
12. Recommendations

*Wuyi Omitoogun and Eboe Hutchful**

‘... defining national and sectoral policies which are clear, affordable and consistent is crucial to the success of any budget process’¹

I. Introduction

A number of specific policy recommendations follow from the eight case studies in this volume. There are 12 recommendations aimed at national governments and an additional 5 recommendations for the international community.

Three of the recommendations to national governments stand out, as they are key to the transformation of the military budgetary processes in the sample countries; they are also the main factors that distinguish the relatively successful South African experience from the less successful processes in Ethiopia, Ghana, Kenya, Mali, Mozambique, Nigeria and Sierra Leone. The three key recommendations are: (a) a well-articulated defence policy should be developed to guide activities in the military sector (recommendation NG1); (b) political leaders should make a real commitment to institutionalizing the budgetary process (recommendation NG3); and (c) the wider constraints associated with the specific contexts of African countries should be acknowledged (recommendation NG12).

All the recommendations are discussed below.

II. Recommendations to national governments

Recommendation NG1. Develop a defence policy

There is a need to develop a defence policy that will provide guidelines for all activities in the military sector, including budgeting. Such a policy should be developed within the framework of a national security policy and should be subject to public scrutiny. It should have input from critical stakeholders in the sector, including the military, civilian members of the defence ministry, the internal and foreign affairs ministries, and members of civil society. The overall objectives of the military sector and the ways and means to achieve them

¹ Oxford Policy Management (OPM), ‘Medium term expenditure frameworks—panacea or dangerous distraction?’, OPM Review Paper no. 2, Prepared for the World Bank, May 2000, URL <<http://www.worldbank.org/publicsector/pe/>>, p. 2.

* The authors acknowledge the contributions of Nicole Ball to this chapter, especially section III.

should be spelled out in these policy guidelines. A comprehensive definition of the scope of the military budget should be articulated in both the policy and any subsequent defence plan to avoid confusion of external defence and internal security.

A defence plan should be developed on the basis of the guidelines provided in the defence policy. The means for attaining the objectives in the plan, in terms of both strategy and resources, should also be spelled out. This presupposes that the plan is set within the overall national objectives and economic framework in the first place since achievable defence objectives must take account of a nation's economic realities (see recommendation NG2). As a matter of policy, procurement plans should be integral to overall defence budget planning. The costs of all military procurement should be included in the budget, but costs of expensive equipment should be spread over several annual budgets to avoid undue distortion of the macroeconomic environment. The full life-cycle costs of major equipment should be determined at the time of purchase to avoid incurring unbudgeted additional costs when maintenance costs are eventually added.

Transparency is a fundamental principle that should guide the processes of developing the defence policy and the defence plan. Transparency should not be promoted solely through the involvement of stakeholders in the processes; the policy should also be made readily accessible to the general public through various means, including the Internet and public awareness programmes.

Recommendation NG2. Be clear about the choices to be made

Having a defence policy means being clear about the choices to be made; good policy is about making the right decisions. As indicated in recommendation NG1, these decisions must be rooted in wide public dialogue and consensus. For all the talk about the links between security and development, these priorities are often in competition in the budgetary process. For many aid donors, balancing security and development continues to imply shifting resources from the former to the latter. Conversely, governments, concerned about security and their own survival—and about alienating powerful military establishments—have tended to advocate higher expenditure on security. Military expenditure is thus a significant topic for donors as well as governments and citizens.

A trade-off between security and development is essential in real life because it is far from certain that African countries have the resources for both. Critical choices thus need to be made, including determining the best way of synthesizing the two objectives in resource-constrained conditions. These choices need to be as transparent as possible. An increasingly popular response to this dilemma is to involve the military in development-related missions. One potential effect of this is to further distort the budgetary process. In addition, responses of this kind point more broadly to a lack of clarity about the role of the traditional security institutions in providing 'human security'. There needs

to be a debate as to whether the military best contributes to poverty alleviation by involving itself directly in development—as is currently the case under the poverty reduction strategies of many African countries; by providing security (in the traditional sense) effectively and accountably; or through some meaningful and sustainable combination of the two.

Defence reviews can provide an appropriate context for addressing these issues and building consensus, but they should not be seen as a magic wand that can dispel all doubts. Uganda's defence review has not eliminated the disagreements between the government and donors over what constitutes an 'appropriate' level of military spending. In Sierra Leone a scrupulously managed defence review has been completed, but the absence of the resources required to back up its findings and recommendations impedes their implementation. In other words, 'good' policy as recommended above is the beginning, not the end of the process. More to the point, to the extent that it actually integrates security and development, a well-formulated policy can highlight resource constraints, at least in the short term.

Recommendation NG3. Institutionalize the process

In order to develop a defence policy there is a need for a functional institution, with effective processes, that will both deliver and maintain the policy. Thus, the defence ministry, as the main ministry in charge of defence policy formulation, should be strengthened in order to function effectively.

The starting point for this is to have in place relevant legislation to guide the defence ministry's activities. Existing rules and regulations should be reviewed to ensure that they are in line with what is expected of the ministry. The ministry should be properly staffed with qualified personnel who have adequate understanding of the military, especially at the senior management level. However, beyond simply strengthening the institutional structure of the defence ministry, there should be a requirement for strict adherence to the rules and regulations that guide the ministry's activities generally and military budgeting in particular. The degree of adherence to such rules is a major indicator of the extent of institutionalization of the budgetary process. In addition, the political authorities should give the ministry support—including the cooperation of other relevant ministries—to allow it to assert its authority over the process. This presupposes a wider reform encompassing all government ministries and agencies and other major actors in the national budgetary processes. It is only when such an enabling environment has been provided that a proper, all-encompassing policy can be articulated.

Recommendation NG4. Strengthen oversight institutions

Oversight institutions, such as the parliament, the auditor-general's office and the finance ministry, require enhanced capacities to allow them to function at the highest levels in the discharge of their oversight functions.

The parliament needs a well-staffed research unit that will support its defence committee when dealing with the executive on military matters and that will enable it to raise fundamental issues concerning the management of the defence forces. The public accounts committee, of which the defence committee acts as a sub-committee, should be strengthened by enhancing its capacity to perform its functions in the overall national budgetary process. Since the public accounts committee is responsible for reviewing the budget estimates submitted by the executive, it is central to ensuring the wise allocation of resources.

Similarly, the auditor-general's office needs more and better-qualified staff in order to perform its function as government watchdog efficiently, especially in providing timely reports. In addition, there is a need for explicit legislation on the way in which the auditor-general is appointed and dismissed in order to make the office holder immune to any political repercussions of the official audit report. The finance ministry also needs strengthening, both by recruiting qualified personnel to carry out an effective assessment of the military budget during budget hearings and through a general restructuring to enhance the role of professional staff. The latter reform should replace the present system in which support staff dominate, but it should take into consideration the next recommendation.

Recommendation NG5. Make the process simple, with a single controlling agency

Since a major problem in a number of African states is the lack of personnel qualified to handle the tasks of the budgetary process, it is important that the process itself be simplified in order to meet local needs and to stay within the limits of local capacity. This should be done without undermining the main principles: transparency, accountability, discipline and honesty.

A major problem of the planning, programming and budgeting system adopted as part of the analytical framework for this study is the potentially complex nature of its management. The USA developed its planning, programming and budgeting system in the 1960s in response to the specific problems of coordination and waste within the armed services. Since then, it has undergone several modifications to reach its current state. African countries will also need to modify the system described in chapter 2 to suit their local conditions, especially in the areas of perceived weakness. South Africa offers a ready example here, but even this model can be modified to suit specific local conditions, as long as the principles of transparency, accountability, discipline and honesty are not sacrificed in the process.

As part of the effort to make the budgetary process as simple as possible, a central coordinating agency should take responsibility for the process, replacing the current multiplicity of agencies. Experience has shown that, when multiple agencies are involved, overlap and duplication of effort result, causing delays and complicating the process. Conversely, establishing one agency with authority over the whole process will go a long way towards making the process less complex.

Recommendation NG6. Introduce a more comprehensive regulatory framework

Laws guiding the budgetary process should be reviewed, updated or changed entirely, in order to meet modern standards of practice. Budgetary reform in the military sector should take place in the context of an updated, broader national public finance management act that will provide the context for change in all sectors. The availability of a comprehensive regulatory framework is, however, not sufficient as that alone cannot guarantee a good system. It must be followed up with enforcement so that those operating the system comply with both the letter and the spirit of the legislation, and offenders are prosecuted (see recommendation NG9).

Recommendation NG7. Repeal secrecy laws and pass confidentiality legislation

To guarantee transparency and accountability and to encourage public participation in the process, all secrecy laws should be repealed and replaced by legislation guaranteeing the access of citizens to information held by the state. This will ensure that secrecy legislation cannot be used to protect state officials by covering up their misdeeds. Moreover, the new legislation will ensure that the principle of transparency is an integral part of the simplification and indigenization of the military budgetary process (recommendation NG5).

However, in view of the genuine need for confidentiality in certain aspects of defence, there is a requirement for legislation that regulates access to confidential information by certain categories of people or those who are expected to exercise oversight. Confidentiality should not preclude accountability. Instead, the legislation should specify the type of clearance needed for those whose job it is to exercise oversight of the military sector, such as parliamentarians, auditors and so on.

Recommendation NG8. Allow wider participation by civil society

There is need for a wider participation by civil society in the process of defence policy formation in order to form a more representative policy. The partici-

pation of civil society organizations in formulating the first South African policy guidelines and the policy review process is a good example to emulate.

The more people from outside government are given the opportunity to contribute to policy formulation or review, the more legitimacy will be conferred on both the process and the resulting policy. Moreover, an inclusive process will eliminate, or reduce to a minimum, the general public's common suspicion of military activities generally and of military spending in particular. Civil society organizations' limited knowledge of the security sector is a problem in this regard. However, several such organizations recognize this deficiency and are increasing their capacity in the area; limited knowledge of the military sector can be overcome once the broad issues involved are public knowledge.

Recommendation NG9. Demonstrate strong political commitment to institution building

There is a need for a strong commitment from the highest political authorities to allowing the budgetary process to function optimally, with strong, explicit leadership. In addition to a coordination role, this requires an insistence from the top that policy be followed. This study shows that this commitment is something that South Africa appears to have but that other African countries lack. It not only allows the process to mature but also ensures that rules guiding the process are adhered to and that no one is immune from prosecution when laws are broken. Such a commitment requires discipline from the leadership, robust checks and balances, and a belief that only a well-functioning process will deliver the desired outcomes.

The countries whose leaders themselves subvert the law, and fail to prosecute corrupt public officials because of their political connections, have weak and dysfunctional budgetary processes that cannot achieve the result they were set up to deliver. Therefore, strong commitment to the process by every segment of the political leadership, in the executive and the legislature, is needed in order to institutionalize the process by which planned objectives can be obtained. The legislature in particular needs to act promptly on the report of the auditor-general so that those accused can be prosecuted according to the law.

Recommendation NG10. Take ownership of the process

The budgeting systems across Africa are changing and this is mainly a result of the influence of aid donors. The introduction of a medium-term expenditure framework in many countries is donor-inspired. While this new approach to budgeting is gaining widespread acceptance among the governments of Africa, its adoption is due more to the insistence of donors, who constitute a significant force in the budgetary processes across Africa. Yet, without a strong commitment to the process by the countries themselves, very little can be achieved. It is

therefore important that each country designs a new system to suit its local conditions.

Ownership of the military budgetary process is best guaranteed when the country participates in the design of the system or is convinced that the system represents the best way to achieve set goals. In the present circumstances, the good practice framework adopted for this study, with its emphasis on long-term planning, should be seen as one of several available options. However, it is important to note that long-term planning is a necessity if the armed forces are to be adequately maintained without damaging the economy of the state.

Recommendation NG11. Adopt a sub-regional approach to military issues, including budgeting

In localizing the process of budgeting, there is a need to develop a sub-regional policy so that neighbouring countries take a common approach to budgeting. This has advantages for cost, policy and security in the sub-region.

Given that many sub-regional organizations are already encouraging the development of common defence and security policies as a way out of the perennial security problems in Africa, a common approach to military budgeting will facilitate this process and increase mutual trust—the hallmark of peaceful coexistence in any region. Such an approach will also help to drastically reduce (external) defence budgets, as adoption of a common policy and approach will diminish perceived threats from immediate neighbours.

Transparency and mutual trust are emphasized as major objectives of the African Union’s Common African Defence and Security Policy. A sub-regional approach to budgeting will greatly facilitate the achievement of these objectives.

Recommendation NG12. Consider contexts

A narrow focus on budgetary issues and processes that does not acknowledge the wider constraints associated with the specific contexts of African countries should be avoided. Security sector reform has often taken a highly prescriptive, technocratic direction and has in general been agnostic—if not naive—about the historical context and, in particular, underlying issues of power. While the different situations in the countries studied here must be taken into account, their commonalities are at least as pertinent: fragile transitions from authoritarianism; the precarious condition of both state and public security; the weakness of the institutions for managing and overseeing the security sector; significant resource constraints in the security sector; and the reality that military and security establishments retain much formal and informal power—albeit less than in the past—and a corresponding ability to derail democratic transitions. (Many of these characteristics do not apply to South Africa, however.) Typically, these countries also suffer to various degrees from post-authoritarian

dilemmas: their governments' uncertain legitimacy and the need to contain perceived threats to public order may force democratically elected governments into greater dependence upon their security establishments. In such contexts, reforms, although critical, are nevertheless fraught with political risks and are never straightforward.

Recognizing issues of context and power potentially transforms the way in which issues and processes are viewed, particularly in terms of what constitutes 'rational' and 'irrational' behaviour. For instance, defence reviews and policy frameworks carry both advantages and disadvantages in a resource-constrained context. Reform costs money, which most of these governments have no prospect of raising in the foreseeable future. Thus, governments have to balance the potential benefits of a defence review with the potentially damaging admission that the resources for ensuring security—and for managing security institutions properly—do not exist and may not be available for the foreseeable future. From this point of view, failing to establish a policy framework is a rational response, allowing governments to constantly manipulate their limited options. The alternative approach does not offer easy solutions: realigning security structures and finding the necessary resources require painful and politically challenging decisions and considerable political will.

The price for a political settlement with the military usually includes concessions on the budget and establishing and respecting an appropriate sphere of professional autonomy. This goes beyond 'bribing' the military since it is widely accepted that refocusing the military from internal to external missions is essential for promoting professionalism and civil control. Similarly, some incentives may be required to persuade the military to support greater transparency in the military budget, although resistance to transparency has come as often from civilian as from military officials. As long as it is not seen as a device for marginalizing the military, 'human security' should form a key component of the settlement both as a framework for organizing wide-ranging dialogue among diverse stakeholders and as a means for dislodging oppressive doctrines and encouraging new, more democratic understandings of security.

III. Recommendations to the international community

Recommendation IC1. Factor in the highly political nature of strengthening democratic security sector governance

In common with other components of improving democratic security sector governance, strengthening the military budgetary process cannot be addressed solely by technical measures (see recommendations NG2 and NG12). Rather, it is essential to understand critical political relationships among key actors, how and why decisions are made, and the incentives and disincentives for change. External actors need to develop strategies for supporting reformers and minimizing the impact of spoilers. They also need to look beyond formal legislation

and organizational structures to develop a picture of how local institutions actually function.

Recommendation IC2. Ground support aimed at strengthening the military budgetary process in the principle of local ownership of reform processes

While the principle of national ownership is well recognized in the development arena, it is often not applied effectively in practice (see recommendation NG10). In addition, strengthening the military budgetary process involves security actors as well as development actors, and security actors tend to be less well versed in the importance of national ownership. Whereas local ownership requires a facilitative approach aimed at helping countries identify needs and develop their own strategies for meeting them, all too often external actors are highly prescriptive.

Local ownership may be difficult to achieve in military budgeting because of the significant weaknesses in human and institutional capacity with regard to security issues and public expenditure management in many developing and transition societies. Problems often arise when international actors fail to differentiate between responsibility and capacity. Local actors own a process when they have the responsibility for decisions concerning objectives, policies, strategies, programme design and implementation modalities. If capacity is weak, it can and should be built up and, in the short term, it can be supplemented in various ways. Governments can obtain technical assistance, preferably from specialists in local or regional security or public expenditure management.

Weak capacity should not become an excuse for members of the international community to continue to exert control over the activities that they support. However, countries that are frequently heavily dependent on external funding are often not in a strong position to drive processes, since they may think that by taking control they will jeopardize the delivery of assistance. In addition, concerns about local capacity can affect the willingness of local stakeholders to assume full responsibility for reform processes.

Recommendation IC3. Let the pace of locally owned reform processes be shaped by conditions in the reforming country

Strengthening the military budgetary process is a subset of institutional reform, and as such requires a decade or more to consolidate. It must reflect not only human and institutional capacity but also the pace of social and political change in the country in question, rather than arbitrary timetables established by the international community or by funding decisions. This is particularly important for countries affected by conflict, whose political and economic relations have been shaped by wartime conditions and may require substantial time to overcome these distortions.

The weaker the state, the longer the reform process is likely to take. It is extremely important, however, that external actors make the necessary investment. There is increasing evidence that consultative processes that build consensus on both the need for change and the direction and nature of that change are critical for the success of reform efforts. For these to succeed, stakeholders must be allowed adequate time to reach consensus.

While complete consensus on the desirability and direction of a reform process is unlikely, key stakeholders in government, the security bodies, and civil and political society need to support reform if significant changes are to occur. External actors can help to create a conducive environment by making the military budgetary process a regular component of policy dialogue in order to identify entry points for reform (see recommendation IC4 for an example of such an entry point). They can ensure that, where relevant, the military sector is included in work on the public sector and public expenditure management. They can identify and support agents for change within the government and the security bodies and can support efforts to neutralize potential spoilers. They can also help civil society develop its capacity to analyse problems in the current military budgetary process and demand change, as well as provide support for reform. Finally, external actors should explore how they can create incentives for key stakeholders to support efforts to strengthen their capacity to formulate and execute military budgets in line with good international practice.

External stakeholders need to approach such efforts with patience and an ability to facilitate politically sensitive discussions. Unless key stakeholders agree on the way forward, it does not make sense to initiate significant work in the military sector. Rather, external actors should concentrate on developing a reform-friendly environment, through activities such as policy dialogue, support to civil society and capacity building for reformers. Even where there is a high degree of consensus on the way forward, implementation may proceed slowly and the possibility of backsliding cannot be excluded. External actors should neither become complacent themselves when reform processes appear to be moving forward nor allow local stakeholders to become complacent. It is important to avoid the common mistake of assuming that good policy will in and of itself produce satisfactory outcomes and overlooking the need for sound policy implementation.

Recommendation IC4. Donors should exploit a good entry point: deviation from budgets

Aid donors can introduce the subject of military expenditure into their dialogue with a recipient country by pointing out the extent of deviation of actual expenditure from the approved military budget. All the countries that belong to the ‘low adherence’ category identified in chapter 11 have huge gaps between their approved and actual military expenditure.

Donors need to explain to countries why the military sector should not be treated any differently from other sectors of government. They should also demonstrate the destabilizing effect that overspending in the sector can have on the whole budgetary system, especially at the implementation stage and, critically, in service delivery. When overspending in the military sector damages the whole system of government and diminishes or eliminates the gains expected from donor assistance through budget support, donors should take this up as an issue with the recipient country. Doing so need not amount to setting reduced spending in the sector as a condition for aid; rather, it serves as an opportunity to ask the recipient country to explain the rationale for such high military spending. It may be a good starting point for the encouragement of reform of the sector through policy development or, where a policy already exists, through review. When this influence is exerted in a constructive way, rather than insisting on a reduction in spending without knowing the justification for increased military expenditure in the first place, the recipient country is likely to buy into the idea of reform of the sector through policy review. This will ultimately rein in overspending in the sector.

Recommendation IC5. Encourage partner governments to situate efforts to strengthen the military budgetary process in a comprehensive framework for the security sector

While no reform process can be expected to encompass all of the many actors and activities that constitute the security sector, decisions about priority needs and resource allocation should be made following a sector-wide review of a country's security environment and its broad democratic security sector governance needs (see recommendation NG1). Effecting sustainable change in the security sector will almost always require a focus on one constituent element at a time: defence, public security, justice or intelligence. Within that element, there may be a focus on a specific component or process: for example, the capacity of relevant legislative committees, the courts, the military budgeting system, and so on. However, as the studies in this volume show, in the absence of sector-wide assessments of security needs and governance deficits it will be difficult to identify priorities or to determine how best to prioritize reform efforts.

Although experience is currently limited, evidence suggests that external actors can help reforming governments understand the components of security sector reform and how these fit together. There are two assessment mechanisms that may be useful in this process. The first is the strategic security review which has been pioneered by the United Kingdom in Uganda and Sierra Leone. Regrettably, no formal methodology yet exists and neither experience had been reviewed at the time of writing. The second is the Netherlands' security sector governance assessment framework, although this had not yet been field-tested at the time of writing.

External actors must bear in mind that, while it is important to have ambitious long-term objectives, it is also important to be realistic about implementation capacity. In particular, it is important to develop process-oriented benchmarks to measure progress that reflect the realities of political, human and institutional capacity on a country-by-country basis. Such benchmarks will not only assure external partners that progress is being recorded; they can also help local stakeholders avoid being overwhelmed by the enormity of the reform agenda.