

Iran

2015 Country Summary

Country Recommendations

Iran's GI ranking in Band E places it in the high-risk category for corruption in the defence and security sector. The country's highest risk area is Finance and Procurement. To reduce corruption risk and build integrity, security sector reforms are urgently needed across the following areas:

Institutional oversight and accountability

- Since President Rouhani came to power and announced a campaign to combat corruption there are promising signs of political will. For example In December 2014, at a conference "For the Promotion of Healthy Administration and the Fight Against Corruption", Rouhani, in reference to the IRGC, called for the elimination of monopolies. The Supreme Leader, Ali Khamenei has also called for "decisive action to rid the country of corruption". Though the media has raised practical questions about how the government plans to tackle corruption in view of the extent of the IRGC's involvement in Iran's economic sector.
- Defence involvement in the commercial sector is a major corruption risk. The IRGC is estimated to have commercial interests worth hundreds of billions of dollars, but accurate figures are not known because of the lack of transparency. The IRGC is believed to control a significant portion of the country's economy, with no public or parliamentary scrutiny of these activities. The profit received from these revenue streams is also not subject to any review. We recommend that the government explicitly outlaw private enterprise by defence and security institutions and personnel, including by nominating, or creating, a robust and independent enforcement agency to oversee implementation, with strong sanctions in place for offenders.

Lack of transparency and impunity holds risks for the stability

- Weak institutional oversight combined with a lack of anti-corruption enforcement enables those in positions of power to manipulate systems for personal benefit and creates a culture of impunity. While some Iranian politicians have acknowledged the extent of corruption in the IRGC, opinion is split on how to deal with the issues. One member of the Iranian Parliament's special investigations committee explicitly recognised the threat posed by corruption and erosion of public trust. He warned against public disclosure of an on-going investigation into corruption, stating that: "making the details of the violations public could harm the country and public trust. Corruption is so big that we are scared it could cause social shock".

- We disagree with this approach and recommend that the government design a defence specific anti-corruption strategy and implementation plan, which will send a strong message of intent to corrupt personnel, demonstrate professionalism and signal that the defence sector is there to defend the state and serve the needs of the general population. This strategy and implementation plan should include regular internal and external audits of defence spending by specialised, independent bodies. A clear commitment to transparency, and evidence that audit findings are acted upon by the relevant state body will increase public confidence in defence institutions.

Scorecard

Political	Defence & Security Policy	Legislative Scrutiny	1
		Defence Committee	1
		Defence Policy Debated	0
		CSO Engagement	0
		International AC Instruments	3
		Public Debate	1
		AC Policy	0
		AC Institutions	1
		Public Trust	1
		Risk Assessments	0
	Defence budgets	Acquisition Planning	0
		Budget Transparency & Detail	1
		Budget Scrutiny	1
		Budget Publicly Available	1
		Defence Income	0
		Internal Audit	0
		External Audit	0
	Other Political Areas	Natural Resources	1
		Organised Crime Links	1
Organised Crime Policing		2	
Intelligence Services Oversight		1	
Intelligence Services Recruitment		0	
Export Controls		0	
Finance	Asset Disposals	Asset Disposal Controls	0
		Asset Disposal Scrutiny	0
	Secret Budgets	Percentage Secret Spending	0
		Legislative Access to Information	0
		Secret Program Auditing	0
		Off-budget Spending in Law	0
		Off-budget Spending in Practice	0
		Information Classification	2
	Links to Business	Mil. Owned Businesses Exist	1
		Mil. Owned Business Scrutiny	0
Unauthorised Private Enterprise		1	
Personnel	Leadership	Public Commitment	0
		Measures for Corrupt Personnel	2
		Whistleblowing	1

		Special Attention to Sensitive Personnel	0
	Payroll and Recruitment	Numbers of Personnel Known	0
		Pay Rates Openly Published	3
		Well-established Payment System	3
		Objective Appointments	2
		Objective Promotions	1
	Conscription	Bribery to Avoid Compulsory Conscription	3
		Bribery for Preferred Postings	1
	Salary Chain	Ghost Soldiers	3
		Chains of Command and Payment	3
	Values, Standards, Other	Code of Conduct Coverage	2
		Code of Conduct Breaches Addressed	0
		AC Training	0
		Prosecution Outcomes Transparent	1
		Facilitation Payments	2
Operations	Controls in the Field	Military Doctrine	0
		Operational Training	1
		AC Monitoring	0
		Controls on Contracting	0
		Private Military Contractors	3
Procurement	Government Policy	Legislation	1
		Transparent Procurement Cycle	0
		Oversight Mechanisms	1
		Purchases Disclosed	0
		Standards Expected of Companies	0
	Capability Gap	Strategy Drives Requirements	0
		Requirements Quantified	1
	Tendering	Open Competition v. Single-Sourcing	0
		Tender Board Controls	1
		Anti-Collusion Controls	1
	Contract Delivery / Support	Procurement Staff Training	0
		Complaint Mechanisms for Firms	2
		Sanctions for Corruption	1
	Offsets	Due Diligence	0
		Transparency	0
		Competition Regulation	0
	Other	Controls of Agents	0
		Transparency of Financing Packages	0
		Subsidiaries / Sub-Contractors	0
		Political Influence	1