

# Independent Defence Anti-Corruption Committee (NAKO)

---

Strategy 2017-2018



# 1. Introduction

Over the course of 25 years since independence, Ukraine's security and defence sector has been characterised by high levels of corruption, inadequate responsiveness to the needs of the troops and citizens, insufficient transparency and lack of accountability and civil control.

There is a need to make the Ukrainian defence forces stronger in the face of the occupation of Crimea by the Russian Federation, and the on-going armed conflict in Donetsk and Luhansk, inspired and supported by Russia, which poses a serious threat of escalation into an overt armed confrontation between Ukraine and the Russian Federation. A lack of accountability and secretive defence spending is a major risk to national security. Ukraine's course for Euro-Atlantic integration sets ambitious goals for the Ukrainian Armed Forces and the security and defence sector in general.

Corruption in the defence sector is a problem of high level, elite corruption and not just petty bribery and mismanagement. Where there is corruption at the top echelon of an organization, it can have a devastating impact on the frontline troops, leaving them with inadequate supplies and equipment, and putting national security at risk. It reduces public trust in the armed forces that are there to serve them and in the state. The problem is systemic and will take years to rectify, but there are some immediate measures the Government could take to show the population that the issue of corruption is being addressed. In addition, in order for military, financial, and advisory support from donor nations and international organisations to be sustained and developed further, donors must trust that progress is being made on reforms, and have confidence that what they provide is put to good use.

To address these needs, Transparency International's Defence and Security Programme and Transparency International Ukraine have established the Independent Defence Anti-Corruption Committee (NAKO). This international committee, comprised of three international members and three national members, and with a permanent secretariat based in Kyiv, combines local knowledge of corruption challenges in defence with international expertise on good practice in defence anti-corruption and integrity. As an external body, NAKO can verify whether progress on anti-corruption reform is being made, hold leaders to account for their reform commitments, and provide donors and the public with an impartial assessment of actions the government is taking to tackle corruption, which may reduce their confidence in the defence establishment.

## 2. Aim

Our aim is to establish NAKO as one of the leading authorities on anti-corruption within the Ukrainian defence sector, with a reputation for producing credible, well-researched and timely evidence, which will change behaviours within the defence institutions and lead to stronger, more effective legislation, policy and guidance. We will work with and support the MOD, armed forces, defence industry and major anti-corruption bodies, but we must maintain our independence and credibility, if we are to succeed.

Given the above issues, the security and defence sector must be transformed to meet the current and future needs of the national defence of Ukraine and contribute to strengthening of the economic potential of the country. This strategy sets out the roadmap for the NAKO's first two years of work.

## 3. Vision & Mission

**Vision.** Our vision is a Ukrainian defence and security sector that is effective, accountable and far less susceptible for corruption.

**Mission.** Our mission is to reduce opportunities for corruption through strong research, effective advocacy, and increased public awareness, in order to strengthen the Ukrainian defence and security sector's ability to face challenges to the country's sovereignty.

## 4. Strategic approach

Our strategic approach is based on seven core themes:

1. **Monitoring and evaluating** efforts to reduce corruption and corruption risks within the defence sector of Ukraine, to include management of risks in the provision of international security assistance and military aid.
2. **Developing anti-corruption recommendations** for the defence sector, and advocating for and monitoring their implementation. Supporting reform efforts with technical advice where possible, and where this does not present a conflict of interest with the NAKO's monitoring role.
3. **Providing open, regular analysis and reporting** to the President, Government, Parliament, Ukrainian people, and the international community, about the state of the fight against corruption in the defence sector. This involves analyzing defence sector corruption and identifying structures of corrupt networks.
4. **Promoting transparency** of defence sector establishments and, in conjunction with international partners, facilitating communication and openness between the Ministry of Defence, civil society and the public.
5. **Contributing to policy** through input and evaluation of the Strategic Defence Bulletin, National Security Strategy, and other policies as they relate to anti-corruption in the defence and security sector.
6. **Strengthening international and national accountability structures** as they relate to anticorruption in defence, particularly the Rada.
7. **Enabling citizen feedback** through the creation, resourcing, and maintenance of a feedback reporting mechanism to receive complaints related to corruption in the defence sector and to provide advice regarding possible legal proceedings. Grounded suspicions of corruption will be forwarded to relevant law enforcement agencies.

## 5. Operational objectives & results

NAKO will focus on important issues of systemic corruption over the long term, whilst in the short term, focusing on smaller, more contained issues that have an impact on and matter to the people. This will help establish NAKO's credibility and garner public support, which will in turn assist NAKO in tackling the more sensitive issues.

Owing to the size of the challenge, NAKO will concentrate on two operational level challenges in the first two years: firstly defence procurement, and secondly the state-owned defence industry. Both of these areas should be efficient, effective and accountable in order to provide Ukrainian soldiers with the equipment they need to effectively fight on the battlefield.

We have also identified issues in which research could have significant and "achievable" impact in the short term, which will help to strengthen the MOD and armed forces.

**Objective 1: strengthen procurement systems to reduce opportunities for corruption and increase transparency and accountability in the MOD**

In order to achieve this objective NAKO will:

- a. *Complete briefing note on medical supplies procurement and advocate implementation of those recommendations.* This is an area that has an immediate impact on soldiers in the field. As a relatively narrow subject, we expect to identify recommendations that are quickly actionable. Timeline: by Summer 2017.
- b. *Complete Vulnerability to Corruption Assessment on armaments procurement and advocate implementation of those recommendations.* Current levels of secrecy around armaments procurement will make this a challenging area to research; however, making a difference in this area is vital for the security of the country and its troops. Timeline: by Winter 2017.

The result of these activities should enhance the institutional strength and accountability of the MoD, reduce corruption, and improve transparency and efficiency in the MoD procurement processes.

**Objective 2: improve governance of SC Ukroboronprom (UoP) to ensure that it works in the best interests of the Ukrainian armed forces and taxpayers**

In order to achieve this objective NAKO will:

- a. *Support UoP's efforts to implement the Organisation for Economic Co-operation and Development's (OECD) standards for State-Owned Enterprises and apply those standards to UoP and its subsidiaries.* NAKO will aim to provide independent advisor(s) to UoP, to provide analysis and input into efforts to meet the OECD guidelines. The implementation of OECD standards will be advisor's initial focus.
- b. *Complete Vulnerability to Corruption Assessment on corruption risks in SC UoP and advocate implementation of those recommendations by UoP and the government.*
- c. *Complete Vulnerability to Corruption Assessment for state financing of UoP and advocate implementation of those recommendations.* This analysis will consider the development of manufacturing capability; whether Ukrainian taxpayers subsidize exports, and if so, whether that funding is effectively re-invested into the state; and whether UoP's activities fulfil the needs of the Ukrainian military.

The result of these activities should enhance the efficiency and transparency of Ukroboronprom and its subsidiaries, to match the best international practices, and help achieve sustainable growth in the long-term.

**Objective 3: provide analysis and recommendations on issues within the MoD that will have a significant and "achievable" impact in the short term.**

In order to achieve this objective NAKO will:

- a) *Complete research on corruption risks in security assistance.* The provision of security assistance has fueled corruption in countries including Afghanistan, Mali, and Iraq. As Ukraine receives international assistance, it is important to set in place safeguards so that corruption does not undermine the aims of such assistance. This research will identify the gaps and make recommendations to reduce corruption. Timeline: by Spring 2017.
- b) *Complete Vulnerability to Corruption Assessment on providing servicemen of the Armed Forces of Ukraine with housing and advocate implementation of those recommendations.* This is an area identified as a priority by the Ministry of Defence, and therefore there may be the political will for reform, and it will also have a strong impact on soldiers and their families. Timeline: by Summer 2017.
- c) *Complete Vulnerability to Corruption Assessment on MoD property and land management and advocate implementation of those recommendations.* Timeline: By Winter 2017.

## 6. Activities

To achieve the objectives outlined in section V, NAKO will need to fully understand the issues through high-quality in-depth analysis and develop strong and actionable recommendations, which then need to be adopted and implemented by those responsible.

### Research

High-quality, accurate information is vital to our credibility. As outlined above, we will aim to produce 2-3 reports annually covering issues that are affecting the efficiency and effectiveness of the Ukrainian Defence Forces and are of public concern. This will help establish NAKO, spark both public and political interest, and encourage people and organizations to speak to NAKO, which will aid our research and our decision-making on what new issues we should be tackling. It will also encourage the defence establishment to take NAKO seriously.

We will use one standard Vulnerability to Corruption Assessment methodology as a guide for our research work. The aim of the methodology is not to limit how we go about the research, but to achieve uniformity of assessments and consistency of results.

Access to information will be challenging, but there are ways we may address this by:

- Establishing a partnership with AC committee of the Parliament (Verkhovna Rada).
- Setting up a reporting hot-line
- Securing permission from the MOD and other relevant institutions to enable us to conduct interviews with their staff and request information through a defined point of contact.

- Providing independent advisor(s) to UoP to help provide analysis and assist them in meeting the OECD guidelines, but also to conduct research.
- Interviews.
- Working with journalists on key topics.

We will focus on understanding corruption risks and systems, rather than investigating individuals. However, in the course of our research, if we come across evidence of corruption by individuals we will pass the information to the relevant authorities.

## Advocacy

Our advocacy efforts will include putting external pressure on government institutions, support reform implementation relevant to anti-corruption, and public communications, in order to achieve anti-corruption reform in this sector.

### External pressure

- Direct meetings with officials to discuss recommendations, and encourage them to commit to implementation
- Partnership with other NGOs to provide joint public pressure
- Media (see communication strategy below)
- Leveraging donor countries' support
- Communication with representatives of foreign governments to introduce security assistance conditionality.

### Support to reform implementation

One form of advocacy will be supporting the implementation of reforms. As a non-governmental body, NAKO cannot implement reforms but we will aim to provide expert staff members or consultants to advise the Ukrainian MoD and possibly some defence establishments on their anti-corruption reforms and also to monitor whether reforms are being implemented.

NAKO will build on the relationship that Transparency International has established with the MOD through its training and capacity building work to encourage the MOD to implement counter-corruption recommendations identified by the NAKO. We will seek to secure a robust MOU that includes access to information and military establishments so we can assess the degree to which the Anti-Corruption reforms are being implemented and follow-up on any issues that have been raised through our discussions or from the people. It will enable NAKO to assist the MOD in tackling corruption and increasing the effectiveness of the Ukrainian Armed Forces.

In parallel, NAKO will also build relationships with the Verhovna Rada's defence & anti-corruption committees, and if appropriate agree an MOU and request that a member of Secretariat be allowed to attend their committee meetings to observe and if possible, feed questions to Rada members. The Anti-Committee may need assistance in drafting legislation and help in defining the right questions to ask the

MOD; NAKO may initially allocate one of our researchers to work part-time in collaboration with the AC committee.

TI will also continue to support capacity building efforts within the defence establishment.

### Communications

NAKO will establish a strong communications presence in the Ukrainian media and online. The most important NAKO feature is its impartiality, and our tone will be direct and straightforward.

## Building NAKO Secretariat capability

### Staff capacity

We will immediately seek to build the expertise of the current research team, starting with training on analyzing corruption risks. By the first quarter of 2018, we hope to expand the team to include additional researchers (appx. 5), and legal, communications, and finance capacity.

### Funding

NAKO is currently funded through the generous support of the Dutch Ministry of Foreign Affairs until June 2017 and hopefully for the foreseeable future. It our intention to generate greater interest and support from additional donors in 2017, so that this committee has longevity. We will approach all nations who are providing security assistance to the country, as they have an interest in ensuring that the assistance they are providing is being used by an effective, accountable defence establishment, and in having an impartial assessment of this. In addition, we will approach philanthropic trusts and foundations that have an interest in anti-corruption, security, and good governance, so that our funding base is a combination of government and third sector support. We will aim to have three donors secured by the end of 2017.

# 7. Indicators, monitoring & evaluation

NAKO will measure its success according to two main indicators, firstly, the number of recommendations that are implemented, and secondly, an increased score on the Government Defence Anti-Corruption Index.

- [The Implementation of Recommendations](#). Each research product will include recommendations, and the number of those that are successfully implemented will be an indicator of our success. In addition, for each topic of research, we will define internal targets that we hope to achieve. For



example, while we may want to see some recommendations implemented, in some areas we may know that in a two year time frame, those recommendations may be impossible to achieve; we will therefore set some realistic internal targets that we hope to see occur. This will ensure that we do not 'dumb down' our recommendations in order to be seen to be successful.

- [The Government Defence Anti-Corruption Index](#). The Government Defence Anti-Corruption Index produced by Transparency International Defence and Security measures levels of corruption risk according to indicators in five risk areas – political, financial, personnel, procurement, and operations. An indicator of the success of NAKO will be an increased score in the Index for Ukraine.

NAKO will review the progress in implementation of its strategic goals every six months and will revise our actions and activities as necessary in order to meet our strategic and operational objectives. At the end of the two-year period in January 2019, the strategy will be reviewed and a new 2 year strategy will be developed.



Ministry of Foreign Affairs of the  
Netherlands

With thanks to the Ministry of Foreign Affairs of the Netherlands for its generous support.