to do their jobs, harming the sector as a whole. Overall transparency and very specific restrictions both have a place in the sector and the public interest needs to be balanced with potential harm resulting from particular pieces of information being released; this balance needs to be assessed on a case-by-case basis. This is a key component that should be considered when devising legislation. Equally, overclassification itself, aside from being a key vector of opacity, is counter-productive. Governments should weigh the long-term costs of overclassification and the security risks that arise from such a system and privilege a much stricter and clearly defined classification framework.

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102 Verkhovna Rada of the Republic of Ukraine, 'Law On State Secret,' 1994, available: http://zakon2.rada.gov.ua/laws/show/3855-12

103 Tarmo Vahter, "Kes kurat loob Eestis riiki, kus keegi midagi teada ei tohi?! [Who the Hell is Creating a Country in Estonia where no one Can Know Anything?!]" Eesti Ekspress, 20 June 2018, http://ekspress.delfi.ee/kuum/kes-kurat-loob-eestis-riiki-kus-keegi-midagi-teada-ei-tohi?id=82684689

104 Goce Trpovski, 'North Macedonia's State of Emergency Weakens Institutions' Transparency', *Balkan Insight*, 24 April 2020, available at: https://balkaninsight.com/2020/04/24/north-macedonias-state-of-emergency-weakens-institutions-transparency/

105 It should be noted nevertheless that there have been slowdowns in responses to requests. See: Trpovski, 'North Macedonia's State of Emergency'.

106 Institute for Development of Freedom of Information, *Access to Public Information in Georgia, Tbilisi*, IDFI, 2017, https://idfi.ge/public/upload/IDFI_Photos_2017/idfi_general/foi_2017_geo.pdf.

GDI Good Practice
Transparency and Access to Information

Budget Transparency

- The approved defence budget is proactively published for the public in disaggregated form. It is accompanied by an explanation of the budget intended for experts, as well as a concise summary with clear language for non-experts (14A).
- The vast majority of the approved defence budget is fully disclosed to the media and civil society actors. There may be exceptions made for legitimate sensitive areas, but there is clear and robust oversight of the full budget by other suitable authorities (14B).

Access to Information Mechanisms

- There is legislation and implementing guidelines that clearly stipulate: (1) how the public can access defence information; (2) what information is and is not available; (3) how classified information is categorised; (4) how the public can appeal those decisions; (5) that there is an active, accessible, independent, external appeal or review body to review access to information decisions (30A).
- The government operates a system of classification of information under a clear legal framework to ensure that information is adequately protected (30B).
- The public is able to access information regularly, within a reasonable timeline, and in detail (30C).

Section 4
STRONG LAWS, WEAK SYSTEMS: WHISTLEBLOWING REGULATIONS

Whistleblowing is a mechanism by which personnel can disclose information about or suspicion of corruption or other wrongdoing being committed in, or by, their organisation. Strong whistleblowing systems offer reporting mechanisms that protect the whistleblower's identity and protect them from repercussions. Whistleblowing has an essential role to play in any anti-corruption strategy as it helps to detect and prevent corruption by increasing the risk of perpetrators being caught.[107] Whistleblowing can be particularly effective in the defence sector, where information flows can be restricted and where whistleblowers can expose hitherto unreported wrongdoing.

However, it is also a highly sensitive issue. Given the confidentiality of some the work pertaining to defence and security institutions, which can touch on issues of national security, governments sometimes equate whistleblowing with the leaking of state secrets, leading the practice to be viewed as a national security risk. As a result, defence sector whistleblowers are often not afforded the equivalent rights and protections as those granted to whistleblowers in other areas of government.[108] In many cases, legislation either does not cover defence and security sector personnel or excludes them explicitly.[109]

The prioritisation and institutionalisation of whistleblowing mechanisms in the defence and security sectors in Central and Eastern Europe can help institutions self-correct where irregularities or fraud take place, and helps ensure that expenditures are allocated effectively. A practice that is sometimes difficult to reconcile with the defence sector's inclination toward secrecy and toward chain of command,

whistleblowing is especially contentious in Central and Eastern Europe due to associations with 'snitching' and the legacy of the Soviet era.[110] However, increasing attention to whistleblowers at the EU level has caused the issue to gain prominence. Even though the 2019 EU Whistleblowing Directive[111] contains an exception for national security matters, its adoption and the obligation to transpose in into national legal systems is an opportunity to revive the debate on the issue and ensure that strong protections are awarded to whistleblowers in all sectors of public life.

4.1 Whistleblower protections

Since 2014, no fewer than eleven countries have adopted some form of legislation designed to better protect whistleblowers reporting corruption in the public sector. These include Albania, Armenia, Bosnia & Herzegovina, Hungary, Kosovo, Latvia, Lithuania, Montenegro, North Macedonia, Serbia and Ukraine. Whilst this "flood" of whistleblower legislation in Eastern Europe and in the Balkans in particular is a sign of progress, [112] the key to a tangible improvement in protection will be in the sustained implementation of these frameworks. Most of the legislation is based on European and international standards, creating theoretically strong whistleblower protection regimes.[113] This is the case for example in Albania, Armenia, Bosnia & Herzegovina, Latvia, Lithuania and Ukraine. Moreover, Serbia has, on paper, one of the most complete Whistleblower Protection Acts in the world, considered by many to be the "gold standard" of such legislation.[114] This, however, is not the case everywhere.

107 Transparency International, 'Whistleblowing', available: https://www.transparency.org/en/our-priorities/whistleblowing

108 Benjamin S. Buckland and Aidan Wills, *Blowing in the Wind? Whistleblowing in the Security Sector*, September 2012, p. 15, https://www.right2info.org/resources/publications/pretoria-finalization-meeting-april-2013-documents/whistleblowing-and-security-sector-buckland-and-wills.

109 United Kingdom, 'Public Interest Disclosure Act', 1998; 'Canadian Public Servants Disclosures Act', Section 2 (Stipulates that the Act doesn't cover members of the Canadian forces or the intelligence agencies).

110 Mark Worth, Suelette Dreyfus, Emma Bailie, Samuel Carey and Simon Wolfe, *Public Attitudes to Whistleblowing in South East Europe*, Regional Cooperation Council, Sarajevo, 2017, file:///C:/Users/Matthew.Steadman/Downloads/2017-04-10-Whistleblowing-Web,%20Final.pdf.

111 The final version of the directive was adopted in the European Parliament on 16 April 2019. It sets out fundamental standards for whistleblower protection. For further information, see EU Law Analysis, *New EU Directive on Whistleblower Protection (2019)* https://eulawanalysis.blogspot.com/2019/04/new-eu-directive-onwhistleblower.html.

112 Dino Jahic, 'Split Decisions: Bosnian Whistleblowers Remain at Risk Despite Legal Advances', *Southeast Europe Coalition on Whistleblower Protection*, 28 October 2017, https://see-whistleblowing.org/split-decisions/

113 Mark Worth, 'New Reprisal Cases Reveal Weak Rights', *Southeast Europe Coalition on Whistleblower Protection*, 8 November 2019, https://see-whistleblowing.org/new-reprisal-cases-reveal-weak-rights/

114 BETA Belgrade, 'Whistleblowers in Serbia: A Model Law', *Observatorio Balcani e Caucaso Transeuropa*, 21 December 2017, https://www.balcanicaucaso.org/eng/Areas/Serbia/Whistleblowers-in-Serbia-a-model-law-184197

Hungarian legislation for instance does not establish an independent agency to protect whistleblowers, leaving the current party-dominated institutional system untouched and raising the risk of political interference in the process. Montenegro is a similar example. The Anti-Corruption Agency (ASK), tasked with implementing the law, is under executive control and has actively tried to block reports of corruption in politics or sensitive sectors, such as defence.[115] Equally, the law prescribes protection only for whistleblowers with "good intentions", a significantly ambiguous phrasing as to dissuade many from reporting wrongdoing through concerns that decisions will be politically motivated. Estonian whistleblower protection is also inadequate and has been described as "among the weakest in Europe".[116] It lacks tailored legislation and there is no anti-corruption institution to deal with these issues. It has also been argued that Estonia's Personal Data Protection Act effectively makes anonymous whistleblowing illegal, creating significant confusion.[117]

Three states are yet to approve legislation granting protection and establishing a reporting system for whistleblowers in the defence sector: Azerbaijan, Georgia and Poland. In Azerbaijan, despite government pledges since 2016, there is still no law granting any form of protection to whistleblowers in the public sector. The practice is even actively discouraged and those reporting wrongdoing in the defence sector face humiliation, loss of employment and even arrest.[118] Poland, too, has no universal regulations on whistleblower protections with only a handful of sector-specific regulations affording any form of protection, although the defence sector is excluded.[119] The Ministry of Defence has itself recognised that current protections are "insufficient"[120] and it remains to be seen whether the EU Directive will catalyse a shift towards a more inclusive protection regime. In Georgia, the picture is more nuanced. There is a legal framework, but it explicitly excludes personnel in the military and security services which are to be regulated by separate legislation. At present though, such legislation is yet to be formulated, representing a significant legislative gap that exposes military personnel to retaliation should they report wrongdoing.
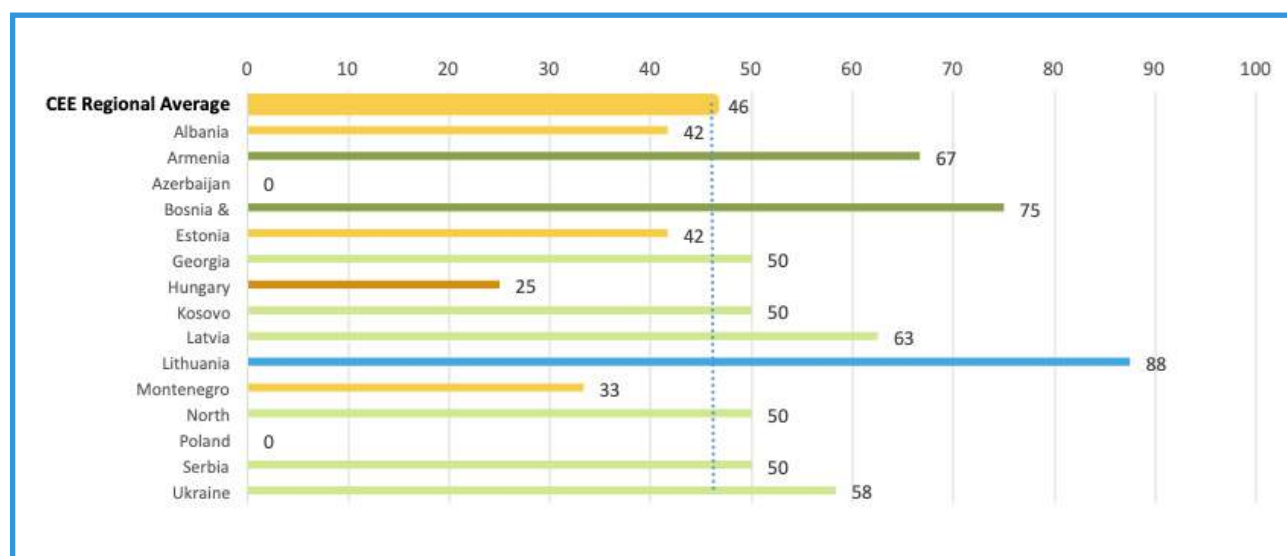
Graph 4.1 - Existence and enforcement of whistleblower protection mechanisms

115 Tina Popovic & Mila Radulovic, 'Montenegro, How not to Protect Whistleblowers', 15 December 2017, https://www.balcanicaucaso.org/eng/Areas/Montenegro/Montenegro-how-not-to-protect-whistleblowers-184622

116 A Change of Direction, *Whistleblower Protection in Estonia*, Briefing Paper: Whistleblower Protection in the EU, 2018, p. 1, https://www.changeofdirection.eu/assets/briefings/EU%20briefing%20paper%20-%20Estonia%20-%20english.pdf

117 "Jurist: AKI seisukoht takistab pealekaebamissüsteemi rakendamist" ["Lawyer: AKI's position hampers the implementation of an appeal system"], *Äripäev*, 1 February 2016, https://www.aripaev.ee/uudised/2016/02/01/jurist-vilepuhumine-on-tootajate-huvides

118 Transparency International Azerbaijan, 'Concept paper on Whistleblowing', April 2015, https://docplayer.net/24474778-Concept-paper-on-whistleblower.html

119 Monika Diehl & Pawel Pogorzelski, 'Is Poland Ready for the EU Whistleblower Protection Directive?', *Clifford Chance*, 17 June 2020, https://www.cliffordchance.com/insights/resources/blogs/regulatory-investigations-financial-crime-insights/is-poland-ready-for-the-eu-whistleblower-protection-directive.html

120 Reply of the Minister of National Defence of the Republic of Poland to the letter of the Ombudsman, 31 August 2017, available: https://www.rpo.gov.pl/sites/default/files/Oomend%C5%BA%20MON%20%20w%20sprawie%20ochrony%20sygnalist%C3%B3w%2031.08.2017.pdf

The Minister, the state arms manufacturer and the whistleblower

In 2018, a scandal erupted in Serbia involving arms export to Saudi Arabia, millions of euros of public funds, high-level politicians and a whistleblower working for a state arms manufacturer. The scandal arose when the Balkan Investigative Reporting Network (BIRN) published documents that seemed to show that the father of the powerful Interior Minister, Nebojsa Stefanovic, visited state arms manufacturer Krusik. It was then revealed that Branko Stefanovic, the Minister's father, also held a senior role at GIM, a private arms export company that obtained weapons at astonishingly low prices from Krusik.[121] The weapons were then sold on to foreign buyers at much higher cost, with some ending up in Syria, Yemen and Ukraine.[122] The revelations that GIM was given privileged treatment in arms deals at the expense of Krusik and other state arms producers was the result of leaks from Aleksandar Obradovic, a purchasing assistant working for Krusik.[123] Obradovic was arrested by the Serbian security services in September 2019 at the factory where he worked and a criminal investigation was opened on charges of disclosing business secrets.[124] Serbia's exhaustive Whistleblower Protection Act should have granted Obradovic protection, as his disclosure related to corruption, which should also have excluded his case from the remit of the Law on Business Secrets. In spite of this, Obradovic was imprisoned before a wave of popular pressure forced authorities to transfer him to house arrest where he remains.[125] Obradovic has been subjected to abuse and intimidation, with President Vucic himself calling him a "fake whistleblower" and the Defence Minister dubbing him a "spy",[126] with much of the media following their lead and focussing coverage on Obradovic rather than the corruption he revealed. The case remains ongoing at the time of writing.

Even in countries where legislation exists, prioritisation is a recurring issue. There is little evidence of whistleblowing being actively encouraged in the defence sector through training, information and guidance on the reporting of

corruption in any of the countries assessed. In Ukraine for instance, despite the law coming into effect in 2014, there is still no evidence of the Ministry of Defence encouraging whistleblowing or incorporating any relevant training into military courses. In Armenia there is still no internal unit dedicated to whistleblowing within the Ministry of Defence, despite the law being in force for two and a half years. The exceptions to this are Bosnia and North Macedonia, where efforts have been made to promote whistleblowing and increase awareness of the new protections afforded to defence personnel. In North Macedonia for example, the Ministry of Defence's 2016 Integrity Plan explicitly aims to reduce corruption risks, by following the recommendation of the Anti-Corruption Programme 2016-2019 which focussed, amongst other things, on implementing the Law on the Protection of Whistleblowers.[127] The Ministry of Defence has organised a series of trainings, run by external experts, for all employees in training centres around the country. In Bosnia too, whistleblower training programmes have been integrated into training programmes, especially those conducted in the Peace Support Operations Training Centre (PSOTC) in Sarajevo. Estonia, Latvia and Lithuania have similarly increased their whistleblower-focussed training packages although their quality and regularity is difficult to assess. In other states, evidence points to continuing aversion to whistleblowing in the defence sector. This has led to the practice being discouraged, directly or indirectly, in Albania, Hungary, Montenegro and Serbia, where many personnel have no faith in the system designed to protect them. Fears of political interference with implementing institutions is a severe impediment to channels being utilised.

These findings point to the need for a specific defence focus in whistleblowing legislation, reconciling the need to uncover irregularities early with the need to preserve secrecy where absolutely necessary. Too frequently, legal frameworks fail to fully define the rights of defence personnel, exposing them to potential repercussions. Efforts to strengthen whistleblowing in the sector should focus on identifying and addressing such loopholes that could unduly expose whistleblowers to retaliation and hinder the development of whistleblowing systems. Increased harmonisation between whistleblowing and legislation related to national security related laws is necessary in order to tackle these gaps. This research also underlines how the financial and operational

121 Jelena Veljkovic & Aleksandar Djordjevic, 'Serbian Minister's Father 'Visited Saudi Arabia with Arms Firm', *Balkan Insight*, 2 December 2019, https://balkaninsight.com/2019/12/02/serbian-ministers-father-visited-saudi-arabia-with-arms-firm/

122 Dilyana Gaytandzhieva, 'Leaked Arms Dealers' Passports Reveal who Supplies Terrorists in Yemen: Serbia Files (part 3)', *Arms Watch*, 15 September 2019, http://armswatch.com/leaked-arms-dealers-passports-reveal-who-supplies-terrorists-in-yemen-serbia-files-part-3/

123 Darko Janjevic, 'Serbian Leaders Rattled by Krusik Arms Export Scandal', *DeutscheWelle*, 6 December 2019, https://www.dw.com/en/serbian-leaders-rattled-by-krusik-arms-export-scandal/a-51565172

124 Worth, 'New Reprisal Cases'.

125 Maja Zivanovic, 'Serbian Activists Deliver Petition for Whistleblower's Release', *Balkan Insight*, 16 December 2019, https://balkaninsight.com/2019/12/16/serbian-activists-deliver-petition-for-whistleblowers-release/

126 Janjevic, 'Serbian Leaders Rattled'.

127 State Commission for the prevention of Corruption of the Republic of North Macedonia, 'Corruption Prevention and Repression Plan 2016-2019', http://www.dksk.org.mk/index.php?option=com_content&task=blogcategory&id=60&Itemid=15

independence of whistleblowing management bodies is paramount to effective whistleblowing systems. It is vital for the institutions responsible for implementing the law, to be trusted by defence personnel. Concerns that using whistleblowing channels could lead to politically motivated retaliation are significant red flags that will dissuade personnel from reporting wrongdoing and leave abuses undetected.

GDI Good Practice
Whistleblowing

- Legislation on whistleblowing and reporting corruption exists and is applicable to military and official personnel. There is explicit reference to protection of whistleblowers, including: protection of identity, protection against retribution, reversed burden of proof regarding retaliation, waiver of liability for the whistleblower, no sanctions for misguided reporting, right of the whistleblower to refuse participation in wrongdoing (36A).
- Whistleblowing is actively encouraged through training, information, and guidance on the reporting of corruption and protections for whistleblowers. There is a well-resourced independent unit that handles claims, and institution-wide campaigns about whistleblowing that covers personnel at all levels (36B).
- Officials and personnel are confident that adequate protections (and protection of identity) are provided for whistleblowers reporting corruption claims (36C).

Section 5
DEPLOYING WITHOUT CORRUPTION: CORRUPTION RISKS AND MILITARY OPERATIONS

Corruption and conflict are profoundly intertwined and their coexistence fuels continuing cycles of violence and instability.[128] Military operations, from stabilisation missions and peace operations to security assistance, frequently take place in unstable environments that favour corruption. Corruption in the field undermines mission effectiveness and perpetuates insecurity. Corruption within mission forces themselves can also have a devastating effect. From diversion of resources and bribery in exchange for employment to abuse of civilians, corruption within missions damages legitimacy, wastes precious resources, corrodes popular trust and compounds pre-existing corruption issues in the host nation.[129] Depending on how a mission handles such risks, the presence of armed forces on the ground can be either a bulwark to, or a catalyst for, corruption. Missions can help build integrity and accountability by supporting actors who push for improvements to governance and by modelling such behaviour themselves. On the other hand, the influx of resources that accompany deployments can also be used to strengthen corrupt political networks in the host nation that could result in strengthening adversaries and harming mission outcomes.[130] As a result, it is crucial for missions to mainstream anti-corruption into the planning for operations and to devise appropriate strategies to counter corruption risks and increase mission resilience to corruption.

All countries analysed for this report contribute to UN, EU and/or NATO military operations. Three – Albania, Montenegro and North Macedonia - are very recent NATO member states; five – Poland, Hungary, Lithuania, Latvia and Estonia – are the newest EU member states, joining in 2004 (only Croatia joined more recently, in 2013); and four - Serbia, Montenegro, Albania and North Macedonia – are currently in accession negotiations with the EU. This means that their defence forces and their civilian overseers will participate in and benefit from common defence planning, as well as funds such as the European Defence Fund (EDF) and the European Peace Facility (EPF). The EPF could also benefit partner countries by

providing capacity building and other assistance to their defence sectors. These programmes are unlikely to work if training and the provision of equipment do not go hand in hand with improvements in governance, effectiveness and legitimacy of defence & security institutions. Moreover, the quality of these countries' defence governance and their preparedness to mitigate internal and external corruption risks will have an overall impact on the performance, effectiveness and legitimacy of the UN's, EU's and NATO's institutions, outputs, and operations. Given these implications, it is crucial to assess these countries' resilience to corruption risks within their operational planning and training procedures, in order to determine the potential impact of their participation in UN, EU and NATO operations and whether they risk exacerbating corruption risks and hindering mission effectiveness.

5.1 Corruption vulnerabilities on military operations

Our assessment suggests that Central and Eastern European countries are ill-prepared to mitigate operational corruption risks. At the root of this issue is the overall lack of appreciation of the strategic threat that corruption poses to the success of military operations. None of the countries have a military doctrine that explicitly identifies corruption as a strategic issue and that provides mitigation strategies to counter its impact. Some, such as Albania, Estonia, Hungary, Latvia, North Macedonia and Ukraine, do make reference to it, either in their doctrine or other strategic documents, but leave this largely superficial and do not include any strategies to counter it. Others, such as Azerbaijan, Lithuania, Montenegro and Poland fail to make even a cursory mention of corruption, whilst the most recent public version of Serbia's military doctrine also made no mention of it, before it was classified in 2016.

Given that strategic documents, such as doctrines, set the fundamental principles that guide military forces

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128 See for instance, Transparency International Defence & Security, *The Fifth Column: Understanding the Relationship between Corruption and Conflict*, TI-UK, London, 2017, https://ti-defence.org/publications/the-fifth-column/; Transparency International Defence & Security [Forthcoming], *The Lowest Common Denominator: How Corruption in the Security Sector Threatens Regional Peace and Security in West Africa*, TI-UK, London, October 2020.

129 Transparency International Defence & Security, 'The Anti-Corruption Guidance: About this Guidance', *The Interventions Anti-Corruption Guidance*, available at: https://iacg.ti-defence.org/

130 Transparency International Defence & Security, 'The Anti-Corruption Guidance.

as they pursue national security objectives,[131] failing to include corruption has the knock-on effect of reducing its importance in the hierarchy of priorities for military operations. As a result, in very few cases is anti-corruption training for commanders a compulsory part of pre-deployment training. It is offered in Poland, which made such training mandatory in 2019, and Georgia, which has recently started running Building Integrity courses for junior officers, focussing on building awareness of corruption risks. Equally, Armenia, Bosnia and Serbia have Peace Operations Centres that provide corruption-related training to troops ahead of deployments on international peace operations. However, whilst these centres are useful for such operations, they do not cover other military deployments and only a select few troops from national armies are able to attend them. For instance, the Centre in Sarajevo is open for Albanian troops but the one-week training course can only accommodate one Albanian serviceman at a time, considerably limiting the overall impact of such training. Whilst this type of anti-corruption course should be provided by national authorities, in the majority of cases, they are superficial, irregular and often not universally prescribed, such as in Estonia, Hungary, Lithuania, North Macedonia or Ukraine. In Azerbaijan, Latvia and Montenegro, no such training is prescribed for commanders with these states relying on partner forces to deliver it, whilst in Kosovo, anti-corruption training relies solely on foreign partners, such as NATO, the UK Defence Academy or the Centre for Integrity in the Defence Sector.

Moreover, corruption risks are rarely included in the forward planning for military operations. In fact, in Albania, Azerbaijan, Bosnia, Estonia, Georgia, Hungary, Kosovo, Montenegro, Poland, Serbia and Ukraine, there is very little evidence of this ever being the case, raising serious questions about the ability of these forces to competently address corruption issues in the field. One notable exception to this rule is North Macedonia. In its 2016 Integrity Plan, the Ministry of Defence explicitly recognised corruption as a strategic issue on military operations and ensured that it would be included in operational planning. There is also some evidence of these risks being considered in Armenia, where the new government has emphasised the importance of addressing defence corruption risks, and Latvia, which carries out annual corruption risk assessments of all aspects of the military, including operations. However, there is still a long way to go before corruption is routinely included in operational planning or training accessible to all.

At the individual country-level alone, this analysis reveals serious deficiencies in operational planning and management that expose national operations to high levels of corruption risk. However, with every single country assessed contributing troops to international military operations with the UN, the EU and NATO, there is a prospect of these national-level risks being amplified and imbued into these operations. With missions such as these made up of a patchwork of personnel and units originating from and trained by various national armed forces, their level of readiness and ability to recognise and mitigate corruption risks in the field is directly dependent on their home countries' operational training, management and planning frameworks. Whilst these missions do provide trainings, they are intended to complement national training programmes. As such, they cannot compensate for a dearth in anti-corruption education, which should be the responsibility of national setups. The more personnel joining international missions from countries that put an emphasis on anti-corruption as a key
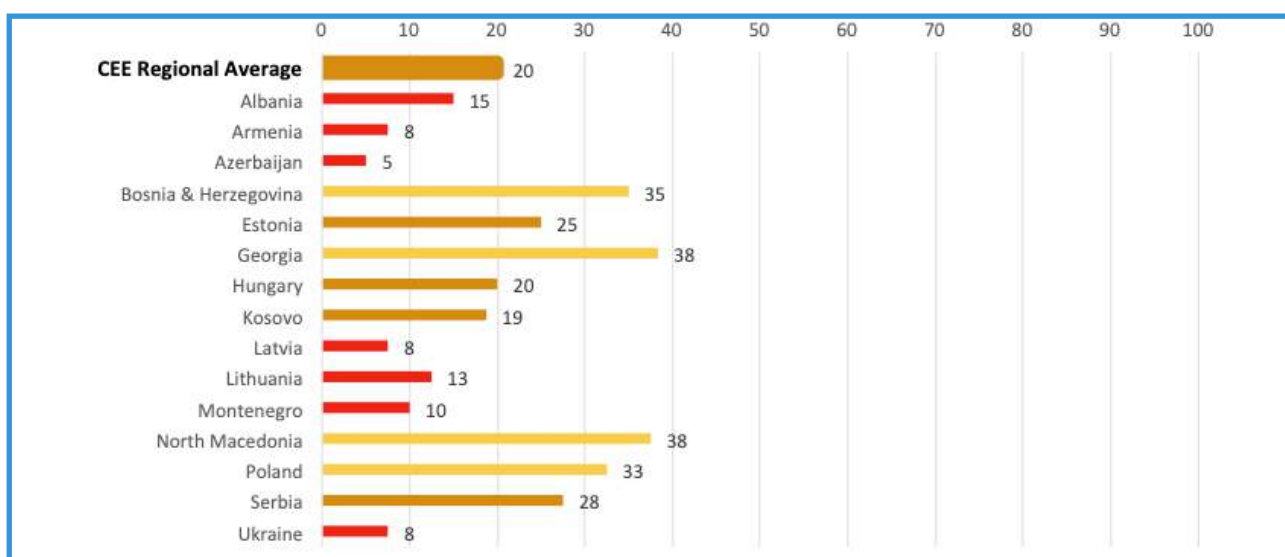
Graph 5.1 - Anti-corruption integration into military operations

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131 RAND Corportation, 'Military Doctrine', available at: https://www.rand.org/topics/military-doctrine.html

component of the planning, management and execution of military operations, the better these missions will be at managing and mitigating corruption risks. This, however, is not the case for the countries assessed in the Central and Eastern European region, raising serious questions about the vulnerability to corruption of NATO and EU missions that include contingents from the countries assessed.

To avoid damaging mission legitimacy and effectiveness, it is crucial that troop-contributing nations in the region strengthen their institutional controls to corruption in terms of military operations and mainstream anti-corruption into their operational planning. International organisations and national governments should consider working together to plug this gap and redress the imbalance between anti-corruption practices and training at national and regional or international levels. This is a critical component of enhancing missions' resilience to corruption risks.

Recognising and managing corruption risks in Ukrainian security assistance

In 2014, after two decades of mismanagement and corruption, a hollowed out Ukrainian army was unable to halt the annexation of Crimea and the loss of significant territory to separatists in Eastern Ukraine. Combat power had been so eroded that Kiev could only mobilise 6,000 troops to respond to the crisis, less than 5 per cent of the forces' supposed strength of 125,482 troops.[132] At risk of total collapse, foreign governments intervened to assist their Ukrainian allies through security assistance programmes. Primarily European and North American partners offered training to Ukrainian frontline units and set up a system of equipment transfers that included winter boots, bullets and night vision goggles.[133] However, security assistance providers initially failed to take into account high levels of corruption within Ukraine's armed forces that contributed to its collapse and was leading to significant diversion of assistance resources.[134] Fraud and theft along the supply line prevented equipment from getting to frontline troops, reducing troop morale and strengthening corrupt networks. Whilst the initial approach to assistance in 2014 was ad-hoc and largely failed to account for corruption risks, donors gradually realised the importance of reducing such risks in order to maximise the impact of their assistance. Donors began relying on external stakeholders, such as civil society groups, to deliver supplies to troops, bypassing official channels that were prey to corrupt networks.[135] They also pushed for improvements in Ukraine's monitoring systems, making aid conditional on improvements to the quality of management and tracking mechanisms, with the US Congress even tying the delivery of assistance to progress in governance and institution building.[136] Whilst these efforts managed to mitigate risks in the short term and highlighted the importance of including anti-corruption strategies into military operations, they must be complemented by reforms at the strategic and political-military level to ensure the systemic change required to mitigate such risks in the long-term is achieved.

132 Isabelle Facon, 'Reforming Ukrainian Defence: No Shortages of Challenges', *Ifri*, May 2017, https://www.ifri.org/sites/default/files/atoms/files/facon_reforming_ukrainian_defense_2017.pdf

133 Transparency International Defence and Security, 'Making the System Work: Security Assistance to Ukraine, 2014-2017', *The Interventions Anti-Corruption Guidance*, https://iacg.ti-defence.org/casestudy/making-the-system-work-security-assistance-to-ukraine-2014-2017/

134 The Independent Defence Anti-Corruption Committee (NAKO), *Making the System Work: Enhancing Security Assistance for Ukraine*, Transparency International, Kiev, May 2017, http://ti-defence.org/wp-content/uploads/2017/05/Making-the-system-work-TI-Defence-Security.pdf

135 Charles Recknagel & Merhat Sharipzhan, 'Army in Need: Volunteers Try to Get Supplies to Ukraine's Forces', *Radio Free Europe/Radio Liberty*, 6 June 2014, https://www.rferl.org/a/ukraine-army-equipment-donations/25413169.html

136 Transparency International Defence and Security, 'Making the System Work'.

GDI Good Practice
Deploying without Corruption

Doctrine & Planning

- The country has a comprehensive military doctrine addressing corruption issues for peace and conflict operations at strategic, operational and tactical levels. The doctrine recognises that international actors can contribute to increasing corruption risks and offers guidance on mitigating these risks. Issues addressed by the doctrine include support for political actors, contracting, interaction with local population, partnering with local forces, and security sector reform in operational contexts. The doctrine also details the practicalities of implementation (Q51A).
- Corruption as a strategic issue is taken into account in the forward planning of operations (Q53A).
- Corruption is taken into account in planning for operations, and in execution of some actions during operations (e.g. procurement). Larger operations have independent evaluations conducted by an Inspector General or similar body (Q53B).

Pre-deployment Training

- 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 (Q52).

Monitoring

- Expert personnel capable of monitoring corruption are regularly deployed and report on the status of corruption within mission at least once every six months. Reports contain assessments of the most significant corruption risks, the manner in which corruption can affect the goals of the mission, and the effectiveness of mitigation measures being employed (Q54A).
- M&E guidance for the mission clearly specifies how to monitor corruption risks, and establishes the procedural basis for personnel to monitor corruption (Q58B).

CONCLUSION

Our research reveals both deficiencies and progress in defence governance in Central and Eastern Europe that often tie into broader socio-political dynamics currently at play. This report underlines five key areas that require attention in order to further effective governance of the defence sector.

1. There is a need to strengthen both the capacity and the incentives for parliamentary oversight and ensure sufficient separation between the legislature and executive, in order to enable substantial and effective scrutiny.

2. The transparency of procurement processes must be enhanced, by limiting exemptions from standard reporting and oversight mechanisms and increasing external scrutiny at all stages of the cycle.

3. The implementation and applicability of access to information regimes must be improved by working on balancing tests to allow for responsible public access to information on defence issues.

4. Legislative provisions for whistleblowers must be translated into effective protection systems in practice.

5. Anti-corruption needs to be integrated into military operations, with missions properly assessing and planning for corruption risks as part of troop training and during deployments.

Our analysis shows that strong civilian oversight of the defence sector, crucial to democratic legitimacy, is being jeopardised by far-right gains across the board and inability of parliamentarians to play their roles in oversight. New governments in Armenia, Ukraine and Montenegro offer promise that change is possible; there have also been indications that defence governance will be top of various reform agendas. Equally, there have been signs of governance advances in Kosovo and North Macedonia that show significant promise. The definitive test will be to see if various reforms are carried through and legislation is successfully implemented; for example, the effectiveness of Ukraine's new Defence Procurement Law is now up to those shaping its implementation. Across the region, gaps between legislation and practice weaken defence governance, whether through restricting access to information, fostering strong oversight functions, or protecting whistleblowers where good implementation regimes have not yet followed laws. Furthermore, as

many states in the region are taking a greater interest in participating in international operations it is also worth emphasising that, in order to be an asset to such missions, improvements in mitigating corruption risks during deployments are paramount.

Despite the great political, economic and geographic disparities between states assessed as part of this reform, defence governance represents a crucial stake in every single country's future. With evolving security threats, shifting great power politics and considerable political upheavals, all occurring in the context of rising defence spending, ensuring that the defence sector is governed in a transparent and accountable manner is crucial to ensuring these changes can be navigated effectively. A failure to do risks resulting in the loss of millions of dollars of public funds, further stripping back democratic gains, strengthening authoritarian regimes and contributing to national and potential regional destabilisation.

ANNEX
COUNTRY SCORECARD: ALBANIA

Overall Country Score	D	39	High Risk

Political Risk		D	47
Q12	Budget Transparency & Detail	B	75
Q5	Conventions: UNCAC / OECD	B	75
Q8	Compliance and Ethics Units	B	75
Q17	External Audit	B	69
Q1	Legislative Scrutiny	B	67
Q18	Natural Resources	B	67
Q23	Export Controls (ATT)	B	67
Q13	Budget Scrutiny	C	63
Q20	Organised Crime Policing	C	58
Q3	Defence Policy Debate	C	56
Q21	Intelligence Services Oversight	C	50
Q4	CSO Engagement	C	50
Q7	Anticorruption Policy	C	50
Q11	Acquisition Planning	D	42
Q16	Internal Audit	D	38
Q2	Defence Committee	D	38
Q14	Budget Availability	D	33
Q15	Defence Income	D	33
Q10	Risk Assessments	E	25
Q22	Intelligence Services Recruitment	E	25
Q6	Public Debate	E	25
Q19	Organised Crime Links	F	13
Q76	Lobbying	F	0
Q9	Public Trust in Institutions	NS	NS

Financial Risk		D	38
Q29	Off-budget Spending	C	58
Q77	Defence Spending	C	56
Q30	Access to Information	C	50
Q31	Beneficial Ownership	C	50
Q32	Military-Owned Business Scrutiny	C	50
Q24	Asset Disposal Controls	D	33
Q25	Asset Disposal Scrutiny	D	33
Q26	Secret Spending	E	25
Q27	Legislative Access to Information	E	25
Q33	Unauthorised Private Enterprise	E	25
Q28	Secret Program Auditing	F	13

Personnel Risk		C	60
Q39	Pay Rates and Allowances	A	100
Q40	Payment System	A	100
Q35	Disciplinary Measures for Personnel	B	75
Q50	Facilitation Payments	B	75
Q44	Bribery for Preferred Postings	B	67
Q46	Miltary Code of Conduct	B	67
Q37	High-risk Positions	C	58
Q38	Numbers of Personnel	C	58
Q41	Objective Appointments	C	58
Q47	Civilian Code of Conduct	C	56
Q34	Public Commitment to Integrity	C	50
Q45	Chains of Command and Payment	C	50
Q36	Whistleblowing	D	42
Q42	Objective Promotions	D	38

Q48	Anticorruption Training	D	33
Q49	Corruption Prosecutions	D	33
Q43	Bribery to Avoid Conscription	NA	NA

Operational Risk		F	15
Q53	Forward Planning	D	38
Q52	Operational Training	E	25
Q54	Corruption Monitoring in Operations	F	13
Q51	Military Doctrine	F	0
Q55	Controls in Contracting	F	0
Q56	Private Military Contractors	NS	NS

Procurement Risk		D	36
Q68	Complaint Mechanisms	A	83
Q58	Procurement Cycle	B	75
Q60	Potential Purchases Disclosed	C	63
Q63	Procurement Requirements	C	58
Q66	Anti-Collusion Controls	C	58
Q61	Actual Purchases Disclosed	C	50
Q69	Supplier Sanctions	C	50
Q59	Procurement Oversight Mechanisms	D	42
Q57	Procurement Legislation	D	38
Q64	Competition in Procurement	D	38
Q67	Contract Award / Delivery	E	31
Q74	Financing Packages	E	25
Q62	Business Compliance Standards	F	0
Q70	Offset Contracts	F	0
Q71	Offset Contract Monitoring	F	0
Q72	Offset Competition	F	0
Q73	Agents and Intermediaries	F	0
Q65	Tender Board Controls	NEI	NEI
Q75	Political Pressure in Acquisitions	NS	NS

Legend	Range of Scores	Corruption Risk
A	83 - 100	Very Low
B	67 - 82	Low
C	50 - 66	Moderate
D	33 - 49	High
E	17 - 32	Very High
F	0 - 16	Critical

Key

NEI - Not enough information to score indicator.

NS - Indicator is not scored for any country

NA - Not applicable

COUNTRY SCORECARD: ARMENIA

Overall Country Score	D	43	High Risk

Political Risk		C	58
Q12	Budget Transparency & Detail	A	88
Q7	Anticorruption Policy	A	88
Q17	External Audit	B	81
Q10	Risk Assessments	B	75
Q20	Organised Crime Policing	B	75
Q3	Defence Policy Debate	B	75
Q4	CSO Engagement	B	75
Q6	Public Debate	B	75
Q8	Compliance and Ethics Units	B	75
Q15	Defence Income	B	67
Q18	Natural Resources	B	67
Q13	Budget Scrutiny	C	63
Q19	Organised Crime Links	C	63
Q5	Conventions: UNCAC / OECD	C	63
Q1	Legislative Scrutiny	C	58
Q16	Internal Audit	C	50
Q23	Export Controls (ATT)	C	50
Q11	Acquisition Planning	D	33
Q14	Budget Availability	D	33
Q21	Intelligence Services Oversight	E	25
Q22	Intelligence Services Recruitment	E	25
Q2	Defence Committee	E	21
Q76	Lobbying	F	0
Q9	Public Trust in Institutions	NS	NS

Financial Risk		D	40
Q27	Legislative Access to Information	B	75
Q33	Unauthorised Private Enterprise	B	75
Q77	Defence Spending	B	69
Q31	Beneficial Ownership	C	63
Q30	Access to Information	D	38
Q29	Off-budget Spending	D	33
Q24	Asset Disposal Controls	E	25
Q28	Secret Program Auditing	E	25
Q25	Asset Disposal Scrutiny	F	0
Q26	Secret Spending	F	0
Q32	Military-Owned Business Scrutiny	NEI	NEI

Personnel Risk		B	69
Q35	Disciplinary Measures for Personnel	A	100
Q39	Pay Rates and Allowances	A	100
Q43	Bribery to Avoid Conscription	A	100
Q44	Bribery for Preferred Postings	A	100
Q45	Chains of Command and Payment	A	100
Q40	Payment System	A	92
Q47	Civilian Code of Conduct	B	75
Q50	Facilitation Payments	B	75
Q36	Whistleblowing	B	67
Q48	Anticorruption Training	C	58
Q49	Corruption Prosecutions	C	58
Q46	Miltary Code of Conduct	C	56
Q34	Public Commitment to Integrity	C	50
Q38	Numbers of Personnel	C	50

Q42	Objective Promotions	C	50
Q41	Objective Appointments	D	42
Q37	High-risk Positions	F	0

Operational Risk		F	8
Q52	Operational Training	E	25
Q53	Forward Planning	F	13
Q51	Military Doctrine	F	0
Q54	Corruption Monitoring in Operations	F	0
Q55	Controls in Contracting	F	0
Q56	Private Military Contractors	NS	NS

Procurement Risk		D	40
Q69	Supplier Sanctions	A	92
Q68	Complaint Mechanisms	A	83
Q61	Actual Purchases Disclosed	B	75
Q67	Contract Award / Delivery	B	75
Q62	Business Compliance Standards	C	63
Q64	Competition in Procurement	C	63
Q66	Anti-Collusion Controls	C	56
Q57	Procurement Legislation	C	50
Q58	Procurement Cycle	C	50
Q59	Procurement Oversight Mechanisms	C	50
Q60	Potential Purchases Disclosed	E	25
Q65	Tender Board Controls	E	19
Q63	Procurement Requirements	E	17
Q70	Offset Contracts	F	0
Q71	Offset Contract Monitoring	F	0
Q72	Offset Competition	F	0
Q73	Agents and Intermediaries	F	0
Q74	Financing Packages	F	0
Q75	Political Pressure in Acquisitions	NS	NS

Legend	Range of Scores	Corruption Risk
A	83 - 100	Very Low
B	67 - 82	Low
C	50 - 66	Moderate
D	33 - 49	High
E	17 - 32	Very High
F	0 - 16	Critical

Key

NEI - Not enough information to score indicator.

NS - Indicator is not scored for any country

NA - Not applicable

COUNTRY SCORECARD: AZERBAIJAN

Overall Country Score	F	15	Critical Risk

Political Risk	E	18
Q5	Conventions: UNCAC / OECD	C	63
Q12	Budget Transparency & Detail	D	38
Q20	Organised Crime Policing	D	38
Q7	Anticorruption Policy	D	38
Q18	Natural Resources	D	33
Q1	Legislative Scrutiny	E	25
Q11	Acquisition Planning	E	25
Q14	Budget Availability	E	25
Q19	Organised Crime Links	E	25
Q8	Compliance and Ethics Units	E	25
Q3	Defence Policy Debate	E	19
Q15	Defence Income	E	17
Q17	External Audit	F	13
Q6	Public Debate	F	13
Q2	Defence Committee	F	10
Q4	CSO Engagement	F	8
Q10	Risk Assessments	F	0
Q13	Budget Scrutiny	F	0
Q16	Internal Audit	F	0
Q21	Intelligence Services Oversight	F	0
Q22	Intelligence Services Recruitment	F	0
Q23	Export Controls (ATT)	F	0
Q76	Lobbying	F	0
Q9	Public Trust in Institutions	NS	NS

Financial Risk	E	19
Q31	Beneficial Ownership	A	100
Q33	Unauthorised Private Enterprise	C	63
Q29	Off-budget Spending	D	33
Q30	Access to Information	F	13
Q24	Asset Disposal Controls	F	0
Q25	Asset Disposal Scrutiny	F	0
Q26	Secret Spending	F	0
Q27	Legislative Access to Information	F	0
Q28	Secret Program Auditing	F	0
Q32	Military-Owned Business Scrutiny	F	0
Q77	Defence Spending	F	0

Personnel Risk	E	26
Q43	Bribery to Avoid Conscription	C	58
Q40	Payment System	C	50
Q44	Bribery for Preferred Postings	C	50
Q45	Chains of Command and Payment	C	50
Q47	Civilian Code of Conduct	D	42
Q35	Disciplinary Measures for Personnel	D	38
Q38	Numbers of Personnel	D	33
Q34	Public Commitment to Integrity	E	25
Q46	Miltary Code of Conduct	E	25
Q49	Corruption Prosecutions	E	25
Q50	Facilitation Payments	E	17
Q48	Anticorruption Training	F	13
Q41	Objective Appointments	F	8
Q42	Objective Promotions	F	8

Q36	Whistleblowing	F	0
Q37	High-risk Positions	F	0
Q39	Pay Rates and Allowances	F	0

Operational Risk	F	5
Q55	Controls in Contracting	E	25
Q51	Military Doctrine	F	0
Q52	Operational Training	F	0
Q53	Forward Planning	F	0
Q54	Corruption Monitoring in Operations	F	0
Q56	Private Military Contractors	NS	NS

Procurement Risk	F	7
Q68	Complaint Mechanisms	D	33
Q65	Tender Board Controls	E	25
Q66	Anti-Collusion Controls	E	19
Q63	Procurement Requirements	E	17
Q69	Supplier Sanctions	E	17
Q61	Actual Purchases Disclosed	F	13
Q57	Procurement Legislation	F	0
Q58	Procurement Cycle	F	0
Q59	Procurement Oversight Mechanisms	F	0
Q60	Potential Purchases Disclosed	F	0
Q62	Business Compliance Standards	F	0
Q64	Competition in Procurement	F	0
Q67	Contract Award / Delivery	F	0
Q70	Offset Contracts	F	0
Q71	Offset Contract Monitoring	F	0
Q72	Offset Competition	F	0
Q73	Agents and Intermediaries	F	0
Q74	Financing Packages	F	0
Q75	Political Pressure in Acquisitions	NS	NS

Legend	Range of Scores	Corruption Risk
A	83 - 100	Very Low
B	67 - 82	Low
C	50 - 66	Moderate
D	33 - 49	High
E	17 - 32	Very High
F	0 - 16	Critical

Key
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NS - Indicator is not scored for any country
NA - Not applicable

COUNTRY SCORECARD: BOSNIA & HERZEGOVINA

Overall Country Score	C	57	Moderate Risk

Political Risk		C	55
Q10	Risk Assessments	A	100
Q18	Natural Resources	A	100
Q8	Compliance and Ethics Units	A	100
Q23	Export Controls (ATT)	A	92
Q4	CSO Engagement	A	92
Q17	External Audit	A	88
Q7	Anticorruption Policy	A	88
Q21	Intelligence Services Oversight	B	75
Q20	Organised Crime Policing	B	67
Q5	Conventions: UNCAC / OECD	C	63
Q14	Budget Availability	C	58
Q15	Defence Income	C	58
Q2	Defence Committee	C	58
Q12	Budget Transparency & Detail	C	50
Q16	Internal Audit	D	44
Q11	Acquisition Planning	D	33
Q22	Intelligence Services Recruitment	D	33
Q19	Organised Crime Links	E	25
Q6	Public Debate	E	25
Q1	Legislative Scrutiny	E	17
Q13	Budget Scrutiny	F	0
Q3	Defence Policy Debate	F	0
Q76	Lobbying	F	0
Q9	Public Trust in Institutions	NS	NS

Financial Risk		B	82
Q26	Secret Spending	A	100
Q29	Off-budget Spending	A	100
Q31	Beneficial Ownership	A	100
Q32	Military-Owned Business Scrutiny	A	100
Q33	Unauthorised Private Enterprise	A	100
Q77	Defence Spending	A	88
Q24	Asset Disposal Controls	B	75
Q27	Legislative Access to Information	B	75
Q25	Asset Disposal Scrutiny	B	67
Q28	Secret Program Auditing	C	50
Q30	Access to Information	C	50

Personnel Risk		B	73
Q39	Pay Rates and Allowances	A	100
Q44	Bribery for Preferred Postings	A	100
Q45	Chains of Command and Payment	A	100
Q34	Public Commitment to Integrity	A	92
Q46	Miltary Code of Conduct	B	81
Q36	Whistleblowing	B	75
Q47	Civilian Code of Conduct	B	75
Q48	Anticorruption Training	B	75
Q37	High-risk Positions	B	67
Q38	Numbers of Personnel	B	67
Q35	Disciplinary Measures for Personnel	C	63
Q49	Corruption Prosecutions	C	63
Q40	Payment System	C	58
Q41	Objective Appointments	D	42

Q42	Objective Promotions	D	38
Q43	Bribery to Avoid Conscription	NA	NA
Q50	Facilitation Payments	NEI	NEI

Operational Risk		D	35
Q52	Operational Training	B	75
Q55	Controls in Contracting	C	50
Q51	Military Doctrine	E	25
Q54	Corruption Monitoring in Operations	E	25
Q53	Forward Planning	F	0
Q56	Private Military Contractors	NS	NS

Procurement Risk		D	39
Q68	Complaint Mechanisms	A	83
Q64	Competition in Procurement	B	75
Q59	Procurement Oversight Mechanisms	B	67
Q57	Procurement Legislation	C	63
Q61	Actual Purchases Disclosed	C	63
Q58	Procurement Cycle	C	50
Q60	Potential Purchases Disclosed	C	50
Q65	Tender Board Controls	C	50
Q69	Supplier Sanctions	C	50
Q62	Business Compliance Standards	D	38
Q63	Procurement Requirements	D	33
Q66	Anti-Collusion Controls	F	0
Q70	Offset Contracts	F	0
Q71	Offset Contract Monitoring	F	0
Q72	Offset Competition	F	0
Q73	Agents and Intermediaries	F	0
Q67	Contract Award / Delivery	NEI	NEI
Q74	Financing Packages	NEI	NEI
Q75	Political Pressure in Acquisitions	NS	NS

Legend	Range of Scores	Corruption Risk
A	83 - 100	Very Low
B	67 - 82	Low
C	50 - 66	Moderate
D	33 - 49	High
E	17 - 32	Very High
F	0 - 16	Critical

Key
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COUNTRY SCORECARD: ESTONIA

Overall Country Score	C	58	Moderate Risk

Political Risk	C	66
Q13	Budget Scrutiny	A	100
Q20	Organised Crime Policing	A	100
Q5	Conventions: UNCAC / OECD	A	100
Q2	Defence Committee	A	96
Q19	Organised Crime Links	A	88
Q21	Intelligence Services Oversight	A	88
Q11	Acquisition Planning	B	75
Q12	Budget Transparency & Detail	B	75
Q7	Anticorruption Policy	B	75
Q1	Legislative Scrutiny	B	67
Q14	Budget Availability	B	67
Q18	Natural Resources	B	67
Q23	Export Controls (ATT)	B	67
Q17	External Audit	C	63
Q15	Defence Income	C	58
Q4	CSO Engagement	C	58
Q8	Compliance and Ethics Units	C	58
Q16	Internal Audit	C	50
Q22	Intelligence Services Recruitment	C	50
Q3	Defence Policy Debate	C	50
Q6	Public Debate	C	50
Q10	Risk Assessments	E	25
Q76	Lobbying	F	0
Q9	Public Trust in Institutions	NS	NS

Financial Risk	B	69
Q28	Secret Program Auditing	A	100
Q31	Beneficial Ownership	A	100
Q24	Asset Disposal Controls	A	92
Q25	Asset Disposal Scrutiny	A	92
Q27	Legislative Access to Information	B	75
Q32	Military-Owned Business Scrutiny	B	75
Q30	Access to Information	C	63
Q77	Defence Spending	C	63
Q29	Off-budget Spending	D	42
Q33	Unauthorised Private Enterprise	D	38
Q26	Secret Spending	E	25

Personnel Risk	B	69
Q35	Disciplinary Measures for Personnel	A	100
Q40	Payment System	A	100
Q44	Bribery for Preferred Postings	A	100
Q49	Corruption Prosecutions	A	100
Q50	Facilitation Payments	A	100
Q46	Miltary Code of Conduct	A	88
Q43	Bribery to Avoid Conscription	A	83
Q38	Numbers of Personnel	B	67
Q39	Pay Rates and Allowances	C	63
Q47	Civilian Code of Conduct	C	58
Q34	Public Commitment to Integrity	C	50
Q41	Objective Appointments	C	50
Q45	Chains of Command and Payment	C	50
Q42	Objective Promotions	D	44

Q36	Whistleblowing	D	42
Q48	Anticorruption Training	D	42
Q37	High-risk Positions	D	33

Operational Risk	E	25
Q51	Military Doctrine	C	63
Q55	Controls in Contracting	D	38
Q52	Operational Training	E	25
Q53	Forward Planning	F	0
Q54	Corruption Monitoring in Operations	F	0
Q56	Private Military Contractors	NS	NS

Procurement Risk	C	62
Q58	Procurement Cycle	A	100
Q69	Supplier Sanctions	A	100
Q63	Procurement Requirements	A	92
Q68	Complaint Mechanisms	A	92
Q61	Actual Purchases Disclosed	A	88
Q59	Procurement Oversight Mechanisms	A	83
Q60	Potential Purchases Disclosed	B	75
Q64	Competition in Procurement	C	63
Q66	Anti-Collusion Controls	C	56
Q57	Procurement Legislation	C	50
Q67	Contract Award / Delivery	D	44
Q62	Business Compliance Standards	D	38
Q73	Agents and Intermediaries	E	25
Q65	Tender Board Controls	E	19
Q74	Financing Packages	F	0
Q70	Offset Contracts	NEI	NEI
Q71	Offset Contract Monitoring	Nei	NEI
Q72	Offset Competition	NEI	NEI
Q75	Political Pressure in Acquisitions	NS	NS

Legend	Range of Scores	Corruption Risk
A	83 - 100	Very Low
B	67 - 82	Low
C	50 - 66	Moderate
D	33 - 49	High
E	17 - 32	Very High
F	0 - 16	Critical

Key
NEI - Not enough information to score indicator.
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NA - Not applicable

COUNTRY SCORECARD: GEORGIA

Overall Country Score	C	60	Moderate Risk

Political Risk		B	76
Q15	Defence Income	A	100
Q18	Natural Resources	A	100
Q19	Organised Crime Links	A	100
Q5	Conventions: UNCAC / OECD	A	100
Q6	Public Debate	A	100
Q7	Anticorruption Policy	A	100
Q17	External Audit	A	94
Q23	Export Controls (ATT)	A	92
Q8	Compliance and Ethics Units	A	92
Q1	Legislative Scrutiny	A	83
Q2	Defence Committee	B	79
Q12	Budget Transparency & Detail	B	75
Q13	Budget Scrutiny	B	75
Q21	Intelligence Services Oversight	B	75
Q20	Organised Crime Policing	B	67
Q11	Acquisition Planning	C	58
Q14	Budget Availability	C	58
Q16	Internal Audit	C	56
Q3	Defence Policy Debate	C	56
Q22	Intelligence Services Recruitment	C	50
Q4	CSO Engagement	C	50
Q76	Lobbying	C	50
Q10	Risk Assessments	D	42
Q9	Public Trust in Institutions	NS	NS

Financial Risk		C	63
Q29	Off-budget Spending	A	100
Q33	Unauthorised Private Enterprise	A	100
Q77	Defence Spending	A	100
Q30	Access to Information	A	88
Q24	Asset Disposal Controls	A	83
Q25	Asset Disposal Scrutiny	C	58
Q26	Secret Spending	C	50
Q27	Legislative Access to Information	C	50
Q28	Secret Program Auditing	E	25
Q31	Beneficial Ownership	E	25
Q32	Military-Owned Business Scrutiny	F	13

Personnel Risk		B	78
Q35	Disciplinary Measures for Personnel	A	100
Q39	Pay Rates and Allowances	A	100
Q43	Bribery to Avoid Conscription	A	100
Q44	Bribery for Preferred Postings	A	100
Q45	Chains of Command and Payment	A	100
Q50	Facilitation Payments	A	100
Q49	Corruption Prosecutions	A	92
Q40	Payment System	A	83
Q46	Miltary Code of Conduct	B	81
Q42	Objective Promotions	B	75
Q34	Public Commitment to Integrity	B	67
Q37	High-risk Positions	B	67
Q38	Numbers of Personnel	B	67
Q41	Objective Appointments	B	67

Q36	Whistleblowing	C	50
Q48	Anticorruption Training	C	50
Q47	Civilian Code of Conduct	E	25

Operational Risk		D	38
Q52	Operational Training	B	75
Q55	Controls in Contracting	B	75
Q54	Corruption Monitoring in Operations	D	42
Q51	Military Doctrine	F	0
Q53	Forward Planning	F	0
Q56	Private Military Contractors	NS	NS

Procurement Risk		D	43
Q68	Complaint Mechanisms	A	100
Q58	Procurement Cycle	A	92
Q67	Contract Award / Delivery	B	69
Q64	Competition in Procurement	C	63
Q59	Procurement Oversight Mechanisms	C	58
Q69	Supplier Sanctions	C	58
Q65	Tender Board Controls	C	56
Q57	Procurement Legislation	C	50
Q63	Procurement Requirements	C	50
Q66	Anti-Collusion Controls	D	44
Q61	Actual Purchases Disclosed	D	38
Q60	Potential Purchases Disclosed	E	25
Q74	Financing Packages	E	25
Q62	Business Compliance Standards	F	0
Q70	Offset Contracts	F	0
Q71	Offset Contract Monitoring	F	0
Q73	Agents and Intermediaries	F	0
Q72	Offset Competition	NEI	NEI
Q75	Political Pressure in Acquisitions	NS	NS

Legend	Range of Scores	Corruption Risk
A	83 - 100	Very Low
B	67 - 82	Low
C	50 - 66	Moderate
D	33 - 49	High
E	17 - 32	Very High
F	0 - 16	Critical

Key

NEI - Not enough information to score indicator.

NS - Indicator is not scored for any country

NA - Not applicable

COUNTRY SCORECARD: HUNGARY

Overall Country Score	D	41	High Risk

Political Risk		C	52
Q18	Natural Resources	A	100
Q5	Conventions: UNCAC / OECD	A	100
Q12	Budget Transparency & Detail	A	88
Q20	Organised Crime Policing	A	83
Q13	Budget Scrutiny	B	75
Q15	Defence Income	B	75
Q21	Intelligence Services Oversight	B	75
Q23	Export Controls (ATT)	B	67
Q19	Organised Crime Links	C	63
Q7	Anticorruption Policy	C	63
Q10	Risk Assessments	C	50
Q14	Budget Availability	C	50
Q8	Compliance and Ethics Units	C	50
Q17	External Audit	D	44
Q1	Legislative Scrutiny	D	42
Q6	Public Debate	D	38
Q16	Internal Audit	D	33
Q22	Intelligence Services Recruitment	E	25
Q3	Defence Policy Debate	E	19
Q11	Acquisition Planning	E	17
Q4	CSO Engagement	E	17
Q2	Defence Committee	F	15
Q76	Lobbying	F	0
Q9	Public Trust in Institutions	NS	NS

Financial Risk		C	50
Q33	Unauthorised Private Enterprise	A	100
Q28	Secret Program Auditing	B	75
Q24	Asset Disposal Controls	B	67
Q29	Off-budget Spending	B	67
Q77	Defence Spending	C	63
Q31	Beneficial Ownership	C	50
Q32	Military-Owned Business Scrutiny	C	50
Q25	Asset Disposal Scrutiny	E	25
Q27	Legislative Access to Information	E	25
Q30	Access to Information	E	25
Q26	Secret Spending	F	0

Personnel Risk		C	56
Q39	Pay Rates and Allowances	A	100
Q40	Payment System	A	100
Q44	Bribery for Preferred Postings	A	100
Q45	Chains of Command and Payment	A	100
Q47	Civilian Code of Conduct	A	88
Q35	Disciplinary Measures for Personnel	B	75
Q50	Facilitation Payments	B	67
Q41	Objective Appointments	C	50
Q42	Objective Promotions	C	50
Q49	Corruption Prosecutions	D	42
Q46	Miltary Code of Conduct	D	38
Q37	High-risk Positions	D	33
Q36	Whistleblowing	E	25
Q38	Numbers of Personnel	E	25

Q34	Public Commitment to Integrity	F	8
Q48	Anticorruption Training	F	0
Q43	Bribery to Avoid Conscription	NA	NA

Operational Risk		E	20
Q53	Forward Planning	C	50
Q52	Operational Training	E	25
Q55	Controls in Contracting	E	25
Q51	Military Doctrine	F	0
Q54	Corruption Monitoring in Operations	F	0
Q56	Private Military Contractors	NS	NS

Procurement Risk		E	26
Q70	Offset Contracts	A	100
Q69	Supplier Sanctions	B	67
Q58	Procurement Cycle	D	42
Q68	Complaint Mechanisms	D	42
Q66	Anti-Collusion Controls	D	38
Q57	Procurement Legislation	E	25
Q64	Competition in Procurement	E	25
Q67	Contract Award / Delivery	E	25
Q73	Agents and Intermediaries	E	25
Q63	Procurement Requirements	E	17
Q61	Actual Purchases Disclosed	F	13
Q65	Tender Board Controls	F	6
Q59	Procurement Oversight Mechanisms	F	0
Q60	Potential Purchases Disclosed	F	0
Q62	Business Compliance Standards	F	0
Q74	Financing Packages	F	0
Q71	Offset Contract Monitoring	NA	NA
Q72	Offset Competition	NA	NA
Q75	Political Pressure in Acquisitions	NS	NS

Legend	Range of Scores	Corruption Risk
A	83 - 100	Very Low
B	67 - 82	Low
C	50 - 66	Moderate
D	33 - 49	High
E	17 - 32	Very High
F	0 - 16	Critical

Key

NEI - Not enough information to score indicator.

NS - Indicator is not scored for any country

NA - Not applicable

COUNTRY SCORECARD: KOSOVO

Overall Country Score	D	42	High Risk

Political Risk		D	49
Q21	Intelligence Services Oversight	A	88
Q7	Anticorruption Policy	A	88
Q10	Risk Assessments	A	83
Q12	Budget Transparency & Detail	B	75
Q19	Organised Crime Links	B	75
Q8	Compliance and Ethics Units	B	75
Q17	External Audit	B	69
Q15	Defence Income	B	67
Q18	Natural Resources	B	67
Q20	Organised Crime Policing	B	67
Q14	Budget Availability	C	58
Q22	Intelligence Services Recruitment	C	50
Q6	Public Debate	C	50
Q16	Internal Audit	D	44
Q1	Legislative Scrutiny	D	42
Q4	CSO Engagement	D	42
Q11	Acquisition Planning	D	33
Q13	Budget Scrutiny	E	25
Q2	Defence Committee	E	17
Q3	Defence Policy Debate	F	8
Q23	Export Controls (ATT)	F	0
Q5	Conventions: UNCAC / OECD	F	0
Q76	Lobbying	F	0
Q9	Public Trust in Institutions	NS	NS

Financial Risk		D	49
Q31	Beneficial Ownership	A	100
Q32	Military-Owned Business Scrutiny	A	100
Q29	Off-budget Spending	B	75
Q25	Asset Disposal Scrutiny	B	67
Q77	Defence Spending	C	56
Q33	Unauthorised Private Enterprise	C	50
Q30	Access to Information	D	38
Q24	Asset Disposal Controls	E	25
Q27	Legislative Access to Information	E	25
Q26	Secret Spending	F	0
Q28	Secret Program Auditing	F	0

Personnel Risk		C	56
Q45	Chains of Command and Payment	A	100
Q40	Payment System	A	83
Q42	Objective Promotions	B	81
Q38	Numbers of Personnel	B	67
Q44	Bribery for Preferred Postings	B	67
Q46	Miltary Code of Conduct	C	58
Q35	Disciplinary Measures for Personnel	C	50
Q36	Whistleblowing	C	50
Q37	High-risk Positions	C	50
Q41	Objective Appointments	C	50
Q50	Facilitation Payments	C	50
Q49	Corruption Prosecutions	D	33
Q34	Public Commitment to Integrity	E	25
Q39	Pay Rates and Allowances	E	25

Q43	Bribery to Avoid Conscription	NA	NA
Q47	Civilian Code of Conduct	NEI	NEI
Q48	Anticorruption Training	NEI	NEI

Operational Risk		E	19
Q52	Operational Training	B	75
Q51	Military Doctrine	F	0
Q53	Forward Planning	F	0
Q55	Controls in Contracting	F	0
Q54	Corruption Monitoring in Operations	NEI	NEI
Q56	Private Military Contractors	NS	NS

Procurement Risk		D	37
Q68	Complaint Mechanisms	A	83
Q65	Tender Board Controls	B	75
Q69	Supplier Sanctions	B	67
Q59	Procurement Oversight Mechanisms	C	50
Q64	Competition in Procurement	C	50
Q73	Agents and Intermediaries	C	50
Q66	Anti-Collusion Controls	D	44
Q57	Procurement Legislation	D	38
Q62	Business Compliance Standards	D	38
Q67	Contract Award / Delivery	D	38
Q58	Procurement Cycle	D	33
Q63	Procurement Requirements	D	33
Q60	Potential Purchases Disclosed	E	25
Q61	Actual Purchases Disclosed	E	25
Q74	Financing Packages	E	25
Q70	Offset Contracts	F	0
Q71	Offset Contract Monitoring	F	0
Q72	Offset Competition	F	0
Q75	Political Pressure in Acquisitions	NS	NS

Legend	Range of Scores	Corruption Risk
A	83 - 100	Very Low
B	67 - 82	Low
C	50 - 66	Moderate
D	33 - 49	High
E	17 - 32	Very High
F	0 - 16	Critical

Key

NEI - Not enough information to score indicator.

NS - Indicator is not scored for any country

NA - Not applicable

COUNTRY SCORECARD: LATVIA

Overall Country Score	B	67	Low Risk

Political Risk	A	85
Q10	Risk Assessments	A	100
Q12	Budget Transparency & Detail	A	100
Q14	Budget Availability	A	100
Q15	Defence Income	A	100
Q18	Natural Resources	A	100
Q19	Organised Crime Links	A	100
Q2	Defence Committee	A	100
Q20	Organised Crime Policing	A	100
Q23	Export Controls (ATT)	A	100
Q4	CSO Engagement	A	100
Q7	Anticorruption Policy	A	100
Q17	External Audit	A	88
Q5	Conventions: UNCAC / OECD	A	88
Q6	Public Debate	A	88
Q1	Legislative Scrutiny	A	83
Q8	Compliance and Ethics Units	A	83
Q16	Internal Audit	B	81
Q3	Defence Policy Debate	B	81
Q13	Budget Scrutiny	B	75
Q22	Intelligence Services Recruitment	B	67
Q21	Intelligence Services Oversight	C	63
Q11	Acquisition Planning	C	58
Q76	Lobbying	F	0
Q9	Public Trust in Institutions	NS	NS

Financial Risk	A	94
Q25	Asset Disposal Scrutiny	A	100
Q27	Legislative Access to Information	A	100
Q28	Secret Program Auditing	A	100
Q29	Off-budget Spending	A	100
Q31	Beneficial Ownership	A	100
Q32	Military-Owned Business Scrutiny	A	100
Q33	Unauthorised Private Enterprise	A	100
Q77	Defence Spending	A	100
Q30	Access to Information	A	88
Q26	Secret Spending	B	75
Q24	Asset Disposal Controls	B	67

Personnel Risk	B	75
Q44	Bribery for Preferred Postings	A	100
Q45	Chains of Command and Payment	A	100
Q50	Facilitation Payments	A	100
Q40	Payment System	A	92
Q35	Disciplinary Measures for Personnel	A	88
Q46	Miltary Code of Conduct	A	88
Q49	Corruption Prosecutions	A	88
Q39	Pay Rates and Allowances	B	75
Q37	High-risk Positions	B	67
Q38	Numbers of Personnel	B	67
Q47	Civilian Code of Conduct	B	67
Q48	Anticorruption Training	B	67
Q36	Whistleblowing	C	63
Q41	Objective Appointments	C	58

Q42	Objective Promotions	C	50
Q34	Public Commitment to Integrity	D	33
Q43	Bribery to Avoid Conscription	NA	NA

Operational Risk	F	8
Q53	Forward Planning	D	38
Q51	Military Doctrine	F	0
Q52	Operational Training	F	0
Q54	Corruption Monitoring in Operations	F	0
Q55	Controls in Contracting	F	0
Q56	Private Military Contractors	NS	NS

Procurement Risk	B	74
Q68	Complaint Mechanisms	A	100
Q69	Supplier Sanctions	A	100
Q70	Offset Contracts	A	100
Q58	Procurement Cycle	A	92
Q59	Procurement Oversight Mechanisms	A	83
Q63	Procurement Requirements	B	75
Q64	Competition in Procurement	B	75
Q66	Anti-Collusion Controls	B	75
Q74	Financing Packages	B	75
Q65	Tender Board Controls	B	67
Q62	Business Compliance Standards	C	63
Q73	Agents and Intermediaries	C	63
Q57	Procurement Legislation	C	50
Q60	Potential Purchases Disclosed	C	50
Q61	Actual Purchases Disclosed	C	50
Q71	Offset Contract Monitoring	NA	NA
Q72	Offset Competition	NA	NA
Q67	Contract Award / Delivery	NEI	NEI
Q75	Political Pressure in Acquisitions	NS	NS

Legend	Range of Scores	Corruption Risk
A	83 - 100	Very Low
B	67 - 82	Low
C	50 - 66	Moderate
D	33 - 49	High
E	17 - 32	Very High
F	0 - 16	Critical

Key

NEI - Not enough information to score indicator.

NS - Indicator is not scored for any country

NA - Not applicable

COUNTRY SCORECARD: LITHUANIA

Overall Country Score	C	59	Moderate Risk

Political Risk		B	76
Q5	Conventions: UNCAC / OECD	A	100
Q6	Public Debate	A	100
Q1	Legislative Scrutiny	A	92
Q20	Organised Crime Policing	A	92
Q4	CSO Engagement	A	92
Q12	Budget Transparency & Detail	A	88
Q13	Budget Scrutiny	A	88
Q19	Organised Crime Links	A	88
Q7	Anticorruption Policy	A	88
Q11	Acquisition Planning	A	83
Q2	Defence Committee	A	83
Q14	Budget Availability	B	75
Q15	Defence Income	B	75
Q22	Intelligence Services Recruitment	B	75
Q8	Compliance and Ethics Units	B	75
Q17	External Audit	B	69
Q10	Risk Assessments	B	67
Q16	Internal Audit	B	67
Q18	Natural Resources	B	67
Q21	Intelligence Services Oversight	C	63
Q23	Export Controls (ATT)	C	50
Q3	Defence Policy Debate	D	44
Q76	Lobbying	D	38
Q9	Public Trust in Institutions	NS	NS

Financial Risk		A	83
Q28	Secret Program Auditing	A	100
Q29	Off-budget Spending	A	100
Q31	Beneficial Ownership	A	100
Q32	Military-Owned Business Scrutiny	A	100
Q33	Unauthorised Private Enterprise	A	100
Q77	Defence Spending	A	94
Q25	Asset Disposal Scrutiny	A	83
Q27	Legislative Access to Information	B	75
Q30	Access to Information	B	75
Q24	Asset Disposal Controls	C	58
Q26	Secret Spending	E	25

Personnel Risk		B	68
Q35	Disciplinary Measures for Personnel	A	100
Q44	Bribery for Preferred Postings	A	100
Q45	Chains of Command and Payment	A	100
Q43	Bribery to Avoid Conscription	A	92
Q36	Whistleblowing	A	88
Q38	Numbers of Personnel	A	83
Q40	Payment System	A	83
Q50	Facilitation Payments	A	83
Q46	Miltary Code of Conduct	B	81
Q39	Pay Rates and Allowances	C	63
Q47	Civilian Code of Conduct	C	58
Q41	Objective Appointments	C	50
Q49	Corruption Prosecutions	C	50
Q42	Objective Promotions	D	44

Q48	Anticorruption Training	D	42
Q34	Public Commitment to Integrity	D	33
Q37	High-risk Positions	F	0

Operational Risk		F	13
Q52	Operational Training	E	25
Q55	Controls in Contracting	E	25
Q54	Corruption Monitoring in Operations	F	13
Q51	Military Doctrine	F	0
Q53	Forward Planning	F	0
Q56	Private Military Contractors	NS	NS

Procurement Risk		C	56
Q68	Complaint Mechanisms	A	100
Q70	Offset Contracts	A	100
Q59	Procurement Oversight Mechanisms	A	92
Q69	Supplier Sanctions	B	75
Q63	Procurement Requirements	B	67
Q67	Contract Award / Delivery	C	63
Q58	Procurement Cycle	C	58
Q65	Tender Board Controls	C	58
Q74	Financing Packages	C	50
Q57	Procurement Legislation	D	38
Q60	Potential Purchases Disclosed	D	38
Q61	Actual Purchases Disclosed	D	38
Q62	Business Compliance Standards	E	25
Q64	Competition in Procurement	E	25
Q66	Anti-Collusion Controls	E	17
Q71	Offset Contract Monitoring	NA	NA
Q72	Offset Competition	NA	NA
Q73	Agents and Intermediaries	NEI	NEI
Q75	Political Pressure in Acquisitions	NS	NS

Legend	Range of Scores	Corruption Risk
A	83 - 100	Very Low
B	67 - 82	Low
C	50 - 66	Moderate
D	33 - 49	High
E	17 - 32	Very High
F	0 - 16	Critical

Key

NEI - Not enough information to score indicator.

NS - Indicator is not scored for any country

NA - Not applicable

COUNTRY SCORECARD: MONTENEGRO

Overall Country Score	E	32	Very High Risk

Political Risk	C	50
Q10	Risk Assessments	B	67
Q18	Natural Resources	B	67
Q20	Organised Crime Policing	B	67
Q13	Budget Scrutiny	C	63
Q21	Intelligence Services Oversight	C	63
Q5	Conventions: UNCAC / OECD	C	63
Q7	Anticorruption Policy	C	63
Q76	Lobbying	C	63
Q22	Intelligence Services Recruitment	C	58
Q4	CSO Engagement	C	58
Q17	External Audit	C	56
Q1	Legislative Scrutiny	C	50
Q12	Budget Transparency & Detail	C	50
Q14	Budget Availability	C	50
Q11	Acquisition Planning	D	42
Q8	Compliance and Ethics Units	D	42
Q6	Public Debate	D	38
Q15	Defence Income	D	33
Q2	Defence Committee	D	33
Q16	Internal Audit	E	25
Q19	Organised Crime Links	E	25
Q3	Defence Policy Debate	E	25
Q23	Export Controls (ATT)	NEI	NEI
Q9	Public Trust in Institutions	NS	NS

Financial Risk	E	31
Q33	Unauthorised Private Enterprise	B	75
Q24	Asset Disposal Controls	C	50
Q25	Asset Disposal Scrutiny	C	50
Q29	Off-budget Spending	C	50
Q31	Beneficial Ownership	C	50
Q30	Access to Information	D	38
Q28	Secret Program Auditing	E	25
Q26	Secret Spending	F	0
Q27	Legislative Access to Information	F	0
Q32	Military-Owned Business Scrutiny	F	0
Q77	Defence Spending	F	0

Personnel Risk	D	44
Q45	Chains of Command and Payment	A	100
Q44	Bribery for Preferred Postings	B	75
Q38	Numbers of Personnel	B	67
Q35	Disciplinary Measures for Personnel	C	63
Q40	Payment System	C	58
Q46	Miltary Code of Conduct	C	56
Q48	Anticorruption Training	C	50
Q41	Objective Appointments	D	42
Q36	Whistleblowing	D	33
Q37	High-risk Positions	E	25
Q39	Pay Rates and Allowances	E	25
Q42	Objective Promotions	E	25
Q49	Corruption Prosecutions	E	25
Q34	Public Commitment to Integrity	E	17

Q50	Facilitation Payments	F	0
Q43	Bribery to Avoid Conscription	NA	NA
Q47	Civilian Code of Conduct	NEI	NEI

Operational Risk	F	10
Q52	Operational Training	E	25
Q55	Controls in Contracting	E	25
Q51	Military Doctrine	F	0
Q53	Forward Planning	F	0
Q54	Corruption Monitoring in Operations	F	0
Q56	Private Military Contractors	NS	NS

Procurement Risk	E	27
Q60	Potential Purchases Disclosed	C	63
Q68	Complaint Mechanisms	C	58
Q57	Procurement Legislation	C	50
Q59	Procurement Oversight Mechanisms	C	50
Q65	Tender Board Controls	C	50
Q61	Actual Purchases Disclosed	D	38
Q63	Procurement Requirements	D	33
Q62	Business Compliance Standards	E	25
Q64	Competition in Procurement	E	25
Q67	Contract Award / Delivery	E	25
Q69	Supplier Sanctions	E	25
Q74	Financing Packages	E	25
Q66	Anti-Collusion Controls	F	13
Q58	Procurement Cycle	F	8
Q70	Offset Contracts	F	0
Q71	Offset Contract Monitoring	F	0
Q72	Offset Competition	F	0
Q73	Agents and Intermediaries	F	0
Q75	Political Pressure in Acquisitions	NS	NS

Legend	Range of Scores	Corruption Risk
A	83 - 100	Very Low
B	67 - 82	Low
C	50 - 66	Moderate
D	33 - 49	High
E	17 - 32	Very High
F	0 - 16	Critical

Key
NEI - Not enough information to score indicator.
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NA - Not applicable

COUNTRY SCORECARD: NORTH MACEDONIA

Overall Country Score	C	62	Moderate Risk

Political Risk		C	66
Q14	Budget Availability	A	92
Q20	Organised Crime Policing	A	88
Q1	Legislative Scrutiny	A	83
Q10	Risk Assessments	B	75
Q5	Conventions: UNCAC / OECD	B	75
Q6	Public Debate	B	75
Q7	Anticorruption Policy	B	75
Q8	Compliance and Ethics Units	B	75
Q3	Defence Policy Debate	B	69
Q11	Acquisition Planning	B	67
Q23	Export Controls (ATT)	B	67
Q4	CSO Engagement	B	67
Q12	Budget Transparency & Detail	C	63
Q16	Internal Audit	C	63
Q17	External Audit	C	63
Q19	Organised Crime Links	C	63
Q2	Defence Committee	C	58
Q13	Budget Scrutiny	C	50
Q15	Defence Income	C	50
Q21	Intelligence Services Oversight	C	50
Q76	Lobbying	D	44
Q22	Intelligence Services Recruitment	D	38
Q18	Natural Resources	NEI	NEI
Q9	Public Trust in Institutions	NS	NS

Financial Risk		C	59
Q29	Off-budget Spending	A	100
Q31	Beneficial Ownership	A	100
Q33	Unauthorised Private Enterprise	A	100
Q30	Access to Information	A	88
Q27	Legislative Access to Information	B	75
Q24	Asset Disposal Controls	B	67
Q32	Military-Owned Business Scrutiny	C	50
Q77	Defence Spending	C	50
Q26	Secret Spending	E	25
Q25	Asset Disposal Scrutiny	F	0
Q28	Secret Program Auditing	F	0

Personnel Risk		B	79
Q39	Pay Rates and Allowances	A	100
Q40	Payment System	A	100
Q45	Chains of Command and Payment	A	100
Q50	Facilitation Payments	A	100
Q35	Disciplinary Measures for Personnel	A	88
Q44	Bribery for Preferred Postings	A	88
Q42	Objective Promotions	B	81
Q38	Numbers of Personnel	B	75
Q46	Miltary Code of Conduct	B	75
Q47	Civilian Code of Conduct	B	75
Q48	Anticorruption Training	B	75
Q49	Corruption Prosecutions	B	75
Q34	Public Commitment to Integrity	C	58
Q37	High-risk Positions	C	58

Q41	Objective Appointments	C	58
Q36	Whistleblowing	C	50
Q43	Bribery to Avoid Conscription	NA	NA

Operational Risk		D	38
Q53	Forward Planning	A	88
Q55	Controls in Contracting	D	38
Q51	Military Doctrine	E	25
Q52	Operational Training	E	25
Q54	Corruption Monitoring in Operations	F	13
Q56	Private Military Contractors	NS	NS

Procurement Risk		B	68
Q60	Potential Purchases Disclosed	A	100
Q68	Complaint Mechanisms	A	100
Q59	Procurement Oversight Mechanisms	A	92
Q61	Actual Purchases Disclosed	A	88
Q64	Competition in Procurement	A	88
Q67	Contract Award / Delivery	A	88
Q58	Procurement Cycle	B	75
Q62	Business Compliance Standards	B	75
Q69	Supplier Sanctions	B	75
Q63	Procurement Requirements	B	67
Q57	Procurement Legislation	C	63
Q66	Anti-Collusion Controls	C	63
Q73	Agents and Intermediaries	C	50
Q65	Tender Board Controls	D	42
Q74	Financing Packages	E	25
Q71	Offset Contract Monitoring	F	0
Q70	Offset Contracts	NEI	NEI
Q75	Political Pressure in Acquisitions	NS	NS
Q72	Offset Competition	NS	NEI

Legend	Range of Scores	Corruption Risk
A	83 - 100	Very Low
B	67 - 82	Low
C	50 - 66	Moderate
D	33 - 49	High
E	17 - 32	Very High
F	0 - 16	Critical

Key
NEI - Not enough information to score indicator.
NS - Indicator is not scored for any country
NA - Not applicable

COUNTRY SCORECARD: POLAND

Overall Country Score	C	59	Moderate Risk

Political Risk	C	59
Q12	Budget Transparency & Detail	A	88
Q7	Anticorruption Policy	A	88
Q14	Budget Availability	A	83
Q18	Natural Resources	A	83
Q20	Organised Crime Policing	A	83
Q17	External Audit	B	75
Q23	Export Controls (ATT)	B	75
Q6	Public Debate	B	75
Q15	Defence Income	B	67
Q19	Organised Crime Links	C	63
Q21	Intelligence Services Oversight	C	63
Q5	Conventions: UNCAC / OECD	C	63
Q8	Compliance and Ethics Units	C	58
Q1	Legislative Scrutiny	C	50
Q13	Budget Scrutiny	C	50
Q16	Internal Audit	C	50
Q3	Defence Policy Debate	C	50
Q4	CSO Engagement	C	50
Q2	Defence Committee	D	35
Q10	Risk Assessments	D	33
Q22	Intelligence Services Recruitment	E	25
Q76	Lobbying	E	25
Q11	Acquisition Planning	E	17
Q9	Public Trust in Institutions	NS	NS

Financial Risk	B	76
Q29	Off-budget Spending	A	100
Q31	Beneficial Ownership	A	100
Q32	Military-Owned Business Scrutiny	A	100
Q30	Access to Information	A	88
Q25	Asset Disposal Scrutiny	B	75
Q26	Secret Spending	B	75
Q24	Asset Disposal Controls	B	67
Q28	Secret Program Auditing	C	63
Q33	Unauthorised Private Enterprise	C	63
Q77	Defence Spending	C	56
Q27	Legislative Access to Information	C	50

Personnel Risk	C	60
Q39	Pay Rates and Allowances	A	100
Q40	Payment System	A	100
Q45	Chains of Command and Payment	A	100
Q35	Disciplinary Measures for Personnel	A	88
Q44	Bribery for Preferred Postings	A	83
Q50	Facilitation Payments	A	83
Q46	Miltary Code of Conduct	B	67
Q48	Anticorruption Training	B	67
Q47	Civilian Code of Conduct	C	63
Q38	Numbers of Personnel	C	58
Q49	Corruption Prosecutions	D	42
Q37	High-risk Positions	D	33
Q42	Objective Promotions	E	31
Q41	Objective Appointments	E	25

Q34	Public Commitment to Integrity	E	17
Q36	Whistleblowing	F	0
Q43	Bribery to Avoid Conscription	NA	NA

Operational Risk	D	33
Q52	Operational Training	A	100
Q55	Controls in Contracting	D	38
Q54	Corruption Monitoring in Operations	E	25
Q51	Military Doctrine	F	0
Q53	Forward Planning	F	0
Q56	Private Military Contractors	NS	NS

Procurement Risk	D	49
Q61	Actual Purchases Disclosed	A	88
Q68	Complaint Mechanisms	A	83
Q58	Procurement Cycle	B	75
Q66	Anti-Collusion Controls	B	75
Q69	Supplier Sanctions	B	67
Q60	Potential Purchases Disclosed	C	63
Q65	Tender Board Controls	C	63
Q67	Contract Award / Delivery	C	56
Q57	Procurement Legislation	C	50
Q59	Procurement Oversight Mechanisms	C	50
Q70	Offset Contracts	C	50
Q72	Offset Competition	C	50
Q62	Business Compliance Standards	D	38
Q64	Competition in Procurement	E	25
Q71	Offset Contract Monitoring	E	25
Q74	Financing Packages	E	25
Q63	Procurement Requirements	F	8
Q73	Agents and Intermediaries	F	0
Q75	Political Pressure in Acquisitions	NS	NS

Legend	Range of Scores	Corruption Risk
A	83 - 100	Very Low
B	67 - 82	Low
C	50 - 66	Moderate
D	33 - 49	High
E	17 - 32	Very High
F	0 - 16	Critical

Key

NEI - Not enough information to score indicator.

NS - Indicator is not scored for any country

NA - Not applicable

COUNTRY SCORECARD: SERBIA

Overall Country Score	D	42	High Risk

Political Risk		C	51
Q15	Defence Income	A	83
Q17	External Audit	B	81
Q5	Conventions: UNCAC / OECD	B	75
Q10	Risk Assessments	B	67
Q20	Organised Crime Policing	B	67
Q19	Organised Crime Links	C	63
Q7	Anticorruption Policy	C	63
Q1	Legislative Scrutiny	C	58
Q23	Export Controls (ATT)	C	58
Q12	Budget Transparency & Detail	C	50
Q13	Budget Scrutiny	C	50
Q14	Budget Availability	C	50
Q21	Intelligence Services Oversight	C	50
Q6	Public Debate	C	50
Q76	Lobbying	C	50
Q4	CSO Engagement	D	42
Q3	Defence Policy Debate	D	38
Q8	Compliance and Ethics Units	D	38
Q18	Natural Resources	D	35
Q22	Intelligence Services Recruitment	D	33
Q11	Acquisition Planning	E	25
Q16	Internal Audit	E	25
Q2	Defence Committee	E	25
Q9	Public Trust in Institutions	NS	NS

Financial Risk		D	42
Q32	Military-Owned Business Scrutiny	A	100
Q33	Unauthorised Private Enterprise	A	88
Q24	Asset Disposal Controls	C	50
Q31	Beneficial Ownership	C	50
Q77	Defence Spending	D	44
Q30	Access to Information	D	38
Q29	Off-budget Spending	D	33
Q25	Asset Disposal Scrutiny	E	25
Q27	Legislative Access to Information	E	25
Q28	Secret Program Auditing	F	13
Q26	Secret Spending	F	0

Personnel Risk		C	53
Q44	Bribery for Preferred Postings	A	100
Q45	Chains of Command and Payment	A	100
Q39	Pay Rates and Allowances	A	88
Q40	Payment System	B	75
Q50	Facilitation Payments	B	75
Q35	Disciplinary Measures for Personnel	C	63
Q36	Whistleblowing	C	50
Q42	Objective Promotions	C	50
Q34	Public Commitment to Integrity	D	42
Q38	Numbers of Personnel	D	33
Q41	Objective Appointments	E	25
Q49	Corruption Prosecutions	E	25
Q48	Anticorruption Training	E	17
Q37	High-risk Positions	F	0

Q43	Bribery to Avoid Conscription	NA	NA
Q46	Miltary Code of Conduct	NEI	NEI
Q47	Civilian Code of Conduct	NEI	NEI

Operational Risk		E	28
Q52	Operational Training	B	75
Q55	Controls in Contracting	D	38
Q54	Corruption Monitoring in Operations	E	25
Q51	Military Doctrine	F	0
Q53	Forward Planning	F	0
Q56	Private Military Contractors	NS	NS

Procurement Risk		D	37
Q66	Anti-Collusion Controls	A	100
Q68	Complaint Mechanisms	A	83
Q58	Procurement Cycle	B	67
Q67	Contract Award / Delivery	B	67
Q65	Tender Board Controls	C	56
Q57	Procurement Legislation	C	50
Q60	Potential Purchases Disclosed	C	50
Q69	Supplier Sanctions	C	50
Q61	Actual Purchases Disclosed	D	38
Q59	Procurement Oversight Mechanisms	E	25
Q73	Agents and Intermediaries	E	25
Q74	Financing Packages	E	25
Q63	Procurement Requirements	E	17
Q64	Competition in Procurement	F	13
Q62	Business Compliance Standards	F	0
Q70	Offset Contracts	F	0
Q71	Offset Contract Monitoring	F	0
Q72	Offset Competition	F	0
Q75	Political Pressure in Acquisitions	NS	NS

Legend	Range of Scores	Corruption Risk
A	83 - 100	Very Low
B	67 - 82	Low
C	50 - 66	Moderate
D	33 - 49	High
E	17 - 32	Very High
F	0 - 16	Critical

Key
NEI - Not enough information to score indicator.
NS - Indicator is not scored for any country
NA - Not applicable

COUNTRY SCORECARD: UKRAINE

Overall Country Score	D	41	High Risk

Political Risk	C	55
Q7	Anticorruption Policy	A	88
Q10	Risk Assessments	B	75
Q12	Budget Transparency & Detail	B	75
Q13	Budget Scrutiny	B	75
Q4	CSO Engagement	B	75
Q6	Public Debate	B	75
Q16	Internal Audit	B	69
Q14	Budget Availability	B	67
Q15	Defence Income	B	67
Q20	Organised Crime Policing	B	67
Q1	Legislative Scrutiny	C	58
Q11	Acquisition Planning	C	58
Q3	Defence Policy Debate	C	56
Q17	External Audit	C	50
Q19	Organised Crime Links	C	50
Q21	Intelligence Services Oversight	C	50
Q8	Compliance and Ethics Units	C	50
Q2	Defence Committee	D	42
Q18	Natural Resources	D	40
Q22	Intelligence Services Recruitment	E	25
Q23	Export Controls (ATT)	E	25
Q5	Conventions: UNCAC / OECD	E	25
Q76	Lobbying	F	0
Q9	Public Trust in Institutions	NS	NS

Financial Risk	D	40
Q77	Defence Spending	C	56
Q24	Asset Disposal Controls	C	50
Q27	Legislative Access to Information	C	50
Q30	Access to Information	C	50
Q28	Secret Program Auditing	D	38
Q32	Military-Owned Business Scrutiny	D	38
Q33	Unauthorised Private Enterprise	D	38
Q25	Asset Disposal Scrutiny	D	33
Q29	Off-budget Spending	D	33
Q26	Secret Spending	E	25
Q31	Beneficial Ownership	E	25

Personnel Risk	C	62
Q43	Bribery to Avoid Conscription	A	100
Q44	Bribery for Preferred Postings	A	100
Q35	Disciplinary Measures for Personnel	A	88
Q46	Miltary Code of Conduct	B	81
Q40	Payment System	B	67
Q50	Facilitation Payments	B	67
Q39	Pay Rates and Allowances	C	63
Q47	Civilian Code of Conduct	C	63
Q36	Whistleblowing	C	58
Q48	Anticorruption Training	C	58
Q37	High-risk Positions	C	50
Q38	Numbers of Personnel	C	50
Q45	Chains of Command and Payment	C	50
Q49	Corruption Prosecutions	C	50

Q34	Public Commitment to Integrity	D	42
Q41	Objective Appointments	D	42
Q42	Objective Promotions	D	33

Operational Risk	F	8
Q55	Controls in Contracting	E	25
Q54	Corruption Monitoring in Operations	F	13
Q51	Military Doctrine	F	0
Q52	Operational Training	F	0
Q53	Forward Planning	F	0
Q56	Private Military Contractors	NS	NS

Procurement Risk	D	41
Q58	Procurement Cycle	B	75
Q67	Contract Award / Delivery	B	69
Q57	Procurement Legislation	C	63
Q62	Business Compliance Standards	C	63
Q63	Procurement Requirements	C	58
Q68	Complaint Mechanisms	C	58
Q65	Tender Board Controls	C	56
Q61	Actual Purchases Disclosed	C	50
Q69	Supplier Sanctions	C	50
Q66	Anti-Collusion Controls	D	44
Q59	Procurement Oversight Mechanisms	D	42
Q64	Competition in Procurement	D	38
Q71	Offset Contract Monitoring	E	31
Q60	Potential Purchases Disclosed	E	25
Q70	Offset Contracts	E	25
Q72	Offset Competition	F	0
Q73	Agents and Intermediaries	F	0
Q74	Financing Packages	F	0
Q75	Political Pressure in Acquisitions	NS	NS

Legend	Range of Scores	Corruption Risk
A	83 - 100	Very Low
B	67 - 82	Low
C	50 - 66	Moderate
D	33 - 49	High
E	17 - 32	Very High
F	0 - 16	Critical

Key
NEI - Not enough information to score indicator.
NS - Indicator is not scored for any country
NA - Not applicable