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GOVERNMENT DEFENCE INTEGRITY INDEX 2020

DR MUHAMMAD MOHAN KITTU ABDULLAH
TI-M PRESIDENT

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**Government Defence
Integrity Index**

A Nation without Corruption; A Society with Integrity



WHAT IS GDII ?

- The index measures the level of **corruption risk** in national defence establishments
- The 2020 iteration of the GDI comprises 86 countries across the world
- Assesses the existence, effectiveness and enforcement of institutional controls
- Focus on 5 specific risk areas





BENEFITS OF GDII

- ✓ Better institutional controls **reduce** the risk of corruption
- ✓ Plays a **crucial** role in driving global defence reform and improving governance in the defence industry



GDII DOES NOT MEASURE

- ❖ The GDII **IS NOT** a measurement of corruption index
- ❖ It is **NOT** concerned with:
 - × measuring the amount of funds that are lost
 - × identifying corrupt actors



Why Defence Corruption?

The defence sector is particularly vulnerable to corruption due to:



**High value
contracts**



Secrecy



**Political
connections**



Expertise



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Impact of Defence Corruption

Example

**Phantom
contracts in
Nigeria**

Military equipment and supplies worth **\$2 billion** never delivered due to false contracts

Estimated **\$15 billion** lost to corruption defence procurement during Jonathan's presidency



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Impact of Defence Corruption

Example

Fat Leonard Scandal, USA



Leonard Glenn Francis (aka Fat Leonard)

Glenn Defence Marine Asia

Contract worth **\$33 million** with US Navy, 2008-2013

Francis overcharged Navy by **\$35 million**



5 MAIN DIMENSIONS OF GDII



Political Risk

- Defence & Security Policy
- Policy Transparency
- Defence Budgets, Export Controls, Lobbying



Financial Risk

- Asset Disposals
- Military-Owned Businesses,
- Actual Military Spending



Personnel Risk

- Leadership behavior, Payroll, Promotions, Appointments, Rewards
- Conscription & Recruitment



Operational Risk

- Disregard of corruption in-country
- Corruption within Mission
- Private Security Companies



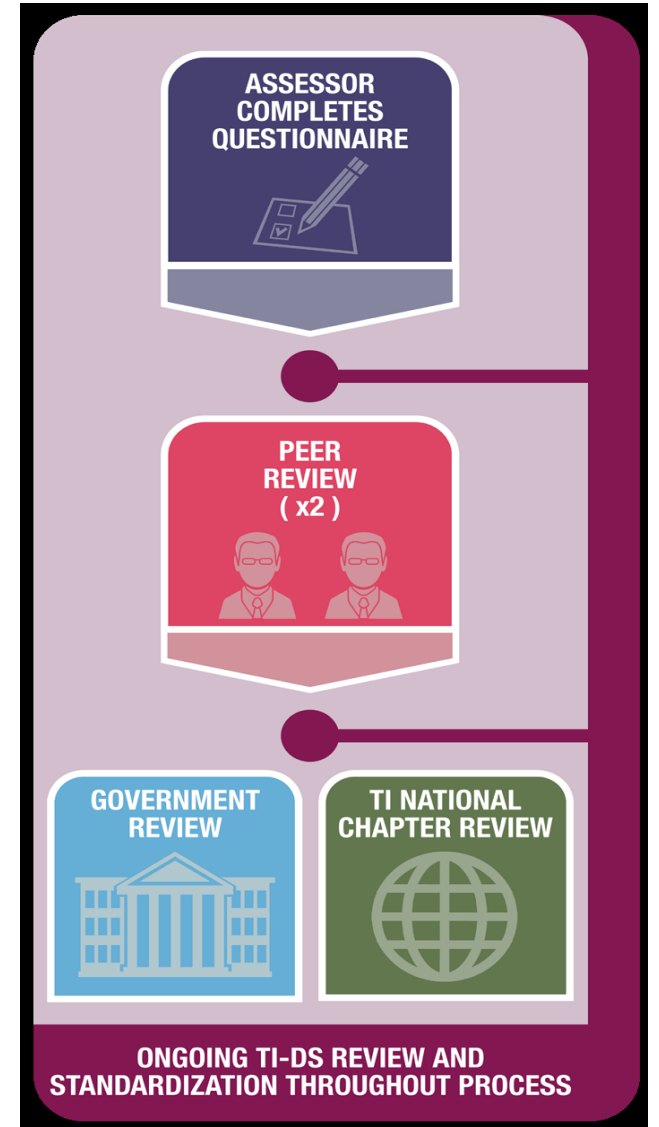
Procurement Risk

- Tender Solicitation
- Assessment & Contract award, Agents/Brokers,
- Seller Influence



RESEARCH PROCESS

- Sources include relevant legislation, policy documents, official speeches, and interviews with officials and independent experts
- Internal review, peer review, government review, and TI national Chapter review where appropriate
- 77 questions, broken down into 212 indicators





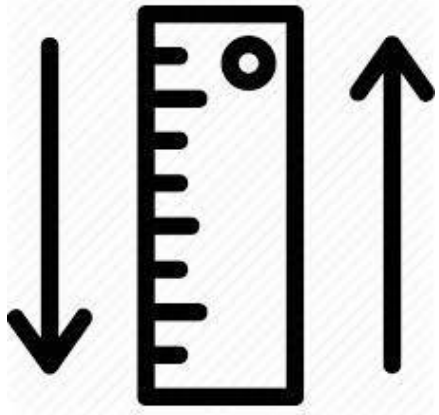
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SCORING RANGE

Range of Scores			Corruption Risk
A	100 - 83	<i>Very robust institutional resilience to corruption</i>	Very low
B	82 - 67	<i>Robust institutional resilience to corruption</i>	Low
C	66 - 50	<i>Modest institutional resilience to corruption</i>	Moderate
D	49 - 33	<i>Weak institutional resilience to corruption</i>	High
E	32 - 17	<i>Very weak institutional resilience to corruption</i>	Very high
F	16 - 0	<i>Limited to no institutional resilience to corruption</i>	Critical



Scoring: The overall average of scores across the five risk areas is used to place a country in a band (between A and F), based on the level of corruption risk in its defence institutions:



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MALAYSIA'S SCORE



Defence
Policymaking
and Political
Affairs

SCORE:
59



Defence
Finances

SCORE:
30



Defence
Personnel
Management

SCORE:
71



Military
Operations

SCORE:
25



Defence
Procurement

SCORE:
38

OVERALL SCORE: 45 (D)



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SALIENT POINTS

Parliamentary Oversight

- Legislative oversight of budget, 31/100, survey 2019.
- No evidence that the parliamentary select committee has met between 2018-2020.
- Defence Budget as % of GDP – 1.1%

Defense Procurement

- Lack of evidence on enforcement with punitive action when contracts are breached
- Only 20% – 30% open competition in defence procurement
- Main defence imports from Spain, Turkey, South Korea, United Kingdom, Germany
- Lack of training for procurement personnel on collusion



SALIENT POINTS

Financial
Transparency

- Defence related access to information response rates (**Data not available**)
- Defence related complaints to Ombudsman/Commissioner (**No such body exists**)
- Does the commissioner have authority over MOD (**NO such body exists**)
- No of audit reports on MOD (**Data not available**)
- Transparency of Strategic Asset Disposal lacking
- Off budget expenses not publicised



SALIENT POINTS

Operations

- Corruption risks has been identified and under the NACP, the MOD is to formulate Organisational Anti-Corruption Plan (OACP)

Personnel Ethics Framework

- Code of conduct available for all military personnel
- Information on the appointment process is not publicly available.



GDII 2020: TOP 10 COUNTRIES

Country	Overall Score	Defence Policymaking And Political Affairs	Defence Finances	Defence Personnel Management	Military Operations	Defence Procurement
New Zealand	85	85	89	91	71	88
United Kingdom	76	84	82	87	53	74
Norway	76	85	91	84	50	69
Belgium	73	80	88	86	34	79
Netherlands	73	83	80	86	48	66
Germany	70	78	81	81	33	75
Taiwan	70	79	81	84	48	58
Switzerland	68	83	79	89	28	61
Latvia	67	85	94	75	8	74
Sweden	63	73	88	70	34	49



GDII 2020: BOTTOM 10 COUNTRIES

Country	Overall Score	Defence Policymaking and Political Affairs	Defence Finances	Defence Personnel Management	Military Operations	Defence Procurement
Venezuela	11	10	10	22	5	10
South Sudan	11	17	9	17	0	12
Saudi Arabia	11	9	13	22	5	6
Morocco	10	11	22	7	0	8
Oman	9	8	8	18	0	10
Iraq	9	12	5	7	9	9
Algeria	8	12	5	15	0	11
Myanmar	8	18	2	9	9	3
Egypt	6	11	1	12	0	8
Sudan	5	7	4	12	0	2



COMPARATIVE SCORES: SELECTED ASIAN COUNTRIES

Country	Overall Score	Defence Policymaking and Political Affairs	Defence Finances	Defence Personnel Management	Military Operations	Defence Procurement
Japan	60	65	79	79	8	68
South Korea	59	75	65	79	13	61
Singapore	56	64	49	81	13	74
Philippines	55	50	60	59	53	53
Indonesia	47	49	53	61	16	56
Malaysia	45	59	30	71	25	38
Thailand	27	30	17	42	30	16





GLOBAL RESULTS: KEY TAKEAWAYS

- ❑ 62% of countries in the GDI have high to critical levels of corruption risk across the defence sector
- ❑ 86% of global arms exports originate from countries with moderate to very high risk of corruption in the defence sector
- ❑ 49% of global arms imports are (landing) in countries with high to critical corruption risk in the defence sector
- ❑ 42% of G20 member states have no policy in place requiring openness to civil society on defence issues
- ❑ **Rising defence expenditures are associated with weaker governance.** Statistical analysis indicates that a 1% increase in a country's military expenditure (% of GDP) is associated with a decrease of almost 5 points in its overall GDI score, keeping all other scores constant.
- ❑ **New Zealand** tops the Index with a score of 85/100 (the only 'A' band country)
- ❑ **Sudan**, which just last month saw the military seize power in a violent coup, performs the worst, with an overall score of just 5/100
- ❑ The average score for the **G20 countries** is 49/ 100 (band D: weak safeguards against corruption)
- ❑ Almost every country scores poorly in terms of its safeguards against corruption in **military operations**. The average score in this area is just **16/100** because most countries lack anti-corruption as a core pillar of their mission planning
- ❑ Among those that scored particularly poorly are **key countries contributing to or leading major international interventions** such as the **United States** (operations score of 18/100) and **France** (10/100)



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MALAYSIA'S SCORE: OUR OBSERVATIONS

- ❖ Poor legislative oversight over budget
- ❖ Low competitive bidding for procurement
- ❖ No independent ombudsman to address complaints
- ❖ Lack of data transparency



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Thank you.

Please don't hesitate to contact us if
you have any questions

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