

XIIth International Anti-Corruption Conference

Reducing corruption, building integrity in defence and security institutions

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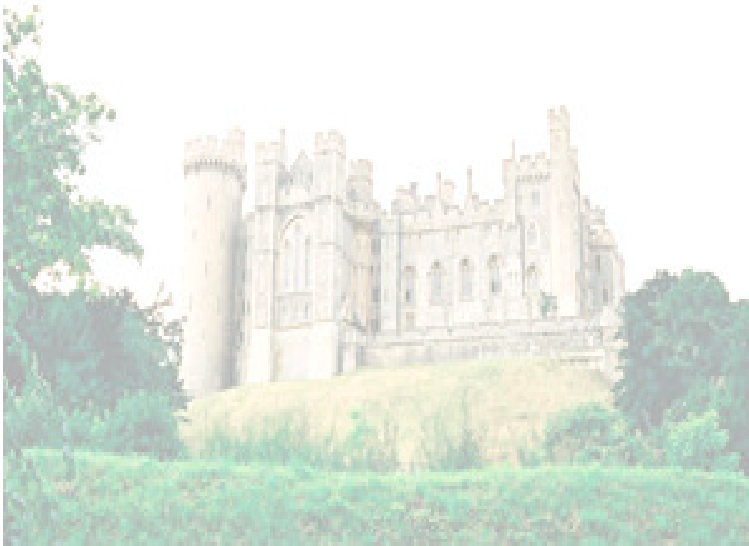
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Introduction

Today Transparency International (UK) and the Polish Ministry of National Defence are working together to progress anti-corruption defence reform in Poland. The experience and knowledge of the Preventing Corruption in the Official Arms Trade (PCOAT) team, combined with the political will seen now in Poland, are coming together in a changing environment, in which the issue of corruption in defence can finally be effectively confronted. This paper outlines first the defence anti-corruption project, followed by the Polish experience, detailing the types of practical tools that can be applied in reform-minded defence ministries.

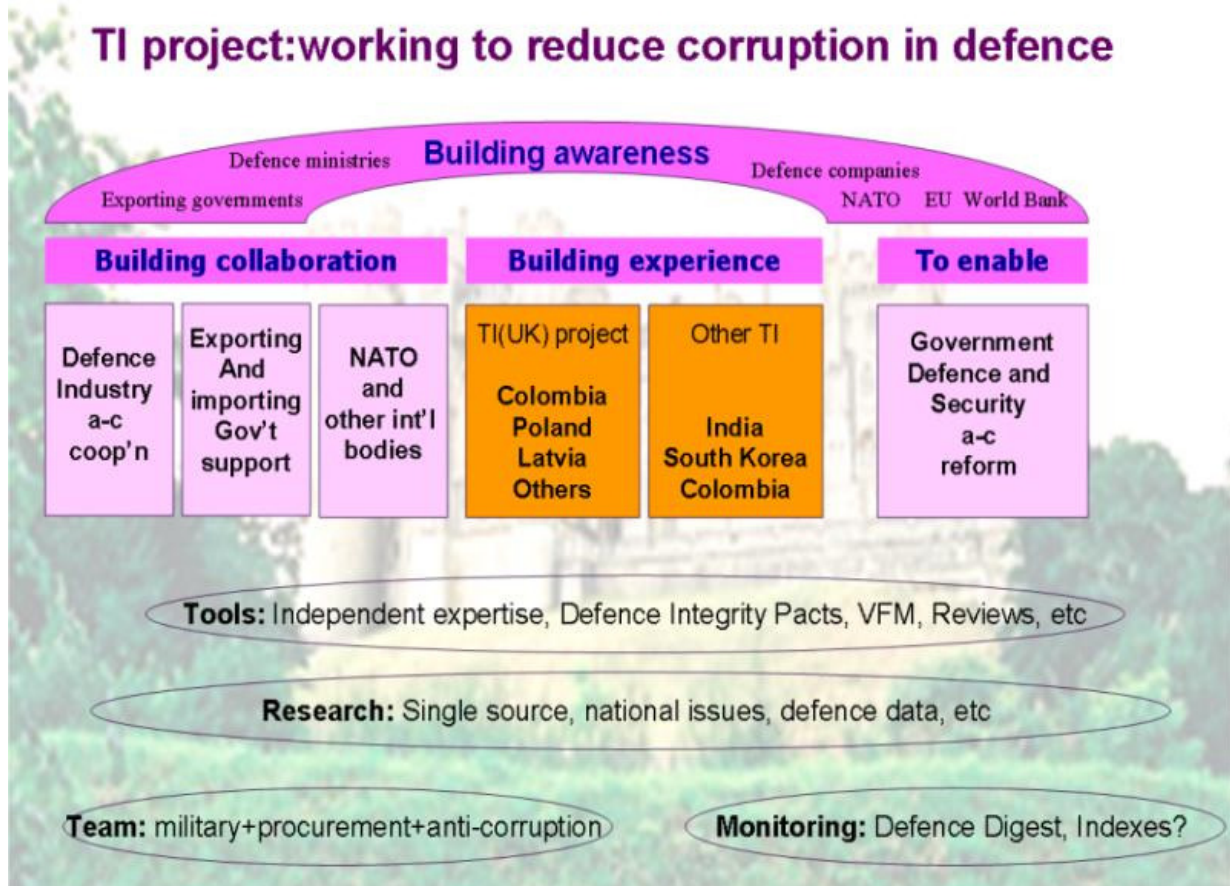
The photograph on this page is of Arundel castle, a castle that dates from the eleventh century, in the south of England. It is symbolic because in the summer of 2004, several arms exporting governments, arms companies and NGOs came together at a conference just beneath here.



At Arundel, it was agreed that the defence environment was changing, and that now was the time to address corruption in defence. We as civil society would engage with both defence companies and with governments. An action plan was made. Two governments, the UK and Sweden, were also committed enough to fund a TI team. This project is now three years old, and

we are grateful to DFID for providing core funding for the next three years as well.

First, what are we doing? This diagram shows our activities.



At the top is to build awareness, build collaboration with the four key groups, build practical experience, and then apply this in practical work with reform-minded governments. Our practical work has so far been with Colombia, Latvia and Poland. Other TI Chapters have been doing excellent work in parallel on defence corruption, especially South Korea and India, as well as Colombia.

The purpose of this work is to enable defence and security reform, addressing both the demand for bribes and the supply by defence companies. To many, defence is still too difficult, too dangerous, too closed or too corrupt to approach. In some countries it is all of these. But in many others it is not. Good political leaders are well aware of what corruption in defence costs, and are very open to engagement with TI.

A word on Monitoring: it is necessary to find ways to assess the anti-corruption performance of defence ministries and defence companies. But we also need

tools for a defence ministry to measure the changes, and the benefits, from reducing corruption.

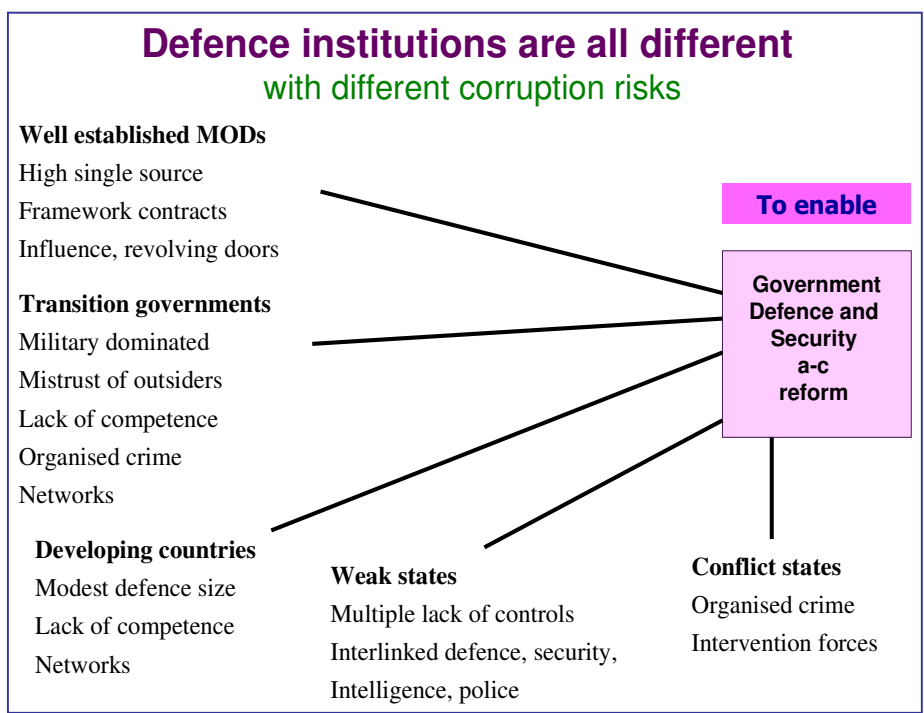
In the area of building collaboration, defence companies have been coming together, as they announced publicly this summer. This is great news, but it is **very early days**. We are in discussion with our colleagues worldwide, building on their knowledge of specific national issues, on how to encourage further progress. We need **all** defence companies at the table, and we need the exporting governments to encourage them.

Arms exporting governments are engaged with us. Their support is critical; no defence company will take action unless their government is supportive. Some of them have been ready to organise workshops, together with TI, to discuss this work with their national defence companies.

Finally, NATO has shown itself ready to work actively with us. They are very important, as they have influence with many countries, and the capacity to advance leadership training and education. The question of corruption in a conflict environment is also critical for them. Many analysts now believe that the current environment in Afghanistan is one where NATO is severely diminished by a failure to address corruption actively or holistically.

It is wonderful to see a new readiness on the part of these key groups. It would have been unthinkable just a few years ago. But, I stress these are all rather delicate new shoots. For all their military power, defence people are very hesitant to engage with outsiders.

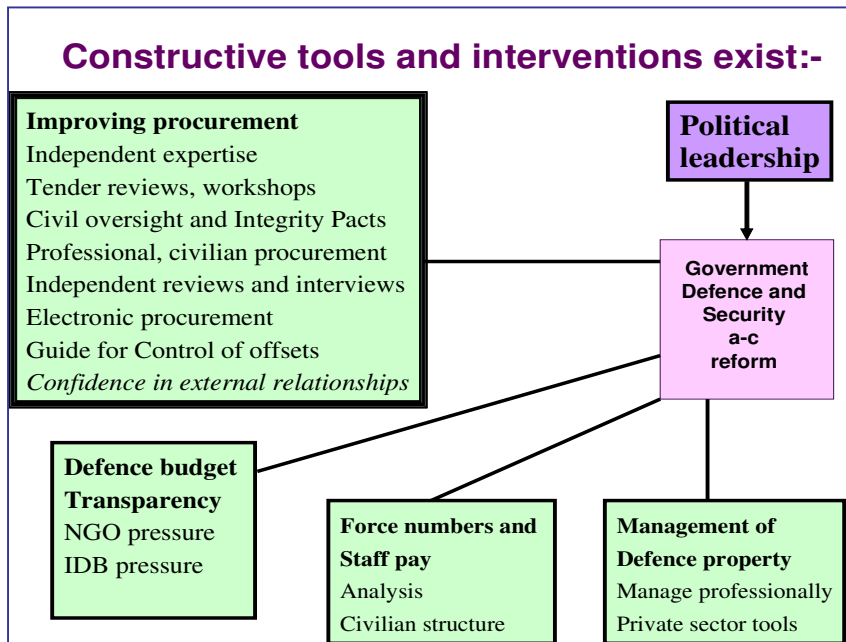
Defence institutions can be very different



There is no such thing as a standard Defence Ministry. The corruption risks and issues are different in each one, but are present in all of them: from sophisticated countries like the USA, through to conflict and failed states. One area that is particularly

prone to corruption across the various types of institutions is defence procurement

And in the area of procurement, tools and interventions are available. We are putting these tools into practice in cooperation with the national defence ministries and with the national TI Chapters.



The first of these is very simple: bringing in independent expertise. Then there are independent reviews of tender practice. With Integrity Pacts, a civil society person acts as the monitor of a major defence tender. This is happening today in Korea, and I commend to you the wonderful work

of the TI Korea Chapter and the new Chief Independent Ombudsman, Song Koo Kang. In India, Integrity Pacts are now part of the defence process. We are currently developing this practice with Poland.


The key to this work is to develop a relationship with defence ministry civilian and military officials. They start by being mistrustful, but in our experience they can often turn towards reform when they see the great benefits that anti-corruption efforts can bring. What is necessary is political leadership. There are more and more countries where such leadership is emerging: The defence minister sees clearly that reduced corruption equals more effectiveness. In Poland we see an example of such leadership today. There are three main areas in which leaders can build political will:

- With the **electorate**, by showing a more transparent military;
- With the **armed forces**, by making it clear that a more effective force at lower cost is the objective.
- And with his or her **ministerial colleagues**, by leading the way in addressing corruption in that government and demonstrating better value for money.

Reformist defence ministers need support from within their own countries and from the international community. International financial institutions and aid agencies can help by showing that this subject is on the radar in their countries. If you are a government official, you can help by demonstrating the fact that less corruption means more effectiveness and better value for money.

Corruption in Poland is a major issue

According to the Corruption Perception Index (CPI), Poland is the most corrupt country in the European Union. Consequently, counteracting corruption was one of the priorities of the presidential and parliamentary election campaigns in 2005.



Recent experience in Poland
Corruption is a major issue

- Poland is rated in the CPI as the most corrupt country of the EU
- Counteracting corruption was one of the priorities of the election campaign in 2005, and a priority of the new government
- Ministry of Defence – one of the places with a huge corruption potential. Exposed areas:
 - Procurement for the Armed Forces
 - Sale of real estate not required by the military services
 - Drafting into and dismissal from military service
 - Fraud in distributing aid funds in missions (Iraq)
 - Lack of an anticorruption policy in the ministry

The defence sector was (and is) one of the areas with high corruption risk.

Examples are shown in the box on this page.

In the defence sector, several institutions had anti-corruption roles, including those of the Military Police, Military Public Prosecutor's Office, Military Intelligence Service, MoD

Control Department, Audit Office, and Legal Department. However, their activities were absolutely uncoordinated. For instance, a report on the risk of corruption, drawn up at the beginning of 2005, was laid aside and did not result in any actions. This meant there was no anti-corruption policy in The Ministry.

Actions taken so far – government wide

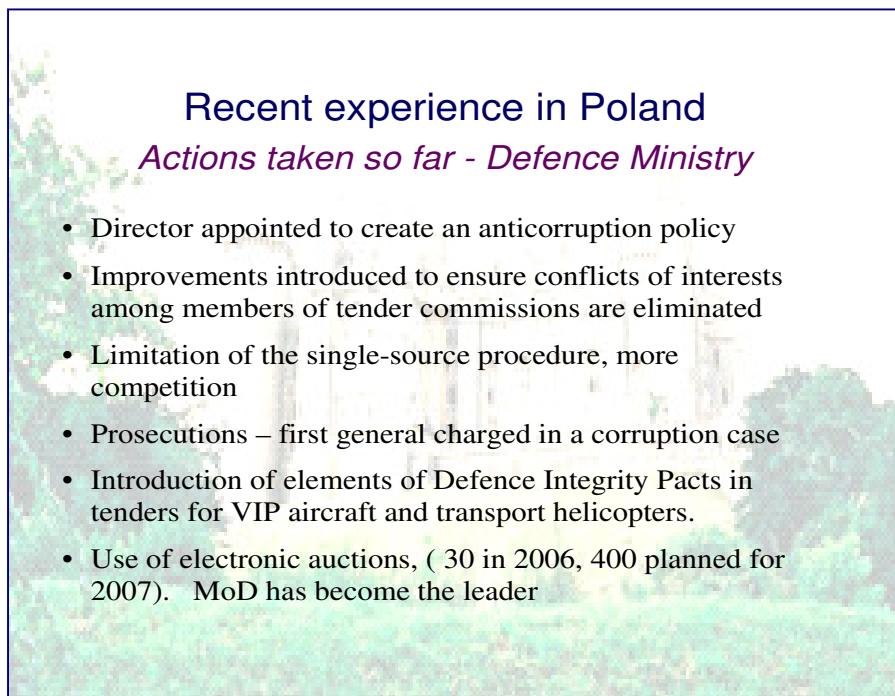
During the last year, at the state level, anti-corruption related activities focused primarily on more effective detection of criminal activity and subsequent punishment. The Central Anti-corruption Bureau was established, as a new special secret service. Operating principles of the public prosecutors' bodies were changed by appointing high-level special teams to carry out investigations into major fraud plots and organised crime. The Military Intelligence Service, accused *inter alia* of the participation in fraud scandals, was disbanded. Its

officers were vetted before being employed in the new intelligence and counter-intelligence services.

Radosław Sikorski was appointed as the Minister of National Defence one year ago. He declared to his partners:

“We want to be the leader in implementing anti-corruption solutions, to set an example for other bodies of the administration. We should not only rely on more effective criminal investigation, but also pay particular attention to procedural changes that have the objective of preventing corruption.”

Actions taken so far – Defence Ministry



Recent experience in Poland
Actions taken so far - Defence Ministry

- Director appointed to create an anticorruption policy
- Improvements introduced to ensure conflicts of interests among members of tender commissions are eliminated
- Limitation of the single-source procedure, more competition
- Prosecutions – first general charged in a corruption case
- Introduction of elements of Defence Integrity Pacts in tenders for VIP aircraft and transport helicopters.
- Use of electronic auctions, (30 in 2006, 400 planned for 2007). MoD has become the leader

One of the Minister's first decisions was to appoint the Director for anti-corruption procedures. The main aim of the Director was to establish an anti-corruption policy in the Ministry and to supervise its implementation.

The ministry improved

procedures to ensure that there were no conflicts of interest amongst members of tender commissions. Declarations on conflicts of interest have been enhanced to include a wider range of family members and involvement with all contracts with tender participants.

The Ministry also pressed for competitive methods in buying military equipment, in order to limit single-source procedures. This is being pressed for at the earliest stage possible, ideally during the determination of the operational requirements for new military equipment.

We simplified access to information on future and current procurements. This is published in one place, on the Ministry website. Consequently, companies can now protest against single-source procurement if they feel they have been excluded from a competition.

Minister Sikorski stimulated activities of the military police and prosecutors. During the first meeting with the commander of military police, the Minister declared that “there are no sacred cows”. At his request, the Minister of Justice replaced the main military public prosecutor, whose approach was too defensive. As a result, the first military general was charged in a corruption case.

We have started to introduce elements of Transparency International’s ‘Defence Integrity Pacts’ into the tender for VIP aircraft and we hope to also apply them to a significant tender for transport helicopters.

The use of electronic auctions has increased and we plan further development of e-procurements.

Lessons learnt so far

We have to have consistency in our activities – breaking down the resistance and inertia of the administration. Changes introduced are often slowed down by inertia or resistance of the administration. Reasons for this differ. Some people think that these are only empty statements. Others seek to protect their interests (profits). Still others simply do not have the capacity to act any other way than what they know.

Additionally, overnight reorganisation in the army and the Ministry of Defence would be difficult – an ineffective ministry is better than a completely paralysed one. Minister Sikorski accepted a strategy of gradual but consistent change. At the end of the first year, this strategy generated results: indications of co-operation are now more frequent than signs of rejection of the new policy.

We need experts from outside the defence sector – to change current thinking and procedures (breaking down the routine in activities). Employment of private sector experts with wide experience (who are unconnected to the defence sector) has been initiated. These people are able to introduce major changes by introducing good private sector practices. Lack of previous relationships with ministry employees enables them to work with ministries objectively and effectively.

It helps to have several sources of analysis – forces decision making after a comprehensive discussion, prevents hiding problems under the carpet. Several sources of analysis are used. This prevents hiding problems under the carpet and forces comprehensive discussion.

We cement reforms by changing procedures – makes them reliable internally and externally. However, the most important principle is basing reforms on procedures, rather than on personnel changes only. It makes the adjustments reliable internally and externally. Personnel changes are inevitable, but focusing on procedures clearly indicates that the requirement is to introduce

genuine change rather than merely to replace an old corrupt regime with a new one.