



AFRICA CENTER
FOR STRATEGIC STUDIES

Session 3: Budgeting and Procurement Processes and Practices

Dr. Raymond Gilpin

Approaches to Security Sector Budgeting

- Incremental Budgeting
- Zero Based Budgeting
- Planning, Programming and Budgeting Systems (PPBS)
- Medium Term Expenditure Frameworks (MTEF)

The Budget Cycle and the Security Sector

Budget Cycle Phase	International Practice	Defense Treated Differently?
Budget Planning and Formulation	Sector strategies are developed based on expenditure estimates, sectoral competition and budget office scrutiny, with the option for contingency funds.	Secrecy can lead to different assessment and formulation practices, and practice can diverge significantly from annual strategy.
Legislative Scrutiny	All items are subjected to equal and detailed scrutiny that allow the legislature to check the executive.	Secrecy constrains scrutiny, especially in insecure or repressive countries.
Budget Execution	Funds are released according to appropriations with clear rules for shortfalls.	Budget execution sometimes obeys specific procedure, as for global grants, escrow accounts, incomplete reporting.
Monitoring and Reporting	Expenditures are reported to accounting office, legislature including annual financial and operational reports.	Expenditure reporting and financial reports are not different for Defense, but operational reports are affected by the need for secrecy.
External Audit	All expenditures are subject to external audit, executed or directed by the legislature.	Audits may be closed or weakened as a result of the need for secrecy, but in some cases are replaced by strong internal audits.

Securing Development, World Bank Group, 2017, P. 10

Principles of Sound Budgeting in the Security Sector

- **Contestability:** All departments must be able to compete and justify requests.
- **Comprehensiveness:** All spending must be included.
- **Predictability:** All participants should understand a dependable framework
- **Integrity:** Budget projections should be unbiased and reflect true prices/variables
- **Flexibility:** Planners and practitioners should be able to respond to a dynamic environment

What Are PER?

Definition:

Public Expenditure Reviews (PER) are analytical instruments that examine government resource allocations within and among sectors, assessing the equity, efficiency, and effectiveness of those allocations in the context of a country's macroeconomic framework and sectoral priorities.

Securing Development, World Bank Group, 2017, P. 7

Rationales for PER

- Fiscal Stability and Affordability
- Allocative Efficiency
- Operational Efficiency and Effectiveness
- Fiscal Transparency and Accountability
- Reporting on External Assistance

Securing Development, World Bank Group, 2017, P. 11-12

Grades: Resource Allocation

	Budget Transparency	Budget Scrutiny	Parliamentary Participation	Overall Grade
Angola	-	-	-	No Data
Botswana	1	1	2	E
Comoros	1	1	1	E
Lesotho	-	-	-	No Data
Madagascar	1	1	1	E
Malawi	0	2	1	E
Mozambique	1	1	1	E
Namibia	2	2	2	D
Seychelles	-	-	-	No Data
South Africa	3	3	2	D
Swaziland	0	0	0	E
Zambia	0	1	1	E

*Numerical Scores out of 4 possible points, where 4 is strong

** Grades A-F, including E

Source: Transparency International Defense Index

Examples: Resource Allocation

- Uganda: Expenditure for fighter jets (\$740 million) not included in budget
 - www.defensweb.co.za (May 2011)
- Angola: Significant increase in security sector budget
 - www.afrika.no (January 2013)
- Africa: “Resource Allocation and Military Budgetary Politics in Sub-Saharan Africa” by Andrew Dowdle (May 2010)

Grades: Resource Utilization

	Procurement Transparency	Purchase Disclosure	Ghost Soldiers	Sanctions for Corruption
Angola	-	-	-	No Data
Botswana	2	0	1	2
Comoros	0	0	1	2
Lesotho	-	-	-	No Data
Madagascar	0	0	2	2
Malawi	2	0	2	2
Mozambique	1	1	2	2
Namibia	2	0	3	2
Seychelles	-	-	-	No Data
South Africa	2	1	2	2
Swaziland	0	0	2	2
Zambia	1	0	2	2

*Numerical Scores out of 4 possible points, where 4 is strong

Source: Transparency International Defense Index,

Examples: Resource Utilization

- Nigeria: Spending on counter-insurgency Joint Task Force 10 times greater than budget.
 - www.nigerianpilot.com (June 2013)
- South Africa: Corruption in defense sector gets greater attention
 - www.issafrica.org (February 2013)
- Swaziland: Secret arms deal causes concern
 - www.african-defense.com (March 2013)

Grades: Resource Monitoring

	Anti-Corruption Institutions	Oversight Mechanism	Information Classification	Prosecution Transparency
Angola	-	-	-	No Data
Botswana	1	0	2	2
Comoros	2	0	0	2
Lesotho	-	-	-	No Data
Madagascar	1	0	0	2
Malawi	2	1	2	0
Mozambique	1	1	2	1
Namibia	2	0	2	1
Seychelles	-	-	-	No Data
South Africa	2	2	2	2
Swaziland	1	0	0	0
Zambia	1	1	2	1

*Numerical Scores out of 4 possible points, where 4 is strong

Source: Transparency International Defense Index

Examples: Resource Monitoring

- Ghana: Defense committee in parliament inactive and ill equipped
 - Africa Center Security Brief (January 2012)
- Kenya: Weak Performance of public auditors in tracking defense spending
 - www.allafrica.com (March 2013)
- Tanzania: Separate parliamentary defense committee only established in 2013
 - www.allafrica-com (April 2013)

Some Challenges

- Domestic path dependency
- Contested legitimacy of the state
- Secrecy and national security
- High costs of whistle-blowing
- Difficulties with external actors
- Robust institutions take time to establish

Questions?



**AFRICA CENTER
FOR STRATEGIC STUDIES**

AfricaCenter.org