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"Building Integrity in Defence NATO Initiative and its Economic Implications"

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Mr. Chairman,

Distinguished Members of Parliament,

I would like to take the opportunity of the NATO Parliamentary Assembly having its session here in Varna, to direct your attention to anti-corruption measures in defence, against the background of reforming our defence organisations according to NATO's Strategic Concept and building a capability-based defence system. The implementation of this new management of defence must have transparency, I underline, as a defining characteristic. We are currently seeking to increase efficiency in parallel to diversifying NATO's capabilities, with tighter defence budgets. That is to say we acknowledge that we can optimize resource and effort allocation. Corruption being the most definite expression of wasted effort and resources, scrutinising oversight in defence is evermore indispensable. Five years ago NATO established the Building Integrity (BI) Initiative in the framework of The Euro-Atlantic Partnership Council (EAPC). Within the wider framework of the Partnership Action Plan on Defence Institution Building, the BI Initiative seeks to raise awareness, promote good practice and provide practical tools to help nations to build integrity and reduce risks of corruption in the security sector by strengthening transparency and accountability. BI Initiative developed several tools to allow participating countries to fight corruption, including training and support programmes. The initiative also supports self-assessment and peer review through the development of an Integrity Self-Assessment Survey and a Peer Review Process. Participating countries use these tools to chart current practices and procedures in

defence establishments. The completed survey results and peer review provide a framework for sharing experiences as well as developing national action plans and benchmarks.

In this context, please allow me to focus your attention on several important points related to the prevention and combating corruption in the defence sector. And my understanding is that the national parliaments have a key role in this.

Three components guarantee a successful anti-corruption reform: political will; a clear strategy for its practical application; and objective external evaluation to act as a corrective when necessary, by comparing the chosen direction with the prerequisites to building integrity.

The political will is probably the most important precondition for the success of all efforts in Building Integrity. That is why immediately after our Government came into power in July 2009, we sent a very clear and strong message that corruption would not be tolerated and immediate transparency measures were put into place. The first step was to institutionalize the fight against ineligible practices by setting up a Standing Committee on Anti-corruption. The leaders of all structures in the MoD are represented in the committee and tasked with developing the fundamental legal documents necessary to deal with corrupt practices.

In September 2010, the MoD completed the Self-assessment Questionnaire of the "Building Integrity Initiative", and in December the same year was subject to a Comparative Review by a NATO team and Transparency International UK representatives. The final report was published on the MoD website. This is an initiative that can originate from parliaments according to their constitutional scrutinising functions – especially since we cannot leave executive leadership to cope by itself with chasing every possible sign of corruption. Just at the beginning of this week, I had a meeting with Mr. Arnaud Danjean, the Chairman of the European Parliament's Sub-Committee on Security and Defence and Dr. Andrey Kovatchev, head of Bulgarian Delegation to EPP in the EP and they embraced this cause and agreed on the importance of building integrity in defence.

That is not an isolated initiative. We have taken on fighting corruption as a priority here in Bulgaria. We inherited the legacy of a system with ineffective management, with a significant lack of balance between planned capabilities and available resources for their respective development and maintenance in the defence sector. These factors in combination with the negative influence of the Global Financial and Economic Crisis on the Bulgarian economy compelled us to conduct a Force Structure Review. In carrying out our defence reform, simultaneously with NATO's, in rethinking our defence mechanism, making apparent the necessary arrangement of the processes within it, and in incorporating the same policy-set goals for capability planning, programming, budgeting, investment and procurement – the emphasis on transparency always came first.

The undertaking of the new MoD leadership was complicated by the fact that concepts such as transparency, anti-corruption and accountability formally existed in a number of departmental documents during the previous government. These, however, were not transformed into real principles of conduct but acted more as a screen, which concealed numerous irregularities and abuses.

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After a public debate, a White Paper on Defence and Armed Forces of the Republic of Bulgaria was adopted by the National Assembly as a development programme for the Bulgarian Armed Forces for the next four years, thus ensuring the life-line funding for the defence system in time of total budget cut-backs. Via the White Paper, the Parliament secured a relatively constant share of GDP for the defence budget for the next four years – no less than 1.5%, including other defence expenses and the expenses of military pensions – not less than 2%.

Fighting corruption was incorporated as a fundamental principle in the White Paper, and transparency – as a key pillar of the new management philosophy of the Ministry. An ethical code of conduct was developed for the military and civilian

officials of the Ministry, the structures directly subordinate to the Minister and the Bulgarian Armed Forces.

Along with the White paper on Defence and the Armed Forces, the MoD prepared a short-term Armed Forces' Development Plan (AFDP), for the more immediate reforms, as well as an altogether separate plan related to the procurement of major arms and materiel. The latter was endorsed by Government and as the Long Term Investment Plan (LTIP) – it is at the basis of implementing an integrated and transparent investment policy, as it guarantees that the current and planned-for acquisitions in defence are realistic, affordable and in line with policy and capability planning. We believe this is the only way to eliminate any subjectivism and personal attitudes one might have with respect to Acquisition and modernisation of the Bulgarian Armed Forces. The LTIP is also published on the MoD website, along with all advertisements for public procurement and auctions.

Our assessments, as is our inner conviction, have shown that procurement & supply is the most corruption-susceptible area in the defence sector. In order to counter this, we decided to employ procedures that reduce the risk of corruption, such as the commitment to create Integrity Pacts in public procurement that bind large-scale supply-of-arms-and-equipment actors. We are also taking every measure to strengthen public control over transactions and the sales of items and excess property.

The evaluation pointed to the procedure for the disposal of excess defence assets as another extremely sensitive area in the defence sector. The MoD leadership is fully aware of the risks in this area and does not hesitate to take the drastic steps towards repairing the process. A fresh example is that the Minister stopped the utilisation-of-surplus-ammo competition, after it emerged that only one company met the specified conditions and was practically competing but with itself. This gave a clear signal to the public, to businesses and MoD employees that the processes are under the magnifying glass.

Another area with potential pressure related to corruption is that of human resources in defence. Special attention is paid to the explanatory processes and specialised training of civilian and military officials in anti-corruption. A specialised

training is initiated by the Directorate of Internal Audit and the Inspectorate of the Ministry of Defence.

In conclusion, ladies and gentlemen, would like to underline that the Ministry seeks to direct openness-and-transparency policy to the top in the priority list of the South-Eastern Europe Defence Ministerial Process - SEDM (14 member states). We are firmly convinced that the best practices we have applied in the Bulgarian Ministry of Defence will help our partners from Western Balkans to build a solid basis for combating corruption in their national institutions.

The last meeting of SEDM Coordination Committee was held in March 2011, in Sofia. It introduced SEDM partners to NATO's Building Integrity in Defence Initiative and urged Member States to share the values-in-question, to implement the measures we advise herewith, and to identify corrupt practices and benefit from their termination. As a country Bulgaria, having undergone the process of examining itself in terms of corruption, is ready to share its experience and actively contribute to the undertaking of such revisions in SEDM member states.

We will also support the effort of Transparency International UK Defence team to design and develop a Defence Index (Government), which will be a metric measuring integrity capability and corruption risk for defence and security ministries and armed forces worldwide.

These facts undoubtedly help to establish the image of Bulgaria as a reliable NATO ally and participant in coalition operations, as well as a predictable and stable partner in the European Union.

I am deeply convinced that national parliaments, which are essentially the watchdog of the executive power, are those who will lead the fight to eradicate abuses of power and corruption. And I know that by transforming our common belief in a coherent and purposeful action, we can deal with this social evil that undermines the economic and moral foundations of our societies and represents a threat to the national security.

