

# China

## 2015 Country Summary

### Recommendations

China's GI ranking in Band E places it in the "very high" risk of corruption category for corruption in the defence and security sector. China's highest risk area is Operations (Band F), followed by Financial, Political, and Procurement. The domination of the state by the Chinese Communist Party and a culture of censorship restrict independent oversight of institutions. To reduce corruption risk and to build integrity, security sector reforms are urgently needed across the following areas:

#### **Increase transparency and enhance independent oversight of institutions**

Only highly aggregated figures on defence spending are available, with special budgets covering important items like strategic forces, R&D, and the military component of space exploration remaining hidden from view. China should publish more accurate information about expenditure, and allow greater space for informed public discussion over China's defence policy and strategy.

China's highest score was found to be in personnel management (Band C). This is largely due to the launch of a five-year plan to eliminate corruption in the People's Liberation Army which included anti-corruption campaigns, investigations, and public commitments to fight corruption by senior staff. China should look at options for institutionalising mechanisms to hold military elites to account, including greater independence and professionalism of judicial and audit institutions. The change in reporting structure of the PLA Auditing Unit is a positive step in this direction, but public confidence would be greatly enhanced if regular detailed audits were undertaken and the findings published openly. The PLA should also be removed from ownership of commercial enterprises to reduce the risk of conflicts of interest.

## Scorecard

Political	Defence & Security Policy	Legislative Scrutiny	0
		Defence Committee	0
		Defence Policy Debated	1
		CSO Engagement	0
		International AC Instruments	3
		Public Debate	2
		AC Policy	3
		AC Institutions	2
		Public Trust	2
		Risk Assessments	2
	Defence budgets	Acquisition Planning	1
		Budget Transparency & Detail	1
		Budget Scrutiny	0
		Budget Publicly Available	1
		Defence Income	0
		Internal Audit	1
		External Audit	0
	Other Political Areas	Natural Resources	0
		Organised Crime Links	2
		Organised Crime Policing	2
Intelligence Services Oversight		1	
Intelligence Services Recruitment		1	
Export Controls		0	
Finance	Asset Disposals	Asset Disposal Controls	2
		Asset Disposal Scrutiny	1
	Secret Budgets	Percentage Secret Spending	0
		Legislative Access to Information	0
		Secret Program Auditing	0
		Off-budget Spending in Law	1
		Off-budget Spending in Practice	1
		Information Classification	1
	Links to Business	Mil. Owned Businesses Exist	1
		Mil. Owned Business Scrutiny	1
Unauthorised Private Enterprise		2	
Personnel	Leadership	Public Commitment	3
		Measures for Corrupt Personnel	3
		Whistleblowing	1
		Special Attention to Sensitive Personnel	1
	Payroll and Recruitment	Numbers of Personnel Known	2
		Pay Rates Openly Published	4
		Well-established Payment System	4
		Objective Appointments	2
		Objective Promotions	1
	Conscription	Bribery to Avoid Compulsory Conscription	
		Bribery for Preferred Postings	1
	Salary Chain	Ghost Soldiers	3

		Chains of Command and Payment	0
	<b>Values, Standards, Other</b>	Code of Conduct Coverage	2
		Code of Conduct Breaches Addressed	2
		AC Training	2
		Prosecution Outcomes Transparent	2
		Facilitation Payments	1
<b>Operations</b>	<b>Controls in the Field</b>	Military Doctrine	0
		Operational Training	1
		AC Monitoring	1
		Controls on Contracting	0
		Private Military Contractors	1
<b>Procurement</b>	<b>Government Policy</b>	Legislation	1
		Transparent Procurement Cycle	1
		Oversight Mechanisms	1
		Purchases Disclosed	1
		Standards Expected of Companies	1
	<b>Capability Gap</b>	Strategy Drives Requirements	1
		Requirements Quantified	1
	<b>Tendering</b>	Open Competition v. Single-Sourcing	1
		Tender Board Controls	1
		Anti-Collusion Controls	2
	<b>Contract Delivery / Support</b>	Procurement Staff Training	1
		Complaint Mechanisms for Firms	2
		Sanctions for Corruption	2
	<b>Offsets</b>	Due Diligence	0
		Transparency	1
		Competition Regulation	0
	<b>Other</b>	Controls of Agents	1
		Transparency of Financing Packages	0
		Subsidiaries / Sub-Contractors	1
Political Influence		4	