

Italy

2015 Country Summary

Recommendations

Italy's GI ranking in Band C places it in the Medium Risk category for corruption in the defence and security sector. Italy's strongest scores are in Political and Personnel Risks, which scored in Band B. Operations (Band D) is the highest risk area.

The Italian Government completed a government review of the GI 2015 research, which shows a willingness to engage in dialogue with an international NGO on defence corruption issues. Italy has scored highly for designing and implementing a defence specific anti-corruption strategy, conducting systematic corruption risk assessments, and for nominating an Anti-Corruption Supervisor ("Responsabile della prevenzione della corruzione") Lieutenant Fabbri, who is also the MOD's dedicated Transparency Supervisor. While the appointment is overseen by the MoD and could therefore potentially lack independence, an activity report published in 2014, shows evidence of active and independent scrutiny. Italy also scores well for having a specific Code of Conduct for military and civilian personnel, with evidence of enforcement, results of prosecutions are available and there is a policy to make them public. The Mod also conducts anti-corruption training. However there are serious issues that need addressing, TI suggests the following reforms of the security sector to build integrity.

Lack of Implementation of International Anti-Corruption Instruments

Italy is the eighth-largest exporter of major weapons in the world; among its principal export countries are the UAE, India, and Turkey -- all of which are graded as "high" or "very high" (corruption risk bands D and E). While Italy signed and ratified the ATT in 2014, there is a distinct lack of evidence of compliance with ATT anti-corruption principles.

There is also no evidence that upcoming arms exports are subject to parliamentary approval and debate, though this is stipulated by law. According to sources, the information reported to the Parliament is "so generic, incomplete and aggregated that it is not possible to understand who receives the arms; which companies have been authorised to export arms, which specific systems are exported, nor their quantity and value. It is impossible to tell if helicopters are exported for humanitarian reasons or to be used as attack helicopters."

We recommend that Italy significantly increase its efforts to comply with the ATT, in particular its anti-corruption articles, as well as put in place mechanisms to avoid the risk of arms diversion. These controls will need to include thorough anti-corruption risk assessments before arms export licenses are granted. Italy could also release greater information to the legislature and media, at an earlier stage of arms procurement

discussions, to ensure that upcoming arms exports are subject to robust parliamentary approval and media debate.

Italy has yet to address shortcomings in complying fully with other international anti-corruption instruments. Two recent reports from the OECD and the Group of States against Corruption (GRECO) highlight continuing deficiencies in relation to the independence of the anti-corruption authorities, sanctions for individuals and companies, the protection of whistle-blowers, and the statute of limitations for corruption offences.

Building Integrity for Engagement in Military Operations

Italy regularly deploys personnel on international engagements such as stabilisation and peace keeping operations, while commanders receive broad training on corruption. Operations risks scored low given the lack of a comprehensive and detailed military doctrine addressing corruption issues for peace and conflict. Italy could benefit from more systematic and specific anti-corruption training that is conducted regularly for civilian and military personnel, in particular those on deployment or contracting in operational environments. This training could include a detailed understanding of what corruption issues personnel may face during deployment. We recommend the MoD consider publishing its guidelines and policies, as well as partnering with and providing training to other contributing nations to share best practices for this area and to ensure the integrity of its military operations.

Increase Parliamentary Powers of Scrutiny

Parliamentary Committees are transparent, with regular updates posted online and via a dedicated parliamentary web-tv. However our assessment identified that Parliament's ability to effectively scrutinise defence strategy and spending is hindered by a lack formal powers to influence budgetary decisions. Parliamentary committees play a consultative function and can only make non-binding recommendations. Independent scrutiny of defence spending is also overseen by internal and external audit functions, such as the Supreme Audit Institution (Corte dei Conti). Our assessment was unable to identify any evidence that audit findings and recommendations are acted upon by government and the effectiveness of these institutions is brought into question. There was also no evidence that detailed audit reports of security secret programs are provided to the legislature or a relevant committee, nor subject to debate. We recommend a review to ensure that audit findings are appropriately communicated to Parliament. Audit findings should be actioned promptly to ensure that the reduced defence budget is appropriately administered and spent on equipment that meets Italy's strategic priorities and needs.

Increasing Competition to Reduce the Risk of Collusion in Procurement

There is a significant element of non-competitive single-sourcing for defence procurement. From the sources available it appears that defence contracts with a value of more than €40,000 are not tendered through a competitive bidding procedure. Single source procurement usually leads to higher costs and lower quality for goods and services, while the lack of transparency and potential for collusion greatly increases the risk of corruption.

We recommend that Italy make greater efforts to open up defence procurement to competition, except in clearly defined and limited circumstances. We recommend that less than 10% of tenders should be single-sourced, with these exceptions justified to independent body for scrutiny.

This heightened risk is not offset by legislation specific to defence to prevent collusion. Enforcement is the responsibility of the Italian Competition Authority ("Autorità Garante della Concorrenza e del Mercato"), but there is a lack of evidence of enforcement proceedings or sanctions imposed on companies. We recommend that the Anti-Corruption Supervisor or relevant body conduct a review of the laws and procedures and ensure that appropriate sanctions (such as prosecution and debarment) are available and actively enforced.

Scorecard

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|-----------------------------------|------------------------------|-----------------------------------|----------------------|
| Political | Defence & Security Policy | Legislative Scrutiny | 3 |
| | | Defence Committee | 3 |
| | | Defence Policy Debated | 4 |
| | | CSO Engagement | 3 |
| | | International AC Instruments | 3 |
| | | Public Debate | 2 |
| | | AC Policy | 3 |
| | | AC Institutions | 3 |
| | | Public Trust | 3 |
| | | Risk Assessments | 2 |
| | | Defence budgets | Acquisition Planning |
| | Budget Transparency & Detail | | 3 |
| | Budget Scrutiny | | 2 |
| | Budget Publicly Available | | 4 |
| | Defence Income | | |
| | Internal Audit | | 2 |
| | External Audit | | 2 |
| | Other Political Areas | Natural Resources | 4 |
| | | Organised Crime Links | 2 |
| | | Organised Crime Policing | 2 |
| | | Intelligence Services Oversight | 3 |
| Intelligence Services Recruitment | | 2 | |
| Export Controls | | 2 | |
| Finance | Asset Disposals | Asset Disposal Controls | 3 |
| | | Asset Disposal Scrutiny | 3 |
| | Secret Budgets | Percentage Secret Spending | 4 |
| | | Legislative Access to Information | 1 |
| | | Secret Program Auditing | 1 |
| | | Off-budget Spending in Law | |
| | | Off-budget Spending in Practice | |
| | Information Classification | 2 | |
| | Links to Business | Mil. Owned Businesses Exist | 3 |

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| | | Mil. Owned Business Scrutiny | 2 |
| | | Unauthorised Private Enterprise | 2 |
| Personnel | Leadership | Public Commitment | 2 |
| | | Measures for Corrupt Personnel | 3 |
| | | Whistleblowing | 2 |
| | | Special Attention to Sensitive Personnel | 1 |
| | | | |
| | Payroll and Recruitment | Numbers of Personnel Known | 4 |
| | | Pay Rates Openly Published | 3 |
| | | Well-established Payment System | 3 |
| | | Objective Appointments | 2 |
| | | Objective Promotions | 2 |
| | Conscription | Bribery to Avoid Compulsory Conscription | |
| | | Bribery for Preferred Postings | |
| | Salary Chain | Ghost Soldiers | 4 |
| | | Chains of Command and Payment | 4 |
| | Values, Standards, Other | Code of Conduct Coverage | 3 |
| Code of Conduct Breaches Addressed | | 3 | |
| AC Training | | 3 | |
| Prosecution Outcomes Transparent | | 3 | |
| Facilitation Payments | | 2 | |
| Operations | Controls in the Field | Military Doctrine | 1 |
| | | Operational Training | 1 |
| | | AC Monitoring | 2 |
| | | Controls on Contracting | 1 |
| | | Private Military Contractors | 2 |
| Procurement | Government Policy | Legislation | 2 |
| | | Transparent Procurement Cycle | 2 |
| | | Oversight Mechanisms | 2 |
| | | Purchases Disclosed | 3 |
| | | Standards Expected of Companies | 1 |
| | Capability Gap | Strategy Drives Requirements | 3 |
| | | Requirements Quantified | 3 |
| | Tendering | Open Competition v. Single-Sourcing | 2 |
| | | Tender Board Controls | 2 |
| | | Anti-Collusion Controls | 2 |
| | Contract Delivery / Support | Procurement Staff Training | 3 |
| | | Complaint Mechanisms for Firms | 3 |
| | | Sanctions for Corruption | 2 |
| | Offsets | Due Diligence | 1 |
| | | Transparency | 1 |
| | | Competition Regulation | 1 |
| | Other | Controls of Agents | 2 |
| Transparency of Financing Packages | | 2 | |
| Subsidiaries / Sub-Contractors | | 0 | |
| Political Influence | | 3 | |