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## 9. Sierra Leone

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*Osman Gbla*

### I. Introduction and background

Sierra Leone offers an interesting case study for critical reflections on the military budgetary processes in Africa. The country was for a long time subject to single-party and military regimes that were noted for sidestepping budgetary rules and regulations. The reintroduction of multiparty democracy in 1996 changed the situation for the better, particularly after the adoption in 2001 of the Medium-Term Expenditure Framework (MTEF) for budget formulation.

As a country in transition from war to peace, Sierra Leone is also confronted with the arduous task of ensuring a transparent and accountable military budgetary process, which this chapter examines. This section continues with background information on the history, politics and economy of the country. Section II describes the country's security forces. Section III outlines the national budgetary framework in general while section IV discusses the military budgetary process in particular. Section V assesses the extent of adherence to formal rules in military budgeting in Sierra Leone, and section VI gives conclusions and recommendations.

### **History, politics and economy**

Sierra Leone is a West African country, bordered by Guinea and Liberia. Its capital, Freetown, was founded in 1787 as a haven for freed slaves. The United Kingdom claimed the coastal region as a colony in 1808 and the hinterland as a protectorate in 1896. Sierra Leone gained independence on 27 April 1961, and became a republic in April 1971.

After periods of democratic, military and one-party rule, a further military coup in January 1996 paved the way for elections in February and March of that year. However, the new, democratic government of President Ahmed Tejan Kabbah was deposed in May 1997 by junior military officers led by Major Johnny Paul Koroma. The Revolutionary United Front (RUF), led by Foday Sankoh, which had started a civil war in 1991 during the period of one-party rule, was invited by Koroma to join his government.

The democratically elected government was restored in March 1998 following a Nigerian-led intervention by the Economic Community of West African States (ECOWAS), but the RUF continued to fight. In Lomé in July 1999 the government of President Kabbah and the RUF reached an agreement to end the

conflict,<sup>1</sup> with the peace to be monitored by the United Nations Observer Mission in Sierra Leone (UNOMSIL), later replaced by the United Nations Mission in Sierra Leone (UNAMSIL).<sup>2</sup> In early 2000, however, civil war erupted again. After the capture of Sankoh in May 2000 and the reinforcement of UNAMSIL by British forces,<sup>3</sup> the RUF formally recognized the democratic government in July 2001 and agreed to the implementation of the Lomé Agreement. In January 2002 President Kabbah declared the civil war to be finally over. The Special Court for Sierra Leone, established jointly by the UN and the Sierra Leone Government, is responsible for the trial of those accused of breaching international humanitarian law and Sierra Leonean law since 30 November 1996.<sup>4</sup>

The government of President Kabbah is now in its second term, having been re-elected in May 2002. The restored 1991 constitution provides for a unicameral Parliament of 124 members—112 directly elected and 12 paramount chiefs—and an executive consisting of the directly elected President and the Cabinet.<sup>5</sup>

The country's economy is dominated by subsistence agriculture, which accounts for over half of Sierra Leone's gross domestic product and about two-thirds of employment.<sup>6</sup> Sierra Leone is also endowed with rich mineral resources: diamonds, gold, rutile, iron ore and bauxite. Thus, mining is the second most important economic activity with (registered) diamond exports accounting for 85 per cent of all exports in 2002.<sup>7</sup> The country is highly dependent on external assistance and, since the end of the civil war in 2002, international donors have become principal actors in the country's budgetary processes.

## II. The security sector

The key security actors in the country are: the Republic of Sierra Leone Armed Forces (RSLAF), the Sierra Leone Police, the Prisons Department, the National Fire Authority, the Immigration Department, the Central Security Unit, the National Security Coordinating Group and the National Security Council.

<sup>1</sup> Peace Agreement between the Government of Sierra Leone and the Revolutionary United Front of Sierra Leone, Lomé, 7 July 1999, URL <<http://www.sierra-leone.org/lomeaccord.html>>.

<sup>2</sup> UN Security Council Resolution 1181, 13 July 1998; and UN Security Council Resolution 1270, 22 Oct. 1999, URL <<http://www.un.org/Docs/sc/>>.

<sup>3</sup> UN Security Council Resolution 1289, 7 Feb. 2000.

<sup>4</sup> Agreement between the United Nations and the Government of Sierra Leone on the Establishment of the Special Court for Sierra Leone, Freetown, 16 Jan. 2002, URL <<http://www.sc-sl.org/scsl-agreement.html>>; and Wiharta, S., 'Post-conflict justice: developments in international courts', *SIPRI Yearbook 2004: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2004), pp. 191–206.

<sup>5</sup> The Constitution of Sierra Leone (Act no. 6 of 1991), *Sierra Leone Gazette* (Supplement), vol. 122, no. 59 (25 Sep. 1991), URL <<http://www.statehouse-sl.org/constitution/>>, Chapters 5–7.

<sup>6</sup> World Bank, 'Sierra Leone at a glance', 15 Sep. 2004, URL <[http://www.worldbank.org/data/country/data/aag/sle\\_aag.pdf](http://www.worldbank.org/data/country/data/aag/sle_aag.pdf)>.

<sup>7</sup> World Bank, 'Sierra Leone: country brief', Sep. 2004, URL <<http://www.worldbank.org/sl/>>.

The military was established in 1829 as the Sierra Leone Police Corps; following reorganization as part of the 1999 Lomé Agreement, it is now known as the RSLAF. The force, which includes ex-combatants of the former Sierra Leone army, the RUF and the 'civil defence forces',<sup>8</sup> has a strength of 12 000–13 000, including approximately 200 navy personnel.<sup>9</sup> Over a 10-year period the strength is planned to be reduced to around 10 000. The RSLAF's principal function, as stated in the 1991 constitution, is to 'preserve the safety and territorial integrity of the State, to participate in its development, to safeguard the people's achievements and to protect [the] constitution'.<sup>10</sup>

A police force was first established in 1808 under the colonial system. The 1998 Sierra Leone Policing Charter defines the role of the police in relation to the needs of the people, emphasizing professionalism, equal opportunity and local-needs policing.<sup>11</sup> There is a uniformed branch, a Criminal Investigation Department, a Special Branch and a paramilitary force, the Operational Support Division. The Operational Support Division, in conjunction with other units, is charged with maintaining law and order, preventing crime and maintaining the security of property. The police forces operate under the Ministry of Internal Affairs.

The final component of the security sector is the intelligence service. This service cuts across all security units but is coordinated by the Military Intelligence Branch and the Central Intelligence Security Unit.

The Ministry of Defence (MOD) is the major government body responsible for coordinating the activities of the country's armed forces. The ministry's mission is to formulate, implement, monitor and evaluate strategic defence policies for the RSLAF within a democratic framework.<sup>12</sup> The MOD is also responsible for long-term operational planning, deployment of the armed forces and the transformation of the RSLAF into an accountable and incorruptible organization.

President Kabbah holds the office of Minister of Defence. The MOD is headed by a deputy minister, assisted by a civilian Director-General and the Chief of Defence Staff (CDS). The Director-General is the ministry's principal accounting officer (accountable to the executive and Parliament) and the government's principal civilian adviser on defence and is responsible for policy formulation, finance, procurement and administration. The CDS is the professional head of the RSLAF and the principal military adviser to the Minister

<sup>8</sup> The civil defence forces were irregular forces, largely dominated by local hunting groups, that were formed in 1994 to protect local communities from the RUF, prompted by a lack of confidence in the armed forces. In the south and the east the main CDF group were known as the Kamajohs, a Mende word meaning hunter. In the north the main groups were the Kapras, a Temne word for hunter, and the Gbethis.

<sup>9</sup> International Institute for Strategic Studies, *The Military Balance 2004/2005* (Oxford University Press: Oxford, 2004), p. 243.

<sup>10</sup> The Constitution of Sierra Leone (note 5), Section 165(2).

<sup>11</sup> Kabbah, A. T., 'Policing charter', National broadcast, 2 Sep. 1998, text available at URL <<http://www.sierra-leone.org/kabbah090298.html>>.

<sup>12</sup> Ministry of Defence (MOD), *Defence Management Plan* (MOD: Freetown, Dec. 2001), p. 8.

of Defence and the government.<sup>13</sup> The functions of the posts of Director-General and CDS reflect the importance of both military and civilian advice on political, financial, administrative and operational matters.

### III. The national budgetary process

Sierra Leone's national budgetary process has undergone significant transformations over the years. Under single-party and military rule, adherence to budgetary rules and regulations was rare. The return of multiparty democracy in 1996 introduced a sense of commitment to the application of budgetary rules, particularly after the adoption of the Medium-Term Expenditure Framework in 2001.

The budgetary process has four major stages—formulation, enactment (or approval), implementation and auditing—that require input from a wide range of individuals and institutions. The major actors involved include the Cabinet, the Ministry of Finance (MOF), in particular the MOF's Budget Bureau, the Accountant-General's Office, the Auditor-General's Office, Parliament, and various government ministries, departments and agencies.

Since the national budget is largely donor-funded, there is also involvement in the budgetary process by the International Monetary Fund, the World Bank, the UK, through its Department for International Development (DFID), and other donor countries, such as the USA. Donors participate in the determining of budget ceilings for all government ministries, departments and agencies. They also participate in Consultative Group meetings, in which the funding of various aspects of the government budget is discussed. Naturally, donors also play a role in tracking the use of funds.

#### **The formulation stage**

The final annual budget is the product of a long process supervised by the Budget Bureau of the MOF. The bureau is headed by a Director, who works under the general supervision of the Financial Secretary of the MOF and acts as the principal adviser to the Minister of Finance on all matters relating to the preparation and monitoring of the budget.<sup>14</sup> The budget-formulation process for a financial year (which corresponds to the calendar year) starts in the preceding July with the issuing of a Budget Circular Call (BCC) by the Budget Bureau to all vote controllers (i.e., those who control the spending in the various divisions of the budget). The BCC requires the submission to the bureau of all budget proposals, which must include estimates of revenue and expenditure, at least three months before the beginning of the financial year. The bureau also sets

<sup>13</sup> MOD (note 12), p. 3.

<sup>14</sup> Public Budgeting and Accounting Act (Act no. 1 of 1992), *Sierra Leone Gazette* (Supplement), vol. 123 (1992).

indicative ceilings for all ministries; these ceilings are not usually firm, as there is room for negotiation and adjustment.

Upon the Budget Bureau's receipt of budget proposals, all vote controllers and their representatives are invited to defend their estimates, and civil society groups are invited to make comments. This process is important for enhancing the participation of major stakeholders in budget formulation. Since financial year (FY) 2002 the budgetary process has become more inclusive as it now includes a series of national consultative workshops and seminars on expenditure priorities and resource allocation. These consultations include input made by various representatives of Parliament, the paramount chiefs and line ministries. Following the consultations, the Budget Bureau compiles all the estimates in a 'Bound Volume', which is sent to Parliament for approval: the 1992 Public Budgeting and Accounting Act requires the Minister of Finance to present the budget to Parliament one month before the beginning of the financial year.

A significant development in the formulation process was the adoption in 2001 of the Medium-Term Expenditure Framework. The MTEF involves the preparation of a strategic plan that defines the objectives, activities and expected outcome for each government ministry, department and agency over a three-year period.<sup>15</sup> The aim of the framework is not only to promote sectoral planning and an efficient system of public expenditure, but also to develop a participatory outcome-monitoring process.<sup>16</sup>

### **The enactment stage**

The enactment stage involves the submission of the budget proposal by the Minister of Finance to Parliament and the subsequent debate and enactment into law. The 1991 constitution gives Parliament the authority to impose taxes, to appropriate funds for government services (i.e., approve the budget) and to authorize the withdrawal of money from the Consolidated Fund account.<sup>17</sup> In discharging these functions, the parliamentary Finance Committee sends out questionnaires to all vote controllers and government accounts personnel requesting information on the budget allocation for the previous year, the actual amount received, the current estimates and critical areas that would be affected by any budget cuts. Parliament usually invites the Minister of Finance, the vote controllers and the relevant accounting staff to offer explanations on unclear points or outstanding financial matters before new funds are approved.

The Bound Volume is examined by Parliament through its Finance Committee and the nine appropriations committees. These committees, established in 1996, screen the estimates of the various ministries, departments and agencies.

<sup>15</sup> Ministry of Finance (MOF), *Report of the Public Expenditure Tracking Survey (PETS), January–June 2001*, vol. 1, *Main Report* (MOF: Freetown, Nov. 2001), p. 8.

<sup>16</sup> Ministry of Development and Economic Planning (MODEP), 'Interim poverty reduction strategy paper for Sierra Leone (IPRSP)', Freetown, June 2001, URL <[http://www.daco-sl.org/encyclopedia2004/3\\_strat/3\\_1prsp.htm](http://www.daco-sl.org/encyclopedia2004/3_strat/3_1prsp.htm)>, p. 45.

<sup>17</sup> The Constitution of Sierra Leone (note 5), Sections 110, 111(3), 111(4) and 112.

This enables parliamentarians to develop a critical understanding of the structure of the budget before passing it into law, expedites the passage of the Appropriations Bill and, ultimately, enhances transparency in the budgetary process.

This approval process contrasts sharply with the procedure under military rule, when the budget was authorized by only the top echelons of the military hierarchy. There was no thorough scrutiny of the bill by any parliamentary committee, and the Bound Volume was approved after a simple reading on the floor of the House and a brief review by the Committee of Supply, a committee of the whole House. Following the reintroduction of democracy, the right to parliamentary scrutiny was established during the 1997 budget debate when the Minister of Finance was questioned on alleged financial impropriety at the Treasury. A full account of the monies appropriated by Parliament in the preceding year was demanded as a precondition for approving the new Bound Volume.<sup>18</sup>

### **The implementation stage**

After approval of the budget by Parliament, the various ministries, departments and agencies are expected to distribute and use their funds as authorized. This stage has two parts: spending of appropriated money and monitoring by a variety of agencies to ensure that monies appropriated are used as intended.

Budget implementation starts with the Minister of Finance issuing a general warranty to the Accountant-General requesting the release of approved funds to the Treasury. The authority for expenditure communicated through the Accountant-General to the Minister of Finance gives authorization to all vote controllers to distribute and use funds as approved. However, if there is sufficient justification for claiming that an appropriated sum is insufficient or if there is a legitimate need for expenditure not covered by the budget, a supplementary estimate may be presented to Parliament for approval as a supplementary budget.<sup>19</sup>

Budget implementation is monitored to ascertain whether the money appropriated is spent as stipulated and to evaluate the extent to which policy goals have been met. The various ministries play a crucial role in this regard by putting in place internal mechanisms for the monitoring of budget implementation. For example, vote controllers are required to submit monthly spending reports to the Accountant-General. In addition, Parliament, the Accountant-General's Office, the Auditor-General's Office and the National Revenue Authority (established in September 2002) also exercise budget-oversight functions.

Another development with a positive impact on budget monitoring is the adoption of a participatory outcome-monitoring system, the Public Expenditure

<sup>18</sup> Parliamentary clerk, interview with the author, Sierra Leone Parliament, Freetown, 6 Sep. 2002.

<sup>19</sup> Public Budgeting and Accounting Act (note 14), Section 2(i).

Tracking Survey, first commissioned in August 2001.<sup>20</sup> The survey tracks the expenditure of the central ministries and measures improvements in the quality of services delivered by government facilities and in the community. The government has also introduced, through the MTEF, a new budget and accounting code that details the allocation of public resources by activity and by region. This facilitates the tracking of resources and matching them with activities in rural areas. The information given to civil society groups and the beneficiaries of the nation's budget by members of the MTEF Technical Committee also enhances budget monitoring. Moreover, the establishment of the National Revenue Authority complements the monitoring process by merging the functions of the income tax and customs departments with a view to enhancing coordination and efficient revenue collection.

Lastly, the government, with the support of the United Nations Development Programme, has established the Integrated Approach to Aid Coordination database to keep a comprehensive record of aid flows to Sierra Leone and track the use of donor funds.<sup>21</sup>

### **The auditing stage**

The Auditor-General's Office plays a pivotal role in monitoring budget implementation by examining accounting practices in all ministries. However, there is a general lack of capacity for external auditing in Sierra Leone. Prior to 1996 there was little auditing of government accounts. Since 1996 and especially since the end of the civil war the challenge has been to train the staff of the Auditor-General's Office to become more professional and effective auditors.

The 1992 Public Budgeting and Accounting Act confers numerous powers on the Auditor-General regarding the judicious use of public funds. The act tasks the Auditor-General to ensure *inter alia*: (a) that accounts have been properly kept, (b) that all public monies have been fully accounted for and (c) that monies have been expended for intended purposes.<sup>22</sup> The Auditor-General's Office therefore has the principal responsibility for monitoring the implementation of the budget, although it shares this function with other monitoring institutions and civil society groups. The Auditor-General's report must be presented to Parliament within six months of the end of each financial year,<sup>23</sup> drawing attention not only to irregularities in the accounts but also to any other matter which in the auditor's opinion should be brought to Parliament's attention. Unfortunately, the Auditor-General has no power to prosecute in case of financial improprieties or the misappropriation of public funds; this is the prerogative of the Public Accounts Committee of Parliament.

<sup>20</sup> MOF (note 15).

<sup>21</sup> MODEP (note 16).

<sup>22</sup> Public Budgeting and Accounting Act (note 14), Section 65.

<sup>23</sup> This has been increased to 12 months by the Government Budgeting and Accountability Act (Act no. 3 of 2005), *Sierra Leone Gazette* (Supplement), vol. 136 (2005), Section 66.

The World Bank's Country Financial and Accountability Assessment for Sierra Leone, conducted in 2001, showed among other things that a number of the provisions of the 1992 act did not adequately reflect the important oversight roles of both Parliament and the Auditor-General's Office in the execution and monitoring of the national budget.<sup>24</sup> In an effort to address this anomaly, the 2005 Government Budgeting and Accountability Act was passed 'to ensure transparency, accountability and sound management of the budget, assets and liabilities of the Government of Sierra Leone'.<sup>25</sup>

#### IV. The military budgetary process

In Sierra Leone's national budgetary process, the MOD must compete with other ministries for allocations, which are, of course, contingent on the funds available to the country. However, considering the crucial role of the military in ensuring peace and stability in the country, especially in the context of the civil war and the peace-building process, the government gives high priority to the military when making budgetary allocations. For example, the budget for FY 2003 allocated 11.6 per cent of total recurrent expenditure to the security sector (including the police force).<sup>26</sup> Table 9.1 shows the budget allocation for the military for the three-year MTEF cycle from 2002 to 2004. Table 9.2 shows military expenditure in Sierra Leone since 1990.

In spite of the fact that defence is a major focus of the government, this does not result in unduly preferential treatment of the military sector. On the contrary, like those of all other government ministries, the MOD's budget allocations each year are far less than its original estimate. In 2002, although the security sector obtained the third largest share of the budget, after health and education, it received over 30 per cent less than the requested amount.

The MOD's current budget is composed of four items: (a) defence administration, for the offices of the Director-General and the Chief of Defence Staff; (b) the Joint Forces Command, for the land, air and maritime forces; (c) the Joint Support Command, for support units such as the Joint Medical Unit, the Joint Logistics Unit, the Joint Provost Unit, the Engineering Regiment, the Joint Communications Unit, the Armed Forces Training Centre and the Armed Forces Personnel Centre; and (d) the Territorial Defence Force, which became operational in 2005. Expenditure is divided into recurrent and capital expenditure. Recurrent expenditure covers personnel costs and consumable items that are routine in nature, such as stationery, food, fuel, ammunition and lubricants.

<sup>24</sup> World Bank, 'Republic of Sierra Leone Country Financial and Accountability Assessment', Washington, DC, 2001.

<sup>25</sup> Dauda, J. B., Minister of Finance, 'Government budget and statement of economic and financial policies for the financial year 2005', Speech delivered to the Sierra Leone Parliament, Freetown, 10 Dec. 2004.

<sup>26</sup> Dauda, J. B., Minister of Finance, 'Government budget and statement of economic and financial policies for the financial year, 2003', Speech delivered to the Sierra Leone Parliament, Freetown, 29 Nov. 2002, text available at URL <<http://www.statehouse-sl.org/gov-budget-2003.html>>.

**Table 9.1.** Sierra Leone military expenditure for financial years 2002–2004

Figures in US\$ are in constant 2003 prices and exchange rates. Figures may not add up to totals due to the conventions of rounding.

Budget item	2002 <sup>a</sup>		2003 <sup>b</sup>		2004 <sup>b</sup>	
	m. leones	\$ m.	m. leones	\$ m.	m. leones	\$ m.
Personnel pay	24 271	11.1	23 000	9.8	25 762	9.6
Recurrent	31 095	14.3	38 850	16.5	42 379	15.8
Capital	2 350	1.1	250	0.1	7 507	2.8
Development	3 369	1.5	3 500	1.5	7 151	2.7
<b>Total</b>	<b>61 085</b>	<b>28.0</b>	<b>65 600</b>	<b>27.9</b>	<b>82 799</b>	<b>30.8</b>
<b>Total excluding pay</b>	<b>36 814</b>	<b>16.9</b>	<b>42 600</b>	<b>18.1</b>	<b>57 037</b>	<b>21.2</b>

<sup>a</sup> Figures for 2002 are actual expenditure.

<sup>b</sup> Figures for 2003 and 2004 are estimated expenditure.

Source: Woodman, T. G. W., 'Finance and budget', Presentation, Ministry of Defence, Freetown, 21 Oct. 2003.

Capital expenditure is for those items that provide repeated or continuous service over the long term, that tend to be more expensive and that have residual value after use. Capital expenditure can be for 'classified' or 'unclassified' items: classified items include weapons, helicopter gunships, armoured vehicles and communications equipment; unclassified items include furniture, office equipment, boots and uniforms.<sup>27</sup>

The process of budgeting for the military is not very different from that of any other government ministry. Like all other ministries, the MOD budget operates under the formal process of the MTEF, divided into four stages: formulation, authorization, implementation and auditing.

### The formulation stage

Sierra Leone's MTEF budget-formulation process requires all government ministries, including the MOD, to prepare strategic plans that clearly define objectives, activities and performance benchmarks. These plans form the basis of the budget estimates. For the MOD, these plans must clearly spell out the military sector's mission, vision and objectives. The defence White Paper has provided reference points for drawing up strategic defence plans.<sup>28</sup> It describes the country's defence mission, objectives, tasks and management priorities and sets out key performance indicators against which the military sector will be judged.

<sup>27</sup> Ministry of Defence (MOD), Directorate of Defence Policy, *Defence White Paper: Informing the People* (MOD: Freetown, 2002), URL <<http://www.statehouse-sl.org/policies/defence-white-paper.html>>.

<sup>28</sup> MOD (note 27), Chapter 5.

The MOD's Office of Plans and Programmes makes extensive use of the White Paper when formulating the defence planning assumptions that are used in budget formulation. The MTEF involves the issuing of detailed defence planning assumption by the MODs to all programme managers, who in turn provide detailed plans for costing. The assumptions, plans and costing are then scrutinized to ensure that they are affordable and realistic. This is usually done in the presence of the MOF's Financial Secretary in order to ensure transparency.

The formal military budget-formulation process follows the overall national format: it starts in July of the preceding year with the receipt of the Budget Circular Call from the MOF. The BCC requires the Director-General of the MOD to submit a budget proposal, including estimates of revenue and expenditure, to the Budget Bureau three months before the beginning of the financial year. The estimates are supposed to be realistic, accurate and in accordance with guidelines, such as the indicative ceilings, issued by the Minister of Finance.<sup>29</sup> The Director-General sends the BCC to the MOD's Budget Office for circulation to all unit and programme managers and division heads, who are required to prepare and submit their respective estimates. Upon receipt of unit estimates, the MOD's Budget Office undertakes a centralized costing exercise with inputs from, and screening of, line managers' estimates. The budget estimates are thereafter submitted to the MOF.<sup>30</sup> As part of the defence of the overall budget of the MOD before the Appropriations Bill is approved, the MOD's vote controllers, other accounts personnel and, occasionally, unit managers are required to defend their individual budgets.

### **The authorization stage**

During the authorization stage Parliament scrutinizes the recurrent and development estimates of the MOD which have been submitted to Parliament as part of the overall Bound Volume.<sup>31</sup> This integrated approach gives Members of Parliament time to reflect on the estimates and to raise questions during the debates leading to approval.

The crucial phase during authorization takes place in the various appropriations committees, with the Defence, Internal and Presidential Affairs Committee overseeing the defence component of the Bound Volume. The committee may send out questionnaires to the Director-General of the MOD soliciting information on any areas of the budget that raise interest, particularly concerning previous allocations.

<sup>29</sup> Financial Administration Regulations 1998, *Sierra Leone Gazette*, vol. 129, no. 70 (10 Dec. 1998).

<sup>30</sup> Official of the Budget Office, Interview with the author, Ministry of Defence, Freetown, 22 Aug. 2002.

<sup>31</sup> Public Budgeting and Accounting Act (note 14).

**Table 9.2.** Military expenditure of Sierra Leone, 1990–2004

Figures in US\$ are in constant 2003 prices and exchange rates.

Year	Military expenditure		
	\$ m.	m. leones	as a % of GDP
1990	10.1	1 369	1.4
1991	17.5	4 792	2.1
1992	22.3	10 081	3.0
1993	23.9	13 244	3.0
1994	22.6	15 546	2.9
1995	21.8	18 898	2.9
1996	16.0	17 119	2.0
1997	7.6	9 315	1.1
1998	..	..	..
1999	..	..	..
2000	24.9	55 000	4.1
2001	16.8	37 868	2.2
2002	15.3	33 371	1.5
2003	18.1	42 600	1.7
2004	17.0	45 503	..

GDP = Gross domestic product.

Source: SIPRI military expenditure database.

### The implementation stage

The overall responsibility for implementing the military budget is entrusted to the Director-General of the MOD acting as chief accounting officer.<sup>32</sup> The Director-General can then delegate implementation to programme managers and division heads. Such delegation ensures that each officer can be held personally accountable for the aspect of the budget assigned to him or her. As well as helping to end the bureaucratic preoccupation of the previous, centralist administration, it also helps managers to defend their programmes.

Various individuals and institutions monitor the spending of the military budget. The MOD's Directorate of Organization, Management and Audit is responsible for evaluating and reviewing internal audit systems. The Ministry of Finance prepares quarterly monitoring reports on all ministries, including the MOD, highlighting inadequacies and making recommendations for improvements to the process. In addition, the Accountant-General's representative in the MOD is required to discharge monitoring functions on behalf of the government and to develop an efficient accounting system. Parliament also exercises oversight functions through its authority to scrutinize and approve budget estimates. Reforms in the MOD have improved budget monitoring, as any requi-

<sup>32</sup> Financial Administration Regulations 1998 (note 29).

sition for military expenditure must be made at commander level (in the Joint Support Command). The commander prepares the requisition and sends it to the Director-General in order to ascertain whether it agrees with the expenditure guidelines of the MOD.<sup>33</sup>

### *Arms procurement*

An important component of the implementation phase is procurement, including arms procurement, which is very capital intensive. Procurement procedure is outlined in the new 2004 Public Procurement Act,<sup>34</sup> a principal result of which was the establishment in February 2005 of the National Public Procurement Authority. The act requires that all public procurement must be subject to one of the following: (a) 'international competitive bidding', for goods or services worth more than 600 million leones (\$255 000) and for works (e.g., construction) worth more than 900 million leones (\$383 000); (b) 'national competitive bidding', for goods and services worth less than 600 million leones (\$255 000) and for works worth less than 900 million leones (\$383 000); (c) 'limited international bidding', for goods or works of any value, but not for services; or—the most frequently used option—(d) 'request for quotation shopping' for goods or services worth less than 60 million leones (\$25 500) and for works worth less than 150 million leones (\$63 800).

The Public Procurement Act limits its application to the military sector by permitting the Minister of Defence to classify a procurement as being related to national defence or national security and allowing the National Public Procurement Authority to modify the rules and procedures of the act for such a procurement, but this modification 'shall be governed only defence considerations'.<sup>35</sup> This does not extend to the procurement of such items as general stores, uniforms, stationery, office equipment and standard vehicles.

Within the MOD, procurement is dealt with by the Equipment Approvals and Procurement Committee, which is chaired by the Director-General. This committee is responsible for the overall policy and management of military acquisition. The committee is authorized to endorse all acquisitions and must scrutinize and agree to the operational requirements. It is also responsible for the approval of procurement and support strategies for individual programmes and pieces of equipment.

### **The auditing stage**

External auditing of the MOD is done by the Auditor-General's Office under the terms of the 1992 Public Budgeting and Accounting Act. A representative of the Auditor-General in the MOD is responsible for ensuring that the ministry's accounting system meets the standards set by law.

<sup>33</sup> Official of the Budget Office (note 30).

<sup>34</sup> Public Procurement Act (Act no. 14 of 2004), *Sierra Leone Gazette* (Supplement), vol. 135 (2004).

<sup>35</sup> Public Procurement Act (note 34), Section 1.

There is also an Audit Directorate in the MOD, an independent body headed by a civilian which is answerable only to the Auditor-General and the Accountant-General. This directorate is tasked with: (a) the production of a consolidated annual audit report, (b) liaising with the Auditor-General's Office and (c) drawing up defence audit policy.<sup>36</sup> Some of the achievements of this directorate include the establishment—with some difficulty—of an internal control system and the introduction of on-the-spot verification of goods supplied to the MOD. It is noteworthy that constraints such as the lack of trained and qualified personnel and the late presentation of audit reports to Parliament are greatly hampering the auditing of the MOD's budget.

## V. Assessment of the military budgetary process

Since the reintroduction of multiparty democratic rule in 1996, Sierra Leone has witnessed a great improvement in the budgetary process, especially following the adoption of the MTEF in 2001. The process has become more consultative, more open and, above all, more goal driven.

Under single-party and military rule, proper accounting and audit practices were sidestepped by the government, which siphoned off state resources from the military. Sierra Leone's protracted civil war, which lasted for more than a decade, meant that both the country's resources and its armed forces were mis-managed. Some of the weaknesses in the military budgetary process and recent developments are discussed below.

### **Past and present weaknesses**

Prior to 2001 the budgetary provisions of Sierra Leone's constitution were generally ignored and the executive used the military budget as a channel for corrupt practices. Similarly, under military rule, the ruling juntas made major decisions regarding the military budget with very little involvement of the MOD: the military rulers found it easy to ignore input from civilian personnel in the MOD. Directly or indirectly, the MOD was subordinated to the military establishment in budget matters. The MOD was made up of only a few civil servants, who were divorced from the military. This resulted in the ministry being frequently bypassed by the military, who preferred to deal directly with the President. The restructuring of the MOD since 2001 has changed both its internal structure and the relationship between the civilian civil servants and military officers, who now work together in the ministry under the leadership of a civilian Director-General.

Under military rule, the executive, rather than Parliament, authorized budgets for all ministries, including the MOD. As a result, requirements such as the tabling of estimates in Parliament one month before the beginning of the finan-

<sup>36</sup> Ministry of Defence, 'Report on the activities of the MOD for the financial year 2002', Freetown, 2003, p. 23.

cial year were never followed. This sometimes led to bloated and unrealistic budget estimates, and key actors in the budgetary process had little opportunity to make input. Indeed, during the reign of Major Koroma (1997–98), the military head of state often directly instructed the Governor of the Central Bank to release funds from the Consolidated Fund without following any formal budgetary procedure. In addition, during the civil war the military sector was greatly favoured in financial allocation, as its funding was categorized as war expenditure. It is doubtful whether the money allocated actually served the stated objectives.

Off-budget income and expenditure in the military sector were also a major feature of the military budgetary process in Sierra Leone. Off-budget income included revenue from mining concessions given to senior military officers for military services rendered to other governments. The proceeds from these ventures never appeared in the budget.

The ongoing reform of the MOD and the direct involvement of external actors in the budgetary process have greatly reduced off-budget expenditure since 2001. One exception arises from the participation of the RSLAF's maritime wing in joint surveillance operations to capture poachers in the country's waters. The memorandum of understanding between the RSLAF and the Ministry of Marine Resources requires that the revenue from the operations go to the Consolidated Fund and that a certain percentage should be paid to the military. It remains unclear if the portion due to the military has ever been paid, as it does not appear in the maritime section of the military budget.

A principal weakness in the current military budgetary process is the absence of a well-articulated strategic plan for the military sector. In the absence of such a vital guiding document, it is not surprising that military budgets have sometimes been bloated and unrelated to the actual needs of the military. The MOD's recent Defence Management Plan and White Paper have been designed by the MOD to overcome this major problem.<sup>37</sup> It is important to highlight that the process of drafting the White Paper has led to improved inter-ministry consultation between the MOD and the ministries of Foreign Affairs and International Co-operation, Internal Affairs, and Development and Economic Planning.

The MTEF requires the Ministry of Defence and all other government ministries to prepare budgets based on guidelines set by the Ministry of Finance. These guidelines require the preparation of strategic plans that clearly define objectives, activities and expected outcomes. The military budget is now formulated and implemented with the participation of both military and civilian personnel and, together with the budgets of other ministries, is tabled before Parliament for enactment into law. However, practices pre-dating multiparty democracy continue unabated, even with the post-civil war institutional reforms.

<sup>37</sup> MOD (note 12); and MOD (note 27).

The most significant of these practices is the President's continued role as the Minister of Defence. Admittedly, as head of state and commander-in-chief of the armed forces, the President is chairman of the Defence Council, the highest decision-making body on defence matters. However, the constitution does not specifically make the President the Minister of Defence. The practice of merging the two posts, which originated in the 1970s when the then head of state wanted to have a direct influence on the military, shows that old habits die hard. It would benefit reform if the President were to appoint another person to be directly in charge of the defence portfolio. The Minister of Defence would still have to report to the President for major decisions, as in any other sector. This separation of presidential and ministerial functions is important in moving away from the centralist form of administration to which Sierra Leone has been accustomed.

### **Oversight**

While Parliament is empowered to scrutinize and authorize the budget, and also to monitor its implementation, the Defence, Internal and Presidential Affairs Committee is constrained in its discharge of oversight functions by delays or the outright unavailability of necessary information on the budget and the late submission of audit reports. Parliament also faces serious institutional capacity challenges, underscored by an acute shortage of the administrative and technical staff required to support its work. There are only four parliamentary clerks attached to the 31 committees of the House, for instance.<sup>38</sup> In addition, parliamentarians lack the requisite expertise on defence matters generally and the military budget in particular. This limits the extent to which they can contribute to executive proposals for defence management. Furthermore, the Defence, Internal and Presidential Affairs Committee is so overburdened with other responsibilities that it has very little time for effective monitoring. In spite of these obstacles, since the introduction of the MTEF Parliament has been able to improve the overall budgetary process, including that in the military sector.

The reformed MOD's internal audit unit, the Directorate of Organization, Management and Audit, maintains effective audit procedures which hold individuals accountable for funds entrusted to them and constantly reviews and improves budget rules and procedures. However, both tasks are very difficult to perfect overnight in a country where military budgeting has long been exposed to centralist informal procedures. In addition, the Budget Bureau of the MOF monitors the implementation of the military budget through its quarterly monitoring reports. These reports are supposed to be made available to the public, but a majority of Sierra Leoneans do not have access to them owing to the cul-

<sup>38</sup> Lahai, B., 'Parliamentary oversight: the Sierra Leone experience and constraints', Paper presented at the Workshop to Strengthen Legislatures in Commonwealth West Africa, Freetown, 22-25 Feb. 2005, URL <<http://www.cpahq.org/activities/RegionalandLocalSemina/WAPP/wapppresentations/>>, p. 6.

ture of secrecy in military matters and in public expenditure management generally.

The country's budget still receives substantial support from the World Bank and the International Monetary Fund and from other countries, including the UK (through its DFID) and the USA. By sponsoring and participating in consultative meetings with members of the MOF and other relevant ministries on budget formulation, foreign and international institutions play a crucial role in Sierra Leone's overall budgetary process. In addition, they offer support in setting budget ceilings and in mid-term reviews. The British DFID, for example, provides advisers to the MOD, including a civilian adviser to the Director-General, a civilian adviser to the Finance Department and two military advisers in the areas of logistics and procurement, all to ensure the judicious use of donor funds.<sup>39</sup> While this system seems to work, the sooner Sierra Leoneans are trained to take over key functions, the better ongoing reforms will take root.

The role of civil society in monitoring the military budget is still relatively weak and underdeveloped owing to the absence of well-organized civil society groups with technical competence on military budget matters. Furthermore, the culture of secrecy in the military still minimizes open and frank debate on defence matters, including its budget.

A positive aspect is the MOD's reconstitution as both a department of state and a military headquarters. This serves to enhance civil-military dialogue and relations. For the first time in Sierra Leone the military and civilians are working together as a fully integrated team.

## VI. Conclusions and recommendations

Sierra Leone's military budgetary process is not entirely different from that of other sectors. The budgetary process for the military sector continues to undergo significant transformation owing to the more open nature of the political system since 1996, as well as the effect of post-civil war reforms and reconstruction. While progress has been made in the level of parliamentary involvement and oversight, considerable effort is still required to improve the institutional capacity of Parliament and to institutionalize the audit system. Civil society groups also need to be able to increase their participation in the military budgetary process.

The following recommendations for improving Sierra Leone's military budgetary process can be made.

1. The institutional capacity of Parliament should be enhanced.
2. The Auditor-General's Office should be reformed and fully resourced by the government, with more professional staff. This would help the Auditor-

<sup>39</sup> For more on the British DFID's support for the Sierra Leone MOD see Sköns, E. *et al.*, 'Military expenditure', *SIPRI Yearbook 2005: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2005), pp. 337-42.

General to deploy staff throughout the country and facilitate the proper auditing of government accounts and the preparation of the report to Parliament.

3. The Auditor-General, in close consultation with the Public Accounts Committee of Parliament, should be mandated by law to refer financial irregularities contained in the audit report to the Anti-Corruption Commission for investigation.

4. Financial delegation should be stressed in the ongoing reform process in order to improve accountability in the military budgetary process.

5. Timely access to information should be facilitated to enable stakeholders to study that information and to make constructive input into the budgetary process

6. Training on budgetary procedures and related issues should be arranged for civil society groups to enable them to understand and to engage in the budgetary process.