

TI-UK Country Defense Index 2014-2015

To customize the report select the desired targets, the questions you wish to review and then click Apply to display. Check any options you wish to be listed for each question.

1.1. Defence and Security Policy

01. Is there formal provision for effective and independent legislative scrutiny of defence policy?

- 0** Either no independent legislature exists at all, OR it exists but has no formal rights over defence policy, OR the significant presence of military officials within parliament has contributed to evidence that parliamentary scrutiny of defence is undermined.
- 1** There are few formal mechanisms for legislative scrutiny of defence policy, though an independent legislature does exist and there is some evidence of it having influence over defence issues in the last year.
- 2** There are some formal rights (for example in law, statute, or custom) to review defence policy and there is evidence that defence policy is debated in parliament, although it cannot necessarily be vetoed.
- 3** As for score 4, there is considerable legislative scrutiny, yet some of the listed aspects of legislative scrutiny are missing, unclear, or of uncertain quality.
- 4** Formal rights exist for parliament to scrutinise defence policy, and there is no evidence that the legislature is unduly influenced by the executive to vote in its favour. Parliament approves or vetoes laws on security, exercises budgetary power, and reviews or approves major arms procurements and decisions regularly. Parliament can turn down or amend defence policy.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Parliament of Finland: <http://web.eduskunta.fi/Resource.phx/parliament/index.htm>, last

VISITED 6.6.2015 The Constitution of Finland, 11 June 1999, UNOFFICIAL TRANSLATION:

<http://www.finlex.fi/en/laki/kaannokset/1999/en19990731.pdf>, last visited 6.6.2015 President of Finland, homepage: <http://www.presidentti.fi/public/default.aspx?nodeid=44821&contentlan=2&culture=en-US>" last visited 6.6.2015 'Assessment group would increase defence spending', Helsinki Times, 2 October 2014, <http://www.helsinkitimes.fi/finland/finland-news/domestic/12256-assessment-group-would-increase-defence-spending.html> last visited 6.6.2015 Juha-Pekka Raeste, 'Parlamentaarinen työryhmä esittää puolustukseen 150 miljoonaa euroa vuodessa lisää' Helsingin Sanomat, 2 October 2014. <http://www.hs.fi/kotimaa/a1412141097299>, accessed November 2015. 'Arhinmäki: Nato-sopimusta on valmisteltu piilossa', 23 April 2014. http://yle.fi/uutiset/arhinmaki_nato-sopimusta_on_valmisteltu_piilossa/7202532, accessed October 2015. 'Hallitus Nato-sopimuksesta: Emme ole salailleet mitään', 24 April 2014. http://yle.fi/uutiset/hallitus_nato-sopimuksesta_emme_ole_salailleet_mitaan/7205973?ref=leiki-uu, accessed October 2015. Press release on the answer of the Defence Minister to a written question by the Member of Parliament: http://www.defmin.fi/ajankohtaista/kirjalliset_kysymykset/puolustusministerin_vastaus_kansanedustaja_maarit_feldt-rannan_sd_kirjalliseen_kysymykseen_kk_460_2013_vp.5556.news?2904_o=15

Comments: The key to legislative scrutiny of defence policy is the Finnish Parliament. Its role is defined in the following way: "The supreme decision-making authority in Finland is the Parliament, which enacts legislation, approves the state budget, ratifies international treaties and oversees the Government. 15 special committees and the Grand Committee provide the basis on which Parliament takes nearly all of its decisions. The Foreign Affairs Committee deals with the security policy" (Parliament of Finland website). The Constitution (Chapter 4, section 44) states that Parliament can also vote on a motion of non-confidence in the executive on the basis of domestic or international policy issues. Parliament has the power to turn down and amend defence policy. However, as governments in Finland tend to be broad multiparty governments which continue through four-year election cycles, Parliament commonly approves the proposed legislation as it is sent by the government. Defence policy is also debated in Parliament: during the year 2014, a parliamentary assessment group chaired by Ilkka Kanerva recommended that annual defence appropriations be increased in accordance with the hopes of the Finnish Defence Forces to facilitate new materiel procurements. ('Assessment group would increase defence spending'; Raeste) Moreover, the Government produces white papers on national defence which are debated in Parliament and in its relevant subcommittees. MPs have the right to submit written and oral questions to ministers and the ministers are obliged to respond. The impact of Parliament is moderated by the strong role of the Finnish President, who makes decisions on the principles and implementation of the country's military defence and has significant influence on promotions and appointment. Still, the legislature is mandated to exert robust scrutiny over defence policy. Since the formal power over defence policy is shared between different actors, a consensus is usually required for any major changes. The Parliament tends to actively guard its prerogatives and demand information. In 2014, parliamentarians accused the government of secrecy in the field of defense policy: the government was suspected of hiding information on an agreement that was being negotiated with the NATO. The government response was to explain that the agreement preparation had barely just begun and therefore it had not informed the parliament. The critics included a former Minister of the same government and a deputy belonging to the same party as the Prime Minister

(see the last two sources). Members of Parliament also review classified procurement: for example, in 2013 an MP questioned whether a particular purchase was correctly classified as secret (press release). RESPONSE TO PEER REVIEWER 2: Comments integrated. However, the prerogatives of Parliament when it comes to defence oversight are still significant. Score maintained.

02. Does the country have an identifiable and effective parliamentary defence and security committee (or similar such organisation) to exercise oversight?

- 0** There is no independent parliament, or there is no defence committee or similar institution that is tasked with oversight and scrutiny of the defence sector.
- 1** There is a defence committee or similar institution, but it has minimal formal rights of oversight, OR there are considerable concerns over its effectiveness.
- 2** There is a Defence Committee or similar institution with some formal rights.
- 3** There is a defence committee or similar institution that, according to public evidence, is adequately resourced and is active. It is also largely effective, with only minor concerns over shortcomings in its ability to exercise oversight.
- 4** There is defence committee or similar institution with extensive formal rights; there is public evidence that it is adequately sourced, it is active, and publishes documents. The committee is in a position to require expert witnesses to appear in front of it. The committee (or similar such organisation) has the power to scrutinise the performance of the defence ministry and, if applicable, defence agencies.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Parliament Website - <http://web.eduskunta.fi/Resource.phx/parliament/index.htx> Foreign Affairs Committee's Report (1/2013) on the Government Report on Finnish Security and Defence Policy 2012: <http://web.eduskunta.fi/dman/Document.phx?documentId=ky28713144029442&cmd=download> Eduskunnassa ihmetellään valiokunnan Nato-tietovuotoa. <http://www.hs.fi/politiikka/a1409712858892> last read 6.6.2015 Jussi Niinistöltä tyyliä tekstiä Haglundille: "Hän teki virheen". <http://www.mtv.fi/uutiset/kotimaa/artikkeli/jussi-niinistolta-tyly-tekstia-haglundille-han-teki-virheen/4984584>. last read 6.6.2015 Kokoussuunnitelma viikoille 43—53/2015, <https://www.eduskunta.fi/FI/vaski/KokousSuunnitelma/Sivut/EDK-2015-AK-4306.aspx>, accessed November 2015. Puolustusvaliokunt, Perjantai 23.10.2015 klo 9.30—10.30,

https://www.eduskunta.fi/FI/vaski/KokousPoytakirja/Sivut/PuVP_23+2015.aspx, accessed November 2015. Viikkosuunnitelma viikolle 46/2015,

<https://www.eduskunta.fi/FI/vaski/KokousSuunnitelma/Sivut/EDK-2015-AK-3857.aspx>, accessed November 2015. Foreign Affairs Committee homepage.

<https://www.eduskunta.fi/EN/lakiensaaminen/valiokunnat/ulkoasiainvaliokunta/Pages/default.aspx>, accessed November 2015.

Comments: The overall system of oversight over the defence sector is clear: "The Foreign Affairs Committee (FAC) deals with security policy, while the Defence Committee focuses on the Defence Forces, legislation concerning exceptional circumstances and more." (Finnish Parliament website) The Committees share oversight of Finland's participation in peacekeeping missions. Parliament's budgetary oversight committee has budgetary oversight over the Ministry of Defence. Both Foreign Affairs and Defence Committees are active, can invite expert witnesses, conduct interactive sessions, publish documents and reports, and appear adequately resourced. The committees tend to meet 2-4 times per week; the minutes are available online; information on Committee proposals (and whether they have been accepted or not) can be easily found through meeting records (examples are contained within the sources). The committees sometimes complain that information that should have been reported to them by the relevant Ministries ('Hän teki virheen') was withheld. The Foreign Affairs Committee Report (1/2013, 6) on the 2012 Government Report on Finnish Security and Defence Policy also suggests that the Committee, while it was dissatisfied with the current state of consultation over foreign and security policy, was willing to call for changes in the process: "[t]he Foreign Affairs Committee finds that the implementation and monitoring of the Government Reports' policy guidelines and of statements issued by the Parliament has been unsatisfactory and insufficient. The Committee finds it imperative to openly evaluate whether the Government Reports in their current form can actually provide guidance extending over several government terms. The Committee calls for the development of the security and defence policy procedure so that the implementation and impact of the guidelines over several government terms is strengthened and calls upon the Government to take action with the Parliament in order to develop the procedure." However, there have been relatively few complaints over parliamentary powers. The committee staff or members have been suspected of leaking information to media, however, the allegations have not been confirmed. ('Eduskunnassa ihmetellään valiokunnan Nato-tietovuotoa')

03. Is the country's national defence policy debated and publicly available?

0 There is no defence policy, or there is one but it is not available to the public at all.

1 The defence policy has not been debated publicly, and it is available to the public only in part or abbreviated form.

2 Some parts of the defence policy have been debated publicly (major threats, for example), but there is no formal consultation process involving the public and the legislature has limited or no influence over policy. It is largely available to the public.

3 Most contentious parts of the defence policy have been debated publicly, a formal consultation has taken place, the legislature actively debates security policy, and security policy is regularly updated (every 5 years, for example). The policy is openly available to the public.

4 The defence policy is debated by the executive, legislature, and the public; there are public consultations on it and there is evidence that the public can easily access regularly updated information on all aspects of it.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: The Government Report of Finnish Security and Defence Policy (2012):

http://vnk.fi/julkaisukansio/2012/j05-suomen-turvallisuus-j06-finlands-sakerhet/PDF/VNKJ0113_LR_En.pdf

Act on the Openness of Government Activities (621/1999, Chapter 1, Section 1), unofficial translation: <http://www.finlex.fi/en/laki/kaannokset/1999/en19990621.pdf>

<http://www.hs.fi/politiikka/a1419045129942>. last read 6.6.2015

Finnish Security and Defence Policy 2012. http://www.defmin.fi/en/publications/finnish_security_and_defence_policy last read 6.6.2015

Parliamentary debate on Ukraine turns to Nato. <http://www.helsingitimes.fi/finland/finland-news/politics/9802-parliamentary-debate-on-ukraine-turns-to-nato.html?ref= uutiskirje>. last read 6.6.2015

'Securely into the future: Ministry of Defence Strategy 2025', 2006.

http://www.defmin.fi/files/674/Securely_into_the_future_-_strategy_2025.pdf

Rauhanliitto, 'Lausunto eduskunnan puolustusvaliokunnalle: turvallisuus- ja puolustuspolitiikka VNS 6 /2012 selonteosta', 9

April 2013. <http://www.rauhanliitto.fi/tiedotus/lausunnot/lausunto-eduskunnan-puolustusvaliokunnalle-turvallisuus-ja-puolustuspolitiikka-vn>,

accessed October 2015. Foreign Affairs Committee's Report (1/2013) on the Government Report on Finnish Security and Defence Policy 2012:

<http://web.eduskunta.fi/dman/Document.phx?documentId=ky28713144029442&cmd=download>

Ministry of Defence strategy documents, available at

http://www.defmin.fi/en/publications/strategy_documents, accessed November 2015.

Comments: The Government Report on the Finnish Security and Defence Policy (2012) is publicly available in accordance with the Act on the Openness of Government Activities (621/1999, Chapter 1, Section 1), which states that "Official documents shall be in the public domain, unless specifically otherwise provided in this Act or another Act." The Cabinet Committee on Foreign and Security Policy (UTVA) leads the preparation process of the Policy. Prior to publishing the 2012 Policy, the UTVA held consultative expert seminars and carried out a public opinion poll; there are also examples of CSOs expressing their opinions on the draft policy. Thus, while there might not be a structured

consultation process, there is nonetheless openness to society's involvement in creating the policy. The policy white paper is debated in the Foreign Affairs Committee before the Government presents it to the Parliament. The security policy is regularly updated, every 3-4 years. The public also has online access to other strategic documents such as the MOD's Strategy 2015 and the Cyber Security Strategy. These documents were published respectively in 2006 and 2010. In 2012, the parliament's Foreign Affairs Committee expressed dissatisfaction with the process the government used to prepare its reports on security policy to parliament and demanded that it should be reformed. This, however, has not yet been done as the policy has not been updated since.

04. Do defence and security institutions have a policy, or evidence, of openness towards civil society organisations (CSOs) when dealing with issues of corruption? If no, is there precedent for CSO involvement in general government anti-corruption initiatives?

0 There is no evidence that CSO engagement has taken place on any significant subject, or that talking to CSOs is considered part of the institutions' work. Requests by CSOs to work with the government are likely to be rejected or considered inappropriate.

1 There has been some talk of engaging CSOs actively and meetings have taken place, but they tend to take place with CSOs that are either very supportive of, or are explicitly funded by, the government.

2 Defence and security institutions are seeking (or are beginning to seek) CSO engagement and examples of engagement can be found, including engagement on sensitive issues such as defence.

3 There is evidence that defence and security institutions are open towards CSOs and that they encourage their engagement, though they may not explicitly protect them legally. There has been engagement with them on corruption issues.

4 There is a policy or strong evidence that defence and security institutions are open towards CSOs, protects them legally, and that they encourage their engagement. They have specifically engaged with CSOs on corruption issues.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: Act on the Openness of Government Activities (621/1999, Chapter 1, Section 1), unofficial

translation: <http://www.tinlex.fi/en/laki/kaannokset/1999/en19990621.pdt>

PUOLUSTUSVALIOKUNNAN LAUSUNTO, 2/2011 vp.

https://www.eduskunta.fi/FI/vaski/Lausunto/Documents/puvt_2+2011.pdf last read 6.6.2015.

'Securely into the future: Ministry of Defence Strategy 2025', 2006.

http://www.defmin.fi/files/674/Securely_into_the_future_-_strategy_2025.pdf

Comments: The Ministry of Defence Strategy 2025 states that the role of the MOD as coordinator of defence and security activities is based on 'transparent and constant interaction involving the public administration, private enterprise and non-governmental organizations' (p3). Moreover, the Act on the Openness of Government Activities (621/1999, Chapter 1, Section 3) states, "The objectives of the right of access and the duties of the authorities provided in this Act are to promote openness and good practice on information management in government, and to provide private individuals and corporations with an opportunity to monitor and exercise public authority and the use of public resources, to freely form and opinion, to influence the exercise of public authority, and to protect rights and interests." The relevant ministries regularly include representatives of the CSO in their work and solicit expert statements and evaluations. Parliament invites CSO representatives as witnesses. CSOs often participate in the statements given to the Defence Committee, and as experts. They also have important roles in the other parliamentary committees. However, as corruption cases are rare, the evidence of CSO involvement in these cases could not be evaluated. RESPONSE TO PEER REVIEWER 2: Agree, score changed to 3 to reflect limited engagement on corruption issues/risks.

05. Has the country signed up to international anti-corruption instruments such as, but not exclusively or necessarily, UNCAC and the OECD Convention? (In your answer, please specify which.)

0 The country has not signed up to the instruments.

1 The country has signed up to, but not ratified, relevant instruments.

2 The instruments have been signed up to and ratified, but there has been no evidence of compliance.

3 The country has signed up to all relevant instruments, but there is limited evidence of compliance (e.g. partial shortcomings in complying with specific parts of the conventions).

4 The country has signed up to all relevant instruments, there has been formal ratification, and there is evidence of compliant activity.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: Joutsen, M. and Keränen, J. (2009). The Ministry of Justice. Corruption and the prevention of corruption in Finland:

<http://www.oikeusministerio.fi/material/attachments/om/tiedotteet/en/2009/6AH99u1tG/Corruption.pdf>. last read 6.6.2015 Ministry for Foreign Affairs, Finland: Preventing Corruption: A Handbook of Anti-Corruption Techniques for Use in International Development Cooperation, (pp. 36-41, 52-57): <http://formin.finland.fi/public/download.aspx?ID=12374&GUID=%7B875D9DC0-A2FA-40CC-87A1-25B1CFCB3360%7D>. last read 6.6.2015 The 2011 Country Review Report on UNCAC implementation http://www.unodc.org/documents/treaties/UNCAC/CountryVisitFinalReports/2011_07_21_Finland_financial_country_review_report.pdf. last read 6.6.2015 OECD 2013 Follow-up report. <http://www.oecd.org/daf/anti-bribery/FinlandPhase3WrittenFollowUpReportEN.pdf>". last read 6.6.2015 UN reviewers: Finland's measures against corruption have been successful. <http://www.oikeusministerio.fi/en/index/currentissues/tiedotteet/2011/06/yknryhmapitaasuomenkorruptionv.html> Last read 6.6.2015

Comments: Finland has signed and ratified the following anti-corruption instruments: The United Nations Convention against Corruption (UNCAC), United Nations Convention against Transnational Organized Crime, the OECD Convention and the Council of Europe criminal law and civil law conventions against corruption, as well as obligations by international bodies as OECD and GRECO. There is evidence of the implementation process. The provisions of UNCAC have been incorporated into the Finnish legal system through Act no.466/2006 and Decree no. 605/2006, and corporate liability has been included in the criminal law system. (UNCAC, p.2) Legislation has been applied to Finland's development assistance and whistleblower protections have been strengthened. The 2011 Country Review Report on UNCAC implementation commends Finland of its "high level of compliance" and suggests that some of the measures it introduced could serve as good practices. However, the OECD 2013 Follow-up report (p. 3) expressed its concern over the "high number of recommendations not implemented": 5 out of 19 Phase 3 recommendations were implemented satisfactorily, 2 have been partially implemented, and 12 have not been implemented.' "The Working Group considers that Finland has satisfactorily implemented 5 out of the 19 Phase 3 recommendations, while 2 recommendations have been partially implemented, and 12 recommendations have not been implemented." RESPONSE TO PEER REVIEWER 2: Agree. Comments incorporated and score changed to 3. * "Finland has adopted a model of corporate liability which is primarily based on criminal law

06. Is there evidence of regular, active public debate on issues of defence? If yes, does the government participate in this debate?

0 There is no evidence of public debate over issues of defence.

1 There is infrequent public consultation on defence and security issues. Where communication does occur, it is likely to be one-way: officials may provide some information but may not answer public questions.

2 There is evidence of occasional debate between government and opinion-formers and some commitment to fostering dialogue.

3 There is regular, but not always persistent debate between the public and the government via, for example, open forums, an active website, or at media briefings.

4 Yes, there is constant and regular debate with academia, opinion-formers, and CSOs about defence policy issues, and there is tangible evidence of such debate: through the government co-organising discussions with independent think tanks or civil society organisations, for example, or through joint media briefings.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Parliament of Finland: <http://web.eduskunta.fi/Resource.phx/parliament/index.htm> . last read 6.6.2015 Website of the President of Finland, Kultaranta-talks: <http://www.president.fi/public/default.aspx?nodeid=47193&contentlan=2&culture=en-US> . last read 6.6.2015 "Tuomioja: Itä-Ukrainan tilanne on jälleen pahentunut selvästi" 12.11.2014, Jukka Huusko, Helsingin Sanomat <http://www.hs.fi/ulkomaat/a1415684240397> . last read 6.6.2015 "Kansanedustaja Louhelainen: Ukrainan kriisiä ei voi ohittaa ydinvoimapaätöksessä" 6.10.2014, Yle uutiset http://yle.fi/uutiset/kansanedustaja_louhelainen_ukrainan_kriisia_ei_voi_ohittaa_ydinvoimapaatoksesa/7511504 . last read 6.6.2015 "Kansanedustaja: Heinäluoma syrji kokoomuksen naisia Ukrainakeskustelussa" 12.3.2014, Teija Sutinen, Helsingin Sanomat <http://www.hs.fi/politiikka/a1394606448322> . last read 6.6.2015 "Kansanedustaja kaipaa todisteita Venäjän läsnäolosta Itä-Ukrainassa" Ilkka Luukkonen, Verkkouutiset, 20.8.2014 <http://www.verkkouutiset.fi/politiikka/kansanedustaja%20kaipaa%20todisteita%20venaja%20ita%20ukraina-24505> . last read 6.6.2015 Work in Plenary Session - Eduskunta. www.eduskunta.fi/efakta/opas/tiedotus/esitesarja/esite_4_englanti.pdf . last read 15.3.2015 Public opinion poll on the Defense Reform, defense budget and Afghanistan: <http://www.defmin.fi/index.phtml?s=595> Last read 6.6.2015 Public debate with media (citizens could pose questions): http://www.defmin.fi/?9_m=5925&s=8 . last read 6.6.2015 'Parliamentary debate on Ukraine turns to Nato', Helsinki Times, 13 March 2014. <http://www.helsinkitimes.fi/finland/finland-news/politics/9802-parliamentary-debate-on-ukraine-turns-to-nato.html?ref=uutiskirje>, accessed October 2015. 'Suomessa riidellään ulkopoliitikasta – vai riidelläänkö?', Helsingin Sanomat, 12 December 2014. <http://www.hs.fi/politiikka/a1419045129942>, accessed October 2015. Helsingin

Sanomat, 'Working group proposes increased spending on defence budget', December 2014. <http://www.hs.fi/kotimaa/a1412141097299>, accessed November 2015; Helsingin Sanomat, 'Finland fighting over security policies', April 2014. <http://www.hs.fi/politiikka/a1419045129942>, accessed November 2015. Broadcasts of parliamentarians asking questions from the Prime Minister on a weekly basis, available at <http://areena.yle.fi/1-2603879>, accessed November 2015.

Comments: Daily newspapers, magazines and various specialized papers are forums of a lively and open public debate on defence issues. Defence matters are commented on by citizens as well as researchers, journalists, experts and politicians. Discussions and other events regarding defence issues are also held by think tanks, research institutes and universities. The level and relevance of the debates have been galvanised by the Ukraine crisis: it prompted a more open debate of various interests and standpoints (see for example 'Parliamentary debate on Ukraine turns to Nato', 'Suomessa riidellään ulkopoliitikasta – vai riidelläänkö?'). Parliament's plenary sessions, which are the main forum for the political debate in Finland, are open to the public; parliamentarians can ask questions of the prime minister once a week and the session is broadcast live. The Parliament has also debated the Ukraine issue. The Defense Forces and the Ministry of Defense actively seek out public contributions through public debates with the media (with the public being given the opportunity to pose questions), opinion polls, and the annual Kultaranta talks, which are organized by the President of Finland and focus on foreign and security policy. Participants include politicians, researchers, journalists and managers.

07. Does the country have an openly stated and actively implemented anti-corruption policy for the defence sector?

- 0** There is no sign of an anti-corruption policy in existence now, nor is one likely to be in existence soon.
- 1** There is some evidence that the government is considering an anti-corruption policy but it is either not in place yet, or evidence that there is no serious action behind it.
- 2** There is an openly stated anti-corruption policy, but a lack of evidence surrounding effective implementation.
- 3** As for score 4, yet the anti-corruption policy does not specifically isolate the defence sector.
- 4** There is an openly stated anti-corruption policy explicit to the defence sector; implementation plans exist for specific plans, and there is evidence of such implementation.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland





Score: 2

Sources: Joutsen, M. and Keränen, J. (2009). The Ministry of Justice, Finland. Corruption and the prevention of corruption in Finland:

<http://www.oikeusministerio.fi/material/attachments/om/tiedotteet/en/2009/6AH99u1tG/Corruption.pdf>. read last 6-6-2015 Patria (2013). Annual Review: <http://patria.smartpage.fi/en/annual-review-2013/> read last 6.6.2015 UNCAC 3rd round monitoring report, Finland, 2011.

<http://uncaccoalition.org/files/official-documents/country-review-report-finland.pdf>, accessed November 2015. Anti-Corruption Cooperation Network homepage,

<http://oikeusministerio.fi/fi/index/valmisteilla/kehittamishankkeita/5B7hbbXcF.html>, accessed November 2015. Ministry of Justice, Anti-corruption publication,

<http://oikeusministerio.fi/material/attachments/om/tiedotteet/en/2009/6AH99u1tG/Corruption.pdf>, accessed November 2015. Policy on gifts and financial interests: -

<https://www.eduskunta.fi/EN/kansanedustajat/sidonnaisuudet/Pages/default.aspx> -

<https://www.eduskunta.fi/EN/kansanedustajat/sidonnaisuudet/Documents/sidonnaisuudet-EN-B.pdf>

General Standing Order, available only in Finnish:

<http://www.puolustusvoimat.fi/wcm/0802b480406f9674bed9ff66f99672d5/YIPalvO.pdf?MOD=AJPERES>

Administrative Procedure Act (434/2003), unofficial translation:

<http://www.finlex.fi/fi/laki/kaannokset/2003/en20030434.pdf>

Comments: Finland has no national anti-corruption strategy for the defence sector, partly because corruption and bribery are not considered big threats to Finnish society and partly because the prevention of corruption relies on the openness of government activities and a public scrutiny. Nevertheless, the Anti-Corruption Network was established by the Ministry of Justice in 2002 and one of its objectives is to plan an anti-corruption plan for Finland and propose initiatives regarding the prevention of corruption in 2015 (at the time of writing, there was no evidence of an anti-corruption policy having been introduced). The ensuing mapping of the sectors and situations that are vulnerable to corruption was based on governmental guidelines. The Network was set up in response to the recommendations given in connection with the GRECO first round evaluation. It brings together State and local authorities as well as the private sector, the research community and NGOs. The mandate of this network is to promote anti-corruption activities and propose initiatives such as increasing the awareness of corruption in society and of the anti-corruption guidelines for state, municipal and private actors; following and promoting the implementation of obligations under international anti-corruption agreements, as well as obligations before international bodies; and following and promoting research on corruption. There are also standards of conduct that implement anti-corruption principles. The General Standing Order imposes standards of conduct on military personnel. It prohibits all military personnel from bribing and accepting bribes and provides guidance concerning gifts and hospitality. The Administrative Procedure Act (434/2003) lays down the practices of good governance for public servants and the State Civil Servants' Act (19.8.1994/750) prohibits bribes (chapter 4, section 15) and imposes rules for secondary occupations (section 18) that apply to potential conflicts of interest. Score 2 has been selected due to the lack of a comprehensive anti-corruption policy and due to lack of specific implementation plans applying to defence.

08. Are there independent, well-resourced, and effective institutions within defence and security tasked with building integrity and countering corruption?

0 There is no evidence of such institutions.

1 There is no evidence of such institutions, but there is evidence that the country is making proactive efforts to establish them, OR there is evidence of such institutions, but they are under political control, or they are potentially misused.

2 Institutions are in place, but they are scattered or uncoordinated or not sufficiently staffed and funded. Evidence of their effectiveness is limited, or there may be compliance or ethics departments that span all government institutions, though their effectiveness is unclear.

3 There are identifiable institutions, and these are mostly independent, suitably staffed and funded, and there is some evidence of their effectiveness.

4 There is an openly stated anti-corruption policy explicit to the defence sector; implementation plans exist for specific plans, and there is evidence of such implementation.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: Ministry of Defence: <http://www.defmin.fi/?l=en&s=1> - Last Read 6-6-2015 The Government decree on the Defence Forces (20.12.2007/1319), only available in Finnish:

<http://www.finlex.fi/fi/laki/ajantasa/2007/20071319#L1> Last read 6.6.2015 National Bureau of Investigation:

<http://www.poliisi.fi/poliisi/krp/home.nsf/pages/5A23874F6668B910C225702F0023A86E?>

[Open document](#) Last read 6.6.2015 Reports and briefs submitted by the internal auditing unit.

http://www.defmin.fi/files/1567/Laillisuusvalvonta_plm.pdf (in Finnish) last read 6.6.2015 Ministry of Defence review of the legality control in the defence sector.

http://www.defmin.fi/files/1567/Laillisuusvalvonta_plm.pdf . Last read 6.6.2015 'Tarkastustyksikkö', <http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi/>

1dmy&urile=wcm%3apath%3a/SU+Puolustusvoimat.fi/Puolustusvoimat.fi/Puolustusvoimat/Paaesikunta/Sisainen+tarkastusyksikko/, accessed November 2015. Anti-Corruption Cooperation Network homepage, <http://oikeusministerio.fi/fi/index/valmisteilla/kehittamishankkeita/5B7hbbXcF.html>, accessed November 2015.

Comments: The Auditing Unit of the Defence Ministry, the Investigation Department and the Legal Department of the General Staff are the key institutions in the internal oversight of the defence sector. The Government decree on Defence Forces (20.12.2007/1319, 5§) states that there is an Assistant Judge who directs and oversees legal matters and soldier judicature of the Defence Forces. The Finnish Defence Forces also have an Internal Audit unit, which analyses and evaluates the function, processes and organization of the Defence Forces, conducts internal audits, and supports risk management and internal supervision. The Military Police of the Defence Forces mainly focuses on maintaining order. While the Ministry of Defence has an Internal Auditing Unit too, the report of the Working Group on the Development of the Legal Supervision of the Defence Ministry doesn't mention corruption or bribes even once, and notes problems with transparency in the reports and briefs submitted by the internal auditing unit.

(http://www.defmin.fi/files/1567/Laillisuusvalvonta_plm.pdf). The National Bureau of Investigation, meanwhile, is a police unit responsible for investigating complex organized and international crimes, including economic crime and corruption. An anti-corruption unit was established under the NBI in 2007, and its main function is to detect economic offences. However, there is only one officer located at the National Bureau of Investigation and he/she is responsible for coordinating the anti-corruption procedures between government agencies and participating in national and international cooperation with competent authorities. The remit of the inter-departmental Anti-Corruption Network established by the Ministry of Justice includes the Ministry of Defence, although it is not clear to what extent it focuses on defence issues. Score 3 has been selected as the effectiveness of some of the institutions has been questioned. RESPONSE TO REVIEWERS: Comments incorporated.

09. Does the public trust the institutions of defence and security to tackle the issue of bribery and corruption in their establishments?

- 0** The public view the defence establishment as entirely indifferent to corruption within it, or as clearly corrupt, without the political will to tackle the problem.
- 1** The public view is that bribery and corruption are not, according to official rhetoric, acceptable to the defence establishment, but there is a widely-held belief that this is just that: rhetoric, and not seriously intended.
- 2** The public view is that bribery and corruption, though not acceptable to the defence establishment, is insufficiently addressed by the measures in place to tackle the problem.
- 3** The public view is that there is a clear commitment from the defence establishment that bribery and corruption are not acceptable and that prosecution may be appropriate. The public view the establishment's efforts to tackle the problem positively, there may be some minor shortcomings.
- 4** The public view is that there is a clear commitment that bribery and corruption are not acceptable and must be prosecuted, and that there is little or no prevalence of corruption in defence, or significantly decreasing prevalence.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: European Commission (2013). Special Eurobarometer 397: Corruption:

http://ec.europa.eu/public_opinion/archives/ebs/ebs_397_en.pdf . Last read 6.6.2015 The Finnish Science Barometer 2013

http://www.tieteentiedotus.fi/files/Sciencebarometer_2013_netsummary.pdf . Last Read 6.6.2015 Transparency International, Global Corruption Barometer, 2013

<http://www.transparency.org/country> Last read 6.6.2015 I2009 Corruption Gallup poll,

<http://www.savonsanomat.fi/uutiset/kotimaa/suomalaisten-usko-vahaiseen-korruptioon-romahti/1080011>, Last read 6.6.2015 2015 Corruption Gallup poll,

<http://www.hs.fi/kotimaa/a1423623104745> . Last read 6.6.2015 European Commission, Eu Anti-Corruption Report 2014. Country Sheet: Finland. http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/organized-crime-and-human-trafficking/corruption/anti-corruption-report/docs/2014_acr_finland_factsheet_en.pdf, accessed November 2014.

Comments: According to Eurobarometer 397 (2013, 46,63), 51% of Finns agree that corruption does exist within their national public institutions. Nevertheless, the view that there are sufficient safeguards to deter individuals from engaging in corrupt practices was most widespread in Finland (50%) and 47% of Finns agreed that government's efforts to tackle corruption are effective. The numbers were similar in the EU's 2014 Anti-Corruption report. In addition, the Finnish Science Barometer (2013, 12), whose respondents were asked to assess their level of trust in various Finnish societal institutions, noted that the Finns have the highest level of trust in the two organizations responsible for the internal and external security of the Finnish society: the police and the defence forces. 33% of the respondents had great trust in police, and 53% fairly great trust. Similarly, 25% of the respondents had great trust in the defence forces, and 49% fairly great trust. According to Transparency International's 2013 Global Corruption Barometer, 36% of Finns believe that their Government's effort to tackle corruption are ineffective and a further 43% think they make no difference. Only 7% thought that the defence forces were corrupt, the second-best result after the police (for comparison, 45% declared that political parties were corrupt). RESPONSE TO PEER REVIEWER1: Agree, score changed to 3.

10. Are there regular assessments by the defence ministry or another government agency of the areas of greatest corruption risk for ministry and armed forces personnel, and do they put in place measures for mitigating such risks?

- 0** No defence-specific assessment of corruption risk has taken place and no measures are in place.
- 1** There has been a partial assessment of such risk, or there is some awareness regarding some risk areas, but no mitigation measures have been put in place and there is no regular schedule for risk assessment.
- 2** There has been at least one recent assessment of corruption risk in the sector with measures put in place, but there are shortcomings surrounding the implementation of the measures or their true effectiveness. It is unlikely that the process is institutionalised as a regular practice.
- 3** Risks have been identified, and appropriate measures have been put in place in many cases. There may be minor concerns over the regularity of assessments or the degree to which the measures sufficiently address the risks identified.
- 4** Yes – these risks are clearly identified on a regular basis, and appropriate risk mitigation measures are in place to cover all risks in every case.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

2

Score: 2

Sources: The Finnish Defence Forces (2014). Annual Report 2013:

http://www.puolustusvoimat.fi/wcm/dd992c80436e046a872bdfd7095b1830/PV_VSK_2013_www.pdf?MOD=AJPERES . Last read 6.6.2015. Financial Statement and Annual Report 2013 by the Auditing unit of the Defence Forces, available only in Finnish,

http://www.puolustusvoimat.fi/wcm/02e18300434bfc56acb9fe13a029dd34/PV_Toimintakertomus+ja+tilinp%C3%A4%C3%A4t%C3%B6s+vuodelta+2013.pdf?MOD=AJPERES . Last read 6.6.2015 National Audit Office website: <https://www.vtv.fi/en> Last read 6.6.2015 Abstract of National Audit Office's (2013) Report on Budget Authorities: budgeting, monitoring and reporting:

https://www.vtv.fi/files/3571/10_2013_Budget_authorities_budgeting_monitoring_and_reporting.pdf . Last read 6.6.2015 The Government financial controller's function:

https://www.vm.fi/vm/en/02_ministry/02_organisation_and_functions/12_controller/index.jsp . Last read 6.6.2015 Ministry of Defence, 'Safety Strategy',

<http://www.defmin.fi/files/1833/turvallisuusstrategia.pdf>, accessed November 2015. National Audit Office, "The Management of Premises in the Defence Administration, " 2012.

https://www.vtv.fi/files/2871/32012_The_management_of_premises_in_the_Defence_Administration.pdf

Comments: Assessments are made by the Audit Unit of the Ministry of Defence and the Audit Unit of the Defence Forces, and financial statements and annual reports are produced and published

regularly. The Auditing Unit of the Ministry of Defence regularly conducts a risk analysis that forms the basis for the auditing plan. Since the Auditing Unit is small, it focuses its resources on particular risk areas each year. It is, however, not clear that corruption risks are specifically targeted as an element of these assessments. The MOD is also audited by the external National Audit Office, whose reports do identify areas of weakness in regulations and policies (for example in the Defence Forces and the Finnish Transport Agency in the 2013 report). However, these reports are not produced annually and are targeted only at certain sectors or issues. Similarly, the State Financial Controller, the office supervising government effectiveness and financial management, is also mandated with risk management and development of internal controls. Score 2 has been selected as it is not clear how regular comprehensive audits are and to what extent corresponding measures are put in place.

1.2. Defence Budgets

11. Does the country have a process for acquisition planning that involves clear oversight, and is it publicly available?

- 0** There is no defined process for acquisition planning.
 - 1** The process for acquisition planning is poorly defined, and there is a lack of clarity over accountability and oversight.
 - 2** There is a defined process for acquisition planning in place, and some associated oversight. There is evidence of notable shortcomings regarding transparency or the quality of oversight.
 - 3** There is a clear, publicly available, process for acquisition planning in place, along with oversight mechanisms. There are minor shortcomings in the process or in the oversight mechanisms.
 - 4** There is a clear, publicly available, process for acquisition planning in place, along with strong oversight mechanisms.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Government's decree on Public Defence and Security Procurement 29.12.2011/1536, <http://www.edilex.fi/lainsaadanto/20111536> . Last read 6.6.2015 Act on Public Defence and Security Procurement 29.12.2011/1531, <http://www.edilex.fi/lainsaadanto/20111531> . Last read 6.6.2015 Directive 2009/81/EC of the European Parliament and of the Council of 13 July 2009 on the

coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security, and amending Directives 2004/17/EC and 2004/18/EC: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:216:0076:0136:en:PDF> . Last read 6.6.2015 Act on the Openness of Government Activities (621/1999, Chapter 1, Section 1), unofficial translation: <http://www.finlex.fi/en/laki/kaannokset/1999/en19990621.pdf> . Last 6.6.2015 Report on Government Procurement 2013, <http://vm.fi/documents/10623/307565/Selvitys+valtion+hankintatoimen+tilasta/a6162271-d05a-42cb-8b16-8eb4407449ac>. Last read 6.6.2015 National Audit Office: <https://www.vtv.fi/en> Last read 6.6.2015 Abstract of National Audit Office's (2013) Report on Budget Authorities: budgeting, monitoring and reporting: https://www.vtv.fi/files/3571/10_2013_Budget_authorities_budgeting_monitoring_and_reporting.pdf . Last read 6.6.2015 The Statement following the 2013 audit http://www.defmin.fi/files/2874/Puolustusministerion_kannanotto_puolustusvoimien_vuoden_2013_tilinpaatoksesta.pdf . Last read 6.6.2015 The Defense Staff report on the audit 2014 to the Ministry and the Defense Forces. Memo FI.PLM.2014-4801. Ministry of Defence Materiel Unit, homepage. http://www.defmin.fi/en/overview/ministry_of_defence/departments_and_units/resource_policy_department/materiel_unit Output from Finnish Defence Forces Logistics Command as outlined in legislation below, <http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi/?1dmy&urile=wcm%3apath%3a/EN+Puolustusvoimat.fi/Puolustusvoimat.fi+en/Defence+Forces/Centres/Finnish+Defence+Forces+Logistics+Command/>. Accessed November 2015.

Comments: The acquisition cycle, from procurement through maintenance to asset disposal, is supervised by the MOD's Defence Materiel Unit, with input from the Finnish Defence Forces Logistics Command. The Ministry of Defence decides on major defence procurement, while the Logistics Command directs planning, development and procurement activities. Acquisitions are outlined in the Government's budget proposals and executed by the Defence Forces. Defence procurement is regulated by the Government's decree on Public Defence and Security Procurement (29.12.2011/1536) (unofficial translation) and by the Act on Public Defence and Security Procurement (29.12.2011/1531) (unofficial translation). Both are in line with the EU directives. The oversight of the acquisition planning is specified in the existing Finnish and EU regulations. The procedure appears to be well adhered to, although the Logistics Command only became operational in January 2015 and the change in procedures could result in confusion. The State Audit Office and the Internal Audit Unit at the MOD play a part in oversight of the acquisitions process or parts thereof, such as procurement. In its audit for 2013, for example, the State Audit Office found that the MOD had been using outdated acquisition forms, which resulted in confusion regarding the budgets the acquisitions were financed from; this was later clarified by the armed forces. The Ministry of Finance also conducts assessments of the acquisition procedures of different government departments, and provides recommendations on improving them (see Report on Government Procurement 2013). Documents regarding defence procurement are on the public due to the Act on the Openness of Government Activities, but the Act on Public Defence and Security Procurement (Section 24, article 7) imposes exceptions and restrictions to publishing information on secret defence and security procurement that could potentially risk the national security.

12. Is the defence budget transparent, showing key items of expenditure? This would include comprehensive information on military R&D, training, construction, personnel expenditures, acquisitions, disposal of assets, and maintenance.

- 0** The defence budget is not transparent at all. There is certainly no break down into functions or areas, or there may be no information on the budget at all.
- 1** The defence budget is transparent only in a very limited way. If there is a break down by function or area, this is likely to be highly aggregated or vague.
- 2** There is some degree of transparency. Information is broken down into some functions or areas, though the degree of detail is difficult to establish.
- 3** The defence budget is generally disclosed in a detailed manner, yet transparency in some functions or areas may be questionable.
- 4** Yes, the defence budget contains fully transparent and detailed information on expenditure across functions.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Budget Proposal 2014, only available in Finnish: <http://budjetti.vm.fi/indox/sisalto.jsp?year=2014&lang=fi&maindoc=/2014/tae/hallituksenEsitys/hallituksenEsitys.xml&id=/2014/tae/hallituksenEsitys/YksityiskohtaisetPerustelut/27/27.html> . Last read 6.6.2015 Press Release of the Ministry of Defence on Defence Budget (2014), only in Finnish: http://www.defmin.fi/ajankohtaista/tiedotteet/2013/vuoden_2014_puolustusbudjetti.5601.news . Last read 6.6.2015 Ministry of Defence, 2015 Defence Budget data: http://www.defmin.fi/ajankohtaista/tiedotteet/2014?6061_m=5958 <http://budjetti.vm.fi/indox/sisalto.jsp?year=2016&lang=fi&maindoc=/2016/tae/hallituksenEsitys/hallituksenEsitys.xml&opennode=0:1:127:>

Comments: The defence budget for 2014 is publicly available, but only in Finnish and Swedish. It covers expenditures on defence policy and administration, military defence and military crisis management. There is comprehensive information on military R&D, training, construction, personnel expenditures, acquisitions, disposal of assets, and maintenance. Individual defence materiel

acquisitions are not specified in the defence budget (except Hawk Mk 66 –planes), but the Defence Ministry's announcement regarding the budget offers some information on acquisitions, such as, for example, artillery ammunition, service troop materials, logistics management equipment, education simulators, modernization of assault tanks and short term air defence system. The MOD's 2015 budget provides the total expenditure, the share of the overall budget that it constitutes, and a narrative explanation of budgetary allocations. The budget includes allocates 447 million euros to procurement and 155.6 million to product development between 2015-2019. It includes the following specific acquisitions: the overhaul of the Pansio-class minelayer in the Finnish Navy, upgrades on BMP2 tanks as well as acquisitions of short range anti-tank weapons and light anti-tank weapons in the Military, an upgrade on the military intelligence programmes in the military senior management and continuing the acquisition of Link 16 system in the Air Force.

12A. Is there a legislative committee (or other appropriate body) responsible for defence budget scrutiny and analysis in an effective way, and is this body provided with detailed, extensive, and timely information on the defence budget?

- 0** No such legislative committee exists OR it exists in law but in practice receives no or even misleading or inaccurate information on proposed defence expenditures, and has no impact on decision making.
 - 1** A committee exists, but it is provided only with highly aggregated information of proposed defence expenditures. There is no evidence of its capacity to influence decision making.
 - 2** A committee exists, though information on proposed defence expenditures tends to be aggregated. There is evidence that it has the capacity to influence decision making, but its effectiveness in doing so is inconsistent.
 - 3** As per score 4, yet there are occasional slips in standards. For example, occasional lapses in detail on proposed defence expenditure, or evidence of the committee sometimes being overruled.
 - 4** Yes, a legislative committee (or other appropriate body) is responsible for defence budget scrutiny and analysis, and it is provided with detailed information on proposed defence expenditures. There is evidence of its capacity to influence decision making.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Parliament of Finland: <http://web.eduskunta.fi/Resource.phx/parliament/index.htm> List of experts invited to the Defense committee hearings <https://www.eduskunta.fi/FI/tiedotteet/Sivut/Valiokuntien-asiantuntijakuulemiset.aspx> . Last read 6.6.2015. Defence Committee, sitting on the 2016 defence budget, 2015: https://www.eduskunta.fi/FI/vaski/Lausunto/Sivut/PuVL_3+2015.aspx, accessed November 2015. Government Committee Guide, https://www.eduskunta.fi/FI/tietoaeduskunnasta/julkaisut/Documents/ekj_1+2015.pdf. Accessed November 2015.

Comments: The Defence Committee is well informed on budgetary matters, and uses this information to establish a critical dialogue with the relevant Ministry. The Defense committee e.g. invites policy-planners from the defense ministry and experts on the defense matters to its hearings, and it scrutinises the draft budgets proposed by the government. Parliament exercises its power by approving the state budget, which includes the revenues and expenditures for the following year. Each spring the Parliament discusses the budget framework on the basis of the spending limits approved by the Government. Agencies and ministries draft their own budgets within this framework during the spring. After the Government has submitted its budget proposal, members can submit budgetary initiatives within a period of ten days. The Finance Committee is mainly responsible for handling the budget proposal and for this purpose it has nine sub-committees. Each of them handles the part of the budget that is in its own sector including the defense matters. After the committee stage, the budget proposal returns to the plenary session, where the Parliament approves the budget in a single reading. This includes a thorough debate on each sector and votes on Members' initiatives. Handling the budget in plenary session takes several days and includes hundreds of votes.

12B. Is the approved defence budget made publicly available?

In practice, can citizens, civil society, and the media obtain detailed information on the defence budget?

- 0** The approved defence budget is not available at all, OR in practice it is likely to be extremely difficult or impossible to obtain any detail on the budget.
- 1** The approved defence budget is theoretically publicly available, but there are likely to be considerable problems surrounding access to information. Accessibility may vary according to the identity of the individual or organisation requesting information.
- 2** The approved defence budget is publicly available, but there may be considerable slips in standards. For example, frequent delays in responding to requests for information.
- 3** As per score 4, yet there is reason to acknowledge occasional slips in standards. For example, inconsistency in the timeliness of responses for information.

4 The approved defence budget is publicly available, and there are clear provisions that are strictly upheld that allow citizens, civil society, and the media to request information on defence budgets.

upheld that allow citizens, civil society, and the media to request information on defence budgets.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: The Constitution of Finland, 11 June 1999, Unofficial Translation:

<http://www.finlex.fi/en/laki/kaannokset/1999/en19990731.pdf> Act on the Openness of Government Activities (621/1999, Chapter 1, Section 1), unofficial translation:

<http://www.finlex.fi/en/laki/kaannokset/1999/en19990621.pdf> State Budget Ministry of Finance at http://budjetti.vm.fi/indox/tae/frame_year.jsp?year=2015&lang=fi (in Finnish). Last read 6.6.2015

MATERIEL POLICY AND PROCUREMENT.

http://www.defmin.fi/en/tasks_and_activities/resources_of_the_defence_administration/materiel_policy/materiel_policy_and_procurement. Last read 6.6.2015

Comments: The principle of free access to public records is laid down in the Constitution as well as in the Openness of Government Activities Act, but the Law on Public Defence and Security Procurement (Section 24, Article 7) imposes exceptions and restrictions to publishing information on secret defence and security procurement that could potentially hold national security risks. Civil society and media cannot obtain detailed information on the defence budget other than what is mentioned in the public budget proposal. For example, 2014's budget proposal covers defence policy and administration, military defence and military crisis management expenditures. Material acquisitions within the defence sector, however, are not specified in the defence budget (excepting Hawk Mk 66 –planes), but the Defence Ministry's announcements regarding the budget offers some information of acquisitions, such as, for example, artillery ammunition, service troop materials, logistics management equipment, an education simulator, and the modernization of assault tanks and the short term air defence system. There is a possibility to appeal to competent authorities or to the Administrative Court. Even though the specific information on actualized incomes from auctions and sales is not available, the auctions and sales are publicly announced and the bids are public (see http://www.defmin.fi/en/tasks_and_activities/resources_of_the_defence_administration/materiel_policy/materiel_policy_and_procurement) Budgets are publicly available through the Ministry of Finance at http://budjetti.vm.fi/indox/tae/frame_year.jsp?year=2015&lang=fi (in Finnish).

13. Are sources of defence income other than from central government allocation (from equipment sales or property disposal, for example) published and scrutinised?

0 There is no publication of non-central government sources of funding.

1 There is only selective publication of income, OR there is sufficient evidence to suggest that what is published is not reliable.

2 There is publication of income received, but inadequate attribution of money to ends.

3 There is full publication of all sources of income, the money received and the destination, but there is no or little scrutiny.

4 There is full publication of all sources of income, the money received and the destination, and mechanisms of scrutiny are in place involving a central government department like the audit office or a separate department within the defence ministry. There is likely to be public scrutiny through the publication of sources on a website.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: Budget Proposal 2014, only available in Finnish: <http://budjetti.vm.fi/indox/sisalto.jsp?year=2014&lang=fi&maindoc=/2014/tae/hallituksenEsitys/hallituksenEsitys.xml&id=/2014/tae/hallituksenEsitys/YksityiskohtaisetPerustelut/27/27.html> Ministry of Defence income information for 2016, <http://budjetti.vm.fi/indox/sisalto.jsp?year=2016&lang=fi&maindoc=/2016/tae/hallituksenEsitys/hallituksenEsitys.xml&id=/2016/tae/hallituksenEsitys/YksityiskohtaisetPerustelut/12/27/27.html>, accessed November 2015.

Comments: Defence income stemming from sources other than government allocation is generally presented in the budget, but the sources and numbers are not specified precisely. This is generally because they sometimes originate from sources where the income might vary, for example old material sold in public auctions, where the price is not known before the bidding ends. However, this information is subsequently disclosed, once the details are finalised. In the Government's 2014 Budget Proposal, the estimated income for the Defence Ministry was listed as €3,670,000 - a relatively modest income, coming from well-known and transparently discussed sources. The proceeds of asset disposals are also specified in the budget. Regarding the budget proposal 2014, the expected net income from sale of loose property, compensations and royalties is 18,000€. Even though the specific information on actualized incomes from auctions and sales is not available, the auctions and sales are publicly announced and the bids are public. No evidence of specific scrutiny in this regard was found, but there is no evidence either of misuse. While the National Audit Office would exercise at least some scrutiny related to its overall analysis of the budget implementation, there is no evidence of this actually happening in relation to income.

14. Is there an effective internal audit process for defence ministry expenditure (that is, for example, transparent, conducted by appropriately skilled individuals, and subject to parliamentary oversight)?

- 0** There is no evidence of internal audit of defence ministry expenditure at all, OR evidence suggests that any such process is entirely inactive or ineffective.
- 1** There is a process of internal audit, but there is no transparency or parliamentary scrutiny. There is likely to be evidence indicating that it is largely ineffective.
- 2** There is a process of internal audit that is active, but it lacks transparency or parliamentary scrutiny, or both.
- 3** There is a process of internal audit that is mostly transparent and subject to some degree of parliamentary scrutiny, and evidence that the government takes its findings into account.
- 4** There is a transparent process of internal audit which is appropriately resourced, subject to parliamentary scrutiny, and there is clear evidence that its findings are acted upon by the government.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: Ministry of Defence website, Auditing Unit,

http://www.defmin.fi/en/overview/ministry_of_defence/departments_and_units/auditing_unit Last read 6.6.2015 "Puolustusministeriön tilintarkastuskertomus vuodelta" (2013),

<http://www.vtv.fi/files/3950/025.pdf> . Last read 6.6.2015 Recommendations of the Auditing Unit.

http://www.defmin.fi/files/1845/Puolustusministerion_kannanotto_puolustusvoimien_vuoden_2010_tilinpaatoksesta.pdf . Last read 6.6.2015 Puheloinen saanut puolustusvoimilta vuokratukea yli ohjeistuksen.

<http://www.aamulehti.fi/Kotimaa/1194875391961/artikkeli/puheloinen+saanut+puolustusvoimilta+vuokratukea+yli+ohjeistuksen.html> Last read 6.6.2015 Puolustusvoimien komentajan vuokratuki aleni – kuukausipalkka 13 000 euroa. <http://www.hs.fi/kotimaa/a1402971135217> . Last read 6.6.2015

Ministry of Defence 2011,

http://www.defmin.fi/files/1845/Puolustusministerion_kannanotto_puolustusvoimien_vuoden_2010_tilinpaatoksesta.pdf Investigation into rent subsidies,

<http://www.aamulehti.fi/Kotimaa/1194875391961/artikkeli/puheloinen+saanut+puolustusvoimilta+vuokratukea+yli+ohjeistuksen.html> and <http://www.hs.fi/kotimaa/a1402971135217> MOD Internal

Audit Unit, "The Management of Premises in the Defence Administration, 2012"

https://www.vtv.fi/files/2871/32012_The_management_of_premises_in_the_Defence_Administration.pdf

Comments: Internal audit is carried out by the Auditing Unit, which supervises the MOD's implementation of management procedures and coordinates internal and external audits. Some information on audit results is available publicly and the National Audit Office - the external auditor - also has the mandate to scrutinise appropriate internal audit arrangements. In order to guarantee the independence of the Auditing Unit, it reports directly to the Permanent Secretary and has no operational functions. The results of its work indicate some effectiveness: in 2009, it investigated rent subsidies paid out to high-ranking officers, finding they were too high and leading to contracts being terminated and to an officer having to pay a fine due to irregularities. In 2012, an audit into management of premises also led the defence force changing its accounting routines to match better practice. However, whether recommendations made by the Audit Office are routinely followed and adopted is unclear. The Defence Ministry's statement regarding its 2010 audit indicates that the Ministry follows closely the recommendations of the Auditing Unit, but there is no more recent conclusive evidence that could underpin a more definitive conclusion. It is unclear whether there is parliamentary scrutiny of the audit results, although it is likely as at least some results are publicly available.

15. Is there effective and transparent external auditing of military defence expenditure?

- 0** There is no evidence of external audit at all, OR evidence suggests that 'external' auditing is fully undermined by the government.
- 1** There is uncertainty over whether external auditing takes place, OR evidence suggests that 'external' auditing is not independent, or not effective, or both.
- 2** There is evidence of external auditing with some degree of independence and transparency, though its effectiveness is questionable.
- 3** There is evidence of independent external auditing, with findings that are largely transparent, and there is evidence the government takes its findings into account.
- 4** There is evidence of independent external auditing, its findings are fully transparent, and there is clear evidence that its findings are acted upon by the government.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland



**Score:** 3

Sources: National Audit Office: <https://www.vtv.fi/en> Last read 6.6.2015 Abstract of National Audit Office's (2013) Report on Budget Authorities: budgeting, monitoring and reporting: https://www.vtv.fi/files/3571/10_2013_Budget_authorities_budgeting_monitoring_and_reporting.pdf . Last read 6.6.2015 The Statement following the 2013 audit http://www.defmin.fi/files/2874/Puolustusministerion_kannanotto_puolustusvoimien_vuoden_2013_tilinpaatoksesta.pdf . Last read 6.6.2015 The Defense Staff report on the audit 2014 to the Ministry and the Defense Forces. Memo FI.PLM.2014-4801. Narrative audit reports from the National Audit Office, <https://www.vtv.fi/julkaisut/tilintarkastuskertomukset/2013>, accessed November 2015.

Comments: The National Audit Office conducts annual audits of the final central government accounts, including government agencies and two off-budget funds, and prepares financial audit reports on these. It focuses primarily on compliance of expenses with the budget, provision of accurate financial information and internal auditing. The NAO's 2013 audit on budget authorities covered all branches of administration in Finland, and it reported that "there were substantial shortcomings in the monitoring of budget authorities in two key accounting units - the Defence Forces and the Finnish Transport Agency." The shortcomings in the Defence Force's accounting units are specified in the Finnish version of the audit report 2013 (p. 22), and they are related e.g. to good budgetary practices and the accuracy of the authorization process. The State Audit Office observed that the Defense Forces have used outdated acquisition authorizations against the norms (i.e. the duration of authorizations have been extended, even though it is not permitted by the Budget Law § 10). The State Audit Office was not able to identify which acquisitions are included in the €19,1 million, the total sum of the outdated authorizations. There is strong reason to believe that the auditing of NAO is unbiased and carried out thoroughly; the NAO is an independent institution with highly skilled personnel. In the public realm, there is no record of mistrust or suspicion towards the NAO or the independence of its work. The Defence Ministry appears to follow the recommendations made by the NAO and to act on them. The Statement following the 2013 audit acknowledges the criticism by the NAO and obliges the armed forces to submit a response on what actions they have undertaken in response to the criticism. In 2014, the Defence Staff reported that the Defense Forces have not exceeded the authorizations and provided explanations for the alleged shortcomings (lack of clarity in monitoring). In return, the Defense Ministry responded in its Memo FI.PLM.2014-4801 that the Defense Forces should immediately clarify the anomalies. However it appears that the full NAO reports are not available online: what can be located are summaries of the report findings, but not the full data.

1.3. Nexus of Defence and National Assets

16. Is there evidence that the country's defence institutions have controlling or financial interests in businesses

associated with the country's natural resource exploitation and, if so, are these interests publicly stated and subject to scrutiny?

- 0** Defence institutions have financial or controlling interests in businesses associated with the country's natural resource exploitation, and there is no evidence of these interests being publicly stated, or subject to scrutiny.
- 1** Defence institutions have financial or controlling interests in businesses associated with the country's natural resource exploitation, and are subject to very limited public and parliamentary scrutiny that illustrates clear and obvious shortcomings and areas of non-coverage.
- 2** Defence institutions have financial or controlling interests in businesses associated with the country's natural resource exploitation, and are subject to some public and parliamentary scrutiny, yet this does not explicitly look to stem impropriety.
- 3** Defence institutions have limited financial or controlling interests in businesses associated with the country's natural resource exploitation, but these are publicly stated and subject to scrutiny that explicitly analyses the potential for impropriety.
- 4** Defence institutions are, by statutory or constitutional means, entirely removed from having controlling or financial interests in businesses associated with the country's natural resource exploitation.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: No evidence found.

Comments: The law does not appear to address the issue of exploitation of natural resources by the armed forces. However, there is no evidence that defence institutions participate in businesses exploiting the country's natural resources; no recent cases or allegations have been described in the media.

1.4. Organised Crime

17. Is there evidence, for example through media investigations or prosecution reports, of a penetration of organised crime into the defence and security sector? If no, is there evidence that the government is alert and prepared for this risk?

- 0** Yes, there is strong evidence that organised crime has penetrated the sector, yet no strong evidence that government is actively trying to tackle the problem.
 - 1** There is evidence of considerable penetration but at least some government action to tackle the problem.
 - 2** There is evidence of some penetration, but that the government is actively working to tackle the problem.
 - 3** There is no evidence that this is taking place, but nor is there evidence that the government has the capability to tackle it.
 - 4** No, there is no evidence that this is taking place, and there is evidence that the defence ministry is actively working to remain alert to the risk.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Government's decision in principle on strategy for preventing organized crime 7th March 2013 (unofficial translation), available only in Finnish:

http://oikeusministerio.fi/material/attachments/om/valmisteilla/lakihankkeet/seuraamusjarjestelma/6G8gRI1Wx/JR-strategia_PTJ_SUOMI.pdf Ministry of the Interior report, http://www.intermin.fi/download/25020_162008.pdf . Last read 6.6.2015

Comments: No evidence of organized crime penetration into the defence sector was found, and there is no reason to believe that organised crime does exist in defence sector. No media investigations have uncovered activities related to organized crime in the defence or security sectors. The government has set up a group to create a strategy to prevent organized crime in general (established by the Government's decision in principle on the strategy for preventing organized crime, 7 March 2013) through "spreading information and standardizing the rules of procedure". The idea is to create conditions for preemption of any corruptive influence and to foster standardized environment for the prevention and detection of illicit activities. The Group has outlined the major risks associated with organised crime in Finland here. The prevention mechanisms include due

diligence conducts, more uniform standard of practice and security clearances. Reports on corruption and organised crime within defence services are not readily available, although a report by the Interior Ministry in 2008 indicated that a taskforce tasked with developing anti-corruption and organised crime policies and strategies included at least one member from the Defence Ministry, indicating that the defence sector is alert to the risk.

18. Is there policing to investigate corruption and organised crime within the defence services and is there evidence of the effectiveness of this policing?

- 0** No policing function is exercised over the defence services to investigate corruption or organised crime.
- 1** A policing function exists but there is evidence to suggest its independence is questionable, and there is no evidence of effective enforcement action.
- 2** Independent policing functions exist but there is an absence of evidence of effective enforcement action, OR there are question marks over independence, yet evidence suggests the policing has been effective in investigating corruption and organised crime.
- 3** Effective independent policing functions exist but they are not specifically targeted on issues on corruption and organised crime.
- 4** Independent policing functions exist to tackle specific issues of corruption and organised crime amongst defence forces, and evidence of effective enforcement can found.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: The Finnish government's strategy for preventing organized crime 7.3.2013 (unofficial translation), available only in Finnish:

http://oikeusministerio.fi/material/attachments/om/valmisteilla/lakihankkeet/seuraamusjarjestelma/6G8gRI1Wx/JR-strategia_PTJ_SUOMI.pdf . Last read 6.6.2015 Ministry of the Interior report,

http://www.intermin.fi/download/25020_162008.pdf . Last read 6.6.2015 Finnish Armed Forces, 'Conscript 2014',

http://www.puolustusvoimat.fi/wcm/424acb8043d3656c9e40df028affb6da/Conscript_2014_web_smaII.pdf?MOD=AJPERES, accessed October 2015. National Bureau of Investigation Mission,

https://www.poliisi.fi/en/national_bureau_of_investigation/nbi_mission, accessed November 2015.

The Ministry of the Interior Police Department,

https://www.intermin.fi/en/security/combating_crime/organised_crime, accessed November 2015.

Comments: The National Bureau of Investigation (NBI) is tasked with investigating organized crime on the national level and the Ministry of the Interior Police Department sets guidelines for organised crime policing. Policing within the armed forces is carried out by the Military Police; however, it does not appear that the MP is specifically mandated to police organised crime, as their tasks include mostly maintenance of order in garrisons. The police have investigated cases of corruption related to defence businesses and export industry but, since significant cases of corruption in defence force's procurement have been uncovered, it is difficult to assess the effectiveness of organised crime policing. There is equally, however, no evidence of lack of effectiveness.

1.5. Control of Intelligence Services

19. Are the policies, administration, and budgets of the intelligence services subject to effective, properly resourced, and independent oversight?

- 0** There is no external oversight of any aspect of the intelligence services, and no evidence of internal controls.
 - 1** There is evidence of internal controls, but no provision for independent external oversight.
 - 2** There are provisions for limited independent oversight of the intelligence services.
 - 3** There is provision for, but limited evidence of, effective, properly resourced and independent parliamentary oversight of the intelligence services' policies, administration, and budgets.
 - 4** There is provision for and evidence of effective, properly resourced and independent parliamentary oversight of the intelligence service's policies, administration, and budgets.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: Finnish Security Intelligence Services website:

<https://www.supo.fi/poliisi/supo60/home.nsf/pages/indexeng> Finnish Defence Forces, The Finnish Defence Intelligence Agency: [http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi/?](http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi/?1dmv&urile=wcm%3apath%3a/EN+Puolustusvoimat.fi/Puolustusvoimat.fi+en/Defence+Forces/Centr)

[1dmv&urile=wcm%3apath%3a/EN+Puolustusvoimat.fi/Puolustusvoimat.fi+en/Defence+Forces/Centr](http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi/?1dmv&urile=wcm%3apath%3a/EN+Puolustusvoimat.fi/Puolustusvoimat.fi+en/Defence+Forces/Centr)

es/Finnish+Defence+Intelligence+Agency/ Finnish Defence Command's Intelligence Unit:

http://www.puolustusvoimat.fi/wcm/609aa88042ba25a4879b9f9a9840ced3/defence_command_finland_ISO.jpg?MOD=AJPERES Finnish Defence Command Audit Unit, homepage.

<http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi/?1dmy&urile=wcm%3apath%3a/SU+Puolustusvoimat.fi/Puolustusvoimat.fi/Puolustusvoimat/Paaesikunta/Sisainen+tarkastusyksikko/> Ministry of Interior Report:

http://www.intermin.fi/download/55728_julkaisu_282014.pdf?75019f9ae1a5d188 - Last read 6.6.2015. News feed related to the report.

http://www.intermin.fi/fi/ajankohtaista/uutiset/1/1/tyoryhma_arvioimaan_suojelupoliisin_asemaa_ja_kehittamistarpeita_47407. Last read 6.6.2015 Finnish Police, Monitoring of Operations,

https://www.poliisi.fi/finnish_police/steering_and_monitoring_of_police_operations, accessed November 2015. Päivi Räsänen and the working group, 'SUPO under the Ministry of Interior without parliamentary oversight'

<http://www.hs.fi/kotimaa/a1414737843669>, November 2015.

Comments: Three intelligence services are relevant here: the Finnish Security Intelligence Agency, Finnish Defence Intelligence Agency, and Finnish Defence Command's Intelligence Unit. The Finnish Security Intelligence Service (SUPO) is a branch of the police which focuses on counterterrorism and counterespionage; its duties are defined in the Act on Police Administration. The SUPO is subordinate to the Ministry of the Interior and monitored by the Ministry of Interior and Police Administration. External monitoring is conducted by the Chancellor of Justice and the Parliamentary Ombudsman. Data Protection Ombudsman monitors SUPO's keeping of a register and the legality of information transfers. The Constitutional Committee, Foreign Affairs Committee and the Administration Committee of the Parliament have a right to access information concerning SUPO. External auditing of the police is principally managed by the National Audit Office and internal monitoring is performed by the Control of Legality division and the Internal Audit unit. Parliamentarians have raised concerns regarding the lack of parliamentary oversight of SUPO. To address these concerns, a working group was set in 2013 by the Minister of Interior, Päivi Räsänen, to assess the administrative position, steering, monitoring and the development needs of the SUPO. The account will assess SUPOs internal and external legality oversight and parliamentary oversight. The Finnish Defence Intelligence Agency (FDIA) is a unit subordinate to the Defence Command, which in turn reports to the Ministry of Defence; the FDIA is audited by the Auditing Unit at the Ministry of Defence. FDIA's operating plan, organization and personnel (except the name of the director) remain classified. Finally, the Finnish Defence Command's Intelligence Unit conducts strategic and operative advance warning and produces reviews on military national defence. It coordinates military intelligence, develops military intelligence system and consolidates branches of intelligence. It is subject to the Auditing Unit's scrutiny.

20. Are senior positions within the intelligence services filled on the basis of objective selection criteria, and are appointees subject to investigation of their suitability and prior conduct?

- 0** Evidence indicates that senior positions in the intelligence services are a gift of the executive without an investigation of individuals' suitability or prior conduct.
- 1** The criteria for selection of senior positions are unclear.
- 2** There are objective criteria for selection, but investigation of candidates' suitability is questionable, and impartiality may be an issue.
- 3** There are objective selection criteria and candidates are subject to a full investigation of their suitability, however evidence is available to suggest that some outside influence may influence selection.
- 4** Senior positions within the intelligence services are filled on the basis of objective selection criteria without the opportunity for intervention by third parties and there is full investigation of candidates' suitability.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: The Government decree on the Defence Forces (20.12.2007/1319), only available in Finnish: <http://www.finlex.fi/fi/laki/ajantasa/2007/20071319#L1> . Last read 6.6.2015 Act on the Defence Forces (11.5.2007/551), unofficial translation: <http://www.finlex.fi/fi/laki/kaannokset/2007/en20070551.pdf> . Last read 6.6.2015 http://yle.fi/uutiset/poliittiset_virkanimitykset_ovat_suomalaista_korruptiota/5052411 . Last read 6.6.2015 "Kiusaaminen säikäytti Supon johtoon hakevia", Kaleva, 10.2.2011 <http://www.kaleva.fi/mielipide/paakirjoitukset/kiusaaminen-saikaytti-supon-johtoon-hakevia/411457/> "Supon nimitys kalvaa poliisijärjestöä", Suomenmaa, 18.03.2011 http://www.suomenmaa.fi/etusivu/supon_nimitys_kalvaa_poliisij%C3%A4rjest%C3%B6%C3%A4_5171715.html "Supon uusi pomo on Antti Pelttari" Uusisuomi, 17.03.2011, <http://www.uusisuomi.fi/comment/376767> 'Ilkka Salmi suojelupoliisin johtoon', 1 November 2007. <http://www.hameensanomat.fi/uutiset/kotimaa/151637-ilkka-salmi-suojelupoliisin-johtoon>, accessed November 2015.

Comments: The Government decree on the Defence Forces (20.12.2007/1319) and the Act on the Defence Forces (11.5.2007/551) regulates the command relations, jurisdiction and the composition of Defence Forces. The act includes the basic qualifications for Defence Forces posts (section 37) including the statement "(m)ore detailed requirements on special qualifications required for officials in the Defence Forces, such as training, experience and leadership skills required for superior officers' posts – ". The act also regulates appointments to a post and assignments to a duty. Overall,

the suitability is investigated and selection criteria are objective if some suspicion remain concerning the political considerations to their positions. Formal objective selection criteria exist. They are defined by the Government Decree 282/2005. According to the Decree § 16.7, the SUPO Director should have 1) Bc of Law or Master of Political Sciences, 2) knowledge of SUPO work, and 3) managerial experience. However, director-level appointments to the Finnish Security Intelligence Service (SUPO) have been sometimes considered in the media as political nominations or political rewards. For example, former directors have included the former Minister of Interior, the Minister's political special adviser and a state secretary, all three from the same party. Since 2007, the appointment procedure for the role has begun with an open call for applications. After that, the Minister of Interior presents his/her candidate to Government for approval. When the position of the Director of SUPO was on open recruitment for the first time in 2007, more than 20 applications for the position were received. Some of the applicants were highly respected members of police force or the judicial system, however, a political secretary of the Minister of Interior was nominated for the position. This caused a political scandal in Finland and many questioned the SUPO's recruitment practices. (see 'Ilkka Salmi suojelupoliisin johtoon') No comparable issues surfaced afterwards. No evidence of malpractice regarding appointments in the Finnish Defence Intelligence Agency or the Finnish Defence Command's Intelligence Unit has been found. Despite suspicions of appointments doled out as political favours, all nominees are found suitable.

1.6. Export Controls

21. Does the government have a well-scrutinised process for arms export decisions that aligns with international protocols, particularly the Arms Trade Treaty (ATT)?

0 There is no evidence of effective scrutiny of arms exports. The country has not, and is unlikely to, sign the ATT. If it has, there is likely to be clear and persistent evidence of non-compliance with its anti-corruption principles.

1 The country has signed the ATT but not ratified it, and there is evidence of non-compliance with ATT anti-corruption provisions. Upcoming arms exports are unlikely to be subject to serious parliamentary approval and debate.

2 The country has signed and ratified the ATT; however there is evidence of shortcomings in compliance with the treaty's anti-corruption provisions. Alternatively, the country has signed the ATT but not ratified it, though there is evidence of compliance with ATT anti-corruption principles. Upcoming arms exports are subject to parliamentary approval and debate; there may be some shortcomings.

3 The country has signed and ratified the ATT, but there is a lack of specific evidence of the country taking action to comply with each of the three anti-corruption articles. Upcoming arms exports are

subject to parliamentary approval and debate; there may be minor shortcomings.

4 The country has signed and ratified the ATT, and there is specific evidence of the country taking action to comply with each of three ATT articles: 7.1.iv, 11.5, and 15.6. Upcoming arms exports are subject to robust parliamentary approval and debate.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

2

Score: 2

Sources: News about Arms Trade Treaty ratification: <http://www.finlandun.org/public/default.aspx?contentid=303069&nodeid=35879&culture=en-US>. Last read 1.7.2015 Act on the Export of Defence Materiel (282/2012), only available in Finnish: <http://www.finlex.fi/fi/laki/alkup/2012/20120282>. Last read 1.7.2015 Elli Kytömäki, 'Nordic Arms Transfer Controls and the Arms Trade Treaty: Strengths and Challenges', Safer Globe 2015. http://www.saferglobe.fi/wp-content/uploads/2015/08/NATCTTSC_WEB_small.pdf, accessed November 2015. Export licenses of defence materiel published on Ministry of Defence website, http://www.defmin.fi/files/3195/National_Report_of_Finland_for_2014_v2.pdf, accessed November 2015.

Comments: According to official sources, Finland deposited its instruments of ratification of the ATT in April 2014, having signed the treaty in 2013. Even before that, Finland had complied with the articles 6 and 7 of the ATT, with national legislation and the arms exports control system being in line with the treaty. Regardless of this, the implementation of the treaty will require more intensive co-operation between various Finnish authorities. The Finnish Act on the Export of Defence Material (282/2012) establishes responsibilities for various authorities in this process. The Ministry of Defence is the licensing authority, while the Council of State (Council of Ministers) grants licenses for all major exports and affirms the guidelines. The Ministry for Foreign Affairs advises on foreign and security policy considerations and Customs conducts enforcement. The Government's approval is needed in certain situations to progress applications, such as when dealing with combat materials, if the value of the export is very high or if the export is relevant to foreign and security policy. A report on the

Nordic arms export practices prepared by Saferglobe in 2015 concludes that Finnish legislation is already supporting the ATT and there's no need for new legislation. However, it also identifies problems with possible re-exports of arms as the current control of arms trade ends when the assets leave the country. The improved surveillance of re-exports would prevent arms ending up for organised crime groups and fuelling the conflict. The report states that Finland should develop a stronger code of conduct for re-exports of arms and notes that Finland does not have an electronic system in place for acquiring export permits for arms. There still exist several permit granter organisations in Finland, whereas other countries are looking to centralise these functions. Finnish arms exports are not subject to parliamentary approval and debate. The three ATT articles on

corruption (7.1.IV, 11.5, and 15.6) are dealt with in the licensing process, together with other factors concerning the end user, when the risk of arms diversion to illicit markets is evaluated. According to the government sources, corruption risk would constitute a reason to refuse an arms transfer. However, Finland's arms exports to Bahrain and Saudi-Arabia are questionable considering the ATT's Article 7 on Export and Export Assessment, in which states are obliged to take into account the possible violation of international human rights law. RESPONSE TO PEER REVIEWER 2: Ratification of the ATT combined with lack of parliamentary approval for upcoming exports would place Finland between score 1 and score 2. Due to some shortcomings in the transparency of the process and to lack of positive evidence that corruption issues are a factor in the export process, score 1 has been selected.

2.1. Asset Disposals

22. How effective are controls over the disposal of assets, and is information on these disposals, and the proceeds of their sale, transparent?

0 There is no public knowledge about the procedures of asset disposal, nor of the controls that might be in place. There is likely to be considerable speculation in the media and among civil society organisations about corruption in asset disposals.

1 There is little public knowledge about the procedures of asset disposal, nor of the controls that might be in place. The subject is unlikely to be referred to in defence and security documents.

2 There are controls over asset disposals, though there may be shortcomings in the strength of these controls. There is no or only highly abbreviated public information on procedures or controls.

3 There are procedures and controls over asset disposals and these are public. However, there is limited information on the proceeds of the disposals and these are usually not made public.

4 There are strong controls over asset disposal. Planned disposals are known in advance and are published publicly. The financial results of disposals are also publicly available.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: 2014 Budget Proposal: <http://budjetti.vm.fi/indox/sisalto.jsp?>

[year=2014&lang=fi&maindoc=/2014/tae/hallituksenesitys/hallituksenesitys.xml&id=/2014/tae/hallituksenesitys/YksityiskohtaisetPerustelut/27/27.html](http://www.defmin.fi/en) . 1.7.2015 Ministry of Defence, Finland:<http://www.defmin.fi/en> 1.7.2015 The sale of anti-aircraft weapons sales to Estonia <http://rpdefense.over-blog.com/article-estonia-purchases-anti-aircraft-weapons-systems-from-finland-99352593.html> . Last read 1.7.2015 Corruption case. <http://suomalainenasekauppa.wordpress.com/2014/03/11/maavoimien-lahjusjupakasta-tuomiot/> . Last read 1.7.2015 Safer globe. <http://www.saferglobe.fi/?p=1733> . Last read 1.7.2015. The Army Materiel Command:<http://goo.gl/3HAC0D> Last read 1.7.2015 Navy Materiel Command:<http://goo.gl/njY9Xw> . Last read 1.7.2015 Air Force Materiel Command:[http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi!/ut/p/c5/vZTjsqjAEEW_pT8Aa4ICImCViDIok8qGcKbtJsUhZPj6R8eL6E3Hc2WQd3kj82TeRYIYDLrsX9I5 8yul30ltiCmCSV8yR1DRloUzaDpu9Laxzq2VAQ2YAvFxm-72uyL3sthg507h8E9bGxm9E9-xnZBO5vtuiAw8bPXLt-3sS17NnyoKlqtuTbrykorfg2z4r80A1NlvoBldZe2Dk3XgpFsrDUgO99iL79f9saq6k4bMtCNQhIYoT0bb r yd8- KE0CHYgln9lw1Q0BIIPpvGO5Q5ZjMZyyedZ-joKDE5cqDBTgpoyNydM9jUEpfHuWo7l8sl4LErHY6kjZqh lrUAcXaojs2xmsDJ8BIIQphQRjCsSiLYxDvasqvdMO4li3WbZulj8NNqo5-Pj8U25oFpJaf19qSXHSUHKK-Ssnb2D7K2We7yWCjz2U0LWqs8xztHgrqEmX4vblp4jMyeCYKYe4neee3plCqO-jr4csGNdkVonVx8drN4URQI8S2kn7lWw99FIHes1lLWyffmAUxneUpKf9r3yqN5aXx13f7pgTO Vimoq1fNvXm U-p9gUyKggN/dl3/d3/L2dBISEvZ0FBIS9nQSEh/?pcid=c3493e804698c23b8325b3786bf3619b](http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi!/ut/p/c5/vZLdkqlwEIWfxQfQJPwFLhECBBAEgjLcWMggoyzqiL88 WBt1e5SW-PuhTPpyy-nT XpBinoapud12V2XO-22Q-QgFRamJwkWzZEiu ZBFLB1BzOo9T0Ycdf uRT1HHftiRRHCMtRH01nOFOPaUTXeJvxxl qiWeOMQzBWR ONQHSSI8VFmMedt3 Q 2bO5Nx5-1239wp8kP8D UcjFBYRjvbnrZVG27g1Z1Uu5t3iC8TUiHmpjRizq0h5ZVVDYqwTRnZwSMslcoVNDMCok5f WKeD7pead-tnwPmH N7Tnf-Klm- u9Z7xx-8lQIXkCKP9ujYGDAnpjGly8ngs 3GgczZhLeh7lORajKmhXrOFIRxH3jXF q1bteWfuCff26PSiPNUgdTBhxe V- G35kheqqXDdL1sh5d8noER6KsKEjmBEHgRcxhCczT HbVG1oSqr NjEs JFpbw4YncHV4O7M4EtRNbjNj 2b-fltvhUEgKd65I72IQUH-SXRak5CLVzWP54jVGmKqz4pxshoZKvWqftadVE51wmVluDU4NWx2Xoecnj46pmbjI16W-PdTzFH4Q2kgs3pltBOPXFVwERsXVY2MwGADP2tUF2NdxHj 3lTapFeFOvgAUDLBHg!!/dl3/d3/L2dBISEvZ0FBIS9nQSEh/?pcid=fb2b35804e1c8db288d3fe6b8aba78a5) . Last read 1.7.2015 Finnish Defence Forces Logistics Command, homepage: http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi!/ut/p/c5/vZTjsqjAEEW_pT8Aa4ICImCViDIok8qGcKbtJsUhZPj6R8eL6E3Hc2WQd3kj82TeRYIYDLrsX9I5 8yul30ltiCmCSV8yR1DRloUzaDpu9Laxzq2VAQ2YAvFxm-72uyL3sthg507h8E9bGxm9E9-xnZBO5vtuiAw8bPXLt-3sS17NnyoKlqtuTbrykorfg2z4r80A1NlvoBldZe2Dk3XgpFsrDUgO99iL79f9saq6k4bMtCNQhIYoT0bb r yd8- KE0CHYgln9lw1Q0BIIPpvGO5Q5ZjMZyyedZ-joKDE5cqDBTgpoyNydM9jUEpfHuWo7l8sl4LErHY6kjZqh lrUAcXaojs2xmsDJ8BIIQphQRjCsSiLYxDvasqvdMO4li3WbZulj8NNqo5-Pj8U25oFpJaf19qSXHSUHKK-Ssnb2D7K2We7yWCjz2U0LWqs8xztHgrqEmX4vblp4jMyeCYKYe4neee3plCqO-jr4csGNdkVonVx8drN4URQI8S2kn7lWw99FIHes1lLWyffmAUxneUpKf9r3yqN5aXx13f7pgTO Vimoq1fNvXm U-p9gUyKggN/dl3/d3/L2dBISEvZ0FBIS9nQSEh/?pcid=c3493e804698c23b8325b3786bf3619b

Comments: The Ministry of Defence coordinates materiel policy and is responsible for export controls over defence materiel through the newly created (early 2015) Defence Forces Logistical Center. The materiel unit is subordinate to the Resource Policy Department. Defence forces' equipment, including vehicles and planes, have been sold in public auctions. The Army, Navy and Air Forces used to have their own Materiel Command, which took care of the sale, recycling or disposal of decommissioned materiel; these were disbanded and merged into the Logistics Command. The Finnish Defence Forces rarely sell their property to other states or buyers. Obsolete or superfluous equipment is often destroyed and its material recycled. Scrap sales are then conducted and contracts concluded according to the procurement procedures and the sale is credited to the Defence Forces, unless the sale is very substantial; in these cases, it is the Government that decides

on what to do with the income. In the rare cases when the Finnish Defence Forces sell their equipment, the sale price is always public. This was the case for example in the anti-aircraft weapons sales to Estonia. However, an Army Procurement Officer was convicted in 2014 for bribery related to the sales contract of scrap metal disposal. The contract was estimated to value €6-8M: more accurate information does not exist, because the metal prices fluctuated during the contract period and the monitoring system of the Defence Forces failed to give an exact amount of the recycled metal. A recent study has also claimed that it has been difficult for the Defence Forces to evaluate the value of their assets (Saferglobe). This problem seems to point to the pitfalls in the monitoring and not to the publicity of disposal contracts; however, shortcomings in monitoring can facilitate corruption since they hinder tracking. The expected net income from sale of property, compensations and royalties is included in the planned budget: 18,000€ in 2014. However, while the auctions and sales are publicly announced and the bids are public, specific information on actual income from particular auctions and sales is not available.

23. Is independent and transparent scrutiny of asset disposals conducted by defence establishments, and are the reports of such scrutiny publicly available?

- 0** There is no evidence that asset disposals are scrutinised by an oversight body of any form.
- 1** Scrutiny takes place, yet the independence of the scrutinising body is highly questionable, and there is definite lack of transparency.
- 2** There is publicly available evidence that asset disposals are scrutinised. However, the results of such scrutiny are not made available to the public and the degree of independence may be unclear or in doubt.
- 3** Although asset disposals are independently scrutinised, the results of such scrutiny are not transparent. Summary information on asset disposals may, however, be publicly available.
- 4** Asset disposals are scrutinised by an audit body that is generally regarded as independent. Audit reports are available to the public within a reasonable time frame.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: The Army Materiel Command: <http://goo.gl/3HAC0D> Last read 1.7.2015 Navy Materiel Command: <http://goo.gl/nJY9Xw> . Last read 1.7.2015 Air Force Materiel Command: <http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi/!ut/p/c5/vZLdkqIwEIWfxQfQJPwFLhECBBAEgiLcWMggovzaiL88WBt1e5SW-PuhTPovv-nT XpBinoapud12V2XO-22O->

[QgFRamJwkWzZEiu_ZBFLB1BzOo9T0Ycdf_uRT1HHftiRRHCMtRH01nOFOPaUTXeIVxxI_qiWeOMQzBWR_ONQHSSI8VFmMedt3_Q_2bO5Nx5-1239wp8kP8D_UcJFBYRlVbnrZVG27g1Z1Uu5t3iC8TUiHmpjRizq0h5ZVDYqWTRnZwSMslcoVNDMCok5_f_WKeD7pead-tnwPmH_N7Tnf-KIm-u9Z7xx-8lQIXkCKP9ujYGDAnpjGly8ngs_3GgczZhLeh7lORajKmhXrOFIRxH3jXF_q1bteWfuCff26PSiPNUgdTBhxeV-G35kheqqXDdL1sh5d8noER6KsKEjmBEHgRcxhCczT_HbVG1oSqr_NJEs_IJpbw4YncHV4O7M4EtRNbjNI_2b-fltvhUEgKd65I72IQUH-SXRak5CLVzWP54jVGmKqz4pxshoZKvWqftadVE51wmVluDU4NWx2XoecnI46pmbJI16W-PdTZfH4Q2kgs3pltBOPXFVwERsXVy2MwGADP2tUF2NdxHJ_3lTApFeFOvgAUDLBHg!!/dl3/d3/L2dBISEvZ0FBIS9nQSEh/?pcid=fb2b35804e1c8db288d3fe6b8aba78a5](http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi/!ut/p/c5/vZLjbrMwFIWfjQ_QeGAKS4jBkDAG_Q6g3iNK0ZcpQUig8fZG6-P9Ns4ril8vSPT-r-dK8u4GDWMe_L9_xano55A1LA5YxieWVtIFL9ratD23dgojgBWosy2IMUillUjWd7qqddBb-37CUfXOLOI44usSem0IEZHbzCYfKMATPGfS-Wv5GrosQMDc0P9kMzLOa-C0ahbd9iH59WTC2hkdFRIO1CO2lxCqLFYHG8s28v1N-fjH0SB4Blz5I6fIW815FmC6MyH0ZcDuOI3bLOmBLOVxLFG8P0sPE0YNwYe-EEIoYxN7jFh4ZeiH9nXf3dgAXr60y6Fol3ApYkmSsCgpkojw_IJ9VdQq6eyBGOTjohI9fxp5PGrJxv1sr-0zOay5TmH_hSziCVDEUHXD4lorF4X3lFfc2jtcNorZ3DtA1p2zT8ikd9UzeX-smpTLkvrzbMjpGUhCXKR_hacIIEhZZVqF3Zeaibei9Ht6sVc-7bNK68KN5S5X8S-OxuwCedWoP4Nz2Z2NnTel_OmiLxQ-c3d8T/dl3/d3/L2dBISEvZ0FBIS9nQSEh/?pcid=bec88600428267d89fa79f11c5c3e3d9) . Last read 1.7.2015 The Auditing Unit of Defence Command, only available in Finnish:
http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi/!ut/p/c5/vZLjbrMwFIWfjQ_QeGAKS4jBkDAG_Q6g3iNK0ZcpQUig8fZG6-P9Ns4ril8vSPT-r-dK8u4GDWMe_L9_xano55A1LA5YxieWVtIFL9ratD23dgojgBWosy2IMUillUjWd7qqddBb-37CUfXOLOI44usSem0IEZHbzCYfKMATPGfS-Wv5GrosQMDc0P9kMzLOa-C0ahbd9iH59WTC2hkdFRIO1CO2lxCqLFYHG8s28v1N-fjH0SB4Blz5I6fIW815FmC6MyH0ZcDuOI3bLOmBLOVxLFG8P0sPE0YNwYe-EEIoYxN7jFh4ZeiH9nXf3dgAXr60y6Fol3ApYkmSsCgpkojw_IJ9VdQq6eyBGOTjohI9fxp5PGrJxv1sr-0zOay5TmH_hSziCVDEUHXD4lorF4X3lFfc2jtcNorZ3DtA1p2zT8ikd9UzeX-smpTLkvrzbMjpGUhCXKR_hacIIEhZZVqF3Zeaibei9Ht6sVc-7bNK68KN5S5X8S-OxuwCedWoP4Nz2Z2NnTel_OmiLxQ-c3d8T/dl3/d3/L2dBISEvZ0FBIS9nQSEh/?pcid=bec88600428267d89fa79f11c5c3e3d9 . Last read 1.7.2015 Corruption case.
<http://suomalainenasekauppa.wordpress.com/2014/03/11/maavoimien-lahjusjupakasta-tuomiot/>
 Last read 1.7.2015 Safer globe. <http://www.saferglobe.fi/?p=1733> . Last read 1.7.2015. Finnish Defence Forces Logistics Command, homepage:
http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi/!ut/p/c5/vZTJsqJAEEW_pT8Aa4ICImCViDIok8qGcKBtJtsUhZPj6R8eL6E3Hc2WQd3kj82TeRYIYDLrsX9I5_8yul30JtiCmCSV8yR1DRloUzaDpu9Laxzq2VAQ2YAvFxm-72uyL3sthg507h8E9bGxm9E9-xnZBO5vtuiAw8bPXLT-3sS17NnyoKJqtuTbrykorfg2z4r80A1NlvoBldZe2Dk3XgpFsrdDUgO99iL79f9saq6k4bMtCNQhIYoT0bb_ryd8-KE0CHYgln9lw1Q0BIIPpvGO5O5ZjMZyyedZ-joKDE5cqDBTgpoyNydM9jUEpfHuWo7l8sl4LErHY6kjZqh_IrUAcXaoJs2xmsDJ8BIIQphQRJCsSiLYxDvasqvdMO4li3WbZulJ8NNqo5-Pj8U25oFpJaf19qSXHSUHKK-Ssnb2D7K2We7yWCjz2U0LWqs8xztHgrqEmX4vblp4jMyeCYKYe4neee3plCqO-jr4csGNdkVonVx8drN4URQI8S2kn7IWw99FIHEs1ILWyffmAUxneUpKf9r3yqN5aXx13f7pgTO_Vimoq1fNvXm_U-p9gUyKggN/dl3/d3/L2dBISEvZ0FBIS9nQSEh/?pcid=c3493e804698c23b8325b3786bf3619b

Comments: The Materiel Command in the Army, Navy and Air Force were responsible for the co-ordination of material capabilities as well as steering, development and oversight of the acquisition activities. In early 2015, however, they were dismantled in order to create one, common Defence Forces Logistics Command. Information about how scrutiny under the new system will be conducted is not readily available. However, the MOD's Audit Unit conducts internal monitoring within the Defence Forces and independent scrutiny is performed by the State Audit Office (reporting to

parliament); both would likely scrutinise asset disposal as a matter of course. In 2014, an Army procurement officer was convicted by the Turku Court of Appeal for receiving a bribery, tampering of the sales contract and violation of official secrets when he managed in 2006 a tender of the Army scrap metal disposal. This suggests effectiveness of the oversight process. However, an independent researcher who investigated the case questions why the superiors of the convicted Officer did not intervene. Moreover, he implies that also other Officers were probably bribed by the bid winning company. A recent study has also claimed that it has been difficult for the Defence Forces to evaluate the value of their assets (Saferglobe). This problem seems to point to the pitfalls in the monitoring and not to the publicity of disposal contracts; however, shortcomings in monitoring can facilitate corruption since they hinder tracking.

2.2. Secret Budgets

24. What percentage of defence and security expenditure in the budget year is dedicated to spending on secret items relating to national security and the intelligence services?

- 0** The percentage is not available to the public, OR the government has announced informally or formally that its spending on such secret items is zero, but there is clear evidence to doubt the veracity of this claim.
- 1** More than eight per cent of expenditure is dedicated to secret items.
- 2** Eight per cent or less, but more than three per cent, of expenditure is dedicated to secret items, OR the government has announced, or has otherwise informally indicated that its spending on such secret items is zero, but although there is no clear reason to doubt this, this is not explicitly confirmed in relevant budget documents.
- 3** Three per cent or less, but more than one per cent, of expenditure is dedicated to secret items.
- 4** One per cent or less of expenditure is dedicated to secret items, OR the government explicitly confirms in relevant budget documents that its spending on such secret items is zero.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

0

Score: 0

Sources: Act on Public Defence and Security Procurements 29.12.2011/1531, only available in

Finnish: <http://www.edilex.fi/lainsaadanto/20111531> Ministry of Defence report, in Finnish, published early 2015, <http://www.defmin.fi/mietinnot> Government of Finland, Budget 2016. <http://budjetti.vm.fi/indox/sisalto.jsp?year=2016&lang=fi&maindoc=/2016/tae/hallituksenEsitys/hallituksenEsitys.xml&opennode=0:1:133:383:635:645:647:>

Comments: The Finnish intelligence budget assigned to the MOD (some intelligence services, affiliated with the police, are controlled by the Ministry of the Interior) is not listed within the budget. The Finnish Military was assigned 1,866,418,000 euros for the year 2016. The net expenditure is expected to be 1,898,300,000 euros. The expenditure is divided as follows: * Salaries and recruitment: 791.2 million euros * Assets: 404.9 million euros * Properties: 262.7 million euros * Conscript training and maintaining conscription: 173.6 million euros * Other expenditure: 265.9 million euros. There is more detailed information available about salaries, assets, properties and conscription training and maintenance, but no information on 'other expenditure'. The budget does not disaggregate expenditure made on intelligence services. While it is possible that some of this expenditure is classified under 'salaries' or 'properties', it is reasonable to expect that a majority of it can be found within the 'other' expenditure category. The whole Ministry of Defence budget for the year 2016 is 2,885,927,000; the "other expenditure" of Military accounts for 9.21% of the MOD budget. Thus it can be estimated that the secret defence budget is over 8%. However, as this percentage is not made public by the government, the selected score is 0.

25. Is the legislature (or the appropriate legislative committee or members of the legislature) given full information for the budget year on the spending of all secret items relating to national security and military intelligence?

- 0** The legislature is provided with no information on spending on secret items.
- 1** The legislature is provided with very limited or abbreviated information on secret items, or expenditure on secret items is entirely aggregated.
- 2** The legislature is provided with some information on spending on secret items, but some details are excluded, or some categories are presented in an aggregated manner.
- 3** The legislature is provided with the vast majority of spending on secret items, although there is evidence—albeit infrequent and rare—of some omissions.
- 4** Yes, the appropriate legislative committee or members of the legislature are provided with extensive information on all spending on secret items, which includes detailed, line item descriptions of all expenditures.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: Interview with Interviewee 1: the Defence committee staff on 27.6.2014, Helsinki Interview with Interviewee 2: Military Intelligence officer on 27.6.2014, Helsinki Iltasanomat, 31.10.2013 "Soini verkkovakoilusta: Ulkoasiainvaliokunta pidetty pimennossa - vaadin selvitystä" <http://www.iltasanomat.fi/kotimaa/art-1288615886910.html> . Last read 1.7.2015

Comments: Information regarding military intelligence is not publicly discussed, but it is provided to members of some parliamentary committees. Members of the Defense, Foreign Affairs, and Internal Affairs Committees are given general information on these issues, including an overview of the budget year. However, interviews indicate that the Committee does not always feel satisfied with the level of detail for this information and that the information provided does not necessarily cover all items relating to national security. The Committee chair can request further information, but there is no information as to whether this yields improved detail. On a more general level, some of the Parliament's Committees feel that information is being withheld from them as is indicated by the Foreign Affairs Committee's media comments in the article cited above. The parliamentary Audit Committee oversees the management of government finances and compliance with the budget, plus assessing of various reports on government finances and preparing them to be dealt with at plenary sessions. The Constitution gives the Audit Committee wider rights to information and these rights include all the relevant information concerning the auditing task, including classified information from the authorities and others under surveillance. Score 3 has been selected to reflect the uncertainty regarding the level of detail provided to different committees.

26. Are audit reports of the annual accounts of the security sector (the military, police, and intelligence services) and other secret programs provided to the legislature (or relevant committee) and are they subsequently subject to parliamentary debate?

0 No, legislators are not provided audit reports on secret items, or secret programs are not audited at all.

1 Yes, legislators are provided with very basic audit reports on secret items, but there are considerable omissions.

2 Yes, legislators are provided with audit reports on secret items, but some details are excluded.

3 Yes, legislators are provided with audit reports related to the security sector and other secret

Yes, legislators are provided with audit reports related to the security sector and other secret programs, but legislative debate on their contents may be limited or non-existent.

4 Yes, legislators are provided with detailed audit reports related to the security sector and other secret programs and these audits are then subject to comprehensive parliamentary consideration and debate.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: The Audit Committee of the Parliament:

<http://web.eduskunta.fi/Resource.phx/parliament/committees/audit.htx> . Last read 1.7.2015 National

Audit Office: <https://www.vtv.fi/en> Last read 1.7.2015 The Audit reports of the National Audit Office.

<https://www.vtv.fi/julkaisut/tilintarkastuskertomukset> . Last read 1.7.2015

Comments: The parliamentary Audit Committee oversees the management of government finances and compliance with the budget, plus assessing of various reports on government finances and preparing them to be dealt with at plenary sessions. The Committee can accept matters belonging to its sphere of competence for deliberation and has a right to report on them to a plenary session. The Constitution gives the Audit Committee wider rights to information and these rights include all the relevant information concerning the auditing task, including classified information from the authorities and others under surveillance. There is nothing to suggest that the Committee does not have access to the audit reports prepared by the National Audit Office and containing classified information. No evidence of parliamentary debate on the issue has been found.

27. Off-budget military expenditures are those that are not formally authorised within a country's official defence budget, often considered to operate through the 'back-door'. In law, are off-budget military expenditures permitted, and if so, are they exceptional occurrences that are well-controlled?

- 0** Off-budget military expenditures are permitted by law and are not reported on.
- 1** Off-budget military expenditures are permitted by law, and though they are recorded, this recording is incomplete or is otherwise unreliable.
- 2** Some off-budget military expenditures are permitted, but there is a clearly stated manner in which they are recorded in the respective budgets (military involvement in natural disaster relief efforts may, for example, be one such type of military expenditure).
- 3** The only off-budget expenditures are those classified as state secrets through adequate and well-established legal processes.
- 4** No, all defence-related expenditures are recorded in the official defence budget.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Ministry of Finance, List of public funds.

[http://budjetti.vm.fi/indox/sisalto.jsp;jsessionid=B7B22F53B08062E9AAB55FDEC62BF857?year=2015&lang=fi&maindoc=/2015/tae/hallituksenEsiteys/hallituksenEsiteys.xml&opennode=0:1:3:87:](http://budjetti.vm.fi/indox/sisalto.jsp;jsessionid=B7B22F53B08062E9AAB55FDEC62BF857?year=2015&lang=fi&maindoc=/2015/tae/hallituksenEsiteys/hallituksenEsiteys.xml&opennode=0:1:3:87)

. Last read 1.7.2015. The National Emergency Supply Agency, homepage.

<http://www.nesa.fi/organisation/national-emergency-supply-agency/>, accessed November 2015.

Comments: There is no evidence of or provision for off-budget state funding, although the law does provide for extra-budgetary expenditure: 11 different funds operated by the Ministry of Finance and the National Emergency Supply Agency. Out of these, the "Supply Security Fund" (Huoltovarmuusrahasto) is provided for the Ministry of Defense, but it is not used to cover current expenses. Rather, the fund can be used to ensure the continuity of economic activities in exceptional circumstances. All regular defense sector expenditures are included in the state budget under the category 27. RESPONSE TO PEER REVIEWERS: Score 4 selected as suggested by Peer Reviewer 2, and to reflect off-budget expenditures not being enabled in law.

28. In practice, are there any off-budget military expenditures?
If so, does evidence suggest this involves illicit economic activity?

- 0** There are substantial off-budget military expenditures and there is evidence this involves illicit economic activity.

- 1 There are substantial off-budget military expenditures but evidence suggests this involves licit economic activity.
 - 2 There is evidence of are some off-budget military expenditures, but the extent to which this is a practice is unclear.
 - 3 There is evidence of occasional off-budget military expenditures but this is not a widely practiced phenomenon.
 - 4 There are no off-budget military expenditures.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

N/A

Score: 0

Sources: Interview with Interviewee 1: Defence committee staff on 27.6.2014, Helsinki Interview with Interviewee 3: Security and Defence Researcher, 26.6.2014, Helsinki 'Haglund: Hornet-hävittäjien korvaamista pohjustava työryhmä aloittaa työnsä syksyllä', July 2014.

<http://www.hs.fi/politiikka/a1405397794529> . Last read 1.7.2015 'Hornetit täytyy uusia - mistä löytyvät miljardit?', October 2014. <http://www.iltasanomat.fi/kotimaa/art-1288745473250.html>. Last read 1.7.2015 'Haglund: Hornet-hävittäjien korvaamista pohjustava työryhmä aloittaa työnsä syksyllä', July 2014. <http://maanpuolustus.net/threads/haglund-hornet-hävittäjien-korvaamista-pohjustava-tyoryhma-aloittaa-tyonsa-syksylla.3588/>. Last read 1.7.2015

Comments: No evidence of off-budget expenditures has been found and interviewees confirmed that they did not occur. Recently the Minister of Defense and a deputy leading the working group to prepare next major defense acquisitions have made comments in public about the need for 'off-budget funding' to cover prospective defense acquisitions (see the news items in sources). However, it is likely that what they were calling for was additional funding: an increase to the current defense appropriations and order authorizations. RESPONSE TO REVIEWERS: N/A selected as off-budget expenditures are not permitted and there is no evidence of them occurring.

29. In law, are there provisions regulating mechanisms for classifying information on the grounds of protecting national security, and, if so, are they subject to effective scrutiny?

- 0 Information is classified at the discretion of the individuals, parties, or groups in power with no specific or clearly defined legal basis. There is considerable evidence of individuals or agencies

persistently being able to influence decisions.

1 There are informal classifications of information which are justified on the basis of protecting national security, yet there are no legal mechanisms in place to regulate them and in practice there is evidence of individuals or agencies influencing decisions.

2 In law there are provisions made for the classification of information; however, little control is exercised and in practice there may be evidence of individuals or agencies influencing decisions.

3 The classification of information is legally regulated with provisions made for who can request information to be classified on the grounds of protecting national security, and how. Yet there is evidence of these rule being occasionally bypassed, OR of the process of scrutiny being potentially compromised or unreliable.

4 The classification of information is legally regulated with provisions made for who can request information to be classified on the grounds of protecting national security, and how. There is evidence that these legal requirements are upheld in practice and are subject to scrutiny.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: Act on the Openness of Government Activities (621/1999, Chapter 1, Section 1), unofficial translation: <http://www.finlex.fi/en/laki/kaannokset/1999/en19990621.pdf> . Last read 1.7.2015 The Decision of the Supreme Administrative Court, only in Finnish: [http://www.kho.fi/material/attachments/kho/ajankohtaista/tiedotteet/m7ZblhkTR/KHO t. 1116 2010 .pdf](http://www.kho.fi/material/attachments/kho/ajankohtaista/tiedotteet/m7ZblhkTR/KHO_t.1116_2010.pdf) . Last read 1.7.2015 Court case examples concerning the confidentiality of the Defense Forces documents. <https://koppa.jyu.fi/avoimet/viesti/julkisuuslaki/salassapito/maanpuolustus/laintulkinta> Last read 1.7.2015

Comments: The mechanisms for classifying information on the grounds of national security are regulated in the Act on the Openness of Government Activities. Chapter 7, Section 24 on Secret Official Documents states that the following categories of documents are to be classified unless otherwise provided: (1) "the documents of the security police and the other authorities concerning the maintenance of State security" (2) "documents concerning military intelligence, the supply, formations, locations or operations of the armed forces, the inventions, facilities, installations and systems used in the armed defence of the country or other defence, the other matters significant to the defence of the country, as well as defensive preparations, unless it is obvious that access will not violate or compromise the interests of defence". No evidence of scrutiny over the process of classification was found, but the right to appeal information being categorised as classified is guaranteed by the Openness of Government Activities Act and the Act on Administrative Judicial Procedure, which specify the relevant courts and authorities. The appeals can be lodged with the

relevant Administrative Court or with the Supreme Administrative Court, depending on the classifying entity. There is evidence of previous appeals made to the Supreme Administrative Courts, such as, for example, the case cited above involving a journalist and the Finnish Security Intelligence Services, who disputed the 'secret' status of a document. The Supreme Administrative Court decided to keep the document secret because of national security reasons. The Defense Forces have internal guidelines on the classification of information that seek to instruct in detail the implementation of the Act on the Openness of Government Activities. In addition, the Legal Department of the Defense Staff can be consulted by the officers needing legal support in their decisions on whether to classify a certain document or not. However, interviewees and previous experience (see Peer Reviewer comments) indicate that the classification mechanism of the Defense Forces is not fully coherent: the same document can be accessible in one place and classified in another. The compliance with the Act varies to some extent depending on the unit or contact people. Collection of data for a research can take several months even when all the documents are non-classified. RESPONSE TO PEER REVIEWER 2: Agree, score changed to 3.

2.3. Military-owned Businesses

30. Do national defence and security institutions have beneficial ownership of commercial businesses? If so, how transparent are details of the operations and finances of such businesses?

- 0** Defence institutions are known, or are widely believed to have ownership of commercial businesses but these businesses are not publicly declared and are wholly non-transparent.
- 1** Defence institutions have ownership of significant commercial businesses. These businesses are publicly declared, though details of their operations and finances are not transparent.
- 2** Defence and security institutions do have ownership of some commercial businesses, but these are not major enterprises. These businesses are publicly declared, though details of their operations and finances are not transparent.
- 3** Defence and security institutions do have some ownership of commercial businesses. These businesses are publicly declared, with details of their operations and finances being transparent, fully disclosed, and with standards of governance equivalent to publicly owned commercial enterprises.
- 4** Defence and security institutions do not own commercial businesses of any significant scale. (Equivalent to 1% of the defence budget or less.)
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Ownership-steering in state-owned companies: <http://valtioniomistus.fi/english/>, accessed June 2014 . Last read 1.7.2015 Government Resolution on State Ownership Policy, 2011: http://valtioniomistus.fi/english/files/2011/12/Periaatepaaetoetes03112011_eng.pdf . Last read 1.7.2015 Example of a state-owned Company, Leijona Catering: <http://valtioniomistus.fi/suomi/yhtiot/valtioenemmistoiset-yhtiot/leijona-catering-oy/> . Last read 1.7.2015 Example of a state-owned Company, Patria: <http://valtioniomistus.fi/suomi/yhtiot/valtioenemmistoiset-yhtiot/patria-oyj/> . Last read 1.7.2015 'Puolustusministeriön asetus puolustusvoimien maksullisista suoritteista', 2010. <http://www.finlex.fi/fi/laki/alkup/2010/20101179>. Last read 1.7.2015 'MOT: Kauppamiehet isänmaan asialla', October 2012. <http://yle.fi/vintti/yle.fi/tv1/juttuarkisto/ajankohtaisohjelmien-aiheita/mot-kauppamiehet-isanmaan-asialla.html>. Last read 1.7.2015 'Armeija siirtää lisää palveluja kunnossapito-yhtiö Millogille', February 2014. <http://www.hs.fi/kotimaa/a1392280666543>. Last read 1.7.2015 Millog Oy, homepage. http://www.millog.fi/portal/fi/tietoa_meista/ Last read 1.7.2015 Insta Oy, <http://www.insta.fi/en/>. Last read 1.7.2015 Patria Oy, <http://www.patria.fi/EN/About+Patria/index.html>. Last read 1.7.2015 Valtion Omistajaohjaus, 'Vuosikertomus', 2014. http://vnk.fi/documents/10616/358621/2014_OO+vuosikertomus_suo.pdf/d7738836-5690-4125-88ac-fdc67cd5d0db.

Comments: The national defence and security institutions do not hold such ownership, but the Finnish state is a majority owner of seventeen companies and a minority owner in twenty-two. Moreover, the state owns fifteen 'special assignment' companies, which have been made responsible for a specific task and do not operate in a competitive environment. The Government Programme for ownership policy includes the principles or 'open and consistent owner behaviour' and mention development of good corporate governance. (Valtioniomistus, cited above). The Finnish government owns 90.4 % of Patria shares (Patria being the only Defence company under state ownership) and the overall responsibility over governance is under Valtioneuvoston kanslian omistajaohjaus (Corporate Governance Department at the Prime Minister's Office). The model for reporting states that the companies must report on their anti-bribery and anti-corruption policies and practices, describe their anti-corruption policies, principles or guidelines applied by the organization, and describe policies and procedures related to staff training in the organization's anti-corruption activities. The report should also include percentage of employees trained in the organization's anti-corruption policies and procedures, description of the assessment of corruption risks, percentage and total number of business units analyzed for risks related to corruption, and actions taken in response to incidents of corruption. The Corporate Governance department has published a document that outlines the state-owned companies, the reasoning behind state ownership as well as details about individual companies under the state ownership. The document (Valtion Omistajaohjaus, p. 59) details Patria's net sales, net profit, equity ratio, net debt-to-equity ratio, return on equity, return on capital employment, pay-out, and the government received pay-out. The text also specifies how much

money has been spent on investments and the number of employees in total as well as the number of employees in Finland. The report also states that the sister company of Patria, Millog, has made an agreement with the Finnish Defence Forces in the beginning of the year 2015. The agreement is expected to increase the revenues significantly and there has been an increase in orders compared to last year. It is also mentioned that Patria has signed the UN Global Compact agreement and is looking to build its ethical compliance.

31. Are military-owned businesses subject to transparent independent scrutiny at a recognised international standard?

- 0** There is no evidence that military-owned businesses are subject to any scrutiny or auditing processes.
- 1** Military-owned businesses are subject to some scrutiny, yet the details are not available to the public, and it is known that such processes lack independence or reliability.
- 2** Military-owned businesses are believed to be subject to scrutiny and auditing, though audit details are not generally made available to the public.
- 3** Military-owned businesses are subject to independent scrutiny, however this scrutiny may not be at a recognised international standard or the audit details, though available to the public, may be incomplete or abbreviated.
- 4** There are no military-owned businesses. Or, where they exist there is a full level of independent auditing at a recognised international standard and full audit details are available to the public.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

N/A

Score: 0

Sources: Ownership-steering in state-owned companies: <http://valtioniomistus.fi/english/>, accessed June 2014 . Last read 1.7.2015 Government Resolution on State Ownership Policy, 2011: http://valtioniomistus.fi/english/files/2011/12/Periaatepaeaeatoes03112011_eng.pdf . Last read 1.7.2015 Example of a state-owned Company, Leijona Catering: <http://valtioniomistus.fi/suomi/yhtiot/valtioenemmistoiset-yhtiot/leijona-catering-oy/> . Last read 1.7.2015 Example of a state-owned Company, Patria: <http://valtioniomistus.fi/suomi/yhtiot/valtioenemmistoiset-yhtiot/patria-oy/> . Last read 1.7.2015 'Puolustusministeriön asetus puolustusvoimien maksullisista suoritteista', 2010. <http://www.finlex.fi/fi/laki/alkup/2010/20101179> . Last read 1.7.2015 Interview with Interviewee 5,

27.6.2014

Comments: There is no evidence that the military owns any businesses. The Finnish state is a majority owner of seventeen companies and a minority owner in twenty-two; it also owns fifteen 'special assignment' companies, which have been made responsible for a specific task and do not operate in a competitive environment. The government owns 90.4 % of Patria shares (Patria being the only Defence company under state ownership) and the overall responsibility over governance is under Valtioneuvoston kanslian omistajaohjaus (Corporate Governance Department at the Prime Minister's Office). The MOD or the armed forces do not play a part in exercising ownership rights on behalf of the state. Even small businesses supplying the armed forces (such as canteens) have been outsourced. Since defence institutions do not own commercial businesses of any significant scale, they cannot be assessed for oversight of the same. N/A is appropriate.

2.4. Illegal Private Enterprise

32. Is there evidence of unauthorised private enterprise by military or other defence ministry employees? If so, what is the government's reaction to such enterprise?

0 The government does not outlaw private enterprise under the umbrella of the state's defence and security operations, and applies no sanctions to those who engage in it. There may be evidence or credible allegations that the government itself profits from such activity.

1 The government does not explicitly outlaw private enterprise under the umbrella of the state's defence and security operations, though it might publicly discourage it, and there are no, or trivial, repercussions for those who engage in it.

2 There is some evidence of unauthorised private enterprise. The government outlaws such unauthorised private enterprise, but there is evidence that the sanctions for breaking these laws are weak or often not enforced.

3 There is some evidence of unauthorised private enterprise. The government outlaws such unauthorised private enterprise, and there are sanctions in place to deal with offenders that are usually applied.

4 There is no evidence at all of unauthorised private enterprise by military or other defence ministry employees. The government strictly outlaws any unauthorised private enterprise, with heavy sanctions in place to deal with offenders.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: The State Civil Servants' Act (19.8.1994/750), only available in Finnish:

<http://www.finlex.fi/fi/laki/ajantasa/1994/19940750#L1> The transcript of "Finnish war business", 31 March 2014, <http://yle.fi/aihe/artikkeli/2014/03/31/suomalainen-sotilasbisnes-kasikirjoitus>

Comments: Another media source also pointed out that licenses for a secondary occupation for the military personnel are kept private. According to the State Civil Servants' Act (11.5.2001/387), secondary occupations are allowed, provided that they do not undermine the person's ability to perform his/her tasks or harm the employee with competitive activities. Evidence of large-scale unauthorized private enterprise was not found. The Finnish TV programme MOT, which focuses on investigative journalism, aired an episode on 31 March 2014 entitled "Finnish War Business", which pointed out that a few elite soldiers at the Finnish Army work at the same time in private security companies - but with employer authorization. RESPONSE TO PEER REVIEWER 1: As the secondary employment featured in the documentary is authorized and no other evidence of unauthorised employment has been found, score 4 was maintained.

3.1. Leadership Behaviour

34. Do the Defence Ministry, Defence Minister, Chiefs of Defence, and Single Service Chiefs publicly commit - through, for example, speeches, media interviews, or political mandates - to anti-corruption and integrity measures?

0 There is no evidence of any commitment by the Defence Minister, Chief of Defence, or Single Service Chiefs, and there is no evidence that any such commitments are made by senior ministry of defence or armed forces staff.

1 There is no apparent commitment to anti-corruption and integrity measures by the Defence Ministry as an institution, but there is some evidence that a commitment is made by senior ministry staff and senior armed forces officers.

2 There is some evidence of commitment to anti-corruption and integrity measures by the Defence Ministry and senior members of the Armed Forces, though this commitment is not publicly stated. There is no evidence that this is reflected throughout the defence ministry and armed forces by similar commitments from senior ministry staff and senior armed forces officers.

3 There is good evidence of commitment to anti-corruption and integrity measures by the Defence Ministry, and this commitment is publicly stated – though perhaps not strongly. There is evidence that this is reflected throughout the defence ministry and armed forces by similar commitments from senior ministry staff and senior armed forces officers, though this is again not strongly publicly stated.

4 There is a clear and cohesive commitment to anti-corruption and integrity measures by the Defence Ministry, as declared by the Defence Minister, the Chief of Defence, and Single Service Chiefs. This commitment is publicly and strongly stated and is reflected throughout the defence ministry and armed forces by similar commitments from senior ministry staff and senior armed forces officers.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: Interview with Interviewee 3: Ministry of Defence administrator 26.6.2014, Helsinki Act on the Openness of Government Activities (621/1999, Chapter 1, Section 1), unofficial translation: <http://www.finlex.fi/en/laki/kaannokset/1999/en19990621.pdf> Joutsen, M. and Keränen, J. (2009). Ministry of Justice. Corruption and the prevention of corruption in Finland: <http://www.oikeusministerio.fi/material/attachments/om/tiedotteet/en/2009/6AH99u1tG/Corruption.pdf> General Standing Order, available only in Finnish: <http://www.puolustusvoimat.fi/wcm/0802b480406f9674bed9ff66f99672d5/YIPalvO.pdf?MOD=AJPERES> Administrative Procedure Act (434/2003), unofficial translation: <http://www.finlex.fi/fi/laki/kaannokset/2003/en20030434.pdf> The State Civil Servants' Act (19.8.1994/750), available only in Finnish: <http://www.finlex.fi/fi/laki/ajantasa/1994/19940750#L1>

Comments: Although commitments to anti-corruption measures are rarely mentioned as such because of the scarcity of corruption charges in Finland, any concerns that do arise regarding corruption are addressed and investigated, with the investigation reports being made available to the public. The lack of public statements does not indicate that the issues are not taken seriously. However, the lack of actual cases and scandals makes it very hard to find large numbers of sources. Publicity and transparency are strongly emphasised as a key Finnish value in overall political system. Because of that, commitment to anti-corruption is treated as an underlying principle and most do not see the need to address it separately. The openness and integrity of the administrative field of defence and in the defence and security sector more generally are regularly addressed through various sources and policies. There are also standards of conduct in the defence sector, mostly embedded in orders and policies, rather than a single Code of Conduct. The General Standing Order imposes standards of conduct on military personnel, prohibiting bribes and providing guidance concerning gifts and hospitality. It does not contain, however, any rules for dealing with conflicts of

interest or post-separation activities. The Administrative Procedure Act (434/2003) lays down the practices of good governance for public servants and the State Civil Servants' Act (19.8.1994/750) prohibits bribes (chapter 4, section 15) and imposes rules for secondary occupations (section 18) that apply to potential conflicts of interest. Since these regulations come with sanctions and there is evidence of bribery cases being investigated (see Q48), score 3 is appropriate.

35. Are there effective measures in place for personnel found to have taken part in forms of bribery and corruption, and is there public evidence that these measures are being carried out?

0 There are no such measures in place, or no public knowledge of such measures. There is no knowledge of any action taken against personnel despite evidence of bribery and corruption.

1 There are no formal measures in place for personnel found to have taken part in forms of bribery and corruption, although some informal measures have been implemented.

2 Measures are in place for personnel found to have taken part in forms of bribery and corruption. However, there is evidence that these measures lack effectiveness or consistency.

3 Measures are in place for personnel found to have taken part in forms of bribery and corruption. There is some evidence that measures have been or are being carried out, though there is evidence that such sanctions are not always effectively or consistently applied.

4 Effective measures are in place for personnel found to have taken part in forms of bribery and corruption. There is publicly available evidence that measures have been, or are being, carried out effectively and consistently.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Act on Military Discipline and Crime Prevention in the Defence Forces (255/2014) (unofficial translation), only available in Finnish: <http://www.finlex.fi/fi/laki/alkup/2014/20140255#Oidp2967872> Last read 1.7.2015 Military Court Procedure Act (Sotilasoikeudenkäyntilaki, 326/1983), only available in Finnish: <http://www.finlex.fi/fi/laki/ajantasa/1983/19830326> . Last read 1.7.2015 The Criminal Code of Finland (39/1889), unofficial translation: <http://www.finlex.fi/fi/laki/kaannokset/1889/en18890039.pdf> . Last read 1.7.2015 "Puheloinen saanut puolustusvoimilta vuokratukea yli ohjeistuksen" maanpuolustus.net 14.2.2014, in Finnish:

<http://maanpuolustus.net/threads/puheloinen-saanut-puolustusvoimilta-vuokratukea-yli-ohjeistuksen.3147/> . Last read 1.7.2015 "AL: Kenraalien lähipiiriä lentänyt ilmaiseksi armeijan koneilla" Taloussanomat 12.6.2014, in Finnish: <http://www.taloussanomat.fi/kotimaa/2014/06/12/al-kenraalien-lahipiiria-lentanyt-ilmaiseksi-armeijan-koneilla/20148307/12> . Last read 1.7.2015

Comments: There are effective measures for pressing charges for corruption and established practices to execute court decisions. Military offences and bribery are dealt with through military court proceedings. The Act on Military Discipline and Crime Prevention in the Defence Forces (255/2014) and the Military Court Procedure Act (Sotilasoikeudenkäyntilaki, 326/1983) regulate investigation, charges, court proceedings and sentences for corruption-related crimes in the armed forces. The Criminal Code of Finland (39/1889) also regulates offences against the public authorities in chapter 16, section 13, classifying active and passive bribery as a crime: "A person who promises, offers or gives to a public official in exchange for his or her actions in service a gift or other benefit intended for him or her or for another, that influences or is intended to influence or is conducive to influencing the actions in service of the public official, shall be sentenced for the giving of bribes to a fine or to imprisonment for at most two years.' Aggravated bribery - where the gift is of considerable value and/or the receiver is to act contrary to their prerogatives and to significant benefit to the offeror - is punishable by imprisonment between four months and four years to the offeror and a fine or up to two years' imprisonment to the official. There is public evidence that the concerns of corruption have been investigated and the charges have been pressed when necessary. For example, some actions of leading generals have raised suspicions and they have been investigated. However, no charges have been pressed (see Maanpuolustus and Taloussanomat, above). (2) Also a person who, in exchange for the actions in service of a public official, promises, offers or gives the gift or benefit referred to in subsection 1 shall be sentenced for bribery. Section 14 - Aggravated giving of bribes (563/1998). If in the giving of bribes (1) the gift or benefit is intended to make the person act in service contrary to his or her duties with the result of considerable benefit to the briber or to another person or of considerable loss or detriment to another person, or (2) the value of the gift or benefit is considerable and the bribery is aggravated also when assessed as whole, the offender shall be sentenced for aggravated giving of bribes to imprisonment for at least four months and at most four years." Chapter 40, Section 1 also states that for accepting a bribe "he or she shall be sentenced for acceptance of a bribe to a fine or to imprisonment for at most two years."

36. Is whistleblowing encouraged by the government, and are whistle-blowers in military and defence ministries afforded adequate protection from reprisal for reporting evidence of corruption, in both law and practice?

0 No legislation or mechanisms applicable to military and official personnel exist to facilitate corruption reporting. There are no institutionalised mechanisms of whistle-blower protection.

1 Legislation and mechanisms applicable to military and official personnel may exist to report corruption; however, there is no evidence that they are implemented, nor is whistle-blowing actively encouraged. There is little trust among officials and personnel that they would be provided adequate protection if they reported corrupt activity.

2 Legislation and mechanisms applicable to military and official personnel exist to report corruption, but whistleblowing is not actively encouraged, OR laws and mechanisms are not effectively implemented. The Ministry of Defence states that whistle-blowers will be protected, but this may not be strongly enforced.

3 Effective legislation and mechanisms applicable to military and official personnel exist to report corruption, and there is evidence that whistleblowing is taken seriously by MoD. These laws and mechanisms are implemented, but not strongly. Whistleblowing is encouraged, but not strongly. Whistle-blowers are afforded some protection but again, not strongly.

4 Whistleblowing is actively encouraged. Effective legislation and mechanisms applicable to military and official personnel exist to report corruption and there is evidence that these allegations are taken seriously by the Ministry of Defence. These laws and mechanisms are vigorously implemented and there are legal measures in place to rigorously defend whistle-blowers.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

0

Score: 0

Sources: Employment Contracts Act (55/2001):

<http://www.finlex.fi/fi/laki/kaannokset/2001/en20010055.pdf> Protection to leakers.

http://oikeusministerio.fi/fi/index/julkaisut/julkaisuarkisto/1390809176760/Files/OMTH_1_2014_TTS_46_s_LOPULLINEN.pdf Last read 1.7.2015 Transparency International; Whistleblowing in Europe: http://www.transparency.org/whatwedo/publication/whistleblowing_in_europe_legal_protections_for_whistleblowers_in_the_eu EUObserver, Poor protection of whistleblowers in most EU states, 05.11.2013 <http://euobserver.com/social/121989>

Comments: Finland appears to rely on general principles of openness, integrity and transparency to prevent corruption and these are reflected in various acts and rules of procedure applying to public administration. However, there is no explicit legal protection for whistleblowers, and encouraging whistleblowing is seen as contradictory because while the authorities are obligated to expose malpractices and the abuse of power, they take the duty of confidentiality as binding. This has been noted in various reports regarding the position of whistleblowers in Finland (see the Transparency International and EU Observer sources above). Even in cases when whistleblowers might be required to make a report, there is no provision for protection nor any penalties for those who retaliate against whistleblowers. If a whistleblower is fired, they need to utilise courts in order to be

reinstated. Some protection for whistleblowers is provided by the Employment Contracts Act (55/2001) that imposes the duty to compensate a possible unlawful dismissal. No cases so far have tested the general civil law provisions. Whistleblower protection is currently being evaluated by the Finnish Ministry of Justice.

37. Is special attention paid to the selection, time in post, and oversight of personnel in sensitive positions, including officials and personnel in defence procurement, contracting, financial management, and commercial management?

0 There is no evidence that special attention is paid to personnel in sensitive positions. There is no evidence of recognition that certain positions may be more open to corruption opportunities than others.

1 There may be special attention paid to personnel in sensitive positions, but this is not publicly available or cannot be verified.

2 There is some evidence that special attention is paid to personnel in sensitive positions, though these positions are not declared and any specific rules of conduct associated with such positions are not made public.

3 Special attention is paid to personnel in sensitive positions, although there is limited clarity over the mechanisms for selection and oversight.

4 Special attention is paid to personnel in sensitive positions. These positions are openly declared and the specific rules of conduct associated with such positions are made public.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

1

Score: 1

Sources: 'Häkämies EK:n johtoon, Katainen ei näe jääviysongelmaa', November 2012.

<http://m.kaleva.fi/uutiset/kotimaa/hakamies-ekn-johtoon-katainen-ei-nae-jaaviysongelmaa/611707/?comments=40> . Last read 1.7.2015 'Oikeusministeri selvittää pelisäännöt', November 2012.

<http://m.kaleva.fi/uutiset/kotimaa/oikeusministeri-selvittaa-pelisaannot/611868/>". Last read 1.7.2015

Interview with Interviewee 3: Ministry of Defence administrator on 26.6.2014, Helsinki : Last read 1.7.2015 Ministry of Justice. Act on the Openness of Government Activities (621/1999; Amendments up to 1060/2002 included), unofficial translation:

<http://www.finlex.fi/en/laki/kaannokset/1999/en19990621.pdf> . Last read 1.7.2015 The State Civil Servants' Act (19.8.1994/750), available only in Finnish:

<http://www.finlex.fi/fi/laki/ajantasa/1994/19940/50#L1> . Last read 1-/-2015 Military Court Procedure Act (Sotilasoikeudenkäyntilaki, 326/1983), available only in Finnish:

<http://www.finlex.fi/fi/laki/ajantasa/1983/19830326> : Last read 1.7.2015 Employment Contracts Act (55/2001): <http://www.finlex.fi/fi/laki/kaannokset/2001/en20010055.pdf> . Last read 1.7.2015

Administrative Procedure Act (434/2003), unofficial translation:

<http://www.finlex.fi/fi/laki/kaannokset/2003/en20030434.pdf> Last read 1-7-2015

Comments: Personnel in sensitive positions are subject to the same laws as any other civil servant, and subject to the same scrutiny and monitoring. No evidence was found regarding special attention being paid to their activities. The selection process in general is well regulated and enforced. Rotation obligation applies to all Officers and vetting is practiced in various recruitment procedures (though there are two levels of inquiry: a more in-depth process is run for those applying for higher positions). There are no post-retirement restrictions. The latter is particular has prompted public debate lately at the political level, as the former Minister of Defense resigned from his post to accept a job in a lobbying organisation. Following the public outrage, the Minister of Justice set out to review existing provisions. **RESPONSE TO REVIEWERS:** In the absence of evidence that special attention is paid to the selection, time-in-post, and oversight of sensitive employees and recognition that such posts might be more prone to corruption, score 1 has been selected.

3.2. Payroll, Promotions, Appointments, Rewards

38. Is the number of civilian and military personnel accurately known and publicly available?

- 0** There is no evidence that the number of civilian and military personnel is accurately known.
- 1** The number of civilian and military personnel is available from the establishment; however, the numbers are believed to be incorrect and incomplete.
- 2** The number of civilian and military personnel is thought to be known, as details of the numbers of personnel in certain areas are available publicly; however, a significant minority of personnel numbers may not be so declared or may be incorrect.
- 3** The number of civilian and military personnel is publicly available and likely to be correct. There may be slight shortcomings surrounding accuracy or the availability of the numbers, but these shortcomings are unlikely to reflect illicit motives.
- 4** The number of civilian and military personnel is understood to be accurately known and details of numbers of personnel throughout the ministry and armed forces are made available publicly by the Ministry of Defence.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: The Finnish Defence Forces (2014). Annual Report 2013:

http://www.puolustusvoimat.fi/wcm/dd992c80436e046a872bdfd7095b1830/PV_VSK_2013_www.pdf?MOD=AJPERES

Comments: Information on personnel numbers is publicly available through sources such as in the annual report of the Finnish Defence Forces (linked above). According to the latest figures, at the end of 2013, 13,728 persons were employed in 'domestic tasks' (i.e. based in Finland) within the Defence Forces, and 5,233 were civilians. There is no reason to doubt the accuracy of the information.

39. Are pay rates and allowances for civilian and military personnel openly published?

0 No information on pay rates or allowances is available publicly.

1 Pay rates for civilian and military personnel are available only in a cursory, abbreviated, or unreliable way; information on allowances is not available.

2 Pay rates are openly published only for selected civilian and military personnel; information on allowances is not available.

3 Pay rates for all civilian and military personnel are openly published; however, information on allowances may not be available.

4 Pay rates and allowances for all civilian and military personnel are openly published.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Employment Contracts Act (55/2001):

<http://www.finlex.fi/fi/laki/kaannokset/2001/en20010055.pdf> Examples of pay rates from the Defence Forces' website:

http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi/!ut/b/c5/vZFbi6IAEIV_i3_Arobm9oh02vKXFm

[|UeDE6cUZQFFcuyq9fN_OwySbr04Q6b3VS9SXnoAy9dNm1-deuzq-X3RItUKZvJ9FKcqYK4ELVwl2wJFPfwTbHal02QLZx8azc_tQviz6GglnPoAi6gLuhgak7712plc0VQNo-ppGfQjXB_6w8GoaMXtWFpqVjF6_sj80rujmbA7YEI4wAVf4sDL8BXY4vPcBf_u6yiwWcoL5wiHgxsXZGKoPNHf3oul8e3Df8YGIKLM-JuGiBcU3MB2p4oVwvRTkfzBNN6yfBiQpQzIwgOyBuyLDtgXHbAv-bOsOcryfTnuPsoxjA1NI9g0DY1oxMAKWWhcpMejd7RiL29NR7pVz3Tt57CzFlzljxUMp22OYnltC53k1uVv9sgmNtbK9eSl1haP_uqdhI3ax7X_aQSTKcP42e16qS7m3k50vkoOKeb_DU5PKRp7WIPOwNj-QiFcNbe3FpC5qdvx8GjkXzUFTycUr562qLG7x7RFq8paZd9VqFbrf0rphlxTORuUBVWVbseWs3_yjgz0a_QYmXC_R/dl3/d3/L2dBISEvZ0FBIS9nQSEh/?pcid=187b2600406fa9b983f1c766f99672d5](http://www.vm.fi/vm/fi/04_julkaisut_ja_asiakirjat/01_julkaisut/06_valtion_tyomarkkinalaitos/20120316_Valtio/Virka- ja_tyoeehdot_2012.pdf) . Last read

1.7.2015 General Collective Bargaining Agreement, only in Finnish:

[http://www.vm.fi/vm/fi/04_julkaisut_ja_asiakirjat/01_julkaisut/06_valtion_tyomarkkinalaitos/20120316_Valtio/Virka- ja_tyoeehdot_2012.pdf](http://www.puolustusvoimat.fi/wcm/44c52f00438ce708af2eef028affb6da/PV_HTP_2013_netti.pdf?MOD=AJPERES) . Last read 1.7.2015 Salary structure:

[http://www.puolustusvoimat.fi/wcm/44c52f00438ce708af2eef028affb6da/PV_HTP_2013_netti.pdf?MOD=AJPERES](http://www.kela.fi/asevelvolliset) Last read 1.7-2015 Payment for conscripts, Social Security System:

<http://www.kela.fi/asevelvolliset>, accessed July 2015

Comments: Examples of pay rates are openly published on the Internet site of the Defence Forces, but the salary is based on the level of the assignment as well as personal performance. The personal performance can not consist more than 37% of the salary and it is based on annual performance evaluations. Additional payments and compensation, such as military exercises, can raise the salary. These are regulated by law, for example in General Collective Bargaining Agreement and some special decrees. Some basic allowances (for evening duty, relocation etc) are set for specific groups (such as conscripted officers). .

40. Do personnel receive the correct pay on time, and is the system of payment well-established, routine, and published?

- 0** There are widespread and significant delays in payment (of over 3 months), and personnel are not guaranteed to receive the correct salary.
- 1** There are regular indications of late payment (of up to up to 3 months) and payment amounts may regularly be incorrect. The payment system is not clear or published.
- 2** There are occasional indications of late payment (of up to 3 months) though payments are generally of the correct amount. There are considerable shortcomings in the clarity and transparency of the payment system.
- 3** Personnel generally receive the correct pay on time. However, there may be minor shortcomings in the clarity or transparency of the payment system, and basic pay may occasionally be subject to discretionary adjustments.
- 4** Personnel receive the correct pay on time. The payment system is well-established, routine, and published, and basic pay is non-discretionary.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Employment Contracts Act (55/2001):

<http://www.finlex.fi/fi/laki/kaannokset/2001/en20010055.pdf> Last read 1.7.2015 Puolustusvoimissa palkat sekaisin jo vuoden - kuukausipalkkaa 1 sentti.

<http://www.mtv.fi/uutiset/kotimaa/artikkeli/puolustusvoimissa-palkat-sekaisin-jo-vuoden-kuukausipalkkaa-1-sentti/1879030> Last read 1.7.2015

Comments: The Employment Contracts Act regulates payment procedures and the process is well established. In 2011 and 2012, the Defence Forces had problems delivering additional payments (as compensations for late working hours) to personnel because of technical implementation difficulties with the new payment system. However, this was an isolated incident related to technical issues and there is no other evidence of any delays in payments.

41. Is there an established, independent, transparent, and objective appointment system for the selection of military personnel at middle and top management level?

0 There is no established appointment system.

1 It is stated that a system for appointments exists; however, it is not published. There is strong evidence of appointment based not purely on merit.

2 There is an established system for the appointment of military personnel, but it is not adhered to in practice and there is significant evidence of appointment not based purely on merit.

3 There is an established system for the appointment of military personnel, which requires the use of objective job descriptions and assessment processes for appointments, and oversight of this process by independent personnel. This system is published and is mostly adhered to in practice, though there is evidence of cases of appointment not based purely on merit.

4 There is an established system for the appointment of military personnel, which requires the use of objective job descriptions and assessment processes for appointments, and oversight of this process by independent personnel. This system is published and is adhered to in practice.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

2

Score: 2

Sources: Interview with Interviewee 3: Ministry of Defence administrator on 26.6.2014, Helsinki Employment Contracts Act (55/2001): <http://www.finlex.fi/fi/laki/kaannokset/2001/en20010055.pdf> . Last read 1.7.2015 The State Civil Servants' Act (19.8.1994/750), only available in Finnish: <http://www.finlex.fi/fi/laki/ajantasa/1994/19940750#L1> Last read 1.7.2015 Act on Military Discipline and Crime Prevention in the Defence Forces (255/2014) (unofficial translation), only available in Finnish: <http://www.finlex.fi/fi/laki/alkup/2014/20140255#Oidp29678721> Last read 1.7.2015 'Taas hyvä veli -verkoston avulla huippuvirkaan? - "Puoluekannalla on merkitystä"', June 2013. <http://www.iltasanomat.fi/kotimaa/art-1288576118509.html> Last read 1.7.2015 'Ylipäällikön valinta', March 2014. <http://www.ts.fi/mielipiteet/kolumnit/604657/Ylipaallikon+valinta> Last read 1.7.2015 'Ukrainan kriisi ja Suomen puolustus', March 2014. <http://jyrkivirolainen.blogspot.fr/search/label/Lindberg%20Jarmo> Last read 1.7.2015 'Tutkija: Poliittiset nimitykset rikkovat ehkä perustuslakia', January 2015. <http://www.hs.fi/kotimaa/a1422072188154>. Last read 1-7-2015

Comments: The appointment system is based on the Act on the Defence Forces, which states in its section 38 that "The President of the Republic appoints to a post and assigns to a duty the Chief of Defence, the Chief of Staff of the Defence Command, Generals, Admirals, the Defence Forces Chief Engineer, the Defence Forces Surgeon General and the Chaplain General. The President makes the decision on the appointment and assignment at a Government session on the recommendation of the Government. The President similarly assigns Defence Forces officers or special officers to the duties of Defence Attaché, Deputy Defence Attaché, Military Representative and Deputy Military Representative, and similar international duties." Section 40 on promoting in military or service rank notes that "The President of the Republic promotes officers to the military ranks of Second Lieutenant and Sub-Lieutenant as a military command matter and promotes officers to higher or comparative military ranks on presentation by the Chief of Defence.' The Minister of Defence presents candidates to the rank of Brigadier General, Commodore (and other comparative ranks) or higher. Some major nominations in the Ministry of Defense have been criticized in the press, alleging that political orientation played a part in the selection (see the last three sources). Since existence of independent oversight could not be verified, score 2 has been selected.

42. Are personnel promoted through an objective, meritocratic process? Such a process would include promotion boards outside of the command chain, strong formal appraisal processes, and independent oversight.

- 0** There is no indication of any formal processes, boards or oversight of the promotions process. Furthermore, there may be indications of corruption or other inappropriate conduct in the promotions process.s.
- 1** There is limited evidence of formal processes, boards or oversight of the promotions process and although there is potential for corruption or other inappropriate conduct in the promotions process, there is not necessarily strong evidence to suggest it occurs, OR there are formal processes in place, but evidence suggests that these are undermined.
- 2** There is indication of formal processes, boards and oversight of the promotions process. While there are no indications of corruption or other inappropriate conduct in the promotions process, there may be some potential for it.
- 3** Personnel promotions are effected through formal appraisal processes and promotions boards for all personnel, though there is no evidence of independent scrutiny being paid to the promotion of senior personnel.
- 4** Personnel promotions are effected through formal appraisal processes and promotions boards for all personnel. Such processes are publicly declared and promotions to senior ranks are open to scrutiny by independent personnel.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

2

Score: 2

Sources: Interview with Interviewee 4: Finnish Defence Force officer on 26.6.2014 Last read 1.7.2015 Act on Military Discipline and Crime Prevention in the Defence Forces (255/2014) (unofficial translation), only available in Finnish: <http://www.finlex.fi/fi/laki/alkup/2014/20140255#Oidp2967872> . Last read 1.7.2015 Employment Contracts Act (55/2001): <http://www.finlex.fi/fi/laki/kaannokset/2001/en20010055.pdf> . Last read 1.7.2015

Comments: According to the Ministry of Defence, the promotion of the personnel is normally based on pre-established career paths. Military ranks in the Defence Forces require some specific know-how and promotion is based on achieving these necessary skills. Promotions of officers and non-commissioned officers are based on years of service and merit. The promotions are confirmed by the president (in case of the highest officers). There is a formal appraisal process. However, the justifications for a specific decision are not made public. As existence of independent oversight could not be verified, score 2 has been selected.

3.3. Conscription and Recruitment

43. Where compulsory conscription occurs, is there a policy of not accepting bribes for avoiding conscription? Are there appropriate procedures in place to deal with such bribery, and are they applied?

- 0** There are no known policies, rules or mechanisms against bribery for avoiding compulsory conscription. It is likely that bribery is widely practised.
- 1** There are guidelines against bribery for avoiding compulsory conscription, though they are not enforced. There are likely to be indications of bribery.
- 2** There is a policy and rules against bribery for avoiding compulsory conscription, though sanctions do not appear to be strictly enforced. There is likely to be some evidence of bribery.
- 3** There is a policy and rules against bribery for avoiding compulsory conscription and procedures are in place to act as an appropriate deterrent.
- 4** There is a policy and strict rules against bribery for avoiding compulsory conscription and there are effective procedures in place to act as a deterrent. There is evidence that appropriate actions or punishments are applied when bribery occurs.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: The Constitution of Finland, 11 June 1999, Unofficial Translation:

<http://www.finlex.fi/en/laki/kaannokset/1999/en19990731.pdf> The Criminal Code of Finland (39/1889), unofficial translation: <http://www.finlex.fi/fi/laki/kaannokset/1889/en18890039.pdf>

Comments: The Constitution of Finland (chapter 12, Section 127) states that "every Finnish citizen is obligated to participate or assist in national defence, as provided by the Act." Exemptions can be granted on the basis of conscientious objection. Compulsory conscription for men is laid out in the Conscription Act (1438/2007) in chapter 1, section 2, which specifies that every male Finn is "liable for military service starting from the beginning of the year in which he turns 18 years old until the end of the year in which he turns 60." The practice of bribing to avoid conscription is explicitly forbidden by the Criminal Code of Finland (39/1889) (chapter 16, section 13 and chapter 40, section 1). Options alternative to military service also exist - one could perform civil service for example. This practice may help to decrease the number of people trying to avoid conscription by bribing. No evidence or

allegations of bribing exists and no media reports have been found which document such an incident. Bribing in order to avoid conscription can thus be considered extremely rare. Based on the general impression from the overall data, score 4 appears more appropriate than any other.

44. With regard to compulsory or voluntary conscription, is there a policy of refusing bribes to gain preferred postings in the recruitment process? Are there appropriate procedures in place to deal with such bribery, and are they applied?

0 There are no known policies, rules or mechanisms against bribery for soliciting preferred postings. It is likely that bribery is widely practised.

1 There are guidelines against bribery for soliciting preferred postings,, though they are not enforced. There are indications of bribery being practised.

2 There is a policy and rules against bribery for soliciting preferred postings, though sanctions do not appear to be strictly enforced. There is likely to be some evidence of bribery.

3 There is a policy and rules against bribery for soliciting preferred postings, and procedures are in place to act as an appropriate deterrent.

4 There is a policy and strict rules against bribery for soliciting preferred postings, and there are effective procedures in place to act as a deterrent. There is evidence that appropriate actions or punishments are applied when bribery occurs.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: The Criminal Code of Finland (39/1889), unofficial translation:

<http://www.finlex.fi/fi/laki/kaannokset/1889/en18890039.pdf> . Last read 1.7.2015 Act on Military Discipline and Crime Prevention in the Defence Forces (255/2014) (unofficial translation), only available in Finnish: <http://www.finlex.fi/fi/laki/alkup/2014/20140255#Oidp2967872> . Last read 1.7.2015 Press release, Defence Forces: unofficially translated. "4150 military crimes were committed in 2013" <http://goo.gl/VOIVkN>

Comments: There is no specific policy or regulations preventing bribery in order to obtain a preferred post, but bribery is overall criminalized in the Criminal Code of Finland (39/1889, chapter 16, section 13 and chapter 40, section 1). Otherwise, The Act on Military Discipline and Crime

Prevention in the Defence Forces (255/2014) regulates the prevention of crimes, court proceedings regarding military offences and the consequences of such crimes. Since no specific policy regarding bribery in the context of preferred postings exists; there is no evidence of bribery; and bribery is generally criminalised, score 3 has been selected.

3.4. Salary Chain

45. Is there evidence of 'ghost soldiers', or non-existent soldiers on the payroll?

- 0** There is evidence of ghost soldiers in the past five years and there have been no concrete steps taken by the MOD or military against this phenomenon.
- 1** There have been cases of ghost soldiers reported in the past five years; however, the MOD or military is taking steps to reform payment systems to prevent ghost soldiers.
- 2** While there is no evidence of ghost soldiers, the lack of enforced accountability in payment systems makes it likely that the phenomenon occurs.
- 3** There is no firm evidence of ghost soldiers; however, some laxity of enforced accountability in payment systems suggests that the phenomenon could occur.
- 4** No, there is no evidence of ghost soldiers; the strength of payment systems and oversight suggests that the phenomenon is unlikely to occur.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Interview with Interviewee 3: Ministry of Defense administrator 26.6.2014, Helsinki Interview with Interviewee 4: Defence force officer, 26.6.2014, Helsinki Employment Contracts Act (55/2001): <http://www.finlex.fi/fi/laki/kaannokset/2001/en20010055.pdf> Conscription Act (1438/2007): <http://www.finlex.fi/fi/laki/kaannokset/2007/en20071438.pdf> . Last read 1.7.2015 General Standing Order, available only in Finnish: <http://www.puolustusvoimat.fi/wcm/0802b480406f9674bed9ff66f99672d5/YIPalvO.pdf?MOD=AJPERES> . Last read 1.7.2015 Payment for conscripts, Social Security System: <http://www.kela.fi/asevelvolliset>, accessed July 2015.

Comments: No evidence of the existence of ghost soldiers has been found. Given the use of electronic HR and financial administration systems, published salary rates and the separation of chains of command and payment, it would be difficult to create ghost employees and keep it secret for long.

46. Are chains of command separate from chains of payment?

- 0** There is no evidence that chains of command are separated from chains of payment.
- 1** Evidence suggests that chains of command are unlikely to be separated from chains of payment.
- 2** Chains of command are generally separated from chains of payment, though there is evidence of exceptions in certain areas, and this is not a published policy.
- 3** It is likely that chains of command are strictly separated from chains of payment throughout the ministry and armed forces; however, this may not be a published policy.
- 4** Chains of command are strictly separated from chains of payment throughout the ministry and armed forces.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Interviewee 3: Interview with Ministry of Defence administrator. 26.6.2014. Employment Contracts Act (55/2001): <http://www.finlex.fi/fi/laki/kaannokset/2001/en20010055.pdf> Conscription Act (1438/2007): <http://www.finlex.fi/fi/laki/kaannokset/2007/en20071438.pdf> . Last read 1.7.2015 General Standing Order, available only in Finnish: <http://www.puolustusvoimat.fi/wcm/0802b480406f9674bed9ff66f99672d5/YIPalvO.pdf?MOD=AJPERES> . Last read 1.7.2015 Payment for conscripts, Social Security System: <http://www.kela.fi/asevelvolliset>, accessed July 2015.

Comments: The chains of command are separate from chains of payment in the defence sector. Payments are regulated by the state payroll system, and consist of post-specific payments and personal payments. The post-specific payment is based on the competence of the task and it is evaluated with systems that assess the level and the responsibility of the task. The personal payment, which is at the most 37% of a payment, is defined in the annual development discussions with the employer. The state payroll system is not meshed with chains of command within the defense sector, with no exceptions, and is established through the Employments Contracts Act.

Conscripts are paid through the social security system, eliminating any overlap.

3.5. Values and Standards

47. Is there a Code of Conduct for all military and civilian personnel that includes, but is not limited to, guidance with respect to bribery, gifts and hospitality, conflicts of interest, and post-separation activities?

- 0** There is no evidence of any Code of Conduct for Defence Ministry personnel which covers conduct with respect to corruption, and it is very unlikely there is one.
 - 1** There is likely to be a Code of Conduct but its content, transparency, application and distribution is unclear or unknown.
 - 2** There is a Code of Conduct, however, it is not comprehensive or its guidance is inadequate or lacks clarity and specificity, and there may be issues surrounding its application and distribution.
 - 3** There is a Code of Conduct for all military and civilian personnel, which covers conduct with respect to bribery, gifts and hospitality, conflicts of interest, and post-separation activities, though it may not be comprehensive. There may not be a robust oversight mechanism.
 - 4** There is a Code of Conduct for all military and civilian personnel, which comprehensively covers conduct with respect to bribery, gifts and hospitality, conflicts of interest, and post-separation activities. This is available publicly. There is likely to be a robust oversight mechanism, too, though it may be confidential.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: General Standing Order, available only in Finnish:

<http://www.puolustusvoimat.fi/wcm/0802b480406f9674bed9ff66f99672d5/YIPalvO.pdf?MOD=AJPERES>

Administrative Procedure Act (434/2003), unofficial translation:

<http://www.finlex.fi/fi/laki/kaannokset/2003/en20030434.pdf> The State Civil Servants' Act

(19.8.1994/750), available only in Finnish: <http://www.finlex.fi/fi/laki/ajantasa/1994/19940750#L1>

Principles of the State Human Resources Policy

Principles of the State Human Resources Policy.

https://www.vm.fi/vm/fi/04_julkaisut_ja_asiakirjat/01_julkaisut/06_valtion_tyomarkkinalaitos/2001083_0Valtio/3643.pdf Last read 1.7.2015 State Administration Handbook.

http://www.vm.fi/vm/fi/04_julkaisut_ja_asiakirjat/01_julkaisut/06_valtion_tyomarkkinalaitos/20050114_Arvota/Arvot_arjes . Last read 1.7.2015 'Häkämies EK:n johtoon, Katainen ei näe jääviysongelmaa', November 2012. <http://www.kaleva.fi/uutiset/kotimaa/hakamies-ekn-johtoon-katainen-ei-nae-jaaviysongelmaa/611707/>, accessed October 2012.

Comments: The Finnish administrative system standards are not based on a single Codes of Conduct. Good governance and the military integrity are imposed by the legal codes and administrative regulations. The General Standing Order imposes standards of conduct on military personnel. It prohibits all military personnel from bribing and accepting bribes and provides guidance concerning gifts and hospitality. It does not contain, however, any rules for dealing with conflicts of interest or post-separation activities. The Administrative Procedure Act (434/2003) lays down the practices of good governance for public servants and the State Civil Servants' Act (19.8.1994/750) prohibits bribes (chapter 4, section 15) and imposes rules for secondary occupations (section 18) that apply to potential conflicts of interest. Additional guidance is contained within the 2001 the "Principles of the State Human Resources Policy and the "State Administration Handbook" (Valtionhallinnon käsikirja) that applies also to the military and covers many topics related to the prevention of corruption. Both documents cover issues of bribery, gifts and hospitality and conflicts of interest are discussed in these documents. However, the conflict of interest parts do exclude prior-recruitment and post-separation activities. This omission created public criticism, when the former Minister of Defense (and after Minister of Economic Affairs) resigned from his post of Minister to join a lobbying organisation in 2012. RESPONSE TO PEER REVIEWER 2: Agree. Score changed to 3 and comments and sources added.

48. Is there evidence that breaches of the Code of Conduct are effectively addressed ,and are the results of prosecutions made publicly available?

0 There is no evidence of any Code of Conduct for military and civilian defence personnel which covers conduct with respect to corruption, OR there is no evidence that any existing Code is effectively addressed.

1 The Code of Conduct lacks credibility and as a result is not used or enforced. The results of any prosecutions are not made publicly available.

2 There may be indications that breaches of the Code of Conduct are addressed. The results of prosecutions, however, are not made publicly available.

3 There are indications that breaches of the Code of Conduct are addressed. Results of prosecutions may or may not be publicly available.

4 There are strong indications that breaches of the Code of Conduct are effectively addressed and that the results of prosecutions are made publicly available.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: The State Civil Servants' Act (19.8.1994/750), only available in Finnish:

<http://www.finlex.fi/fi/laki/ajantasa/1994/19940750#L1>. Last read 1.7.2015 Act on Military Discipline and Crime Prevention in the Defence Forces (255/2014) (unofficial translation), only available in Finnish: <http://www.finlex.fi/fi/laki/alkup/2014/20140255#Oidp2967872>. Last read 1.7.2015 The Criminal Code of Finland (39/1889), unofficial translation:

<http://www.finlex.fi/fi/laki/kaannokset/1889/en18890039.pdf>. Last read 1.7.2015 "Aarnio investigation complete: Ex-drug buster suspected of slew of offences" Yle, 5.6.2014

http://yle.fi/uutiset/aarnio_investigation_complete_ex-drug_buster_suspected_of_slew_of_offences/7281594. Last read 1.7.2015 "Former lead investigator in Ulvila murder fined for malfeasance" Helsinki Times, 06.03.2014

<http://www.helsingitimes.fi/finland/finland-news/domestic/9611-former-lead-investigator-in-ulvila-murder-fined-for-malfeasance.html?ref=uutiskirje>. Last read 1.7.2015 'Suomalaista rauhanturvaajaa epäillään lahjusten ottamisesta', September 2006.

http://yle.fi/uutiset/suomalaista_rouhanturvaajaa_epaillaan_lahjusten_ottamisesta/5751001. Last read 1.7.2015 'Maavoimien lahjusjupakasta tuomiot', March 2014.

<http://suomalainenasekauppa.wordpress.com/2014/03/11/maavoimien-lahjusjupakasta-tuomiot/>. Last read 1.7.2015

Comments: There is evidence that the Code of Conduct included in the General Standing Order (see Q47) is effectively enforced. It is given as a military order and offences would be addressed with the sanctions described in The Act on Military Discipline and Crime Prevention in the Defence Forces (255/2014). This Act also regulates (in chapter 6, section 54) how and to whom the information of the disciplinary action should be given. Chapter 13, section 131 obliges relevant courts to communicate the decisions to military servants via the judicial administration's national data system. Examples on the bribery cases in the military have been effectively addressed include a 2006 case in which two members of the Finnish Defense Forces participating in the crisis management mission to Afghanistan were convicted. In 2014, an Army procurement officer was convicted for bribery related to the sales contract of scrap metal disposal. The Code of Conduct for civil servants of the defence sector is also effectively enforced. Offences against the State Civil Servants' Act (19.8.1994/750) are followed by a warning (section 24), dismissal (sections 25 and 26) or judgment based on the Criminal Code of Finland (39/1889, section 4). These prosecutions are made public (examples can be seen in the last two sources cited above).

49. Does regular anti-corruption training take place for military and civilian personnel?

0 No anti-corruption training takes place.

1 Anti-corruption training is conducted irregularly and informally to limited personnel.

2 Anti-corruption training takes place. Training is given to selected personnel in more sensitive positions but there is no evidence that this is regularly repeated.

3 Regular anti-corruption training takes place. Training is given to selected personnel in very sensitive positions and is repeated on at least an annual basis.

4 Regular anti-corruption training takes place. Training is given to all personnel and is repeated on at least an annual basis.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

1

Score: 1

Sources: Interview with Interviewee 5: a Defence Force officer on 27.6.2014, Helsinki Act on Military Discipline and Crime Prevention in the Defence Forces (255/2014) (unofficial translation), only available in Finnish: <http://www.finlex.fi/fi/laki/alkup/2014/20140255#Oidp2967872> . Last read 1.7.2015

Comments: No evidence of specific anti-corruption training was found, although it is likely that since corruption is considered to be a crime and incompatible with good governance practices, anti-corruption issues could be included in general training. The interviewee has indicated that there is formal training that includes corruption issues, and is given to all military and civilian personnel as well to personnel in sensitive positions, but this could not be confirmed through publicly available sources.

50. Is there a policy to make public outcomes of the prosecution of defence services personnel for corrupt activities, and is there evidence of effective prosecutions in recent years?

- 0** Outcomes are not made public, and is there no evidence of effective prosecutions in recent years.
- 1** There are few or no examples of outcomes being made public, and no policy that they must be. There are some examples of effective prosecutions available in the public domain over recent years, though there is widespread public speculation over whether other attempted prosecutions have been suppressed or inappropriately sanctioned.
- 2** There are examples of outcomes being made public, though no policy that they must be. There are some examples of effective prosecutions available in the public domain over recent years, though there is some public speculation and scepticism over whether other attempted prosecutions have been suppressed or inappropriately sanctioned.
- 3** It is a policy for outcomes to be made public. EITHER there are some examples available of effective prosecutions in recent years, OR there have been no such prosecutions but it is unclear whether prosecutions have been suppressed or ineffective.
- 4** It is a policy for outcomes to be made public. EITHER all prosecutions taking place in recent years have been effective, OR there have been no such prosecutions, but there is no suggestion in the public domain that prosecutions have been suppressed.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Publicity of court proceedings:

<http://www.oikeus.fi/tuomioistuimet/hovioikeudet/en/index/julkisuus.html> . Last read 1.7.2015 Act on the Publicity of Court Proceedings in General Courts (370/2007), unofficial translation:

<http://www.finlex.fi/fi/laki/kaannokset/2007/en20070370.pdf> . Last 1.7.2015 'Valtakunnansyyttäjä: Upseerien syytteet raukesivat puolustusvoimien viestilaitejupakassa', December 2013.

http://yle.fi/uutiset/valtakunnansyyttaja_upseerien_syytteet_raukesivat_puolustusvoimien_viestilaitejupakassa/6977410. Last read 1.7.2015 'Armeijalle tappiota 650 000 euroa: Korkeat upseerit välttivät syytteet', December 2013.

http://www.iltalehti.fi/uutiset/2013121117822895_uu.shtml. Last read 1.7.2015

Comments: Trial information and documentation are automatically deemed public, as is basic information regarding trials and prosecutions. Some exceptions are foreseen in the law and parts of the proceedings can be classified if necessary; however, the name of the defendant, the charge on which they have been found guilty, and the sanction are always public information, as provided by the Act on the Publicity of the Court Proceedings in General Courts. There is no evidence of undue influence on the courts and/or cases being suppressed. In one case, the accused were eventually found innocent: military officers responsible for a procurement that produced €650 000 losses to the

Defense Forces were suspected of having given false information about the in the tender process, but the charges were dropped as there was no evidence of the falsification.

3.6. Small Bribes and Favours

51. Are there effective measures in place to discourage facilitation payments (which are illegal in almost all countries)?

- 0** Facilitation payments are not discouraged. The occurrence of facilitation payments is likely to be widespread.
 - 1** There are holes and insufficiencies in laws designed to discourage facilitation payments, which are likely to be brief, unclear, or vague. It is likely that the occurrence of facilitation payments is common.
 - 2** Facilitation payments are discouraged though the legal framework for tackling these payments is not considered particularly effective, OR facilitation payments are illegal, but there is little indication that mechanisms are effectively used or capable of discouraging occasional facilitation payments.
 - 3** Facilitation payments are strictly illegal and mechanisms are in place to punish offenders; however, these mechanisms and laws may not always be effectively applied.
 - 4** Facilitation payments are strictly illegal and mechanisms to punish offenders are in place and are effectively applied.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: The Criminal Code of Finland (39/1889), unofficial translation:

<http://www.finlex.fi/fi/laki/kaannokset/1889/en18890039.pdf> "Kanerva's bribery sentence overturned", Yle, 27.6.2013 http://yle.fi/uutiset/kanervas_bribery_sentence_overturned/6707229
Business Anti-corruption Portal, 'Finnish Legislation'. <http://www.business-anti-corruption.com/country-profiles/europe-central-asia/finland/legislation.aspx>, accessed October 2015. OECD, 'Phase 3 Report on Implementing the OECD Anti-Bribery Convention in Finland', October 2010. <http://www.oecd.org/finland/Finlandphase3reportEN.pdf>, accessed October 2015.

Comments: The Criminal Code of Finland criminalizes passive and active bribery of civil servants;

sentences vary from dismissal of an official to a maximum of four years in prison. There is no distinction between bribes and facilitation payments, thus criminalising facilitation payments alongside bribes meant to get a public official to act in a way contrary to their duties. There is evidence that the law is effectively applied, such as the 2013 case in which a few businessmen were found guilty of bribery (Yle source above). However, the OECD monitoring report has indicated that some loopholes regarding facilitation payments to foreign public officials exist. Therefore, score 3 has been selected.

4.1. Disregard of Corruption In-Country

52. Do the armed forces have military doctrine addressing corruption as a strategic issue on operations?

- 0** The country has no known military doctrine addressing corruption issues for peace and conflict.
- 1** The armed forces may be aware of corruption as a strategic issue for operations, but only as an aspect of governance. There is no explicit doctrine on this subject.
- 2** The armed forces are aware of corruption as a strategic issue for operations; however, there is no explicit doctrine on this subject.
- 3** The country has military doctrine addressing corruption issues for peace and conflict, though there may be minor shortcomings in detail.
- 4** The country has comprehensive and detailed military doctrine addressing corruption issues for peace and conflict that may even be publicly available.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

1

Score: 1

Sources: The Government Report on Finnish Security and Defence Policy:

http://vnk.fi/julkaisukansio/2012/j05-suomen-turvallisuus-j06-finlands-sakerhet/PDF/VNKJ0113_LR_En.pdf

Last read 1.7.2015 "Kriisinhallinnan ratkaiseva testi", Joonas Pörsti, Ulkopoliitikka-lehti http://www.ulkopoliitikka.fi/article/606/kriisinhallinnan_ratkaiseva_testi/ .

Last read 1.7.2015 Ministry of Foreign Affairs report on cooperation with NATO:

<file:///C:/Users/Johannes/Downloads/Kertomus%20Suomen%20valtionhallinnon%20osallistumisesta%20kumppanuusyhteisty%C3%B6h%C3%B6n%20Naton%20kanssa%20vuonna%202012.pdf>. Last

read 1.7.2015 Finnish Defence Forces Staff Manual,

<http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi/?>

1dmy&urile=wcm%3apath%3a/SU+Puolustusvoimat.fi/Puolustusvoimat.fi/Puolustusvoimat/Aineistot/Ohjesaannot/). There is no publicly available, accessed November 2015.

Comments: No references to corruption as a strategic risk in operations were found in the Government Report on Finnish Security and Defence Policy 2012 and no military doctrine addressing corruption on operations was found. The issue also does not appear in staff manuals. There are some indications that the government does acknowledge the importance of corruption for military operations, however, it seems to be focussed on civilian aspects on missions. For example, strategic planning for crisis management operations points out these risks, and anti-corruption work is included to Finnish civil crisis management operations (Pörsti). The discussion focuses mostly on local corruption in Afghanistan as addressed by the civilian component of the mission (police, judiciary etc.). **RESPONSE TO PEER REVIEWERS:** Agree, score lowered to 1 to reflect the priority of civilian-centred approach to corruption issues.

53. Is there training in corruption issues for commanders at all levels in order to ensure that these commanders are clear on the corruption issues they may face during deployment? If so, is there evidence that they apply this knowledge in the field?

- 0** The country has no known training in corruption issues for commanders. There is evidence that these officers engage in, or turn a blind eye, to corrupt activities.
 - 1** There is no known training for commanders; however, despite this, there is not significant evidence of corruption issues being mishandled.
 - 2** There is understood to be training in corruption issues for commanders. There is evidence that they apply this knowledge in the field, though there are also instances of corruption issues being mishandled by officers.
 - 3** There is training on corruption issues for commanders at all levels. There is evidence that they apply this knowledge in the field, but there may be isolated incidences of corruption issues being mishandled by officers.
 - 4** There is comprehensive training in corruption issues for commanders at all levels. The commanders are examined on their understanding of what corruption issues they may face during deployment, and there is good evidence that they apply this knowledge in the field.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

1

Score: 1

Sources: General Standing Order, available only in Finnish:

<http://www.puolustusvoimat.fi/wcm/0802b480406f9674bed9ff66f99672d5/YIPalvO.pdf?MOD=AJPERES>

Interview with Interviewee 5: Finnish Defence Force officer on 27.6.2014, Helsinki
Finnish peacekeepers suspected of bribe-taking',

<http://yle.fi/uutiset/suomalaista-rauhanturvaajaa-epaillaan-lahjusten-ottamisesta/5751001>, last read 1.7.2015 'Finnish peacekeepers suspected of bribe-taking'.

<http://www.uusisuomi.fi/comment/102244>" 2015-05-18 . Last read 1.7.2015 Finnish Defence Forces Staff Manual, <http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi/?1dmy&urile=wcm%3apath%3a/SU+Puolustusvoimat.fi/Puolustusvoimat.fi/Puolustusvoimat/Aineistot/Ohjesaannot/>). There is no publicly available, accessed November 2015.

Comments: The principles of anti-corruption (pertaining to the Forces themselves) are laid down in General Standing Order of the Defence Forces. Key personnel of the mission (Commanders, Service Managers as well as financial and procurement staff) are trained (3-5 days) in internal oversight, procurement and budget management usually twice (first at the general level in group, then personally at the operational level), but they are not examined. No specific anti-corruption training on operations (including those involving the local population and/or the mission's strategic objectives) has been found. Training or anti-corruption guidance are also not mentioned in the staff manuals. Interviewee 5 stated that there is a perceived zero-tolerance policy towards corruption generally, which might preclude the need for specific training. One bribery case in a crisis management mission is known to public through the press. An interpreter and a Project Engineer serving in Afghanistan were sentenced one year in prison. Their supervisors (Colonel working as the Contingent Commander and Major working as Head of the Kabul Brigade) are suspected of failing to intervene, although they were aware of these irregularities but failed to intervene. RESPONSE TO REVIEWERS: Agree. Score 1 has been selected to reflect the existence of some training which can reduce corruption risks, but lack of specific anti-corruption modules addressing the significance of corruption as a risk to mission objectives and other mission-related challenges.

4.2. Corruption within Mission

54. Are trained professionals regularly deployed to monitor corruption risk in the field (whether deployed on operations or peacekeeping missions)?

- 0** The country deploys no personnel for corruption monitoring.
 - 1** It is unclear whether or not corruption monitors are deployed.
 - 2** The country is understood to deploy corruption monitors though there is evidence that this deployment is irregular.
 - 3** Trained professionals capable of monitoring corruption in the field are regularly deployed and regularly report on the status of corruption within mission.
 - 4** Trained professionals capable of monitoring corruption in the field are regularly deployed and regularly report on the status of corruption within mission. Their reports are made available to the public, at least in summary form.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

2

Score: 2

Sources: Interview with Interviewee 6: a former Finnish peacekeeper on 26.6.2014, Helsinki Finland's Comprehensive Crisis Management Strategy. <http://forin.finland.fi/public/download.aspx?ID=52127&GUID=%7B818D397E-8145-421D-AD53-CB45E5226F2C%7D> National Audit Office 2013 Annual Report, to the Ministry of Defence (summary), http://www.e-julkaisu.fi/vtv/valtuuksien_budjetointi/pdf/10_2013_Valtuuksien_budjetointi_seuranta_ja_raportointi_NETTI.pdf, accessed November 2015.

Comments: The Finnish Defence Forces mostly deploy under the auspices of international organizations such as the United Nations, European Union, OSCE, and NATO and are therefore bound by their mandates. The political control of military crisis management belongs to the Ministry of Foreign Affairs and the Ministry of Defence. The Ministry of Defence delegates tasks concerning participation in operations and maintaining operational readiness to the Defence Forces. No evidence was found regarding corruption risk monitoring in the field. Financial administration of the missions is audited by the Finnish Defense Forces and the National Audit Office; however, the publicly available summaries of of the Audit Office give no indication that corruption monitors are deployed. The purpose of the audits is not to detect corruption per se, but to follow the Finnish regulation. In a way, the audit is able to detect mismanaged resources but whether this is a corruption monitor is questionable. The General Staff leading the operation audits larger missions twice a year, smaller operations less regularly (the objective is to audit every mission at least once a year). Audits focus on procurement and they are not carried out solely to diagnose corruption risks, but they examine the efficient use of resources in many ways. Internal audits are for the most part confidential but the State Audit Office reports are public. Score 2 was selected as mission accounts audits are in place.

4.3. Contracting

55. Are there guidelines, and staff training, on addressing corruption risks in contracting whilst on deployed operations or peacekeeping missions?

- 0** There are no relevant guidelines or training in place.
- 1** Some relevant guidelines relate to this form of corruption, at least loosely, but they are likely to be highly incomplete, very general, or applied very selectively or irregularly.
- 2** There are known to be guidelines for addressing such corruption risks, but they may be incomplete, very general, or applied only selectively.
- 3** Yes, guidelines exist, but staff are not specifically trained in relation to corruption risk in contracting whilst on deployed operations or peacekeeping missions.
- 4** Yes, guidelines exist, and staff are specifically trained in relation to corruption risk in contracting whilst on deployed operations or peacekeeping missions.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

2

Score: 2

Sources: Ministry of Defence: <http://www.defmin.fi/?l=en&s=1> Government decree on Public Defence and Security Procurements 29.12.2011/1536, only available in Finnish:

<http://www.edilex.fi/lainsaadanto/20111536> Act on Public Defence and Security Procurements

29.12.2011/1531, only available in Finnish: <http://www.edilex.fi/lainsaadanto/20111531> Defence Budget, [http://budjetti.vm.fi/indox/sisalto.jsp?](http://budjetti.vm.fi/indox/sisalto.jsp?year=2016&lang=fi&maindoc=/2016/tae/hallituksenEsitys/hallituksenEsitys.xml&opennode=0:1:133:383:635:655)

[year=2016&lang=fi&maindoc=/2016/tae/hallituksenEsitys/hallituksenEsitys.xml&opennode=0:1:133:383:635:655](http://budjetti.vm.fi/indox/sisalto.jsp?year=2016&lang=fi&maindoc=/2016/tae/hallituksenEsitys/hallituksenEsitys.xml&opennode=0:1:133:383:635:655): Ministry of Defence, information on peacekeeping.

http://www.defmin.fi/tehtavat_ja_toiminta/puolustuspolitiikka/kansainvalinen_sotilaallinen_kriisinhallintayhteisty

http://www.defmin.fi/tehtavat_ja_toiminta/puolustuspolitiikka/kansainvalinen_sotilaallinen_kriisinhallintayhteisty

Comments: The Defence Forces website states that financing of participation in military crisis management operations is shared by the Ministry of Foreign Affairs and the Ministry of Defence. The

troops' equipping and materiel expenses, as well as participation expenses in military observation operations, are covered by the main division of the Ministry of Defence. Financing for each new operation is organized separately. Total annual expenses of crisis management are around 100 million euros. In addition, costs arising from combat equipment used in operations and training the troops in international exercises are covered by the Defence Forces' budget. The equipment of troops in international operations is mainly the same equipment used in our own national defence. These expenses are included in the Defence Forces' budget. The procurement of the equipment is regulated in the Government decree on Public Defence and Security Procurements (29.12.2011/1536)¹⁹ and in the Act on Public Defence and Security Procurements (29.12.2011/1531)²⁰. Above certain euro amounts, the contracting rights are transferred back to Finland. The contracting rights of the operation commander are quite limited and above a certain financial threshold, contracting activities are transferred back to Finland. In two on-going operations, procurement is outsourced to a Finnish company. Key personnel of the mission (Commanders, Service Managers as well as financial and procurement staff) are trained (3-5 days) in internal oversight, procurement and budget management usually twice (first at the general level in group, then personally at the operational level). However, while the Ministry of Defence states on its website that the personnel on peacekeeping mission receive extensive training before starting at the mission, there's little evidence that the training involves specific anti-corruption elements. The Ministries conduct all activities, including contracting, in line with Finnish laws and regulations. Even without formal and specific training or guidelines on how to address corruption risks, anti-corruption is understood to be part of a principles of good governance that need to applied in all activities. However, operational environments have their own specific challenges and pressures (for example the impact of contracting on the local environment and suppliers) which may not always be covered by general rules of procurement.

4.4. Private Security Companies

56. Private Military Contractors (PMCs) usually refer to companies that provide operational staff to military environments. They may also be known as security contractors or private security contractors, and refer to themselves as private military corporations, private military firms, private security providers, or military service providers.

- 0** Private military contractors are employed. There is no evidence that they are subject to scrutiny and corruption amongst these PMCs is likely to be widespread.
- 1** PMCs are employed. They are subject to some scrutiny but it is generally ineffective and there is likely to be strong evidence of significant corruption.
- 2** Private military contractors are employed. They are subject to scrutiny though this is not particularly demanding. Sanctions are available to punish corrupt PMCs though there is limited evidence that these sanctions are effectively applied.
- 3** PMCs are employed and are subject to scrutiny, though it is not as strong as that of the armed forces. Sanctions are available and have been applied to corrupt PMCs.
- 4** Private military contractors are not employed to any significant extent. OR, where they are, they are subject to at least the same level of scrutiny as for the armed forces. Strong sanctions are available to punish corrupt PMCs and there is good evidence that these sanctions are applied.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

2

Score: 2

Sources: Private Security Monitor- National Regulations http://psm.du.edu/national_regulation/ Korruptio epäily. <http://www.taloussanomat.fi/arkisto/2004/03/06/suomen-yk-joukkojenepaillaan-maksaneen-liikaaamerikkalaisyhtiolle/200430518/12> . Last read 1.7.2015 International Code of Conduct Association (ICoCA) Board Meeting (Call) - Minutes. 27 July 2015. <http://icoca.ch/sites/default/files/resources/Minutes%2027%20July%202015%20Board%20Meeting.pdf>, accessed October 2015. Federal Department of Foreign Affairs, 'Regulating Private Military and Security Companies. The Montreux Document and The International Code of Conduct', 2015. https://www.eda.admin.ch/content/dam/eda/en/documents/topics/aussenpolitik/voelkerrecht/20150506-regulating-private-military-security-companies_EN.pdf, accessed October 2015.

Comments: Private military contractors may be employed in international cooperation managed by international organizations but Finland does not participate in these costs or in hiring PMCs. However, the Ministry of Defense acknowledges that it is sometimes difficult in practice to contract a company different than the one already used by other troops in the mission (in the Bosnian case, the Finnish Defense Forces used the same company as the American troops). There is no evidence of the use of PMCs in military operations. Some PMCs provide civilian-focussed services to troops in the field (construction, catering, laundry, garage, real estate services etc.). The sector is no a large one in Finland, possibly due to the perception that national defence should remain the prerogative of the state. Finland is signatory to the Montreux Document and the International Code of Conduct for

Private Security Service Providers (ICoC), both of which lay out good practices and guidelines when it comes to employing PMCs. The Document stipulates that PMCs should be subject to the criminal laws of the country contracting them and the country on whose territory they are registered and operate. It stipulates that when hiring a PMC, the state employer should ensure that the PMC has not been involved in organised crime, bribery, and corruption, and that its staff are properly trained, which includes anti-corruption training. The Document further encourages employing states to ensure that PMCs have policies against corruption. (3) However, the provisions of the Document are not legally binding, although the International Code of Conduct Association assesses PMCs' suitability to join the Code and audits their performance. It is, however, unclear to what extent this is effective, particularly as standards are still being formulated. Score 2 has been selected to reflect lack of prohibition on employment of PMCs combined with the existence of some regulations and small size of the sector.

5.1. Government Policy

57. Does the country have legislation covering defence and security procurement and are there any items exempt from these laws?

- 0** The country has no legislation covering defence and security procurement.
- 1** The country has legislation covering defence and security procurement. There is evidence that this legislation is often by-passed and exempt procurement is not independently scrutinised.
- 2** The country has legislation covering defence and security procurement. There is evidence that this legislation is largely enforced and exempt procurement is generally independently scrutinised.
- 3** The country has legislation covering defence and security procurement. As far as can be determined, no items are exempt from these laws, OR any exempt items have a particular national importance or sensitivity and are subject to other forms of independent scrutiny.
- 4** The country has long established and well-tried legislation covering defence and security procurement. As far as can be determined, no items are exempt from these laws, OR any exempt items have a particular national importance or sensitivity and are subject to other forms of independent scrutiny. This legislation has clauses specific to corruption risks.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: Government decree on Public Defence and Security Procurements 29.12.2011/1536, <http://www.edilex.fi/lainsaadanto/20111536> . Last read 1.7.2015 Act on Public Defence and Security Procurements 29.12.2011/1531, <http://www.edilex.fi/lainsaadanto/20111531> . Last read 1.7.2015 Report on the change of European defence and security markets, by Mikkola, H., Anteroinen. J. & Lauttamäki. V. 2012. "Uhka vai mahdollisuus? Suomi ja Euroopan puolustus- ja turvallisuusmarkkinoiden muutos". http://www.fiia.fi/en/publication/287/uhka_vai_mahdollisuus/ Press release on the answer of the Defence Minister to a written question by the Member of Parliament: http://www.defmin.fi/ajankohtaista/kirjalliset_kysymykset/puolustusministerin_vastaus_kansanedustaja_maarit_feldt-rannan_sd_kirjalliseen_kysymykseen_kk_460_2013_vp.5556.news?2904_o=15 News article, only available in Finnish: "Valtion hankinnoista jopa viidennes on salaisia", Lasse Kerkelä, Helsingin Sanomat 11.7.2008: <http://www.hs.fi/tulosta/1135237816195>

Comments: The Act on Public Defence and Security Procurement (29.12.2011/1531) and the Government Decree on Public Defence and Security Procurement (29.12.2011/1536) regulate defence and security procurement. There is no specific clause on corruption risk but the principle of anti-corruption is addressed with different articles imposing the openness of the acquisition process as well as publicly available information on tender processes; the Act also excludes companies convicted for corruption from tendering. Some items are exempt from these laws due to secrecy or the character of the acquisition (laid down in chapter 2, sections 7 and 8). The European Defence Agency's Code of Conduct on Defence Procurement (CoC) and Code of Best Practise in the Supply Chain (CoPBSc) regulate the European defence markets and bind participating countries politically, even though they are not legally binding. The CoC is valid if the article 346 of TFEU is used, i.e. for items exempt from regular procurement procedures. (Mikkola, Anteroinen & Lauttamäki 2012, 161). There is evidence that the law is enforced; for example, there has been a recent debate in the Parliament surrounding whether or not recent truck acquisitions are subject to this legislation (see press release above). A 2008 estimate discussed in an article published in the largest newspaper (Helsingin Sanomat, 2008) is that one fifth of public procurement is kept secret and the majority of these are made by the Defence Administration. However, some of the procurements first classified as 'secret' do not remain so, but are later announced by the Ministry of Defence. The article states that on average, 690 million euros are spent on secret security and defence procurement per year, which are not within the scope of laws on public procurements (Helsingin Sanomat 11.7.2008). The providers cannot appeal to court if they feel the secret decisions were made based on questionable grounds. These findings are based on the Ministry of Defence's working group, which recently assessed for the first time the extent of these secret procurements. Even within the new Act on Public Defence and Security Procurements, which came out in 2007, secret procurements were left unregulated on purpose. The working group, unofficially translated as 'Legislative working group for defence-, security- and secret procurement' (puolustus-, turvallisuus- ja salassa pidettävien hankintojen lainsäädäntöryhmä) produced proposals for a new law regarding public defence and security procurements.

58. Is the defence procurement cycle process, from assessment of needs, through contract implementation and sign-off, all the way to asset disposal, disclosed to the public?

0 There is no evidence that the defence procurement cycle is disclosed. It is, indeed, unlikely to have been formalised at all.

1 The defence procurement cycle is disclosed only in a very abbreviated or general way.

2 The defence procurement cycle is openly disclosed in summary form only.

3 Some elements of the defence procurement cycle are disclosed in detail; other elements, though openly disclosed, are only summarised or are otherwise less clear.

4 The defence procurement cycle is disclosed in detail.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Act on Public Defence and Security Procurements 29.12.2011/1531, only available in Finnish: <http://www.edilex.fi/lainsaadanto/20111531> Act on the Openness of Government Activities (621/1999, Chapter 1, Section 1), unofficial translation:

<http://www.finlex.fi/en/laki/kaannokset/1999/en19990621.pdf> Finnish Defence Forces Logistics Command, homepage:

http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi!/ut/p/c5/vZTjsqIAEEW_pT8Aa4ICImCViDIok8qGcKBtIsUhZPj6R8eL6E3Hc2WQd3kj82TeRYIYDLrsX9I5_8yul30JtiCmCSV8yR1DRloUzaDpu9Laxzq2VAQ2YAvFxm-72uyL3sthg507h8E9bGxm9E9-xnZBO5vtuiAw8bPXLt-3sS17NnyoKJqtuTbrykorfg2z4r80A1NlvoBldZe2Dk3XgpFsrdu99iL79f9saq6k4bMtCNQHlYoT0bb_ryd8-KE0CHYgln9lw1Q0BIIPpvGO5Q5ZjMZyyedZ-

http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi!/ut/p/c5/vZTjsqIAEEW_pT8Aa4ICImCViDIok8qGcKBtIsUhZPj6R8eL6E3Hc2WQd3kj82TeRYIYDLrsX9I5_8yul30JtiCmCSV8yR1DRloUzaDpu9Laxzq2VAQ2YAvFxm-72uyL3sthg507h8E9bGxm9E9-xnZBO5vtuiAw8bPXLt-3sS17NnyoKJqtuTbrykorfg2z4r80A1NlvoBldZe2Dk3XgpFsrdu99iL79f9saq6k4bMtCNQHlYoT0bb_ryd8-KE0CHYgln9lw1Q0BIIPpvGO5Q5ZjMZyyedZ-joKDE5cqDBTgpoyndM9jUEpfHuWo7I8sl4LErHY6kjZqh_IrUAcXaoJs2xmsDJ8BIIQphQRICsSiLYxDvasqvdMO4li3WbZulj8NNqo5-Pj8U25oFpJaf19qSXHSUHKK-

http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi!/ut/p/c5/vZTjsqIAEEW_pT8Aa4ICImCViDIok8qGcKBtIsUhZPj6R8eL6E3Hc2WQd3kj82TeRYIYDLrsX9I5_8yul30JtiCmCSV8yR1DRloUzaDpu9Laxzq2VAQ2YAvFxm-72uyL3sthg507h8E9bGxm9E9-xnZBO5vtuiAw8bPXLt-3sS17NnyoKJqtuTbrykorfg2z4r80A1NlvoBldZe2Dk3XgpFsrdu99iL79f9saq6k4bMtCNQHlYoT0bb_ryd8-KE0CHYgln9lw1Q0BIIPpvGO5Q5ZjMZyyedZ-joKDE5cqDBTgpoyndM9jUEpfHuWo7I8sl4LErHY6kjZqh_IrUAcXaoJs2xmsDJ8BIIQphQRICsSiLYxDvasqvdMO4li3WbZulj8NNqo5-Pj8U25oFpJaf19qSXHSUHKK-Ssnb2D7K2We7yWCjz2U0LWqs8xztHgrqEmX4vblp4jMyeCYKYe4neee3plCqO-

http://www.puolustusvoimat.fi/portal/puolustusvoimat.fi!/ut/p/c5/vZTjsqIAEEW_pT8Aa4ICImCViDIok8qGcKBtIsUhZPj6R8eL6E3Hc2WQd3kj82TeRYIYDLrsX9I5_8yul30JtiCmCSV8yR1DRloUzaDpu9Laxzq2VAQ2YAvFxm-72uyL3sthg507h8E9bGxm9E9-xnZBO5vtuiAw8bPXLt-3sS17NnyoKJqtuTbrykorfg2z4r80A1NlvoBldZe2Dk3XgpFsrdu99iL79f9saq6k4bMtCNQHlYoT0bb_ryd8-KE0CHYgln9lw1Q0BIIPpvGO5Q5ZjMZyyedZ-joKDE5cqDBTgpoyndM9jUEpfHuWo7I8sl4LErHY6kjZqh_IrUAcXaoJs2xmsDJ8BIIQphQRICsSiLYxDvasqvdMO4li3WbZulj8NNqo5-Pj8U25oFpJaf19qSXHSUHKK-Ssnb2D7K2We7yWCjz2U0LWqs8xztHgrqEmX4vblp4jMyeCYKYe4neee3plCqO-jr4csGNdkVonVx8drN4URQl8S2kn7IWw99FIHEs1ILWyffmAUxneUpKf9r3yqN5aXx13f7pgTO_Vimoq1fNvXm_U-p9gUyKggN/dl3/d3/L2dBISEvZ0FBIS9nQSEh/?pcid=c3493e804698c23b8325b3786bf3619b

Comments: As laid down in the Act on Public Defence and Security Procurements (29.12.2011/1531) (chapter 14, section 86), the documents and right to information on public security and defence procurement are regulated by the Act on the Openness of Government Activities (621/1999). The

Finnish Defence Forces Logistics Command is responsible for the procurement process, starting with acquisition through maintenance and disposal of assets. The principle of openness is, however, not applied to secret defence and security procurements, as stated in chapter 2, sections 7 and 8. The contracting entity must publish an acquisition record (chapter 6, section 28) as well as its decision with justifications (chapter 11, section 74), appeal directions and adjustment instructions (section 77). According to the government estimates, less than 1% of the defence procurement processes are secret: a few cases per year.

59. Are defence procurement oversight mechanisms in place and are these oversight mechanisms active and transparent?

- 0** There is no evidence of procurement oversight mechanisms, OR such mechanisms exist, but they are entirely non-transparent and there is no evidence that they are active.
- 1** Oversight mechanisms formally exist, but they are highly inactive and lack transparency.
- 2** Oversight mechanisms are formally in place and there is evidence that they are active. However, there is evidence that their activity may not be consistent or effective. The results of oversight activity are unlikely to be transparent.
- 3** Oversight mechanisms are in place and there is evidence that they are generally active and transparent. However, it is not clear that they are entirely independent of government and there may be shortcomings in levels of transparency.
- 4** Procurement oversight mechanisms are in place. They are independent formalised processes and they are transparent. There is evidence to demonstrate that they are highly active, and that this activity spans changes in governments.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Act on Public Defence and Security Procurements 29.12.2011/1531, only available in Finnish: <http://www.edilex.fi/lainsaadanto/20111531> Act on the Openness of Government Activities (621/1999, Chapter 1, Section 1), unofficial translation: <http://www.finlex.fi/en/laki/kaannokset/1999/en19990621.pdf> Abstract of National Audit Office's (2013) Report on Budget Authorities: budgeting, monitoring and reporting: https://www.vtv.fi/files/3571/10_2013_Budget_authorities_budgeting_monitoring_and_reporting.pdf. Last read 6.6.2015 The Statement following the 2013 audit

[http://www.defmin.fi/files/2874/Puolustusministerion kannanotto puolustusvoimien vuoden 2013 tilinpaatoksesta.pdf](http://www.defmin.fi/files/2874/Puolustusministerion_kannanotto_puolustusvoimien_vuoden_2013_tilinpaatoksesta.pdf) . Last read 6.6.2015 The Defense Staff report on the audit 2014 to the Ministry and the Defense Forces. Memo FI.PLM.2014-4801.

Comments: The primary oversight mechanism is the tenderer's right to appeal the decision to the Market Court guaranteed in the Act on Public Defence and Security Procurements ((chapter 15, section 88, 29.12.2011/1531). Within the same Act, Chapter 16, section 109 states that in spite of the secrecy clauses of the Act on the Openness of Government Activities, the contracting entity has to give necessary information of its procurement and acquisition process to Finnish authorities and European Union's organs for procurement oversight and for information change. Most decisions of the Market Court, including those where the Defence Force is a party, are publicly available at www.markkinaoikeus.fi (in Finnish). Procurement processes and decisions are also audited by the internal oversight and the National Audit Office. The NAO's 2013 audit reported that "there were substantial shortcomings in the monitoring of budget authorities in two key accounting units - the Defence Forces and the Finnish Transport Agency." The shortcomings in the Defence Force's accounting units were related e.g. to good budgetary practices and the accuracy of the authorization process for acquisitions: the Office observed that the Defense Forces have used outdated acquisition authorizations against the norms (i.e. the duration of authorizations have been extended, even though it is not permitted by the Budget Law § 10). The State Audit Office was not able to identify which acquisitions are included in the €19,1 million, the total sum of the outdated authorizations. The issue was later clarified by the armed forces, which were required by the government to respond to the findings. There is no evidence of NAO activities flagging with changes in government.

60. Are actual and potential defence purchases made public?

- 0** Defence purchases are not made public in any sort of detail, even though an aggregate total spend may be disclosed.
- 1** There is evidence that many defence purchases are not made public and there is no security justification as to why this information is withheld.
- 2** There is evidence that many defence purchases are not made public. Security or confidentiality is often given as a reason for such secrecy but evidence suggests that this is partly, but not fully, justified.
- 3** There is a policy to disclose defence purchases. There may be some information on forward purchase plans but this is not extensive. (Note: Exemptions for security restricted items is an acceptable reason, but only where it is clear that the bulk of defence purchases are disclosed and this restriction is therefore credible.)
- 4** There is a policy to disclose defence purchases and this is made clear through annual audits. The government also publishes the plans for defence purchases for at least the next few years. (Note: Exemptions for security restricted items is an acceptable reason, but only where it is clear that the

bulk of defence purchases are disclosed and this restriction is therefore credible.)

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: Act on Public Defence and Security Procurements 29.12.2011/1531, only available in Finnish: <http://www.edilex.fi/lainsaadanto/20111531> . Last read 1.7.2015 -News about missile acquisition: <http://www.mtv.fi/uutiset/kotimaa/artikkeli/hs-puolustusvoimat-aikoo-ostaa-ohjuksia-saksasta-kultamuna-panssarintorjunnassa/1873124> . Last read 1.7.2015 Press releases regarding acquisitions: <http://goo.gl/0fuqOH> <http://www.puolustusvoimat.fi/taattinen/fi/index.html>

Comments: All defence purchases are made public in accordance with the Act on the Openness of Government Activities, except for secret procurement procedures (as listed in the Act on Public Defence and Security Procurements Chapter 2, sections 7 and 8). There is evidence that the majority of defence purchases are disclosed to the public and information regarding planned major purchases is available well in advance. For example, the Defence Forces announced in 2012 that it would acquire missiles from Germany, estimated to arrive in Finland in 2014 (see MTV article above); examples of information regarding smaller purchases by the Defence Forces can be found in the sources. However, the strategic-level documents do not contain specific long-term purchasing plans, which means that information on forward purchases might be fragmented.

61. What procedures and standards are companies required to have - such as compliance programmes and business conduct programmes - in order to be able to bid for work for the Ministry of Defence or armed forces?

0 No requirements are placed on companies beyond what is generally in company law; no discrimination is made between companies on the grounds of integrity.

1 No requirements are placed on companies beyond what is generally in company law. During the bidding process, the government does, however, make at least some reference to the need for companies to avoid corruption.

2 Companies are required to sign 'no-corruption' (or equivalent) clauses in all contracts with the government, but are not required to have compliance programmes in place.

3 Companies are required to show that they have a formal and publicly declared compliance programme in order to bid for defence work.

programme in order to bid for defence work.

4 Companies are required to show that they have a formal and publicly declared compliance programme and that they insist upon a supply chain that itself upholds ethical standards in order to bid for defence work. Companies with prosecutions for corrupt activities may be partially or totally barred from bidding.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland



Score: 1

Sources: Act on Public Defence and Security Procurements 29.12.2011/1531, only available in Finnish: <http://www.edilex.fi/lainsaadanto/20111531> . Last read 1.7.2015

Comments: Required procedures and standards differ in each acquisition process depending on the demands of the contracting unit. Chapter 8, section 50 in the Act on Public Defence and Security Procurement states that the contracting unit can demand reports concerning the financial position, technical performance, professional competence, information security, maintenance and supply security and the quality of a candidate or provider. Companies that are convicted, for example, of corruption or other crimes will be excluded from the tender (chapter 8, sections 47-49). There is, however, no requirement that companies should have full compliance programmes in place, and neither do the requirements constitute an anti-corruption clause.

5.2. Capability Gap and Requirements Definition

62. Are procurement requirements derived from an open, well-audited national defence and security strategy?

0 There is no national strategy guiding the formulation of procurement requirements. Evidence suggests that procurement is often opportunistic.

1 Procurement requirements are at least formally derived from a national defence and security strategy. However, there is a large element of procurement outside of the national strategy or through opportunistic purchases.

2 Procurement requirements are in part derived from a national defence and security strategy. However, there is still a significant element of procurement outside of the national strategy.

3 Procurement requirements are largely derived from a national defence and security strategy. The

3 Procurement requirements are largely derived from a national defence and security strategy. The strategy is openly published, but there is no audit verification that this is what really happens.

4 Procurement requirements are derived from a national defence and security strategy. The strategy is openly published; there is logical flow down from strategy to individual procurements; and government audits give confidence that this is followed.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: The Government Report of Finnish Security and Defence Policy:

http://vnk.fi/julkaisukansio/2012/j05-suomen-turvallisuus-j06-finlands-sakerhet/PDF/VNKJ0113_LR_En.pdf

. Last read 1.7.2015 Budget Proposal 2014, in Finnish:

[http://budjetti.vm.fi/indox/sisalto.jsp?](http://budjetti.vm.fi/indox/sisalto.jsp?year=2014&lang=fi&maindoc=/2014/tae/hallituksenEsitys/hallituksenEsitys.xml&id=/2014/tae/hallituksenEsitys/YksityiskohtaisetPerustelut/27/27.html)

[year=2014&lang=fi&maindoc=/2014/tae/hallituksenEsitys/hallituksenEsitys.xml&id=/2014/tae/hallituksenEsitys/YksityiskohtaisetPerustelut/27/27.html](http://budjetti.vm.fi/indox/sisalto.jsp?year=2014&lang=fi&maindoc=/2014/tae/hallituksenEsitys/hallituksenEsitys.xml&id=/2014/tae/hallituksenEsitys/YksityiskohtaisetPerustelut/27/27.html) . Last read 1.7.2015

Comments: The 2012 Government Report on Finnish Security and Defence Policy, along with the Budget Proposal, set up the guidelines for procurement. The guidelines state that procurement planning must be derived from the defence strategy, as defined in the Finnish Security and Defence policy. The strategy is publicly available and debated in Parliament. However, the strategic document contains mostly general principles of and major factors affecting defence acquisitions, such as increasing life-cycle costs and the need for interoperability and international defence cooperation; it does not contain specific requirements. It is also unclear whether there is audit verification of whether particular purchases are derived from the Strategy.

63. Are defence purchases based on clearly identified and quantified requirements?

0 Purchases are not based on quantification of requirements. They are often opportunistic in nature.

1 There is a formal procedure in place for defining purchase requirements. However, this is not routinely followed in practice and it is rare for there to be formal analysis of requirements.

2 There is evidence that the Ministry of Defence and Armed Forces do base at least their major purchases on clearly identified requirements. However, this is not always followed and there are also opportunistic and unplanned purchases.

3 There is evidence that the Ministry of Defence and Armed Forces do base most of their purchases on clearly identified requirements. However, this is not always followed and there are occasional...

on clearly identified requirements. However, this is not always followed and there are occasionally opportunistic and unplanned purchases.

4 There is evidence that the Ministry of Defence and Armed Forces systematically base their purchases on clearly identified requirements. Work is undertaken to define and quantify the need for all significant purchases before the purchase procedure commences.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: Rules on Industrial Participation in Defence Equipment Procurements:

http://www.tem.fi/files/37035/IP_rules_2012.pdf, Last read 1.7.2015 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions:

http://www.oecd.org/daf/anti-bribery/ConvCombatBribery_ENG.pdf. Last read 1.7.2015 Materiel Policy and Procurement according to the Ministry of Defence:

http://www.defmin.fi/en/tasks_and_activities/resources_of_the_defence_administration/materiel_policy/materiel_policy_and_procurement. Last read 1.7.2015 'Armeijan viestivälinekaupat johtivat poliisitutkintaan', 16 February 2011. <http://suomenkuvalehti.fi/jutut/kotimaa/armeijan-viestivalinekaupat-johtivat-poliisitutkintaan/>. Last read 1.7.2014 Interviewee 5, 26.6.2014 Ministry of Defence, 'Hornet fleet replacement performance - Exploratory Working Group', October 2014.

http://www.defmin.fi/ajankohtaista/tiedotteet/2014?6061_m=5980, accessed October 2015. Taneli Kopponen, 'Military laws', 2013. http://www.sanomalehdet.fi/files/4126/Aamulehti_Armeijan_lait.pdf, accessed October 2015. 'Miljoonafiasko pääesikunnassa: Sekavat välinehankinnat poikivat sisäisen tutkimuksen', April 2010. <http://suomenkuvalehti.fi/jutut/kotimaa/miljoonafiasko-paaesikunnassa-sekavat-valinehankinnat-poikivat-sisaisen-tutkimuksen/>, accessed October 2015. 'Armeijan viestivälinekaupat johtivat poliisitutkintaan', February 2011. <http://suomenkuvalehti.fi/jutut/kotimaa/armeijan-viestivalinekaupat-johtivat-poliisitutkintaan/>, accessed October 2015.

Comments: The defence administration aims at securing the maintenance and supply, emphasizing international cooperation, ensuring the interoperability of the materiel and to take into account the possibilities of Nordic and European collaboration in acquisitions (see MoD source above).

Interviewee 5 also suggested that some procurement processes might be used to support Finland's own defense industry. However, this is not a formal policy. General materiel policy is prepared by a steering group at the Ministry of Defense, which also makes preliminary assessments and prepares acquisitions. For major acquisitions, a specific working group is established to identify the needs and requirements and research what is available on the market (see 'Hornet fleet'). However, there is a strong suggestion of occasional irregularities in everyday procurement, with rationales and justifications for smaller purchases not always readily available (Kopponen). In another case, a communications technology procurement process continued. after being investigated and

questioned by the Auditing Unit; it was finally referred to the prosecution service. (Miljoonafiasko, Armeijan viestivälinekaupat).

5.3. Tender Solicitation, Assessment and Contract Award

64. Is defence procurement generally conducted as open competition or is there a significant element of single-sourcing (that is, without competition)?

- 0** There is little open competition, with most contracts being single-sourced.
- 1** Defence procurement is in principle conducted as open competition, but in practice a majority of defence contract value is purchased single-source.
- 2** Defence procurement is conducted in principle as open competition, though a significant percentage of the value of contracts—up to 50%—are single-sourced, sometimes without clear justification. (Note: based on a multi-country study in 2006, the average defence single-source procurement percentage was 50%).
- 3** Defence procurement is conducted as open competition, though a significant minority of the value of contracts (say, 30%) are single-sourced, sometimes without clear justification.
- 4** All defence procurement is conducted as open competition, except in clearly defined and limited circumstances. There is a relatively small component (say, 10% or less) of single-sourcing, which has to be justified to scrutinisers.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Act on Public Defence and Security Procurements 29.12.2011/1531, only available in Finnish: <http://www.edilex.fi/lainsaadanto/20111531> Press release on the answer of the Defence Minister to a written question by the Member of Parliament: http://www.defmin.fi/ajankohtaista/kirjalliset_kysymykset/puolustusministerin_vastaus_kansanedustaja_maarit_feldt-rannan_sd_kirjalliseen_kysymykseen_kk_460_2013_vp.5556.news?2904_o=15

Comments: The the acquisitions process is conducted in accordance with national and European

Union legislation. It is based on clearly identified and openly published principles, which are competitiveness, comprehensive economic benefits and equal and confidential treatment of the providers. An open competition takes place in the majority of cases, except for the limited circumstances defined in the law. Single-sourcing can be used in direct acquisitions that exceed the EU threshold value, for example, due to urgency or lack of providers. Single-sourcing can be also used in the direct acquisitions that fall below the EU threshold value, if the contracting unit cannot organize tender due to the matters of national defence, national security or maintenance and supply security. Circumstances that justify single-sourcing include secret acquisitions, government-to-government acquisitions, purchases based on international agreements and research and development cooperation agreements, acquisitions regarding transfer of the troops and acquisitions during operations or for specific technical reasons. Single-sourcing is also used for practical reasons: when the original procurement item, such as a helicopter, has a long lifetime and spare parts are provided only by the manufacturer of the original item. Parliament has a degree of oversight over the procurement process: for example, in 2013 MPs questioned the need to exempt a procurement process from the usual provisions of the Procurement Act (see press release).

65. Are tender boards subject to regulations and codes of conduct and are their decisions subject to independent audit to ensure due process and fairness?

- 0** There is no transparency of tender board procedure and practice. Audits are not normally undertaken of tender boards, OR the country does not conduct competitive tenders.
- 1** Tender boards are understood to be subject to regulations and codes of conduct, though these are not publicly available. Audits of tender board decisions are not routinely undertaken.
- 2** Tender boards are understood to be subject to regulations and codes of conduct, though these are not particularly transparent. Auditing takes place when cases are contested though the results are not particularly transparent.
- 3** Tender boards are subject to regulations and codes of conduct that are transparent. The country has an independent auditing function which audits tender board decisions, though its reports and results are not always seen as independent and the results may not be automatically published.
- 4** Tender boards are subject to regulations and codes of conduct that are transparent. The country has an independent auditing function which audits tender board decisions and reports the results of these audits openly.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland



Score: 3

Sources: The Ministry of Defence's Materiel Policy: <http://www.defmin.fi/?l=en&s=127> . Last read 1.7.2015 National Audit Office: <https://www.vtv.fi/en> . Last read 1.7.2015 National Audit Office, "Puolustusvoimat myöntää edustuskulujen kasvun", December 2013. <http://www.hs.fi/kotimaa/a1386656909753> . Read 1.7.2015 Administrative Procedure Act (434/2003), unofficial translation: <http://www.finlex.fi/fi/laki/kaannokset/2003/en20030434.pdf> The State Civil Servants' Act (19.8.1994/750), available only in Finnish: <http://www.finlex.fi/fi/laki/ajantasa/1994/19940750#L1>

Comments: Finland conducts competitive procurement and utilises tender board, with key actors in the process being the steering group of material policy and the commercial steering group. No evidence on codes of conduct of the tender boards was found, but the defence acquisition policy, planning, decisions and implementation is spread to multiple different entities within the administrative field of defence. This diminishes the risk of corruption and raises the possibilities of oversight, as all the different bodies operate independently of each other. Laws applying to all civil servants and regulating issues such as conflict of interests also apply to members of tender boards. There is also a right to appeal decisions to the Market Court. The oversight is also conducted within the Defence administration by various auditing bodies, as well as by an independent external actor, the National Audit Office. In 2013, the NAO audited the acquisition of the port services of the minelayer Pohjanmaa, concluding that the tender did not conform to the competitive bidding regulations. Score 3 has been selected as it is not clear that all tender board decisions are automatically audited and results published.

66. Does the country have legislation in place to discourage and punish collusion between bidders for defence and security contracts?

- 0** There is no legislation specific to the defence sector, nor wider national legislation, that outlaws collusion.
- 1** There are national laws outlawing collusion, but no legislation specific to defence. Enforcement of measures to punish colluding companies is likely to be only weakly enforced.
- 2** Collusion is actively discouraged by the government and there is evidence of offending companies facing punishment. However, there is evidence that sanctions are often not robustly applied when collusion is evident.
- 3** Collusion is actively discouraged by the government and there is evidence of offending companies facing punishment. However, there are occasionally cases in the press where collusion is strongly suspected.

4 Laws and procedures are in place that strongly discourage collusion. As a result, it is almost unknown.

4 Laws and procedures are in place that strongly disallow collusion. As a result, it is almost unknown in the country. An offence can result in prosecution, debarment from current and future competitions, or other sanctions.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Act on Public Defence and Security Procurements 29.12.2011/1531, only available in Finnish: <http://www.edilex.fi/lainsaadanto/20111531> Competition Act (12.8.2011/948), only available in Finnish: <http://www.finlex.fi/fi/laki/ajantasa/2011/20110948#L2P5> Ministry of Defence Press Release on acquisitions: 1.4.2012, <http://valtioneuvosto.fi/ajankohtaista/tiedotteet/tiedote/fi.jsp?oid=412554>

Comments: There is various and effective legislation in place to discourage and punish collusion in Finland. The Act on Public Defence and Security Procurement (29.12.2011/1531) contains different grounds of exclusion as well as prerequisites and demands for assessing the bidder's suitability. In addition, tender cartels and collusions are forbidden in all OECD countries including Finland. The Competition Act (12.8.2011/948) also bans restrictive practices between the companies. Offending companies can be debarred from future procurement and fined. The laws are well enforced; for example the 2012 press release cited above states that the acquisitions are put out on tender and made in line with the Act on Public Defence and Security Procurements.

5.4. Contract Delivery and In-Service Support

67. Are procurement staff, in particular project and contract managers, specifically trained and empowered to ensure that defence contractors meet their obligations on reporting and delivery?

0 Defence procurement staff are not organised into a professional staff department. There are likely to be significant staff shortages. There is little control or oversight of defence contractors by

procurement staff, and there is likely to be evidence of undue influence from higher grades within the organisation.

1 Procurement staff are expected to ensure that defence contractors meet their obligations, but there is limited training and staff are rotated in and out from other functions. There are likely to be significant staff shortages. There may be evidence of undue influence from higher grades within the organisation.

2 Procurement staff are expected to ensure that defence contractors meet their obligations, but there is limited training and staff are rotated in and out from other functions. There are likely to be significant staff shortages.

3 Procurement staff are trained and empowered to ensure that defence contractors meet their obligations. However, there may be minor shortcomings in the department's ability to fulfil its obligations, such as limited staff shortages.

4 Procurement staff are trained and empowered to ensure that defence contractors meet their obligations.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: The Ministry of Defence's Materiel Policy: <http://www.defmin.fi/?l=en&s=127> . Last read 1.7.2015 Rules on Industrial Participation in Defence Equipment Procurements: http://www.tem.fi/files/37035/IP_rules_2012.pdf . 1.7.2015

Comments: The procurements staff are subject to similar laws and codes of conduct than all authorities in public administration, and organised into materiel units. No specific evidence was found regarding training on overseeing the reports and delivery of the contractors. However, the Commercial Sector of Defence Forces' Material Department conducts acquisition steering, which includes training of procurement staff, overseeing the acquisition and developing the organisation of acquisition activities, acquisition process and staff capabilities. No evidence of specific shortcomings has been found.

68. Are there mechanisms in place to allow companies to complain about perceived malpractice in procurement, and are companies protected from discrimination when they use these mechanisms?

- 0** No formal mechanisms are in place to allow companies to complain about perceived malpractice in procurement and there is evidence of companies that have attempted to complain being unfairly disadvantaged or debarred from future procurements.
- 1** No formal mechanisms are in place to allow companies to complain about perceived malpractice in procurement. It is likely, though not certain, that companies are disadvantaged in future procurements if they attempt to complain.
- 2** Formal mechanisms are in place to allow companies to complain about perceived malpractice in procurement. However, these are rarely used as companies see it as dangerous to complain.
- 3** Formal mechanisms are in place to allow companies to complain about perceived malpractice in procurement. However, these are only partially used as some companies believe it would be disadvantageous to complain.
- 4** Formal mechanisms are in place to allow companies to complain about perceived malpractice in procurement. For genuine (non-malicious) complaints, companies are well protected against discrimination in future procurements.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: Act on Public Defence and Security Procurements 29.12.2011/1531, only available in Finnish: <http://www.edilex.fi/lainsaadanto/20111531> . Last read 1.7.2015
<http://www.talouselama.fi/uutiset/viljamaan+valitus+vei+sotapojilta+kengat/a2020759> 1.7.2015
Market Court decisions, <http://www.markkinaoikeus.fi/fi/index/paatokset/hankintaasiat.html>, accessed 2015.

Comments: The Act on Public Defence and Security Procurement (29.12.2011/1531) in Chapter 15, sections 87-90, provides for the right of appeal decisions to the Market Court and lists the procedures of the appeal process. An appeal needs to be filed within two weeks unless otherwise stated. The Market Court's decision can then be appealed to the Supreme Administrative Court. No specific legislation on protection from discrimination was found apart from the general provisions of the Procurement Act which prohibits discrimination of tenderers. The number of complaints in the Market Court, however, is an indication that companies do not fear discrimination; moreover, one company is known to have filed a complaint regarding a procurement decision, only to be awarded another contract later on. There is thus evidence that filing complaints does not prevent companies from working with the government in the future.

69. What sanctions are used to punish the corrupt activities of a supplier?

- 0** There is no evidence of any sanctions existing.
- 1** Sanctions by the procurement executive, such as prosecution or debarment, formally exist but are almost never applied in practice.
- 2** Sanctions by the procurement executive, such as prosecution or debarment, are available but such sanctions are only sometimes applied in practice.
- 3** Sanctions by the procurement executive, such as prosecution or debarment, are available and such sanctions are quite regularly applied in practice.
- 4** A range of sanctions are available, from procurement executive-imposed debarment to legal sanctions, including heavy fines or imprisonment. There is evidence that such sanctions are consistently applied in practice.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: Act on Public Defence and Security Procurements 29.12.2011/1531, only available in Finnish: <http://www.edilex.fi/lainsaadanto/20111531> "Patria faces more corruption charges over Croatian deal" Yle Uutiset 28.6.2013: http://yle.fi/uutiset/patria_faces_more_corruption_charges_over_croatian_deal/6710672, accessed in June 2014 "Finnish court rejects Slovenian bribery charges against Patria" Yle Uutiset 30.1.2014: http://yle.fi/uutiset/finnish_court_rejects_slovenian_bribery_charges_against_patria/7060218, accessed in June 2014 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions: http://www.oecd.org/daf/anti-bribery/ConvCombatBribery_ENG.pdf, accessed in June 2014 The Ministry of Defence's Materiel Policy: <http://www.defmin.fi/?l=en&s=127>, accessed in June 2014 Competition Act (12.8.2011/948), only available in Finnish: <http://www.finlex.fi/fi/laki/ajantasa/2011/20110948#L2P5>, accessed in June 2014 'Maavoimien lahjusjupakasta tuomiot', March 2014. <http://suomalainenasekauppa.wordpress.com/2014/03/11/maavoimien-lahjusjupakasta-tuomiot/> Business Anti-corruption Portal, 'Finnish Legislation'. <http://www.business-anti-corruption.com/country-profiles/europe-central-asia/finland/legislation.aspx>, accessed October 2015.

Comments: Suppliers convicted of an offence such as bribery, tax fraud, and money laundering are excluded from the bidding process and debarred in the future, as provided by the Act on Public Defence and Security Procurement. Companies can also be fined for corruption-related offences (up to EUR 850,000). There are examples of companies being fined for bribery and an example of a company being excluded from tendering after it sold products based on the Defence Forces' models to third parties, even though it was prohibited by the procurement contract. RESPONSE TO PEER REVIEWER 2: Agree, score revised to 4 as both administrative and legal sanctions exist and are applied.

5.5. Offset Contracts

70. When negotiating offset contracts, does the government specifically address corruption risk by imposing due diligence requirements on contractors? Does the government follow up on offset contract performance and perform audits to check performance and integrity?

- 0** The government imposes no due diligence or auditing requirements on offset contracts.
 - 1** The government imposes some due diligence or auditing requirements on offset contracts, but there is considerable reason to doubt their effectiveness at ensuring integrity.
 - 2** The government imposes due diligence requirements on contractors during offset contract negotiations, and follows up on offset contract performance with audits. However, ensuring integrity is not targeted as a part of these actions.
 - 3** The government imposes due diligence requirements on contractors during offset contract negotiations, and follows up on offset contract performance with audits. Ensuring integrity is part of this action, but a minimal or subsidiary concern.
 - 4** The government imposes stringent due diligence requirements on contractors during offset contract negotiations, and follows up on offset contract performance with audits. Specific attention is paid to ensuring integrity as a part of this action.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

2

Score: 2

Sources: Ministry of Employment and the Economy:

https://www.tem.fi/en/enterprises/promoting_internationalisation_of_enterprises/agreements_on_industrial_participation/industrial_cooperation_in_a_changing_operating_environment . Last read

1.7.2015 Rules on Industrial Participation in Defence Equipment Procurement:

http://www.tem.fi/files/37035/IP_rules_2012.pdf . Last read 1.7.2015 Ministry of Defence:

<http://www.defmin.fi/?l=en&s=1> All sources were accessed in June 2015.

Comments: After the EU Directive on Defense and Security Procurements in 2012 hardened the possibility for offset deals, Finland has not concluded any offset contracts. However, it is still legally possible (the Article 346 of the Directive allows exceptions when the offset arrangement would protect the essential interests of national security). Furthermore, offsets were common practice before and several contracts concluded under the prior rule are still in force. Rules on Industrial Participation in Defence Equipment Procurement issued by the Ministry of Employment and Economy regulate offset contracts. In principle, no industrial participation is required from the supplier. However, an exception to this principle may be made if the result is contrary to the essential interests of the state's security. Under Article 346 of the Treaty on the Functioning of the European Union (TFEU), "Finland is entitled to make defence procurement that is essential for national security without complying with the provisions of the aforementioned directive and to follow so-called national contract award procedures, so an obligation to engage in industrial participation may thus remain a precondition". Supply contracts are subject to the condition of offset usually if the value of the procurement exceeds 10 million. In Industrial Participation agreements, the cooperation between Finnish defence industry and a foreign supplier is emphasized. The administration of industrial participation is governed by the Ministry of Employment and the Economy and the Finnish Committee on Industrial Participation under the Ministry. The contracting party in industrial participation agreements is the Finnish Ministry of Defence. While there is no explicit obligation to address corruption risk in offset negotiations, a template offset contract includes strong language in diligence requirements: it requires the provision of "true and correct information" and the government representatives must have "at all times access to all necessary documentation in which the Contractor and third parties (including Finnish exporters) are involved". The Ministry of Employment and the Economy monitors the implementation of offset contracts and reviews individual projects before their acceptance. It performs audits from time to time by visits to the production sites.

71. Does the government make public the details of offset programmes, contracts, and performance?

0 The government is known to be involved in offset contracts and programmes, but does not make any details of them transparent.

1 The government makes public only basic details of the offset programmes.

- 2** The government makes public some details of offset contracts and programmes, including, at the least, a full list of the contracts, including details of the investments and the supplying companies.
- 3** The government makes public considerable detail of offset contracts and programmes, including a list of the contracts (including details of the investments and the supplying companies), and copies of the contracts themselves and substantive information of the current performance of the offset programme.
- 4** The government makes public a list of the contracts (including details of the investments and the supplying companies), details of the current performance of offset programmes, and copies of the contracts themselves. It also makes public the details of planned offsets contracts to enable public and civil society comment before contract award.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland



Score: 1

Sources: Rules on Industrial Participation in Defence Equipment Procurements:

http://www.tem.fi/files/37035/IP_rules_2012.pdf . Last read 1.7.2015 Act on the Openness of Government Activities (621/1999, Chapter 1, Section 1), unofficial translation:

<http://www.finlex.fi/en/laki/kaannokset/1999/en19990621.pdf> . Last read 1.7.2015

Comments: As the Rules on Industrial Participation in Defence Equipment Procurements state (chapter 9.2.), the information concerning the Contractor's industrial participation obligation and its implementation will be treated as confidential in accordance with the Act on the Openness of Government Activities (621/1999). The Act restricts the information that can be made available regarding offset contracts, as it attempts to protect confidential information provided by suppliers (para 24.1) After the contract is concluded (in cases of non-classified procurement), the award decision is public and it always mentions the offset obligation for the winning company. However, the decisions of the Finnish Committee on Industrial Participation (FCIP) concerning individual offset transactions are not public. RESPONSE TO PEER REVIEWER 2: Information provided indicates that only the basic details of the offset programme are released. Score 1 maintained.

72. Are offset contracts subject to the same level of competition regulation as the main contract?

- 0** Offset contracts are either not subject to any level of competition regulation or are simply not competed.

- 1 Offset contracts are subject to some degree of competition regulation, but significantly less than that for the main contract.
 - 2 Offset contracts are subject to some degree of competition regulation, but less than that for the main contract.
 - 3 Offset contracts are generally subject to the same level of competition as the main contract, though there is evidence of this level occasionally being less stringent than that applying to the main contract.
 - 4 All offset contracts are subject to the same level of competition regulation as the main contract.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

2

Score: 2

Sources: Interview with Ministry of Defence administrator on 26.6.2014 The Ministry of Defence's Materiel Policy: <http://www.defmin.fi/?l=en&s=127> Competition Act (12.8.2011/948), only available in Finnish: <http://www.finlex.fi/fi/laki/ajantasa/2011/20110948#L2P5> Rules on industrial participation in defence equipment procurement in Finland, updated 2013. http://www.tem.fi/files/37035/IP_rules_2012.pdf, accessed October 2015.

Comments: The issue of competition regulation is not addressed in either the Act on Public Defence and Security Procurements, or the Rules on Industrial Participation in Defence Equipment Procurements. The interviewee, however, indicated that there was a level playing field. When the government acquires foreign goods/services, it follows a normal procurement process (including an offset criterion to the overall selection criteria) and it prepares two interlinked contracts with the winning company 1) procurement contract, 2) offset contract. Due to this linkage, the winning company is bound by the same rules as in the normal procurement process. These rules apply during the entire validity of the offset contract. However, a foreign company that is obliged to purchase from Finland is not obliged to follow any public procurement rules in its offset projects. The company submits its proposal to the Finnish Committee on Industrial Participation (FCIP) in the Ministry of Employment and Economy to validate its compensation transactions. The FCIP bases its decisions on the qualifying criteria in the Rules on Industrial Participation; it also hears from the Finnish partner company of the foreign contractor.

5.6. Agents / Brokers

73. How strongly does the government control the company's use of agents and intermediaries in the procurement cycle?

- 0** The government imposes no restrictions on the use of agents and intermediaries, or provides controls that are entirely ineffective.
- 1** Agents and intermediaries are used in the procurement cycle, and although there is some degree of control over their usage, there is evidence that is frequently not enforced effectively, or not obeyed.
- 2** Agents and intermediaries are used in the procurement cycle. There is some control over their usage, though probably no clear policy.
- 3** Agents and intermediaries are controlled or limited. Where they are limited, there are controls to ensure the law is not circumvented. There is a policy on their usage, and they are subject to some degree of scrutiny.
- 4** Agents and intermediaries are strongly controlled and limited. They may be forbidden by the government. Where they are forbidden, there are controls to ensure the law is not circumvented. Where they are not forbidden, there is a clear policy on their usage, and they are subject to scrutiny. These controls are public and well known to companies.
- N/A** Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

2

Score: 2

Sources: OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 2011: http://www.oecd.org/daf/anti-bribery/ConvCombatBribery_ENG.pdf Last read 1.7.2015

Comments: Usually intermediaries are not used and contracts are signed directly with the provider.

There are, however, international companies which are represented through their regional sales offices in Finland. These offices usually submit tenders, not the parent company. National legislation concerning intermediaries in procurement cycle was not found, but the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions states (article 1), that "Each Party shall take such measures as may be necessary to establish that it is a criminal offence under its law for any person intentionally to offer, promise or give any undue pecuniary or other advantage, whether directly or through intermediaries, to a foreign public official, for that official or for a third party, in order that the official act or refrain from acting in relation to the performance of official duties, in order to obtain or retain business or other improper advantage in

the conduct of international business.” Score 2 has been selected to reflect limited use of intermediaries and the existence of some applicable international regulations.

5.7. Financing Package

74. Are the principal aspects of the financing package surrounding major arms deals, (such as payment timelines, interest rates, commercial loans or export credit agreements) made publicly available prior to the signing of contracts?

0 Details of the financing package are not publicly available. There may be no information on whether a financing package exists at all.

1 The existence of a financing package and the identity of the provider are normally made public, but no further details are likely to be available.

2 Some details of the financing package are made publicly available, and key elements such as the sums involved and the payment deadlines are included. However details on matters such as interest rates and rules and regulations surrounding default penalties are likely to be limited.

3 Most details of the financing package are made publicly available prior to the signing of the contract, though some aspects of the package are less precisely detailed than other aspects.

4 Principal aspects of the financing package surrounding major arms deals are comprehensively detailed and made publicly available prior to the signing of the contracts.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

4

Score: 4

Sources: The Ministry of Defence’s Material Policy: <http://www.defmin.fi/?l=en&s=127> Last read 1.7.2015
MOD press releases: http://www.defmin.fi/en/topical/press_releases Last read 1.7.2015

Examples of news related to acquisitions:

http://www.defmin.fi/ajankohtaista/tiedotteet/2012/maavoimat_hankkii_minilennokkeja.5002.news

http://www.defmin.fi/ajankohtaista/tiedotteet/2012/suomi_hankkii_pitkan_kantaman_ilmasta-maahan_ohjuksienostelman_1906_news Last read 1 7 2015

Comments: According to the information provided in the Defence Ministry's press releases, prior to the signing of procurement contracts the Ministry publicly announces information on the procurement process, including the content of the procurement, time of delivery, total price of the procurement, the name of the supplier, the signing date, and whether the financing has been taken into account in the defence budget (see MoD press releases above). At the time of the procurement, the Defence Forces have already the needed financing allotted in the budget that is a public document. Therefore, the financing arrangements of major arms deals are already included in the call for tenders. If a pre-payment before the delivery is agreed, the State sets a minimum amount, above which the State recuperates the interest rate benefits

5.8. Sub-contractors

75. Does the government formally require that the main contractor ensures subsidiaries and sub-contractors adopt anti-corruption programmes, and is there evidence that this is enforced?

0 There is no evidence of the government formally requiring the main contractor to ensure that its subsidiaries and sub-contractors adopt anti-corruption programmes, nor is there evidence of the government encouraging this informally.

1 The government encourages but does not formally require the main contractor to ensure that its subsidiaries and sub-contractors adopt anti-corruption programmes.

2 The government formally requires the main contractor to ensure that its subsidiaries and sub-contractors adopt anti-corruption programmes, but there is no evidence that this is enforced.

3 The government formally requires the main contractor to ensure that its subsidiaries and sub-contractors adopt anti-corruption programmes. There is, however, evidence that there are shortcomings in enforcement.

4 The government formally requires the main contractor to ensure that its subsidiaries and sub-contractors adopt anti-corruption programmes. There is evidence that this is enforced.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland



**Score:** 0

Sources: Act on Public Defence and Security Procurements 29.12.2011/1531, only available in Finnish: <http://www.edilex.fi/lainsaadanto/20111531> Last read 1.7.2015

Comments: The Act on Public Defence and Security Procurement (29.12.2011/1531)20 (chapter 9, sections 60-62) notes that the procurement entity can demand the supplier to declare which part of the procurement contract will be sub-contracted and who will be the sub-contractor. The procurement entity should define the requirements of sub-contractors in its procurement announcement. There is no evidence of anti-corruption programmes being required by the Government. There are no formal rules that oblige the government to require sub-contractors' adherence to anti-corruption programmes. While the issue can be raised during the dialogue between the government and the contractor, there is no evidence that it is. For the reasons of risk management and security supply, the Defence Forces require documentation on the supply chain management plans to guarantee that the main contractor will be able to comply with the contract. Rules for the exclusion from tender identify cases when bidders can be excluded from participation. Only the cases mentioned in these rules can justify an exclusion. They include convicted crime cases (e.g. companies convicted for money laundering, organized crime, fiscal fraud, making false declarations and bribery), cases related to the financial solvability and cases when the "company has been found unreliable to the extent that the State security risk cannot be excluded." However, it is not clear whether these provisions apply equally to suppliers. RESPONSE TO PEER REVIEWER 2: Comments accepted an added. However, as they do not pertain directly to subcontractors, score 0 was maintained.

5.9. Seller Influence

76. How common is it for defence acquisition decisions to be based on political influence by selling nations?

0 Evidence suggests that it is extremely common for defence decisions to be driven by political influence by seller nations. The government is unlikely to justify military procurement by referring to military need, and may not justify its defence and security expenditure at all.

1 Although the government may sometimes justify purchases by referring to military need, the bulk of evidence suggests that purchases are driven by political influence by seller nations.

2 Some acquisitions are granted as a result of political influence by seller nations. Where expenditure is justified by reference to military need, there is likely to be uncertainty over how pressing this

is justified by reference to military need, there is likely to be uncertainty over how pressing the military need is.

3 The bulk of evidence suggests that acquisitions are independent of political influence, yet some evidence points towards occasional incidences or small-scale purchasing that has a political element.

4 Almost no acquisitions are granted as a result of political influence. There is consistent evidence that the government purchases according to military need, and this is validated by independent assessments or statements by the media that identify this specific need.

N/A Only select if you are confident a N/A applies, and please justify why you have selected it.

Finland

3

Score: 3

Sources: OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions: http://www.oecd.org/daf/anti-bribery/ConvCombatBribery_ENG.pdf Last read 1.7.2015

"Muualla hämmästellään lahjustuomioiden vähäisyyttä Suomessa – Korruptio tarkempaan syyniin" Helsingin Sanomat 1.9.2014, in Finnish:

<http://www.aamulehti.fi/Kotimaa/1194924427451/artikkeli/muualla+hammastellaan+lahjustuomioiden+vahaisyytta+suomessa+korruptio+tarkempaan+syyniin.html> "Puheloinen saanut

puolustusvoimilta vuokratukea yli ohjeistuksen" maanpuolustus.net 15.2.2014, in Finnish:

<http://maanpuolustus.net/threads/puheloinen-saanut-puolustusvoimilta-vuokratukea-yli-ohjeistuksen.3147/> "AL: Kenraalien lähipiiriä lentänyt ilmaiseksi armeijan koneilla" Taloussanomat

12.6.2014, in Finnish: <http://www.taloussanomat.fi/kotimaa/2014/06/12/al-kenraalien-lahipiiria-lentanyt-ilmaiseksi-armeijan-koneilla/20148307/12> "Syyttäjät: Kroatian panssarikauppa oli lahjonnan

perustyyppiä" Helsingin Sanomat 4.9.2014, in Finnish:

<http://www.hs.fi/kotimaa/Syytt%C3%A4j%C3%A4t+Kroatian+panssarikauppa+oli+lahjonnan+perustyyppi%C3%A4+++a1409793622062> Last read 1.7.2015 "Patria faces more corruption charges over

Croatian deal" Yle Uutiset 28.6.2013:

http://yle.fi/uutiset/patria_faces_more_corruption_charges_over_croatian_deal/6710672 Last read

1.7.2015 "Finnish court rejects Slovenian bribery charges against Patria" Yle Uutiset 30.1.2014:

http://yle.fi/uutiset/finnish_court_rejects_slovenian_bribery_charges_against_patria/7060218 Last

read 1.7.2015 Virta, Jami 2001. Torjuntahävittäjähankinta turvallisuuspoliittisessa murroksessa: 1990-luvun alun Hornet-hankintaprosessiin vaikuttaneet poliittiset tekijät

Comments: According to the Defence Ministry, key principles of defence acquisitions are competition, comprehensive economic benefits and confidential treatment. Remarks made by the Minister of Defence, Carl Hagglund, in interviews emphasize the importance of the capacity and the price-quality ratio of the acquisitions. Evidence of political influence by selling nations was not found in the media materials nor in the interviews. The press materials hinted at some corruption issues, which were domestic, or involved Finnish companies selling defence materials abroad, but they do

not support doubts related to seller nation influence. However, there is some evidence of the significance of Finnish political alignment in purchasing. According to a study conducted at the University of Helsinki (Virta), the international political context after the dissolution of the Soviet Union influenced heavily the Finnish procurement of the Hornet military aircraft from the United States. However, there is no evidence that the United States would have initiated the deals or influenced Finland in another way. RESPONSE TO PEER REVIEWER 1: As there is some, although not significant, suggestion of seller nation influence in the past, score 4 was not awarded. As discussed previously, verification of purchases and their compatibility with long-term strategies is also not comprehensive; therefore, risks cannot be excluded.