

Military and intelligence budgets

A guide to best practice in transparency, accountability
and civic engagement across the public sector

The Transparency and Accountability Initiative is a donor collaborative that includes the Ford Foundation, Hivos, the International Budget Partnership, the Omidyar Network, the Open Society Foundations, the Revenue Watch Institute, the United Kingdom Department for International Development (DFID) and the William and Flora Hewlett Foundation.

The collaborative aims to expand the impact, scale and coordination of funding and activity in the transparency and accountability field, as well as explore applications of this work in new areas.

The views expressed in the illustrative commitments are attributable to contributing experts and not to the Transparency and Accountability Initiative. The Transparency and Accountability Initiative members do not officially endorse the open government recommendations mentioned in this publication.

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National governments expend from 2 to 8 percent of gross domestic product (GDP) and 2 to 30 percent of central government expenditure (CGE) on the military sector – with the global average hovering at 11 percent of CGE since 2002.¹ The IMF has found that higher levels of military spending (as a percentage of GDP or CGE) correlate positively with corruption, and higher levels of weapons procurement correlate most markedly with corruption.²

Access to reliable and relevant data on military expenditure can not only help expose and deter corruption, but also allows scholars and the public to assess and seek to influence a government's priorities and track changes in the relative level

of military expenditure over time, which may indicate how a particular state views its security threats. For instance, rapid increases in military expenditure over a short period of time may be a warning sign of imminent internal or external conflict.

During the Cold War, governments on both sides accommodated some transparency in military spending without apparently compromising their security. Since the end of the East-West divide, the international community has sought to increase openness in the security sector in all regions of the globe in order to build internal and international trust. Even in the area of intelligence budgeting, the part of the security sector that remains most firmly in the dark, several governments have increased openness in recent years without any harm to their national security as a result.

Initial steps

Goal

Governments make accurate information about military spending publicly available in a reasonably detailed and disaggregated form.³

Justification

The more detailed the information made available to the public, the more protection there is against misuse of funds and the greater is the potential for building trust within and across borders.

Recommendations

1. Governments annually publish military budgets, including a breakdown of figures for personnel (disaggregated), procurement, research and development (if applicable), construction, and operations. Information should be included about off-budget expenditure and revenue sources for the military (e.g., industries or natural resource concessions under the control of the armed forces) and foreign assistance flowing directly to defense/security budget lines.

2. Governments specify whether paramilitary forces exist and, if so, whether they are included in the military budget.
3. Governments submit reasonably detailed data to the United Nations via the Standardized Instrument for Reporting Military Expenditures (MilEx).⁴

Country examples

The great majority of the world's countries provide some basic data on military expenditure, in many cases over the Internet as well as in printed official documents.⁵ But comprehensiveness, accuracy, detail and accessibility are lacking for most. UN member states agreed to begin submitting data on their military expenditure to the United Nations in 1981. In 2009 and 2010, 20 countries submitted information via a simplified form—including Armenia, Cambodia, El Salvador, Indonesia, Israel, and Lebanon, and another 40 provided data using a more detailed form, including Burkina Faso, Colombia, and Nepal.

¹ World Bank, World Development Indicators, <http://data.worldbank.org/indicator/MS.MIL.XPND.ZS> (based on SIPRI Milex data).

² Gupta, Sanjeev et al., "Corruption and Military Spending," IMF, Fiscal Affairs Department, February 2000, p. 16.

³ The definition of what is included in "military expenditure" varies. The most widely utilized data source for global military expenditure is from Stockholm International Peace Research Institute (SIPRI). SIPRI's definition includes all current and capital expenditure on: the armed forces, including peacekeeping forces; defence ministries and other government agencies engaged in defence projects; paramilitary forces when judged to be trained, equipped and available for military operations; and military space activities – to include the costs of personnel (military and civil) including retirement pensions and social services for personnel and their families; operations and maintenance; procurement; military-related research and development; military construction;

and military aid (in the military expenditures of the donor country). http://www.sipri.org/research/armaments/milex/resultoutput/sources_methods/definitions

⁴ The United Nations provides two sample forms for the submission of data, one simplified and one more detailed and disaggregated. States should fill out the more detailed form. The UN Office for Disarmament Affairs publishes information received a website: <http://www.un.org/disarmament/convarms/Milex/html/MilexIndex.shtml>

⁵ Only nine countries (Cuba, Equatorial Guinea, Eritrea, Guyana, Myanmar, North Korea, Somalia, Turkmenistan, and Uzbekistan) have not released basic military expenditure data in recent years. http://www.sipri.org/research/armaments/milex/researchissues/measuring_milex

More substantial steps

Goal

Transparency, accountability, and oversight procedures that permit citizen engagement in all stages of military budgeting, spending, procurement, and auditing.

Justification

A more open military budgeting process allows for democratic participation and provides further protection against misappropriation of funds (corruption) or the misdirection of security forces for political or personal interests.

Recommendations

1. Governments publish a detailed legislative proposal for the coming year's military budget with sufficient lead time to permit open debate and amendment before the budget is finalized.
2. Governments publish all contracts for procurement of military or other equipment over a reasonable threshold (threshold will vary depending on the government's level of military expenditure). In order to minimize corruption relating to military procurement, governments should maintain a national, publicly accessible database of all major procurement contracts.⁶
3. Military spending is subject to an annual independent audit, including all sources of revenue. The audit report should be published and locally accessible.
4. Submit information on weapons holdings and transfers to the United Nations Register on Conventional Arms.

Country examples

The UK National Audit Office provides a model information portal on oversight of MOD budgeting, including clear and concise descriptions of the content of various audits and reports.⁷ India also has a comprehensive military auditing system.⁸ The UN created a register of conventional weapons holdings and trade in 1991, following the Gulf War. The UN "Transparency in Armaments" initiative invites states to provide data annually on the preceding year's military holdings, procurement through national production, and arms transfers in an effort to encourage restraint in the production or transfer of arms and to help identify excessive or destabilizing accumulations of weapons. Although participation has flagged somewhat in recent years, since its inception, 173 states have submitted reports to the UN Register on one or more occasions.⁹

⁶ See, for example, <http://www.USAspending.gov> and <http://www.defense.gov/contracts/>

⁷ http://www.nao.org.uk/publications/1011/mod_performance_2009-10.aspx

⁸ <http://cgda.nic.in/index.html>

⁹ http://www.un.org/disarmament/convarms/Register/DOCS/2010-11-01_RegisterFactSheet.pdf

Most ambitious steps

Goal

Governments disclose a top-line figure for intelligence spending, as well as information about component intelligence agency budget lines, and establish parliamentary and external oversight bodies to ensure the integrity of expenditures and operations.

Justification

The secretive nature of the work of intelligence services, their recourse to special powers, and their operation at the margins of the law have resulted in most governments shrouding this area of public expenditure in complete secrecy. In the past decade, as global concerns about terrorism have grown, intelligence services have been endowed with ever greater powers of collection and freedom of operation, and they now consume a larger share of public funds. These trends have generated renewed awareness about the need for effective oversight structures – both to ensure that intelligence services conduct their work in compliance with the rule of law and international human rights standards and to protect against corruption concerning this highly secretive and unaccountable sector. Increased budget transparency and the establishment of independent oversight bodies are necessary to provide basic public accountability.

Recommendations

1. Governments publish their overall budget for intelligence, with disaggregated budget lines for different intelligence component agencies or services and/or selected functional activities (e.g., collection, analysis, covert action).
2. Governments create some form of select oversight body and process (executive, legislative, and/or judicial) that monitors the detailed budget and operations of the intelligence agencies.
3. Governments establish an independent oversight body with the powers needed to review effectively the raw intelligence and assess, in some manner, the outputs in order to help ensure against misuse or politicization of the information.

Country examples

In recent years, governments of the UK, Canada, and the Netherlands have published their overall intelligence spending levels, with no apparent or claimed negative security consequences.¹⁰ The Dutch Government furthermore publishes the amount spent on “confidential expenditures” and also notes the percentage of the budget devoted to staff expenses, user allowance, and operational management and task funds.¹¹ In 2007, the US began reporting the aggregated national intelligence budget figure for the preceding fiscal year,¹² and in October 2010 the Secretary of Defense disclosed the size of the military intelligence program budget for the first time.¹³ In February 2011, the US Office of the Director of National Intelligence announced that the US Government was requesting \$55 billion in national intelligence budget for fiscal year 2012, marking the first time that the top-line figure has been released publicly before Congress has acted to appropriate the funds.¹⁴ In South Africa, the National Assembly’s Joint Standing Committee on Intelligence oversees the budgets and operations of all intelligence agencies. In the US, a Select Committee on Intelligence in each the House and the Senate set the budget levels and oversee policy behind closed doors.

¹⁰ See Federation of American Scientists, Secrecy and Government Project, website at <http://www.fas.org/irp/budget>. Also “Annual Report 2008-2009, Intelligence and security Committee,” chairman Rt. Hon. Dr. Kim Howells, MP, pp. 4-6

¹¹ General Intelligence and Security Service, Ministry of the Interior and Kingdom Relations [NL], Annual Report 2009, p. 61.

¹² As required by Public Law 110-53, since 2007 the US Director of National Intelligence discloses the aggregate amount of funds appropriated by Congress for and expended by the National Intelligence Program for the preceding fiscal year within 30 days after the end of the fiscal year. The NIP budget includes only the amount that is not devoted purely to military operations. For fiscal year 2010 that figure was \$52.1 billion.

¹³ Ken Dilanian, “Overall U.S. intelligence budget tops \$80 billion,” Los Angeles Times, October 28, 2010.

¹⁴ Brian Clappitt, “U.S. Intelligence Budget Request Revealed,” Harvard National Security Journal blog, Feb 23, 2011, <http://harvardnsj.com/2011/02/intelligence-budget-request-revealed/>

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