

Defence Corruption, Tools, and the UN Arms Trade Treaty

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Defence and Security Corruption - Typology

POLITICAL	PROCUREMENT	PERSONNEL
Defence and security policy	Technical requirements / specifications	Leadership integrity
Defence budgets	Single sourcing	Payroll, Promotions, appointments, rewards
Nexus of defence & national assets	Agents/brokers	Conscription
Organised crime	Collusive bidders	Salary chain
Control of intelligence services	Financing package	OPERATIONS
FINANCE	Offsets	
Asset disposals	Contract award, delivery	
Secret budgets	Subcontractors	
Military owned businesses	Seller influence	
Illegal private enterprises	Small bribes	Private Security Companies

Afghan leaders review – high value corruption

RULE OF LAW/ GOVERNANCE	SECURITY	CONTRACTS
Corrupt senior appointments; abuse of power by officials	Lack of transparency of security spending	No transparency of contracts
Lack of punishment of corrupt senior officials	Salary theft, eg ghost soldiers/police	Non delivery/poor quality of outcome, espec construction
Lack of meritocracy in public positions	Security outsourcing	Cabals controlling procurement
Narcotics; and narcotics mafia inside government	Lack of control over armed groups	Multiple sub contractor layers
Organised crime	Bribes for protection of convoys	Minimal use of local contractors
Lack of spending transparency	Sale of weapons/equipment	SMALL BRIBES
Lack of transparency of aid flows	Inadequate border controls	Overly complex daily processes; bribes needed
Corrupt management of national assets, eg mining, land, licenses		Extraction of money by militias and at checkpoints

Yellow highlight = problem partly caused by international community

TI TOOLS AND WORK

Engagement with Governments, Transnational Organisations, Defence Industry – ongoing and working eg NATO - countries including from Europe, Africa, South America Afghanistan to Ukraine

20 Steps to Reform - available

Training Courses for Senior Officials – available – other specialist courses in preparation

Leaders Days – available

Self Assessment – available (developed with NATO)

Codes of Conduct for Officials – available

Defence Integrity Pacts (procurement and disposal) – available

TI TOOLS AND WORK

Round Tables – available

Common Industry Standards/IFBEC - available

**Specialist research – available eg: Defence Budget Transparency, Offsets,
Single Source Procurement , Military Owned Businesses**

**Defence Index – Governments – data collection ongoing, publication late
2012**

Defence Index – Industry – data collection ongoing, publication late 2012

Arms Trade Treaty – under negotiation

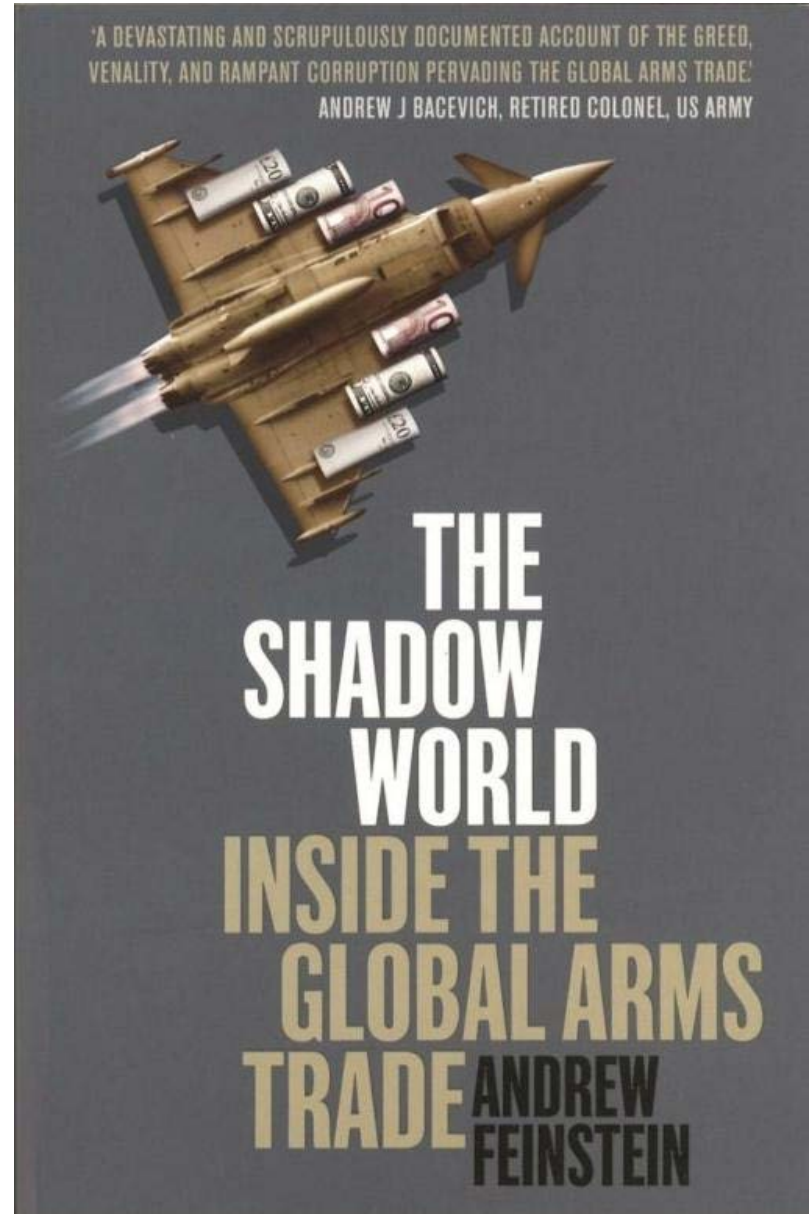
Why a robust Arms Trade Treaty needs strong anti-corruption mechanisms





The United Nations Arms Trade Treaty (ATT)

- Bananas and stamps, but not arms?
- The legal trade in arms, the illicit trade, and the 'grey zone'
- UN Charter Article 51
- (Not) only a trade treaty?
- The ASEAN dimension
- A robust ATT needs strong anti-corruption



A robust ATT needs strong anti-corruption

- Undermining an otherwise strong ATT
- The extent of corruption in the arms trade
- A sector specific approach

Corruption in Defence and Security

- A 2006 survey by Control Risks showed that roughly **one third of international defence companies felt they had lost out on a contract in the previous year because of corruption by a competitor.**
- Another report from the US Department of Commerce claimed that **the defence sector accounted for 50 per cent of all bribery allegations in 1994 -1999**, despite accounting for less than 1 per cent of the world trade.
- It has been estimated that **bribes accounted for as much as 15 per cent of the total spending on weapons acquisitions in the 1990s.**
- Transparency International estimates **the global cost of corruption in the defence sector to be at a minimum of USD 20 billion per year**, based on data from the World Bank and SIPRI. This equates to the combined global official development assistance provided to Iraq, Afghanistan, Congo (DRC), Pakistan, and Bangladesh in 2008, or the total sum pledged by the G8 in L'Aquila in 2009 to fight world hunger.

Who supports anti-corruption in an ATT?

States

The defence industry

Global investors

Civil society

- **Precedence:**

- the legally binding Nairobi Protocol
- the politically binding UN Disarmament Commission Guidelines on Arms Transfers
- the politically binding OSCE Document on SALW
- the User's Guide to the EU Common Position
- the UNDP Guide to SALW Legislation
- the UN Guidelines for International Arms Transfers

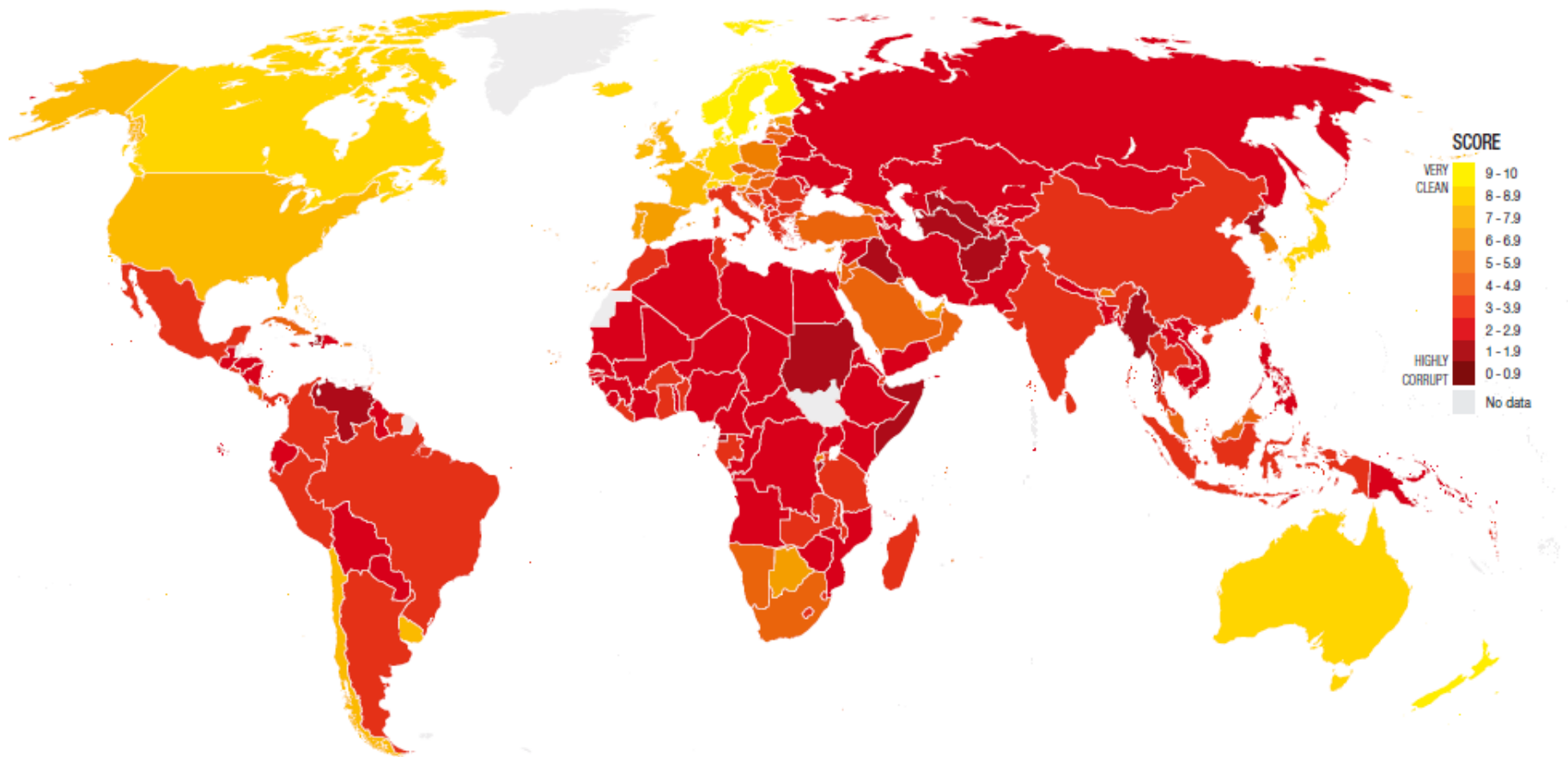
21 global investors: USD 1.2 trillion assets





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Transparency International - Corruption Perceptions Index 2011

The current 'Chair's Papers'

- **Criteria**
- **Enforcement**
- **Application**
 - Case-by-case, preventive and objective risk assessment
 - Constructive dialogue between exporters and importers
 - States will hold each other to account
 - Limited amount of extra work
 - Only limited number of licenses affected

Practical issues and good practice

- End-users
- (Publicly) available information on exports, re-exports, and imports
- Brokers / agents / intermediaries and commissions
- The price
- Anti-corruption in place
- Implementation annexe, user's guide

Reporting and transparency in an ATT

- The UN Register of Conventional Arms
- United Nations Commodity Trade Statistics Database (Comtrade)
- Additional helpful information

Cases an ATT could prevent I

- An **air control system for GBP 28 million** was sold to a nation which ranked 151 out of 182 in the 2009 UNDP Human Development Report.
- One former industry official reportedly received **GBP 8 million in commissions**, almost one third of the entire deal.
- The UN International Civil Aviation Organisation: system “**not adequate and too expensive**” for civil air control.
- Steep opportunity costs: the money could have treated almost **every person suffering from malaria in that country**.
- Nearly all of a **GBP 35 billion aid package** by the government of the exporting state for an education programme to the importing state was “effectively gobbled up in the air traffic control system deal”.

Cases an ATT could prevent II

- A country purchased 8 fighter jets, plus military hardware, training and maintenance support. These are **multirole air superiority fighter**.
- The deal was paid “through a drawdown of government savings” in the Central Bank of the importing government. Commentators agree that the price per jet is “steep”.
- The ruling party with an absolute majority in parliament unanimously endorsed the deal retrospectively. The Minister added that the **money was spent without parliamentary approval because it falls under classified expenditure**.
- The main argument is that **the jets are needed to protect oil production in a lake region** bordered by a “lawless” region in a neighbouring state.
- **The proceeds from oil taxes are supposed to be used to pay for the fighter jets.**
- **There are suspicions that the President and the ruling party have diverted money to bribe** (or pay outstanding bribes to) voters and influential regional players, which has happened before.
- While there has been indeed conflict with the importing country’s only neighbour in that lake region, about the oil reserves and the exact border, **the neighbouring state does not have a functioning Air Force** (few aircrafts are flyable) and would even rely on another state’s air force to defend its capital.

The countdown to July

- The 'Control Arms' NGO coalition
- What all of us can do to help
- Scenarios for the final ATT negotiations

**OUR CALL TO GOVERNMENTS: NO MORE ARMS FOR ATROCITIES –
TIME FOR A BULLET PROOF ARMS TRADE TREATY**

The irresponsible and poorly regulated arms trade fuels serious human rights abuses, armed violence, poverty and conflict around the world. We could change that now with an Arms Trade Treaty (ATT).

Sign this Appeal and demand that in July 2012 governments agree to an ATT that protects human rights, lives and livelihoods.

Millions of people are being killed, injured, raped, repressed and forced to flee their homes every year. Health, education and other services are being denied and livelihoods destroyed.

The world needs a strong Arms Trade Treaty that will prevent arms transfers if they are likely to contribute directly to serious human rights abuses, war crimes or poverty. The Treaty must cover all conventional arms including ammunition.

I call on every government to secure an ATT that effectively prevents arms from fuelling such atrocities and abuses.



FIRST NAME

LAST NAME (OPTIONAL)

E-MAIL ADDRESS [PRIVACY POLICY](#)

☐ Do not receive emails from Control Arms

DESCRIPTION

Describe yourself – e.g. doctor, mother, activist, student

COUNTRY

Write down the name of your country In English.

SUBMIT

NEED HELP? This global appeal is a joint action from Control Arms in partnership with Amnesty International.

Parliamentarians

- **890 Members of Parliament from 43 Countries Worldwide Have Signed on to the Global Parliamentary Declaration on the Arms Trade Treaty**

(more than 40 MPs from Malaysia)

“We hereby call upon all of our fellow stakeholders worldwide in the negotiation of this Arms Trade Treaty to join us as we redouble our efforts, in the months ahead, to create a strong international agreement that will prevent irresponsible and illicit arms trading between countries. A robust ATT will greatly reduce the needless and massive loss of human life and livelihoods while at the same time not impeding the operation of the legitimate global arms trade as carried out with full respect for the rule of law and international standards.”

<http://controlarms.org/parliamentarian-declaration>

“We are concerned that the international trade in arms, when undertaken irresponsibly or diverted to illicit markets, contributes to armed conflict and armed violence. This often results in serious violations of international human rights law and international humanitarian law, internal and cross-border displacement, terrorism, organized and common crime, and the facilitation of the illicit trade in narcotics.”

“[We] will continue to actively engage with our colleagues in the executive branches of government to ensure they give the ATT the priority it deserves and remain informed of the concerns that must be properly addressed therein. We will also actively advocate for ratification of the ATT in our respective countries when the ATT is in place.

As Lawmakers – we will draft the legislation which will give effect to the ATT in our respective countries, and will seek to ensure that any such domestic laws faithfully reflects and integrates the provisions of the Arms Trade Treaty.

As Guardians of the peoples’ trust – we will ensure, through our oversight and accountability responsibilities, that our respective governments properly implement and enforce domestic law giving effect to the ATT. Legislation is only as good as its implementation.”

Religious Leaders and Organisations

Malaysia

- Angkatan Belia Islam Malaysia
Dr. Amidi Abdul Manan, President
- National Union of Malaysian Muslim Students
Ahmad Fahmi Bin Mohd Samsudin, President

Since the launch of the Interfaith Declaration with the Dozen Days of Action (September 21-October 2), the declaration has been signed by more than **40 religious leaders** and **50 faith-based organizations** located in more than **ten countries**. The declaration will remain available for signature until it is presented to governments ahead of the 2012 treaty negotiations.

Other supporters

- Medical professionals

<http://armstradetreatymedicalalert.wordpress.com/>

- Survivors of armed violence

<http://controlarms.org/supporters>

- Women (IANSA)

<http://controlarms.org/supporters>

QUESTIONS

www.ti-defence.org

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