

Saudi Arabia

2015 Country Summary

Country Recommendations

Saudi Arabia's results place it ahead of most other Gulf countries, though the country's overall GI ranking in Band E places it in a high-risk category for corruption in the defence and security sector. Saudi Arabia's highest risk area is Operations, followed by Political and Financial, Personnel then Procurement. To reduce corruption risk and build integrity, security sector reforms are urgently needed across the following areas:

Increased transparency and scrutiny in procurement and budgeting

- Among the many areas in Saudi Arabia's defence sector that need transparency and effective regulation and enforcement, the establishment of the anti-corruption commission, Nazaha, is a promising step. Nazaha has investigated a number of government agencies and programs and publicly released its findings, but has not yet been active in the defence sector. Nazaha confirmed to us that it is not inhibited by legislation from scrutinising the defence ministry, and we urge the commission to focus its attention and resources on investigating corruption and building integrity in the defence and security sector.
- Though Saudi Arabia has made some small advances in procurement transparency by mandating that tenders should be advertised online as well as in two local papers for at least 30 days, this could be further expanded on to allow for transparent and competitive procurement of all non-confidential defence tenders. Our assessment indicates that a significant portion of tenders are still exempted from these requirements and continue to be single-sourced. Our research indicates that as well as lowering the risk of corruption, increased competition in defence procurement saves significant costs and increases the quality of the equipment procured.
- Defence represents an increasing portion of public spending in Saudi Arabia, 30% according to the Saudi Arabian Monetary Agency. However, the MoD does not appear to exert centralised control over acquisition planning – the process through which the state identifies what arms it will buy. Our assessment noted that procurement decisions, including large, strategic purchases, can be executed on the initiative of a single, high-ranking member of the Royal Family. To increase accountability and competition for defence procurement, we recommend that the government amend legislation to establish a principle of open competition, with clauses to specifically address corruption risks and narrowly define cases of single source procurement. Exempted or single sourced items should include provisions for other forms of independent scrutiny.

- While Saudi Arabia has enacted a law prohibiting the use of agents and intermediaries in defence procurement, evidence suggests a lack of any enforcement has resulted in this legislation being widely ignored. This law should be enforced by a relevant body to ensure that it is not circumvented. To further mitigate corruption risk connected to suppliers, agents, and intermediaries, we recommend that the government mandate what anti-corruption procedures and standards potential suppliers are required to demonstrate - such as compliance programmes and business conduct programmes - in order to be able to bid for work. These controls should be public and well known to potential suppliers.

Engagement with the Public

- Nazaha completed a government review of the 2015 GI research, which shows a willingness to open a dialogue with an international NGO on defence corruption issues. The Saudi Arabian government could continue to build on the momentum from the 2007 Combatting Corruption Bill by instigating regular anti-corruption training courses for military and civilian personnel, particularly for staff in sensitive positions such as procurement. This would send a signal that the defence sector is there to defend the state and serve the needs of the general population.

Scorecard

Political	Defence & Security Policy	Legislative Scrutiny	0
		Defence Committee	1
		Defence Policy Debated	1
		CSO Engagement	2
		International AC Instruments	2
		Public Debate	1
		AC Policy	2
		AC Institutions	1
		Public Trust	0
		Risk Assessments	0
	Defence budgets	Acquisition Planning	0
		Budget Transparency & Detail	0
		Budget Scrutiny	1
		Budget Publicly Available	0
		Defence Income	0
		Internal Audit	1
		External Audit	0
	Other Political Areas	Natural Resources	0
		Organised Crime Links	2
		Organised Crime Policing	1
Intelligence Services Oversight		0	
Intelligence Services Recruitment		1	
Finance	Asset Disposals	Asset Disposal Controls	1
		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	1
	Links to Business	Mil. Owned Businesses Exist	1
		Mil. Owned Business Scrutiny	0
		Unauthorised Private Enterprise	2
Personnel	Leadership	Public Commitment	0
		Measures for Corrupt Personnel	1
		Whistleblowing	1
		Special Attention to Sensitive Personnel	0
	Payroll and Recruitment	Numbers of Personnel Known	0
		Pay Rates Openly Published	2
		Well-established Payment System	3
		Objective Appointments	1
		Objective Promotions	1
	Conscription	Bribery to Avoid Compulsory Conscription	
		Bribery for Preferred Postings	
	Salary Chain	Ghost Soldiers	3
		Chains of Command and Payment	3
	Values, Standards, Other	Code of Conduct Coverage	2
		Code of Conduct Breaches Addressed	1
		AC Training	1
		Prosecution Outcomes Transparent	1
Facilitation Payments		1	
Operations	Controls in the Field	Military Doctrine	0
		Operational Training	0
		AC Monitoring	1
		Controls on Contracting	0
		Private Military Contractors	1
Procurement	Government Policy	Legislation	1
		Transparent Procurement Cycle	0
		Oversight Mechanisms	0
		Purchases Disclosed	1
		Standards Expected of Companies	1
	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	1
		Complaint Mechanisms for Firms	2
		Sanctions for Corruption	1
	Offsets	Due Diligence	0
		Transparency	0
		Competition Regulation	0
	Other	Controls of Agents	1
		Transparency of Financing Packages	0
		Subsidiaries / Sub-Contractors	0
Political Influence		1	