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SENTER FOR INTEGRITET
I FORSVARSSEKTOREN

KONGENS GATE 4,
0153 OSLO

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CIDS' ANNUAL REPORT FOR 2017

Introduction

The Centre for Integrity in the Defence Sector (CIDS) is the Norwegian defence sector's centre of excellence for good governance, integrity building and anti-corruption measures. CIDS performs an advisory function and provides concrete proposals on these areas to the defence sectors in Norway and partner countries, in addition to preparing information and teaching materials in the same field.

Organisation and staffing

CIDS is organised as a professionally independent centre under the Ministry of Defence (MoD). The MoD's Department of Management and Financial Government safeguards the administrative governance through the governing dialogue and in line with recommendations from the Advisory Board for Integrity in the Defence Sector. The mandated authority of the Centre is solely of an advisory nature but incorporates the authority to take the initiative to work directly with all institutions in the sector.

CIDS' permanent staff consists of the Director, Per Christensen, and two senior staff officers – Tore Kvalvik and Knut Walbækken – who hold the rank of colonel and captain respectively. The former is the Assistant Director of CIDS. As of 1 January 2018, CIDS has three permanent staff members. In addition, Åse Marie Fossum is on secondment from the Norwegian National Security Authority (NSM) and coordinates the Centre's publications. The Centre's former director, Bård Bredrup Knudsen, is employed as editor on an hourly contract. Retired colonel, Terje Haaverstad, is the Centre's advisor on integrity building in operations. The Centre also has the opportunity to draw on the services of Erik Svendsen (MoD) in relation to various tasks.

Furthermore, project funding has been disbursed to free senior advisor Svein Eriksen from his contract as an international expert with the Agency for Public Management and eGovernment (Difi). Eriksen primarily follows up the Centre's integrity projects in Southeast Europe and Ukraine, and contributes to competence generally. CIDS has engaged local experts to implement projects in Southeast Europe and Ukraine. The Centre also has an agreement with a Spanish Good Governance expert, Francisco Cardona, who has many years of experience with the OECD/SIGMA. Damir Ahmetovich is the Centre's regional coordinator for Southeast Europe and also functions as an international expert in this region and in CIDS' integrity-building project in Ukraine. Costs related to these experts are mostly covered by project funding.

It is taken for granted that CIDS can draw on expertise in the MoD or other parts of the defence sector when necessary. In 2017, CIDS collaborated with the MoD's Internal Auditor Unit on the issue of the fifth publication in the series, Guides to Good Governance: 'Managing the risks of real estate corruption and fraud in the defence sector'.

Budget and accounts 2017

CIDS receives the following budget allocation:

From the defence budget:	Allocation	Accounts ¹
Allocation chapter 1700	5 912 000	5 867 000
From the Ministry of Foreign Affairs:		
Southeast Europe projects ²	5 500 000	5 043 000
Ukraine project ³	3 400 000	2 819 000

Department Head in NATO

CIDS is the Department Head (DH) for the follow-up of NATO's *Education and Training Plan* within the framework of NATO's Building Integrity (BI) Programme. This involves a number of commitments and close cooperation with NATO's BI team in the *Political Affairs and Security Policy Division (PASP)*, as well as coordination with the Alliance's military command structure – Allied Command Operations (ACO) and Allied Command Transformation (ACT).

As the Department Head for the BI-programme, CIDS is responsible for the quality assurance and certification of courses and for ensuring that they meet the requirements of NATO's BI *Education and Training Plan*. The DH role requires close cooperation with other professional bodies and educational facilities such as the NATO School Oberammergau, the UK Defence Academy, the Geneva Centre for the Democratic Control of Armed Forces (DCAF), the Regional Department of Defence Resources Management Studies in Romania (DRESMARA), and the Transparency International Defence & Security

¹ In accordance with accounting policies.

² Based on an estimation but not formalised in an authorisation for direct debit from the Ministry of Foreign Affairs.

³ Based on an earlier pledge from the Ministry of Foreign Affairs but not formalised in an authorisation for direct debit.

Programme (TI DSP) in London. In addition, CIDS has worked with NATO's BI unit to devise a reference curriculum for Building Integrity.

CIDS is also responsible for hosting NATO's *BI Annual Discipline Conference*. The purpose of the conference is to optimise the relationship between the training needs specified in NATO's *Education and Training Plan*, and existing courses and training opportunities. Part of the intention here is to assess whether NATO's defined requirements within BI are adequately covered, and to clarify how to address any shortcomings identified. CIDS therefore arranged a discipline conference for 2017 at NATO headquarters in Brussels. The scale of the conference was smaller than in 2016 because the USA and NATO had arranged a large BI conference in Washington, D.C. prior to the discipline conference. The next conference, which will be on a larger scale, is planned for 2018. CIDS participated in the BI Conference in Washington and was in charge of the planning and implementation of two of the working groups during the conference: 'Enhancing the BI Discipline (Education, Training and Exercises)' and 'Mainstreaming Good Governance: Lessons Learned from Operations and What should we be Doing?'

Together with the MoD and NORDEL, CIDS will continue its role as a driving force for BI in various NATO areas, including advisory and lecturing activities.

Integrity building in Southeast Europe and Ukraine

In 2017, CIDS continued the second phase of the project *Building Integrity in the Western Balkans*, which incorporates Bosnia and Hercegovina, Montenegro and Kosovo. The sub-projects in the three countries are based on the needs analyses that were carried out in the period 2012–2014. Country reports and results for each individual country are available at the CIDS website (cids.no/sifs.no). CIDS manages the projects on behalf of the MoD, which has received a tentative pledge of NOK 18 million from Norway's Ministry of Foreign Affairs for the period 2015–2017. In addition, CIDS has a wide-ranging BI project in Ukraine aimed at strengthening human resources management in the Ukrainian Ministry of Defence. This project has received a tentative pledge of NOK 10 million for the period 2015–2018. Below is a description of the activities conducted in the various projects in 2017.

The sub-project in **Montenegro**, *Strengthening the integrity framework in the public administration with emphasis on the security and defence areas*, deals with legal and institutional measures aimed at strengthening the efforts to combat corruption in two Montenegrin ministries – the Ministry of Defence and the Ministry of Foreign Affairs.

In 2017, the project conducted the following activities:

- Written contributions to new regulations on exemptions from the Law on Public Procurement for the defence and security sector.
- Written proposals for criteria for the security-grading of official documents and for balancing the consideration for free access to public information with the need to safeguard state secrets.
- Written contributions to a new police law.
- Written proposals on measures to ensure that the police anti-terror forces follow regulations and recommendations that comply with generally accepted international standards.
- Written contributions to the gender equality plan for the Montenegrin police.
- A number of seminars and conferences on the above-mentioned topics and others.

In connection with police and justice-related matters in general, CIDS has primarily relied on support from Odd Berner Malme, who is a police expert affiliated to the project.

The aim of the sub-project *Support to the procurement system in the Ministry of Defence of Bosnia & Herzegovina* is to strengthen the procurement system in the country's Ministry of Defence.

In 2017, the project prepared/implemented the following measures:

- Written contributions to new regulations on methods of dealing with public procurements for the defence sector.
- Written and oral contributions to new regulations on security-graded procurements for the defence and security sector.
- Manual on public procurements (in preparation).
- Further development of standard tender documents for goods, services and public works.
- Written contributions to methods of identifying multi-year procurement needs.
- A number of seminars and conferences including on the above-mentioned topics. Altogether, 200 civil servants and officers have participated.
- Analysis of organisational and decision-making processes in the MoD's procurement sector discussed with and submitted to the Ministry.

The main purpose of the sub-project *Support to the system of Human Resources Management (HRM) in the Ministry of Kosovo Security Force (MKSF)* is to strengthen the qualification principle, which is enshrined in Kosovo's Civil Service Law. In 2017, the following measures were implemented:

- Preparation of written contributions to HR policy strategy for civil servants in MKSF.
- HR policy manual (in preparation).
- Written contributions to methodology for HR planning and for mapping the impact of completed training measures respectively.
- Written guidance for members of the appointments board.
- A number of seminars, including on the above-mentioned topics.

The second sub-project in Kosovo concerns institutional measures to strengthen the fight against corruption in MKSF. In 2017, the project carried out the following measures, among others:

- Written and oral contributions to the working group of representatives of the government authorities who are to prepare guidelines for security-graded procurements for the defence and security sector.
- Training in measures for better internal control as well as schemes for whistle-blowers, impartiality and access to public information.
- Awareness-raising and information work in the field regarding the integrity plan for MKSF adopted in 2016.
- Seminars, lectures and conferences, including on the above-mentioned topics.

In addition, CIDS in cooperation with the Regional School for Public Administration in Danilovgrad, Montenegro has initiated work on a textbook and training programme for civil servants in Western Balkan countries. The topic primarily incorporates measures to better manage risk factors that can lead to corruption, and thus includes institution building. This work will continue in 2018.

In 2017, the project *Building Integrity in the Western Balkans* was subject to an external evaluation on the initiative of the Ministry of Foreign Affairs. The evaluation report⁴ was completed in October.

⁴ The Governance Group, *Review of RER-14/009 Project 'Building Integrity: Kapasitetsbygging i Forsvarssektoren (Capacity building in the defence sector)*. Case No. 17/4940, Oslo, 23 October 2017.

Assessment of the project is extremely positive. The report concludes that ‘The Integrity Project, which is a multifaceted and multi-country program, has been a success by most measures’ (Report p. 4). The evaluation report recommends that the project should be extended beyond the present three-year period. The MoD submitted an application for an extension to the Ministry of Foreign Affairs in November.

Ukraine

In 2017, CIDS continued its efforts in the Ukrainian Ministry of Defence to strengthen professionalism and integrity in HRM in the Ministry with the overall goal of reducing the risk of corruption. The project was launched in 2015 and has a four-year horizon, with 2017 representing the third year. Progress in 2017 was based on recommendations from the report ‘Ensuring professionalism and integrity in the Ministry of Defence of Ukraine’, prepared by CIDS in close collaboration with the Ukrainian MoD and independent experts.

In 2017, the project concentrated on the following measures:

- Written contributions to the MoD’s HR policy strategy. The strategy was adopted by the Minister of Defence in May, and largely follows CIDS’ recommendations and the main objectives of the ongoing project.
- Written and oral contributions in respect of HR planning, analysis of job descriptions, HR evaluation and competence development.
- Written and oral contributions that apply to competence-based appointments in particular. A draft of the manual has been prepared and submitted to the Ministry.
- Mapping of job descriptions and work distribution in the Ministry. Approximately 40 positions in the HR department have been reviewed. A proposal for new job descriptions has been prepared.
- Written analysis of the risk of corruption in the MoD’s procurement department. The analysis has been submitted to the MoD, which had few comments on CIDS’ analysis.
- Seminars and conferences, including on the topics mentioned above.

In 2017, CIDS followed up the agreement entered into with the National Anti-Corruption Bureau of Ukraine in September 2016 and actively contributed to the Ukrainian Ministry of Defence’s advisory committee on anti-corruption measures.

Possible future bilateral projects

In 2017, no new cooperation was initiated with other countries. However, CIDS has indicated that extending the Southeast Europe project to countries other than the three current partner countries may be relevant if this can be put in place with a minimum of extra internal resources, and if more funding is granted by the Norwegian Ministry of Foreign Affairs. This assessment is still valid.

Summary

The effects of the integrity projects in Southeast Europe and Ukraine will primarily be seen in the long term, although the measures also lead to a focus on anti-corruption efforts in a more short-term perspective. The impact of measures to improve governance and foster integrity and professionalism

is, however, difficult to measure in the short term. They will not be apparent for another ten years or more. A reduction in the scope of corruption would be one such effect. The review that the *Governance Group* conducted of CIDS' work in the Western Balkans shows that the methods used are effective in creating positive changes in CIDS' partner countries. We appreciate the positive comments on the project made in the report.

CIDS' courses and conferences

CIDS has developed two courses offered through NATO's Building Integrity Course Catalogue. The *BI Institutional Enhancement Course: Integrity Action Plan* examines how to develop and implement an action plan for integrity in the defence sector. This course was not held in 2017 but is planned to be held in 2018 at the Regional Department of Defence Resources Management Studies in Brasov, Romania (DRESMARA).

The second course addresses a key component of integrity building, namely Human Resources Management (HRM). *BI Institutional Enhancement Course: Human Resources Management* is a three-day course that gives a broad introduction to the principles and international conventions that apply to HRM in the public sector in general and in the defence sector in particular. The course has also been held in the Ukrainian Ministry of Defence in connection with CIDS' HRM project. In 2017, the course was held at DRESMARA, with 18 participants from 10 different countries.

CIDS plans to continue its cooperation with DRESMARA. The school in Brasov, Romania, has proven to be academically competent and well organised, and has modern classrooms and facilities. Arranging such courses is extremely resource-intensive for CIDS, not only in terms of administrative and practical planning but also in relation to delivering course content, academic follow-up and teaching. CIDS thus found that even with relatively modest funds, it was possible to export self-developed courses to an institution that has greater capacity for more sustainable course implementation in the long term.

CIDS also provides lecturers and instructor support for a number of courses and conferences in both Southeast Europe and Ukraine, as well as nationally and in the NATO context, at the NATO school in Oberammergau.

Communication

A core part of CIDS' activity is to disseminate knowledge about integrity building and good governance in the defence sector. The Centre's annual reports for 2015 and 2016 provide an overview of publications in recent years. In 2017, the Centre published, inter alia, the fifth publication in the series, *Guides to Good Governance (GGG): 'Managing the risks of real estate corruption and fraud in the defence sector'*. The guide has been issued in English and Ukrainian. A Georgian version is in preparation in cooperation with NATO's BI group.

GGG no. 6: 'Good Governance Guide on Public Financial Management' was in the final phase of editing in December 2017, and publication is expected in early 2018. Several other GGGs have been translated to languages other than English in cooperation with NATO's BI group.

In autumn 2017, CIDS updated its English and Norwegian web pages. Relevant publications and information about our work, courses and conferences are available under the tab 'Publications'. In 2017, CIDS also developed a web-based training platform called the 'Dilemma Bank', whose purpose

is to offer practical exercises in dilemma training in enterprises – particularly in the defence sector. Dilemma training consists of four activities: identifying a dilemma, defining and discussing it, and reaching conclusions about what is deemed good practice and what potential solutions there are.

CIDS also has its own Facebook and LinkedIn pages that function as a useful platform for expanding our national and international networks in the area of anti-corruption and integrity building. In order to attract more attention to CIDS' projects in Southeast Europe and Ukraine, in 2018 the Centre established Facebook pages in local languages for each of the four project offices in Bosnia and Herzegovina, Kosovo, Montenegro and Ukraine. Through greater focus on social media, the number of hits on the CIDS Facebook page increased by 36% in November 2017 in comparison with the previous month.

CIDS' other products in 2017 included the following:

- 'Functional Analysis of the Procurement Sector in the Ministry of Defence of Bosnia and Herzegovina', August 2017.
- 'Integrity in management activities – self-evaluation', October 2017.
- 'Use of non-solicitation clauses in employment contracts in the defence sector', September 2017.

Full versions of these products are available on CIDS' websites: www.sifs.no or www.cids.no.

Cooperation with other international organisations

CIDS has continued its cooperation with the Swiss SSR foundation DCAF. Our intention was to formalise this cooperation, but we found that it functioned well without any formal agreement. We have also continued our cooperation with the UK Defence Academy. Transparency International Defence and Security Programme will continue to be an important partner. The Centre for Security Cooperation (RACVIAC) in Croatia and the Peace Support Operations Training Centre (PSOTC) in Bosnia and Herzegovina may become important partners in education and training. However, the cooperation with RACVIAC is difficult because it is a multinational organisation of which Russia is a member, and to date it has been impossible to arrange NATO activities at the training centre.

In Romania, CIDS has initiated a cooperation with the Regional Department of Defence Resources Management Studies (DRESMARA) in Brasov. In December, we arranged a BI course at the institution (see above).

In 2016, CIDS initiated a cooperation with NATO's Joint Warfare Centre (JWC) in Stavanger, and this continued in 2017. CIDS supports JWC, which means that BI and anti-corruption measures will also be incorporated into the exercises and training programmes that JWC carries out.

CIDS has provided anti-corruption support to the Nordic/Baltic defence cooperation.

As previously mentioned, in 2017 CIDS issued GGG 5 on the management of real estate in the defence sector. The publication was the result of a cooperation with the MoD's Internal Audit Unit.

National tasks

Introduction

The competence that CIDS possesses and uses in the international projects can also be utilised in advisory work and in proposals for measures in Norway. Although the defence sector in Norway is relatively mature in terms of Good governance, CIDS has observed many of the same challenges as, for example, in Southeast Europe. The 2017 Annual Plan thus represented a greater focus on CIDS' national activities.

Cooperation with suppliers

The MoD commissioned CIDS to prepare general contract terms requiring suppliers to put in place measures aimed at reducing the risk of corruption among individual suppliers and sub-suppliers. The report was submitted at the beginning of 2016 and recommended several follow-up measures. The MoD approved these recommendations and in 2017, CIDS worked to implement the standard. It is envisioned that suppliers will be invited to comply with the standard. If they do not wish to do this, they will be requested to explain their reasons. The answers will get published. Achieving this solution has been a challenge but we intend to commence early in 2018 by inviting various pilot suppliers. In 2017, CIDS was in close dialogue with the Norwegian Defence and Securities Industries Association (FSi) in order to reduce the risk of corruption among suppliers to the defence sector, with a special focus on the interface between the suppliers and the agencies in the defence sector.

Follow-up of TI Government Defence Anti-Corruption Index

Another key area of work for CIDS is to follow up Transparency International's *Government Defence Anti-Corruption Index*. The index measures the risk of corruption in defence sectors worldwide, and Norway is one of the countries assessed, most recently in 2015. In 2017, CIDS primarily followed this up through its cooperation with the NDMA (see below). Transparency International is preparing a new anti-corruption index in 2018. This will entail substantial cooperation between the CIDS and the Norwegian MoD in the year ahead.

Support for the NDMA's implementation of the integrity plan for the agency

The agreement entered into with the NDMA for support in the implementation of the agency's integrity plan was concluded in 2017. In 2018, the NDMA's integrity programme will be transformed into an integrity system. This will still entail a substantial input of resources but much fewer than in 2017. With its large procurements, the NDMA plays a key role in the sector when it comes to strengthening integrity and reducing the risk of corruption. CIDS is planning to contribute to the implementation of the NDMA's integrity system in the following areas:

- Communication on integrity work in the activities
- Inclusion of integrity in HR management at all stages, from recruitment to the end of the working relationship.
- Training in identifying and handling dilemmas.
- Arrangements for self-evaluation of integrity work in the NDMA.
- General advice to management.

The cooperation with the NDMA has also been of value for CIDS. CIDS has developed a tool for self-assessment/evaluation for use internally and by other agencies. The consultancy firm BDO Norway devised a set of questions for use in the evaluation, and the NDMA has adopted these.

CIDS has also prepared an interview guide to use in recruitment as a tool for better identifying a candidate's personal integrity or ethical standards. The guide includes several 'cases' for use in the interview situation. CIDS has also carried out dilemma training for all management groups in the enterprise, as well as for employees at other levels. Altogether, approximately 400 people have taken part in such training under the auspices of CIDS.

CIDS has also established a 'dilemma bank' for use in dilemma training. The bank contains dilemmas linked to the 'Ethical guidelines for the public service'. The bank can be found at www.sifs.no/dilemmabank and is a tool for the entire defence sector, not only the NDMA. CIDS has also advised on internal and external communication, and has provided guidance to the Agency's director.

Other activities

The report on the use of non-solicitation clauses in the defence sector was published in autumn 2017 as part of the compliance with CIDS' mandate. The report deals with the practice of the 'non-solicitation' rule in the sector, and reveals considerable differences. It suggests measures that will strengthen follow-up in this field.

Priorities 2017

CIDS has a broad-based portfolio and an expanding workload, both nationally and internationally. As the only centre of its kind in NATO, CIDS has developed unique competence in integrity building and anti-corruption. The Centre is experiencing growing demand, particularly from NATO's BI programme, but also from our other partners. As Department Head for BI Education & Training, the MoD represented by CIDS has taken on commitments that must be followed up. Due to the staffing situation, CIDS deemed it necessary to prioritise certain tasks in 2017 at the expense of others. The 2017 Annual Plan was based on the following priorities:

1. Management and governance in BI projects in Southeast Europe and Ukraine.
2. National tasks in the defence sector, including support for the NDMA.
3. The Department Head role in NATO.
4. Cooperation with supplier organisations in the defence sector.
5. Own courses and conferences.
6. Other national tasks.
7. Bilateral cooperation with new countries.

Priorities 1 to 6 were implemented as planned, and national tasks in the form of support to the defence sector were given a higher priority in 2017 than in previous years.

CIDS has limited resources, primarily in connection with the supply of personnel. This annual report shows what we are able to accomplish with the resources at our disposal. With short and non-bureaucratic lines of communication and a focus on simplification, it is possible to make limited resources stretch far. We are therefore extremely satisfied with the results in 2017. Nevertheless, as in previous years, we could have achieved more with greater resources, especially in terms of personnel. Notwithstanding, as in previous years, CIDS will continue to be a significant contributor to the efforts in integrity building, good governance and anti-corruption – both nationally and internationally.

A handwritten signature in black ink, appearing to read 'Per Christensen'. The signature is fluid and cursive, with a prominent initial 'P' and a long, sweeping tail.

Per Christensen, Director