

# Portugal

## 2015 Country Summary

### Recommendations

Portugal's GI ranking in Band D places it in the high risk category for corruption in the defence and security sector. Portugal scored higher for Political, Financial, and Personnel Risk, which score in Band C (moderate risk of corruption). The highest risk area is Operations, which fell in Band E (very high risk of corruption).

#### **Legislative Oversight and Planning**

Portugal has ratified the Arms Trade Treaty and, in keeping with its stipulations, maintains a registry on arms transfers; imposes sanctions on restriction violations; and keeps records of companies and individuals authorized to complete transactions of defence goods and services. Nonetheless, there is no parliamentary oversight on arms exports. They are not discussed in plenary sessions or in the National Defence Committee. Furthermore, Portugal has no internal monitoring procedures to ensure ATT compliance.

We recommend that Portugal establish these internal monitoring mechanisms and provide routine, detailed reports on its arms exports.

In addition, a parliamentary committee report published on military procurement in 2014 indicated a large degree of arbitrary decision-making in military procurement. Evidence suggests that were: no quantification of needs, little evidence of sector-specific rules regarding contracts, inadequate technical expertise on offsets, and minimal oversight over contract procedures.

We recommend that Portugal implement a robust strategic planning system in accordance with the military's core needs. This plan should be made publicly available in advance to allow for effective public and parliamentary scrutiny.

#### **Budget Transparency and Auditing**

Portugal's defence budget lacks sufficient detail, as most items of expenditure are represented in aggregated sums. While the overall State Budget lists sources of non-government income, it does not explain how income is earmarked to specific items. While internal and external auditing systems exist, there is evidence that Parliament does not take their findings into account given their "widespread failure in oversight." The Court of Auditors, responsible for conducting external audits of the defence budget, has pointed out that accounting records "are not necessarily to be trusted" given lax accounting by the Ministry of Defence. While offset contracts include auditing requirements, due diligence requirements are similarly lax and there is little incentive for compliance with audit reports.

We recommend that the government publish an annual defence budget that includes detailed information on expenditure across functions including research & design, training, salaries, acquisitions, disposal of assets, maintenance and personnel expenditures. It should also stipulate how sources of defence income are earmarked so as to enhance the power of external and internal auditing mechanisms.

### **Lack of Commitment to Anti-Corruption Measures**

There has been little to no public commitment from members of the Ministry of Defence to mitigate corruption. While several anti-corruption plans have been published, none of these plans represent institution-wide efforts or involve key leaders from the armed forces. For example, the National Defence Institute has no initiative related to mitigating in the defence sector, and there are no recorded speeches where the Minister of Defence or any Armed Forces chief has committed specifically to anti-corruption measures. Portugal's National Strategic Defence Concept makes no reference to corruption in operations and how it could be minimized, and there is no indication that defence-related education and training facilities provide courses on anti-corruption, off-site or on-site on a regular basis. Furthermore, Portugal provides little to no protection for whistle-blowers in the general government or in the military. A 2013 TI Report found evidence that most public officials feared reprisals in the event of reporting, despite efforts in 2008 to enhance the protection of public sector officials.

We recommend the adoption of an openly stated anti-corruption policy explicitly tailored to the defence sector. It should provide for the publication of detailed implementation plans as well as systematic, published evidence of implementation. This should be designed alongside structural changes to internal and external oversight functions to investigate and prosecute corruption and misspending amongst defence forces to make these bodies more independent and active. There needs to be greater transparency and sharing of information publicly regarding evidence of effective enforcement for these crimes in order to maintain public trust in the defence sector.

## Scorecard

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

		Chains of Command and Payment	3
	<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	3
<b>Operations</b>	<b>Controls in the Field</b>	Military Doctrine	1
		Operational Training	1
		AC Monitoring	1
		Controls on Contracting	1
		Private Military Contractors	2
<b>Procurement</b>	<b>Government Policy</b>	Legislation	1
		Transparent Procurement Cycle	1
		Oversight Mechanisms	2
		Purchases Disclosed	2
		Standards Expected of Companies	1
	<b>Capability Gap</b>	Strategy Drives Requirements	2
		Requirements Quantified	1
	<b>Tendering</b>	Open Competition v. Single-Sourcing	2
		Tender Board Controls	3
		Anti-Collusion Controls	2
	<b>Contract Delivery / Support</b>	Procurement Staff Training	1
		Complaint Mechanisms for Firms	2
		Sanctions for Corruption	1
	<b>Offsets</b>	Due Diligence	1
		Transparency	1
		Competition Regulation	1
	<b>Other</b>	Controls of Agents	2
Transparency of Financing Packages		2	
Subsidiaries / Sub-Contractors		0	
Political Influence		2	