Netherlands
2015 Country Summary

Recommendations

The Netherland's GI ranking in Band B places it in the low risk category for corruption in the defence and security sector. The Netherlands scored higher for Political Risk, which scores in Band A (very low risk of corruption). The highest risk area is Operations, which fell in Band C (moderate risk of corruption).

Parliamentary oversight
The country benefits from a strong legislative oversight system and robust audit, which means that defence policy, budgets and major procurement projects are debated and scrutinised. The MOD has also implemented comprehensive anti-corruption measures (although the anti-corruption policy has not been made public) and reports annually on instances of breaches of the Code of Conduct. Room for improvement remains, however, in oversight of secret budgets, operational anti-corruption doctrine, and procurement issues such as relations with companies and offset regulations.

While the Netherlands has overall strong parliamentary oversight, it is unclear whether parliament receives access to either secret budgets or audits thereof, which only the President of the Court of Audit is mandated to conduct. It also plays a limited role in oversight of the intelligence services, which is mostly the prerogative of an external body. The role of the intelligence services in national security is important enough to warrant more parliamentary oversight, and it might be advisable to review the parliament's prerogatives.

Approach to anti-corruption
It appears that rather than publish an anti-corruption policy, the MOD has opted for an internal set of overall integrity regulations supported by institutions such as the Central Defence Integrity Organisation, tasked with building integrity in the Ministry and the armed forces. This is a promising approach, as it could lead to anti-corruption measures being embedded in everyday management practices. However, it is not clear that this approach is supported by either comprehensive anti-corruption risk assessment or training for staff, as both appear to cover wider integrity issues and we could not ascertain whether they were also tailored to diagnosing specific corruption risks and preparing staff to recognise them. The MOD could build on an already strong approach, adding systematic anti-corruption training and risk assessments. The Ministry's annual reports, which already report on breaches of integrity-related guidelines, could provide information on risk assessments and implemented responses, as well as more detail on training.

Operations

There is ample evidence that the Netherlands armed forces, particularly following the experience of the International Security Assistance Force in Afghanistan, are aware of the risk that corruption can pose to the success of stabilisation and peacekeeping missions. The possible impact that a mission could have in fostering or solidifying corrupt practices has been partly counteracted through a detailed guide and training for operational contracting. We recommend that the armed forces use their experience to add to existing guidelines through adopting comprehensive anti-corruption doctrine for operations, supported by training for deploying troops. The First German-Netherlands Corps, a NATO formation, has begun to incorporate anti-corruption issues into its training, and building on this would benefit not only the Dutch military, but also the Alliance.

Procurement

The Dutch procurement legislation is in line with EU standards and procedures are overall robust, but it is not entirely clear that procurement procedures exempt from regular legislation are independently scrutinised and that exemptions need to be justified to parliament or to the Court of Audit. Further shortcomings within the procurement system pertain to the clarity of offset regulations: only limited information on contracts and performance is available it is unclear whether integrity and anti-corruption issues are part of the preparation of contracts. Finally, while the government does exclude companies convicted of corruption from bidding and can refuse to accept subcontractors on the same grounds, it does not require that contractors and subcontractors adopt compliance programmes and does not regulate the use of agents and intermediaries. We suggest that the MOD builds on the good procedures in place to provide greater transparency in offset contracts and to nudge companies toward adopting comprehensive compliance programmes.

Scorecard

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

	Values, Standards, Other	Chains of Command and Payment	4
		Code of Conduct Coverage	4
		Code of Conduct Breaches Addressed	3
		AC Training	2
		Prosecution Outcomes Transparent	3
		Facilitation Payments	4
Operations	**Controls in the Field**	Military Doctrine	2
		Operational Training	2
		AC Monitoring	2
		Controls on Contracting	3
		Private Military Contractors	3
Procurement	**Government Policy**	Legislation	3
		Transparent Procurement Cycle	4
		Oversight Mechanisms	3
		Purchases Disclosed	3
		Standards Expected of Companies	2
	Capability Gap	Strategy Drives Requirements	4
		Requirements Quantified	4
	Tendering	Open Competition v. Single-Sourcing	3
		Tender Board Controls	3
		Anti-Collusion Controls	4
	Contract Delivery / Support	Procurement Staff Training	2
		Complaint Mechanisms for Firms	3
		Sanctions for Corruption	4
	Offsets	Due Diligence	1
		Transparency	1
		Competition Regulation	2
	Other	Controls of Agents	2
		Transparency of Financing Packages	2
		Subsidiaries / Sub-Contractors	2
		Political Influence	3