

The threat

We have a **common** and **serious threat**, not a problem only!

- Growing cases of corruption **at highest level** of power in defence
- Every case of corruption downgrades key **defence capabilities**
- The **morale of the armed forces** degraded more quickly than the older equipment
- Parliamentary control **does not improve** effective
- Corruption and poor management build new set of **serious civil-military problems**

3

We are losing national value!



- **Public corruption** is the breach of public trust by elected or appointed Government officials who ask, demand, solicit, seek, accept, receive or agree to receive anything of value in return for preferred treatment.
- From **“the other side”** point of view **corruption** is the provocation to public servants’ moral and the rule of law by private subjects who propose anything of value in return for preferred treatment.

4



Sources of corruption in defence

- **Lack of political will** to recognise that the problem exist
- Irrelevant autonomy – **no supervision and accountability**
- Irrelevant **secrecy**
- Lack of systematic **education and training** on ethics and AC
- **Poor management** in:
 - Personnel policy
 - Budgeting and financial management
 - Procurement and offset arrangements
 - Outsourcing, privatisation
 - "Urgent" needs and decisions
 - Military and security operations, incl. in prolonged conflicts
 - Surplus equipment and infrastructure utilisation
 - Military business

5



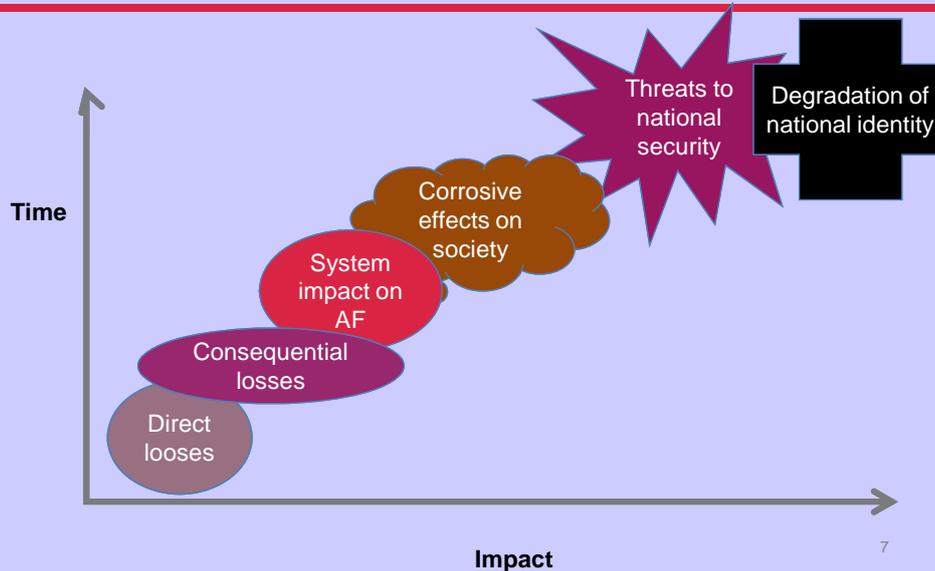
How does corruption corrupt?

The environment	What corruption targets	Deadly signs of destroyed integrity
Downgrade of defence importance; Budget cuts	Laws , norms, rules, procedures	Politics without principles
Long lasting reforms and permanent downsizing	Decision-makers – politicians, generals, administrators	Moral without realisation
Modernisation failed	MPs, Government, parties	Decisions without ethics
Compromised leadership	Networked key professionals	Wealth without achievements
Inadequate social status management	Experts that work plans and programmes	Career without achievements
Poor management of defence	Political-military process, "perimeter" (like aviation, ammunitions, uniforms...)	Underpaid personnel Unappreciated experts Under promoted officers



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Deadly impact of corruption



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Defence procurement is at “the top” in corruption

Effective and
efficient defence
procurement

has a direct
impact on the
lives of soldiers
and **national
security**



8



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Defence procurement

Process by which
MoD (defence agency, organisation)
buys
what is **needed** (materials, services, image)
effectively and/or **cost- efficiently**
in accordance with **defence quality** and
schedule requirements

9



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What defence procurement IS and is NOT

- It is **NOT** :
 - Spending defence budgeted
 - Shopping
 - Making business
 - Returning money to society
 - Buying foreign political support
 - Providing military toys

- It **IS**:
 - Vital for defence mission
 - A component of the strategic defence management
 - A defence policy issue
 - An element of PPBS
 - An element of the overall defence and AF logistic system
 - Acquisition of capabilities
 - A national economic issue
 - A national financial issue
 - A civil-military issue

10



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Vulnerabilities of defence procurement process

Planning (Why?)

- Review
- Assessment
- Trends
- Scenarios
- **Required capabilities**
- Available capabilities
- **Capability gaps**

Organising (How?)

- Strategy to fill the gaps – priorities
- **Technical/tactical requirements**
- Project costing (life sickle!)
- Selection of tender method
- **Formulation of tender**
- Formulation of compensation mechanism (offset, etc.)

Contracting (How much?)

- **Bid assessment**
- **Contract award**
- Delivery
- Life cycle maintenance

11



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Choices – the focal point of corruption

- What to be **acquired**?
- Who are the **candidate**-suppliers?
- What **legal** mechanisms to be used?
- What price is **appropriate**?
- What side-deals and **offsets**?
- What could be the **wider economic and social effects** that accompany the purchase, side-deals and offsets?

12



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The crossroad

Actors	Actors' principle aims	Corruption risks
Politicians	How procurement fits to the government's defence, foreign, industrial, financial ... policy?	Deformation of defence policy
Generals	Effectiveness - how it serve to the capability package; is it timely?	Deformation of technical requirements and capabilities
DP managers	How the process is organised internally, nationally and with the suppliers?	Negotiations with preferences
Law practitioners	What are the contracting relations?	'Killing" procedures, enslaving contracts
Economists	Is it cost-efficient?	Dishonest costing , favorite assessment



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The Parliament on procurement

- **Required capacity:**
 - To know the defence and armed forces vision
 - To have a good knowledge on what will be procured
 - To have opinion on national industry and the role of defence industry
 - To know the offset capacity and procedures
 - To understand financial situation and perspectives
 - To have a prescribed mechanism to influence the decision-making of the Government and MoD
- **A very few parliaments have such capacity!**
- **Opt. solution for a small country – the Parliament approves deals above €50 mln.**

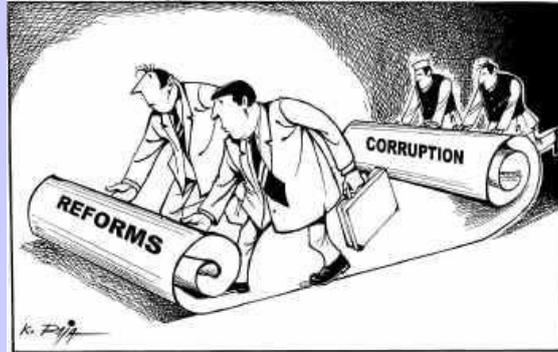
14



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Strategy for building integrity

Systematic building the national integrity is **a FUNDAMENTAL ROLE** of the Parliament

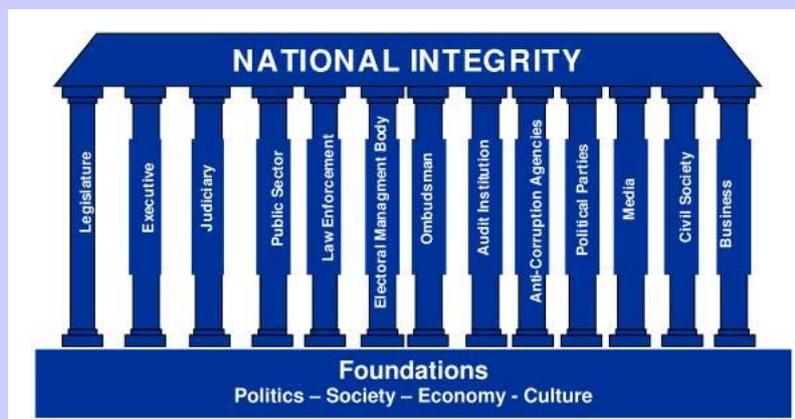


15



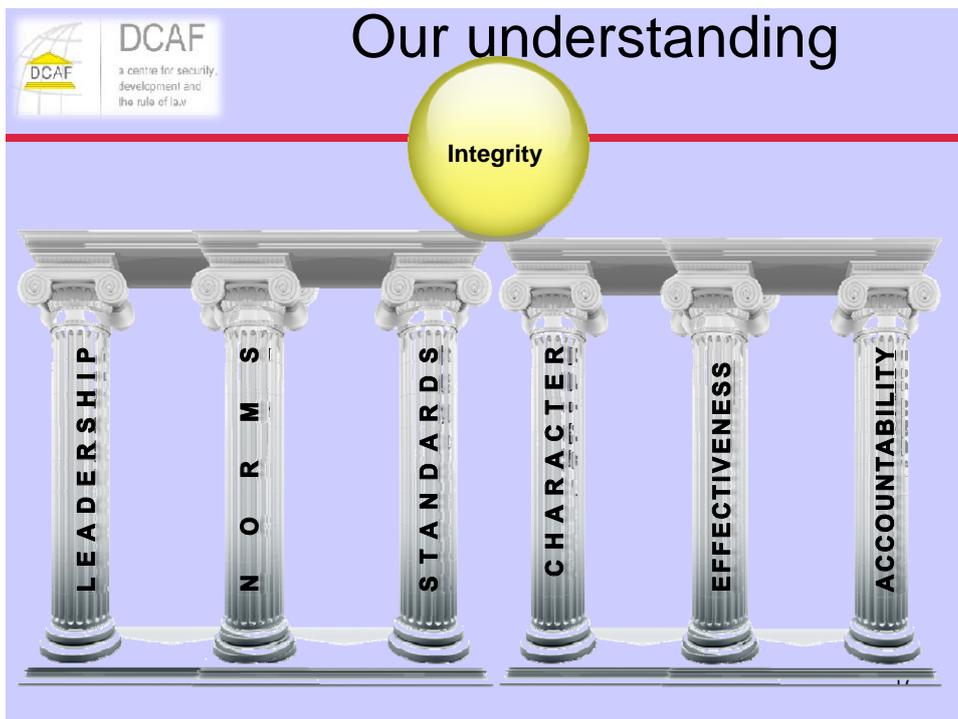
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The institutional construct



Source: Transparency International

16



The slide has a light blue background. At the top left is the DCAF logo, which includes a globe icon and the text 'DCAF a centre for security, development and the rule of law'. To the right of the logo, the title 'Parliaments (finally) must go further!' is written in a large, black, sans-serif font. Below the title, a horizontal red line runs across the width of the slide. Underneath this line, the text 'Parliamentary focus on:' is written in a bold, black, sans-serif font. Below this, the text 'A) Legislation' is written in a bold, black, sans-serif font. Below 'A) Legislation', there are three numbered items in a list, each starting with a bold number followed by a period and then the text. Item 1: '1. Transparency, accountability, and responsibility **by law** and **under permanent control and publicity**'. Item 2: '2. Strict legal regulations on **public tenders**'. Item 3: '3. **Incriminalisation** of any **form, kind, size, and source** of corruption:'. Below item 3, there is a bulleted list item: '– “Givers”; “Takers”, “Mediators” and those that do not take effective and timely anti-corruption measures'. In the bottom right corner of the slide, the number '18' is written in a small, black, sans-serif font.



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Parliaments must dive into the deep!

B) Defence management

1. **Bureaucracy** is the feeding medium of corruption; defence is **conservative**
2. A new **defence management system** based on individual and group **performance and results accountability** is a chance for **better governance** and **effective prevention of corruption**

19



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Parliaments must go to the end!

C) Control of the **IMPLEMENTATION GAP** - the gap between the law and its implementation

1. **Sources:**
 1. **Political:** quality of laws, divert political agenda, corruption ...
 2. **Economic:** lack of budget, lack prepared personnel, vested interests
 3. **Social and cultural:** opposition from local elites, social structures, cultural legacy
2. **Problems:** Government neglects, partially implements or delay implementation of laws
3. **(Some simple) Solutions:**
 1. **Ask concrete information**
 2. **Direct contact with key civil and military servants, visits**
 3. **Use independent opinion; military ombudsman**
 4. **Enhance staff's capacity to monitor and analyze**
 5. **Learn to say NO to the government**

20

WE must go further!

- It is no a secret that **we face a crisis of trust**
- **More laws and more institutions is not a solution** – this is a rule-centric culture
- We need to build a **values centered culture** based on: **integrity, trust, fairness**, and **respect**.

21

Experts community is eager to help!

- Working together with international organisations
- Helping to design your own self-assessment system
- May select benchmarks and propose relevant standards
- Providing training for staffers and orientation for parliamentarians
- May help to establish national building integrity programmes

22



References

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- *Building Integrity and Reducing Corruption in Defence: A Compendium of Best Practices* (Geneva: DCAF, 2010), <http://defencemanagement.org/node/654>
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23



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- Wright, Elisabeth, “Twenty First Century Defense Acquisition: Challenges and Opportunities,” *Connections: The Quarterly Journal* 5, no. 1 (2006): 71-80. <http://connections-qj.org/node/1673>

24