

REGIONAL RESULTS

MIDDLE EAST & NORTH AFRICA

GOVERNMENT DEFENCE
ANTI-CORRUPTION INDEX



2015

AUTHORS: Tehmina Abbas, Eva Anderson, Katherine Dixon, Emily Knowles, Gavin Raymond, Leah Wawro

CONTRIBUTORS: Saif A. Alhaddi, Alam Bachari Saleh, Jeff Chalifoux, Ryan Craig, Omar El-Nahry, Dr Dalia Ghanem-Yazbeck, Richard Le Vay, Reinoud Leenders, John Lubbock, Shana Marshall, Middle East Consultancy Services, Omid Mojabi, Tabassum Rasheed, Emma Scott, Sean L. Yom. Some contributors have chosen to remain anonymous.

DESIGN: Ivo Jongejan, SVI Design, Rational International

© 2015 Transparency International UK. All rights reserved. Reproduction in whole or in parts is permitted, providing that full credit is given to Transparency International UK (TI-UK) and provided that any such reproduction, in whole or in parts, is not sold or incorporated in works that are sold. Written permission must be sought from Transparency International UK if any such reproduction would adapt or modify the original content.

Published October 2015

ISBN: 978-1-910778-03-6

Printed on 100% recycled paper.

Every effort has been made to verify the accuracy of the information contained in this report. All information was believed to be correct as of October 2015. Nevertheless, Transparency International UK cannot accept responsibility for the consequences of its use for other purposes or in other contexts.

Transparency International UK's registered UK charity number is 1112842.

THANKS

Transparency International Defence & Security would like to thank all the governments and individuals who have encouraged us to do this study and those who engaged with us throughout the process.

Transparency International Defence & Security would like to thank the Netherlands Ministry of Foreign Affairs for their generous support. The views expressed do not reflect the Netherlands government's official policies.

Transparency International Defence & Security would like to thank the UK Department for International Development (DFID) for their generous support. This material has been funded by UK aid from the UK government. The views expressed do not reflect the UK government's official policies.

This index measures the risk of corruption in defence establishments worldwide.

These are the results for the Middle East and North Africa. More results will be released soon.

The Government Defence Anti-Corruption Index (GI) assesses the existence and effectiveness of institutional and informal controls to manage the risk of corruption in defence and security institutions and of their enforcement. Our team of experts draws together evidence from a wide variety of sources and interviewees across 77 indicators to provide the government with a detailed assessment of the integrity of their defence institutions.

This report publishes the country risk rankings derived from our data and examines the trends across the Middle East and North Africa. Seventeen countries across the Middle East and North Africa region were selected from the study for this report. The assessments for Israel and the Occupied Palestinian Territories were not finalised at the time of writing and will be published in separate reports at a later date.

Regional Results

Banding brackets

Band	Lower % Score	Upper % Score	Corruption Risk
A	83.3	100	Very low
B	66.7	83.2	Low
C	50.0	66.6	Moderate
D	33.3	49.9	High
E	16.7	33.2	Very high
F	0	16.6	Critical

* Also assessed in the Government Defence Anti-Corruption Index 2015 Fragile States assessment

Full country assessments and data-sets available online:
government.defenceindex.org

TUNISIA

D

IRAN

E

JORDAN

E

LEBANON

E

UAE

E

SAUDI ARABIA

E

ALGERIA

F

BAHRAIN

F

EGYPT

F

IRAQ*

F

KUWAIT

F

LIBYA

F

MOROCCO

F

OMAN

F

QATAR

F

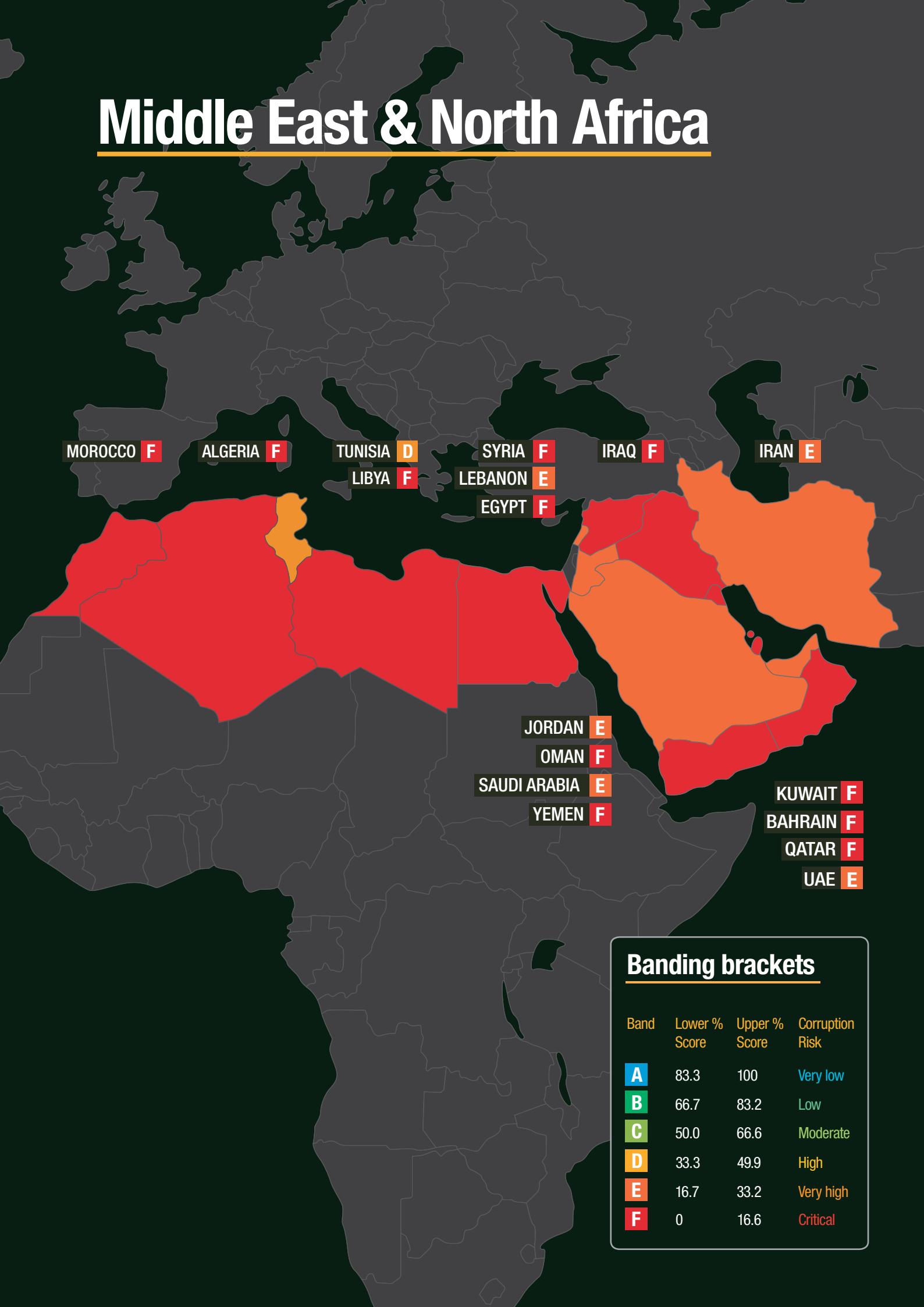
SYRIA*

F

YEMEN*

F

Middle East & North Africa



1. Defence Transparency in the Middle East and North Africa

The Middle East and North Africa is home to some of the most rapidly growing defence budgets in the world, as well as several major conflicts. Fighting in Syria, Yemen, and Iraq has raised increasingly urgent questions about how unchecked spending and illicit arms transfers both drive conflict and weaken the capabilities of defence forces to respond.

Defence corruption erodes the ability of the state to fulfil its primary obligation - to protect its citizens. It means countries do not have the right military capabilities, do not deploy strong strategies and cannot rely on the competence and loyalty of their personnel. This report aims to identify how corruption risk and a lack of accountability is contributing to the fragility of governments, and what this means for the prospects for security and stability across the Middle East and North Africa.

Our research shows that while defence spending is on the rise, there remains a lack of clear, transparent strategic planning to ensure that governments are investing wisely in national security priorities that serve the interests of their country. Instead, in many defence establishments, those at the top of institutions control purchasing, and are subject to little if any oversight. In other states there are signs of well-equipped security structures which lack public legitimacy, creating internal risks to stability.

Three main themes emerge from the findings:

First, governments in the region—even those with seemingly strong and well-funded militaries—have high corruption vulnerabilities and may be more fragile than they appear. There is evidence that because of corruption, nepotism, and a lack of transparency, rising defence budgets in the region are not being spent on arms and equipment that actually meet countries' strategic security needs.

Second, corruption is a very powerful enabler of conflict. It feeds the proliferation of arms, facilitated by poor export controls systems and the infiltration of organised crime into the security sector.

Third, public trust and the state legitimacy it brings—perhaps the most important element of long-term security in any country—is greatly diminished by corruption. Corruption has fuelled political unrest, extremism, and formed a narrative for violent extremist groups.

Our research should also spell caution for states exporting advanced defence capability to the region. With few institutional checks and balances, the risk of arms increasingly proliferating across the region is extremely high. The combination of rising arms imports, weak oversight and controls on strategy and spending, and low public engagement is dangerous and exacerbates the risks of future conflict. Governments in the region and their international allies should prioritise the creation of accountable defence institutions that operate with integrity on behalf of their populations, in order to achieve sustainable security.

2. **Secretive defence spending on the rise**

The countries studied in this report spent more than \$135bn US on military expenditure in 2014, comprising 7.6% of global military spending. Their military expenditure as a percentage of GDP is the highest in the world, with the region spending an average of 5.1% of GDP on defence in 2014.¹ In most cases this represents a significant portion of public spending. According to the Saudi Arabian Monetary Agency, for example, defence and national security spending comprises **30%** of government budgetary allocations.

There are particular increases in the Gulf region. Saudi Arabia and the UAE were among the five largest importers of major weapons since 2010. States in the Gulf Cooperation Council (GCC) have increased their arms imports by 71% in the last decade, while Saudi Arabia has made the world's largest spending increase of 17% between 2010 and 2015. (SIPRI, 2015). Yet it is not simply the scale or pace of defence spending that sets the MENA region apart. The region currently accounts for approximately over a quarter of the world's opaque defence spending.² The \$120 billion spent on defence & security last year was matched by the near-universal absence of independent scrutiny, with no legislature receiving detailed or timely information on the defence budget. Secrecy across security and defence establishments remains the norm.

Defence budget oversight: the results

- **Budgets are not published.** With the exception of Jordan and Tunisia, none of the countries studied in the 2015 GI publish their defence budget, or provide only highly aggregated or vague figures.
- **Oversight is weak.** There is no evidence in any countries in the region that parliamentary defence committees can exert meaningful influence on defence decision making. No committee is provided with detailed information on the defence budget.

¹ These figures exclude Israel and the Occupied Palestinian Territories.

² Defined as defence spending that is either not revealed or revealed in only highly aggregated form to a legislative committee.

- **No meaningful information is provided on secret spending in any country in the region.** No country studied makes public what percentage of defence and security expenditure is dedicated to secret items.

For example:

- In **Saudi Arabia**, a “top line” figure is released, but the actual defence spending often exceeds the budgeted figures. The government has never reported the actual cash it has spent on imports of defence items or on the value of the oil it has bartered as payment in certain arms deals. IHS estimates Saudi will become the world’s fifth-largest military spender by 2020, as it boosts its defence budget by 27% over the next five years.
- Since 1979, **Egypt**’s military has been legally permitted to maintain its own commercial bank accounts, and its budget is independent of the rest of the government. The defence budget, which is estimated to be around \$4.4bn, is a state secret. No information on it is made available to the public or legislature. Nor is there any information on the military’s business empire which is believed to control a significant portion of the country’s economy.
- In **Bahrain**, only general defence spending figures are made public, and parliamentarians are not given any data on defence expenditures. Former Al-Wefaq MP and finance committee chair Abujalil Khalil stated in February 2011 that “We are here speaking about the highest-budgeted ministry - a ministry with the highest recurrent expenditure (BD330m [875m USD] this year and BD358m [949m USD] next year) - and yet we are unable to know about most of its spending.” Little has changed since 2011 in this regard.
- In **Lebanon**, long-term political gridlock has meant that parliament released no formal reports on defence spending since 2012. The Lebanese government has failed to approve any annual budget since 2005, relying on informal negotiation to shape debate on successive defence budgets.
- The strongest regional performers are **Jordan** and **Tunisia**, which publish more detailed budgets. Jordan makes the proposed budget publicly available online, including top line figures for all defence and security departments except the General Intelligence Directorate. Nonetheless, it still lacks sufficient detail for any meaningful scrutiny. In Tunisia, the MOD’s budget provides information on spending for training, construction, personnel, acquisitions, salaries, and maintenance, but the level of detail varies, with only general information on military acquisitions provided.

The business of defence

- Defence involvement in the private sector is a major corruption risk in a number of countries in the region, including Egypt, Iran, and Yemen. The profit to the defence forces (or individuals within them) is rarely known, and adds to the secrecy around military spending. A lack of transparency in Algeria, Bahrain, Egypt, Iran, Iraq, Morocco, Qatar, Syria, Yemen, and Jordan creates risks that defence institutions or senior personnel receive significant benefit from private business*: In Iran, the elite Revolutionary Guards are estimated to have commercial interests worth “hundreds of billions of dollars,” but accurate figures are not known because of a lack of transparency. Anything owned by the military is currently not subject to annual public audit.
- In Yemen, the military has been involved in organised crime such as diesel and oil smuggling, illegal arms trade, drugs, and human trafficking. The military-run YECO was among the key beneficiaries of this involvement.
- In Syria, senior individuals within defence and intelligence institutions with close connections to the ruling elite have also traditionally maintained well-established financial interests in the country’s natural resources.
- In Morocco, individuals within the military are legally permitted to have beneficial ownership of businesses such as fishing companies along the coast of the Western Sahara. The research indicates this is especially prevalent among high-ranking officers.

There is also evidence of good practice.

- In Kuwait, national defence and security institutions are prohibited by law from beneficial ownership of any kind of commercial businesses. Further, Ministers in office are explicitly prohibited from being involved even indirectly in any commercial activities. No evidence was found during the research process that indicated any of the Kuwaiti defence and security institutions or military personnel have beneficial ownership in commercial businesses.

*Countries scored a 1 or 0 on questions in the Index related to ownership of commercial businesses.

3. Defence spending rising - but is security increasing?

Despite the high level of spending on defence, there are reasons to doubt the ability of the regions' institutions to respond effectively to security challenges. The research points to several critical issues which undermine military capability:

1. An absence of national defence strategies combined with strong opportunities for personal and narrow institutional interests to influence decision-making;
2. Weak institutional oversight or anti-corruption enforcement, enabling a culture of impunity;
3. Poor controls over personnel, which undermines operational effectiveness.

Defence decision-making based on individual interests, not strategy

Effective defence institutions align spending with real security needs, driven by the interests of the population. There was no evidence from our GI assessments that the expansion in military power in the region has been carried out in support of national defence strategies. Only two countries, Lebanon and Tunisia, have any debate on their defence policy, and even in those states, there is no formal consultation process involving the public and the legislature has limited or no influence over policy.

Acquisition planning—the process through which the state identifies what arms it will buy—is unclear or non-existent in every state studied. As a result, individual decisions consistently appear to override technical needs.

Non-strategic procurement has a significant impact on militaries' ability to fight effectively: they may procure equipment that is unsuitable or that they cannot properly man, or acquire multiple platforms that serve the same purpose. For example:

- In **Qatar**, there is no evidence of meaningful oversight of, or accountability for, procurement. Our assessor indicated that purchase decisions are at times “seemingly bizarre” - noting that it remains unclear why Qatar needs over 100 tanks given the small size of the state, for example. The rationale underlying these purchases is not known or shared publicly. Evidence suggests that Qatar's key purchases have been politically strategic rather than

being best suited for their military needs. Political strings attached by selling states have similarly overridden questions of technical capability.

- In **Saudi Arabia**, the ‘tactic of using defence purchases to solidify alliances’ has resulted in significant misuse of the budget by purchasing different platforms that serve the same purpose. The 2015 findings show that the state now holds large numbers of duplicative weapons systems, including the operationally similar Typhoon and F-15 fighter jets, and comparable armoured personnel vehicles from Canada, Serbia and Germany. This results in wasteful support structures and unnecessary compatibility problems.
- In **Kuwait**, the military has continued to struggle to train the highly qualified personnel it requires to man its Patriot missile platform.
- In **Iraq** the Air Force has had difficulty operating Russian-manufactured radar systems and US-manufactured fighter jets concurrently. One Iraqi Army general stated that the recent inability of the Iraqi military to halt the advance of Islamic State was because it lacked advanced weapons and suitable airpower – noting that his own division of 15,000 men had received no air support or tanks. This is despite the US alone having provided \$24 billion for training, equipment, and other services for Iraqi security forces since 2003 (US Government Accountability Office, 2010). Our assessment found that Iraq has not based procurement decisions on an open and audited strategy.

The lack of any meaningful legislative debate or oversight of the defence acquisition process enables those in positions of authority to manipulate these systems for personal benefit. For instance:

- In **Yemen**, our assessment found that in 2014 the process for acquisition planning was so informal that the president, MOD leaders and unit commanders could be variously involved on different occasions. One defence official interviewed indicated that oversight was insignificant.
- In **Jordan**, interviews conducted as part of the GI indicated that private initiatives by high-ranking personnel have had significant impact on procurement decisions.
- In **Saudi Arabia** decisions, including large, strategic purchases can be executed on the personal initiative of single members of the Royal Family. The Ministry of Defence does not appear to exert centralised control over acquisition planning. One retired U.S. military officer interviewed stated explicitly that: “[Saudi Arabia] maintain[s] an inventory of many types of Western equipment, really a mishmash of equipment, often purchased based more on political rationale, or for corrupt personal reasons.”

Weak institutional oversight

Strong oversight and reporting mechanisms are central to maintaining the rule of law. Effective parliamentary and public oversight, internal corruption policing agencies, and whistle-blower protection all ensure corrupt individuals are held to account and strengthen institutions.

Though there are some institutions in the region that provide independent oversight, they are often too weak or lack the political support to act forcefully, while enforcement of laws and policies to protect accountability and integrity is generally poor. Internal audits are either not conducted, or were largely ineffective, in all countries studied. And no country studied effectively protects whistle-blowers either in law or practice. This is a vital aspect for uncovering and addressing malfeasance.

For example:

- **30%** of the countries studied lack any parliamentary committee on defence. **Tunisia** showed better results with two committees in place that debate defence policy.
- Only two countries were found to have specific institutions in place to build integrity or reduce corruption in the defence sector that were judged to have any credible effect. The **UAE** has a dedicated MOD Anti-Corruption Unit and internal audit units, while **Lebanon** has a Military Judicial Police Unit.
- **Libya** and **Jordan** were the only countries where our research found evidence that external auditing of the defence forces or ministries had been conducted with a degree of transparency and independence. In both cases, however, there was questionable evidence of their effectiveness.
- In **Iraq**, the Board of Supreme Audit has been undermined by killings of staff and violence, shortages of funding, and a lack of political support.
- **Jordan** was the only country in which there was any evidence of regular corruption risk assessments of defence establishments. These were conducted through its Audit Bureau.
- There was, though, some limited evidence of institutions in the wider public sector that had the potential to play a valuable role in overseeing defence institutions if given the right mandate and sufficient political support. One promising example might be Nazaha, the anti-corruption commission of **Saudi Arabia**. Nazaha has indicated it has a mandate to investigate the defence sector, but evidence suggests that it has not so far done so. Our assessor also found no evidence that Nazaha has

assisted with the current UK investigation concerning a £2 billion contract between the Saudi Arabian National Guard and European defence firm EADS.

These shortcomings in oversight and anti-corruption enforcement can lead to impunity:

- In **Bahrain**, the Prime Minister unwittingly confirmed the lack of military accountability when caught on film reassuring a senior officer recently acquitted of torturing protesters that “these laws cannot be applied to you”. Evidence collected from Bahraini human rights groups also indicates that individuals attempting to use anti-corruption systems such as the Ombudsman’s office have faced government reprisals.
- In **Morocco**, the assessment found that no formal investigation was carried out into two cases of corruption alleged against senior ranking generals. An undisclosed internal investigation was conducted but no measures were taken against the three accused.
- Finally, as noted by our assessor for **Algeria**, a survey conducted in 24 of Algeria’s 48 provinces (wilaya) showed that 85% of Algerians interviewed believed that officials enjoy immunity for engaging in corruption.

Poor controls over personnel

Accurate numbers of defence personnel are not published in any country in the region; Bahrain, Jordan and Tunisia provide some information, but it is not thought to be fully accurate. There is little plausible justification for concealing these aspects of spending. Mechanisms for controlling corruption by defence personnel are also generally weak across the region. Governance through patronage is prevalent - whether through family, tribal, sectarian or other connections. This blocks the most capable from filling positions on merit, undermining institutions as a whole. For instance:

- In **Egypt**, although there is legal provision for a promotion process, appointees were reportedly often selected and promoted based on their loyalty and obedience to those in power rather than professional merits. Evidence indicates that the appointment system for the selection of officers at the middle and senior levels has often been subverted by favouritism and loyalty. The military has almost no accountability to the state.

- In **Yemen**, which along with **Oman** scored the lowest for this indicator, research found that all senior positions within the intelligence services were filled on the basis of political favouritism and family ties. The research again found that nepotism and favouritism are widespread in the military.
- High-ranking princes in **Saudi Arabia** have extraordinary, unchecked independence in crafting specific defence policies. Those presiding over the most powerful agencies of government (including the Saudi Arabian National Guard, Ministries of Defence and Interior, but also the major regional/city governorships) have used secrecy of budgets and other agency assets to distribute patronage and favours to their respective client bases.
- **Jordan** and the **UAE** came out above average in the region in terms of managing personnel risk, though there was still evidence that appointments and promotions at the higher levels of the defence establishment were politically influenced or based on tribal representation. In the UAE, the top positions of both the armed forces and the security services are held by officials with strong ties to the ruling family and/or other important families.

Personnel systems – the case of Iraq

Iraq provides perhaps the most striking example of how corrupted personnel systems and poor controls on troops can negatively affect operational effectiveness:

- The assessment found evidence that soldiers have paid officers to avoid duty or duty on the front-lines. Commanders have often falsified rolls: a problem frequently referred to as the “astronaut” or “ghost soldier” phenomenon.
- Desertions are estimated to have amounted to 70,000-90,000 over June 2014 alone. Iraqi political analyst Ahmed al-Sharifi estimates that Anbar held 23,000 “ghost soldiers”—only 2,000 were there to defend Ramadi. An Iraqi parliamentary report similarly claims that only a third of the soldiers assigned to Mosul were on duty when it fell.
- Corruption within the military is likely to be driving support for ISIS. Credible reports point to its infiltration of oil smuggling networks overseen by Iraqi Army officers. Allegations from Mosul also point to the Iraqi Army’s involvement in extortion on the local civilian population, including reports of the arbitrary arrest and torture.
- Corruption has fundamentally undermined leadership across the armed forces. Individuals are frequently able to purchase positions, with set prices for ranks. Prices, it seems, are also rising: a divisional commander’s job that cost \$20,000 in 2009 was reported to cost an estimated \$2,000,000 by the end of 2014. This system has systemically prevented the best officers from rising to the top, which, following the dismantling of the officer corps after the fall of the Saddam regime, has intensified a deep long-term problem for the Iraqi Army.

4. **Public distrust** **and terrorism**

When governments are judged not to be operating in the interests of people, the loss of legitimacy can spark unrest and fuel violence. Whilst there are numerous enablers of conflict, evidence shows that corruption inside armed forces has already contributed to regional instability and, in some cases, radicalisation:

- In **Iraq** and **Syria**, ISIS fighters continue to vocalise a strong belief that they are fighting to overthrow corrupt regimes in the Muslim world.
- The **Yemen** assessment similarly notes that the Houthi have focused their propaganda around the lack of social justice, and that they claimed their focus was largely an anti-corruption campaign. Added to this government corruption during the preceding decades led to poverty and high unemployment, with 54% of the population under the poverty line in 2012. Idle, disenfranchised young men have become easy recruits for both Al Qaeda and the Houthi.

The Index found that in all but two countries - Tunisia and the UAE - the public believes that defence establishments are indifferent to tackling corruption, or that official statements about integrity are just rhetoric. This widely-held belief across the region contributes to the risk of instability in an environment that is already fragile and lacks resilient, democratic structures to withstand or effectively respond to conflict.

Governments are beginning to recognise the threat that corruption poses to stability:

- In **Saudi Arabia**, as with many countries across the region, the public perceives government corruption to be high. The assessor notes that “it is likely that most of the government’s anti-corruption programs have been launched in response to increasing levels of public anger over bribery and kickback scandals”.
- In **Iran**, one member of the Iranian Parliament’s special investigate committee explicitly recognised the threat posed by corruption and the erosion of public trust. He warned against public disclosure of the ongoing investigation into corruption, stating that: “making the details of the violations public could harm the country and public trust. Corruption is so big that we are scared it could cause social shock.”

One important way defence establishments can build trust with the public is to engage with civil society, through meetings, consultations, and information-sharing. Unfortunately we found almost no evidence that defence establishments in the region have credibly engaged with independent, national civil society organisations. In the majority of countries civil society is restricted from discussing these issues:

- In **Egypt**, our assessor found that any attempt or approach to debate defence or security policy is deemed as a breach of national security by the authorities. Local media reporting also shows that CSOs have found even basic requests such as requesting the number of students in Egypt from the Ministry of Education to be refused as a matter of national security.
- In **Oman** the government prohibits the formation of independent civil society associations, including independent workers' unions, or pro-democracy or human rights organizations. Research found the government had employed the registration and licensing process to obstruct their legitimization, while representatives from civil society stated they were afraid to discuss the topic even privately.
- **Tunisia** shows some good practice in this area. NGOs are protected by the Decree-law n° 2011-88 of 24 September 2011 on the organization of associations. An NGO can only be sanctioned (suspended or dissolved) by the Court of Tunis. Though there is no evidence of an official policy in place for the defence ministry to engage with CSOs, there is some evidence of engagement.

5. Proliferation and arms control

The excessive secrecy involved in both the management of defence budgets in the region as well as the lack of transparency over capability and intent has obvious implications for fuelling regional arms races. But opacity and institutional weaknesses in the sector are also facilitating the movement of arms across borders, increasing the potential for further regional insecurity and generating ever more reasons to increase defence spending. For instance:

- **Saudi Arabia** has continued to pass arms to groups that are unable to purchase weapons themselves due to sanctions or a lack of funds. According to our country assessor, in 2013 Saudi Arabia purchased a large supply of weapons from Croatia on behalf of the anti-government rebels in Syria, and in 2014 financed the purchase of \$2 billion in Russian arms on behalf of Egypt's government. The Saudi-made Al-Shibl armoured vehicle (manufactured by Military Industries Corporation, a military-owned business) was also deployed by the Yemeni government during the 2011 uprising there; whether this item was sold or given to the government in Sanaa is unknown.
- In **Iran**, a commander in the Iranian Revolutionary Guards' Quds Force reportedly allowed traffickers to smuggle drugs through Iran in exchange for helping Tehran arm Taliban forces. Our Iran assessor also cited a report from the US State Department indicating that in 2014 Iran continued to provide Hezbollah with “training, weapons, and explosives, as well as political, diplomatic, monetary, and organizational aid” as well as hundreds of millions of dollars in support. Our research found no evidence of any suitable formal controls over this.
- In **Tunisia**, state security actors are helping to smuggle weapons over the border, fuelling the insecurity that another part of the military is contending with. The Yemeni military has also been charged with involvement in the illegal arms trade—as well as oil smuggling, and the trafficking of humans and drugs.

6. The pivotal role of the international community

Evidence of arms from a wide range of countries reaching the hands of non-state actors such as the Houthi and ISIS are well documented. According to a United Nations Security Council report, ISIS and the al Nusra Front currently have numerous military assets seized from conventional armies; the authors note that “the scale of these seizures can be grasped by noting that ISIL [ISIS], in June 2014, captured vehicles, weapons and ammunition sufficient to arm and equip more than three Iraqi conventional army divisions.” The report also notes that “several member states have reported that arms dispatched into the Syrian Arab Republic by actors in the region and beyond have ended up in the hands of ISIL and ANF”.

Yet evidence also shows that many improper sales and transfers happen well away from evidently fragile environments, under a thin veil of legitimacy. This creates numerous opportunities for corruption.

For instance:

- The **German** gun-maker Heckler & Koch has licensed production of the G36 assault rifle to the Military Industries Corporation/MIC (owned by the Saudi Ministry of Defence). Although **Saudi Arabia** is prohibited from exporting the gun as a condition of the licensing agreement, MIC purchased booth space to exhibit the weapon at the International Defence Exhibition (IDEX) in 2013 – a forum that is designed for weapons manufacturers to secure export deals with visiting government delegations.
- **Qatar** has also re-exported or simply bought and given arms to various groups across the Middle East in recent years. These exports are neither subject to any parliamentary or civilian oversight nor to scrutiny by audit functions, and provide arms that can further destabilise the region. According to our country assessment, Qatar appears to have operated much of these transfers in conjunction with international allies.
- Neither **Russia** nor **Iran** have disclosed any of the financial details regarding the S-300 missile defence system deal signed in August this year, estimated to be worth \$800 million. Iran has not released the amount it has invested in any specific defence items, whether purchased or produced by domestic industries.

Given the backdrop of conflict, high risk of diversion and in some cases critical corruption vulnerability of defence institutions, there is a strong national security case for exporting states to focus on governance. The export of military capability to a country where there is not a strong foundation for state legitimacy is an export into an inherently unstable environment. There is, however, little evidence of any significant shift in approach by major supplier states since the Arab Spring.

Fortunately there are already relevant provisions in, for example, the EU's common position on arms export control which could be easily strengthened:

- **Criterion four** requires consideration of the likelihood of armed conflict, the possibility that equipment would be used for purposes other than national security and defence, as well as the impact on regional stability - taking into account the balance of forces and their relative expenditure on defence. All of these factors are difficult to evaluate without greater transparency and accountability over budgets and strategy.
- Similarly, a lack of institutional oversight makes it difficult to be sure that **criterion six** on the commitment to non-proliferation would be met, or **criterion seven** relating to the risk of diversion or onward transfer. Certainly evidence of strong anti-corruption controls is essential for evaluating a state's ability to exert effective export controls.
- Finally, **criterion eight** commits exporters to consider a recipient country's relative levels of military and social expenditure, taking into account the desirability that states should achieve their legitimate needs of security and defence with the least diversion for armaments of human and economic resources. But when budgets are opaque, purchases are not linked to strategy, and the public are not involved in meaningful debate over defence policy, who is to say what constitutes a legitimate security need? Again, greater transparency and accountability in the defence sector is a pre-requisite for making this judgement.

Stronger global practices such increased conditionality on both arms sales and service delivery for existing weaponry as well as improved end-user licensing procedures could be used to encourage greater accountability and transparency. Supplier states could also increase the transparency of their exports as a means of empowering the citizens and parliamentarians of recipient states. They could also encourage their own military and law enforcement agencies to integrate anti-corruption or integrity building efforts into international cooperation.

7. Building on small progress

It is in the interests of regional leaders, world leaders and international organisations to increase accountability and transparency in Middle East and North African defence institutions. Strategic, transparent procurement drives military effectiveness and ensures that equipment purchased is appropriate for military need. It enhances the legitimacy of state institutions and increases public trust – all of which will contribute to the fight against terrorism as well as building confidence between states within the region.

Although corruption vulnerability across the MENA region is high, there are opportunities to strengthen existing institutions:

Building on legislative oversight

- Only three countries in the region, **Lebanon**, **Kuwait** and **Tunisia**, have any formal provisions and bodies for independent legislative scrutiny of defence. For parliaments to succeed, they must be able to convene independent and representative defence committees that are guaranteed access to the information they require.
- Precursory provisions for legislative representatives exist in all states, and most notably in **Jordan** and the **UAE**, that could be built into useful mechanisms. Representative legislation can provide executives with the confidence that they will be supported by the public, in turn strengthening their country's sovereignty.
- In **Iraq**, a member of the Defence and Security Commission of Parliament has raised questions about corruption in a military aircraft purchase. Legislative committees must be provided with enforceable powers to investigate all matters brought to their attention, to call witnesses before them, and to raise legal cases against individuals and entities wherever appropriate.

Expanding the scope and powers of several newly created anti-corruption institutions

- In **Saudi Arabia**, the creation of Nazaha, the Commission of Integrity, offers opportunities to institutionalise oversight providing its mandate is expanded to explicitly cover defence, and be allowed in law and practice to operate free from political independence—and be held to high standards of transparency itself.

- Similarly the Inspector General system in **Iraq**, and the Supreme National Agency for Combatting Corruption (SNACC) and the General Inspectorate in **Yemen** are examples of institutions created to tackle corruption. Whilst these organizations undoubtedly have problems in their current effectiveness and mandates, they could be vital tools to tackle defence corruption if expanded and strengthened.

Continue steps towards increased transparency and scrutiny in procurement and budgeting

- In **Jordan**, there is an e-procurement initiative that could be expanded to allow for transparent and competitive procurement of all non-confidential defence procurements, a procedure successfully implemented by many ministries of defence worldwide;
- In **Tunisia**, defence budget transparency is improving. To make scrutiny more effective, greater information should be provided in an accessible way to the public.

Engagement with the public

- The **Tunisian** Ministry of Defence publishes some activities on its website and holds media briefings and some civil society engagement.
- Prior to the recent conflict, the **Yemeni** Ministry of Defence held its first ever press conference.
- Governments in **Iraq**, **Jordan** and **Saudi Arabia** completed a government review of the 2015 GI research, which shows a remarkable willingness to open a dialogue with an international NGO on corruption issues.
- There is evidence the media has been able to engage in some defence-related debate in **Libya** and **Tunisia**. This should be fostered—such public engagement in defence governance is a building block to effective, accountable defence institutions that serve and protect their publics.

Bibliography

ATKearney, 2013. *GCC Defense Offset Programs: The Trillion-Dollar Opportunity*. [Online] Available at: https://www.atkearney.com/paper/-/asset_publisher/dVxv4Hz2h8bS/content/gcc-defense-offset-programs-the-trillion-dollar-opportunity/10192

Cordesman, A. H. & Peacock, M., 2015. *Military Spending and Arms Sales in the Gulf: How the Arab Gulf States Now Dominate the Changes in the Military Balance*. [Online] Available at: http://csis.org/files/publication/150428_military_spending.pdf

Economist Intelligence Unit, 2015. Democracy Index 2014: Democracy and its discontents. [Online] Available at: http://www.eiu.com/public/topical_report.aspx?campaignid=Democracy0115

Nereim, V., 2015. *\$50 Oil Puts Saudi Budget Deficit Beyond Reach of Spending Cuts*. [Online] Available at: <http://www.bloomberg.com/news/articles/2015-09-16/50-oil-puts-saudi-budget-deficit-beyond-reach-of-spending-cuts>

SIPRI, 2015. *"13 Apr. 2015: US military spending falls, increases in eastern Europe, Middle East, Africa and Asia says SIPRI"*. [Online] Available at: <http://www.sipri.org/media/pressreleases/2015/milex-april-2015>

SIPRI, 2015. *"The United States leads upward trend in arms exports, Asian and Gulf states arms imports up, says SIPRI"*. [Online] Available at: <http://www.sipri.org/media/pressreleases/2015/at-march-2015>

SIPRI, 2015. *SIPRI Fact Sheet: Trends In World Military Expenditure, 2014*. [Online] Available at: <http://books.sipri.org/files/FS/SIPRIFS1504.pdf>

Transparency International UK Defence & Security Programme, 2013. *Middle East and North Africa Report 2013*. [Online] Available at: <http://government.defenceindex.org/sites/default/files/documents/GI-mena-report-en.pdf>

United Nations Security Council, 2014. S/2014/815 *The Islamic State in Iraq and the Levant and the Al-Nusrah Front for the People of the Levant: report and recommendations submitted pursuant to resolution 2170 (2014)*. [Online] Available at: http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2014_815.pdf

US Government Accountability Office, 2010. *GAO-10-304: Iraq Has a Cumulative Budget Surplus, Offering the Potential for Further Cost-Sharing*. [Online] Available at: <http://www.gao.gov/products/GAO-10-304>

Transparency International Defence & Security in the region

Transparency International Defence & Security (TI-DSP) has conducted the following activities in the region in recent years:

We launched the previous Government Defence Anti-Corruption Index Middle East and North Africa in 2013 in Beirut in collaboration with the Lebanese Transparency Association (LTA), our local chapter; the public launch was opened by the Commander of the Lebanese Armed Forces opened. Prior to the launch, we held a workshop with civil society from across the region.

Following this event, TI-DSP and LTA hosted a roundtable with the Lebanese Armed Forces leadership on the subject of building integrity and reducing corruption risks. In Jordan, TI-DSP and Rasheed Coalition have supported a Building Integrity Foundation Course run by the UK Defence Academy (UKDA), which is aimed at mid- and upper ranking officers. This ran in February 2015 and will be repeated in October 2015. TI-DSP and the UKDA are also in discussion with the Jordanian MOD to arrange a Building Integrity intensive secondment to the TI-DSP offices in London for mid-ranking officers on defence corruption related issues.

TI-DSP has had various engagements with Saudi Arabia, including long-term dialogue with Nazaha (the Saudi anti-corruption agency) and engagement with the private sector. It has visited the country at the invitation of the former Deputy Minister and collaborated with the Ministry of Defence for a DSP multi-country study on the Codes of Conduct in Defence Ministries and Armed Forces to be translated into Arabic and printed. TI-DSP has also participated in a counter-terrorism conference organised by the Naif Arab University of Security Sciences (NAUSS), who agreed a research MOU with TI-DSP, and facilitated a public speaking opportunity to an audience that included numerous Saudi security and defence officials.

TI-DSP and I Watch Tunisia, Transparency International's national point of contact, have jointly met with the Tunisian Ministry of Defence to discuss the GI and potential avenues for collaboration. We have also held a joint meeting with I Watch Tunisia and a parliamentary representative to discuss issues surrounding parliamentary oversight over the Tunisian defence institution.

In Yemen, TI-DSP worked with the local TI chapter, Yemeni Team for Transparency and Integrity (YTTI) on a project focused on building civil society capacity and expertise, and developing reform recommendations in collaboration with the government. We hosted a roundtable that included representatives of the MOD, MOI, National Dialogue, civil society organisations, and the media. Following this, YTTI published a set of recommendations for increasing integrity in defence and security, and began input into government procurement reform plans. This work was put on hold in 2015 after the latest conflict broke out.

Methodology

The Government Defence Anti-Corruption Index measures levels of corruption risk in national defence establishments, and scores each country from A (the best) to F (the worst). These bands are based on scores on an assessment consisting of 77 questions—for each question, the government was scored from 0-4. The percentage of marks overall determined which band the government was placed in. Countries were also scored in five risk areas: Political risk, Financial risk, Personnel risk, Operations risk, and Procurement Risk.

Each country is researched by an expert assessor using a standard set of questions and model answers. The assessment is then independently reviewed by up to three peer reviewers and, where possible, the Transparency International national chapter. We also invite the government to conduct a review of the assessment and submit additional information. In 2015, four governments in the MENA region provided a reviewer: Jordan, Lebanon, Saudi Arabia, and Tunisia.

One of the most commonly asked questions is how the index can assess countries where information on defence issues is highly secretive. TI-DSP considers a lack of transparency in the defence structures to pose as significant a corruption risk as the lack of structure itself. The level of independently verifiable information has therefore directly impacted the scoring on each question. Finally, it is worth noting that secrecy can make case studies and examples difficult to find, and may mean that they are slow to be exposed by journalists, researchers or the law. For that reason, some of the examples cited in this index have occurred before 2013.

Assessor completes Questionnaire

Peer Review x 2

Government Review

TI National Chapters Review

Standardisation

QUESTION SCORING PRINCIPLES

4 **High transparency;**
strong, institutionalised activity to address corruption risks.

3 **Generally high transparency;**
activity to address corruption risks, but with shortcomings.

2 **Moderate transparency;**
activity to address corruption risk, but with significant shortcomings.

1 **Generally low transparency;**
weak activity to address corruption risk.

0 **Low transparency;**
very weak or no activity to address corruption risk.

TRANSPARENCY INTERNATIONAL DEFENCE AND SECURITY WORKS TO REDUCE CORRUPTION IN DEFENCE AND SECURITY WORLDWIDE

GOVERNMENT.DEFENCEINDEX.ORG
TI-DEFENCE.ORG