

Transparency of Defence Management

Edited by David Greenwood

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TRANSPARENCY MATTERS

Several previous issues of *Information and Security* have carried material directly or indirectly relating to transparency in the conduct of defence and wider security-sector affairs. For example, Volume 5 (2000) contained a lead article on his country's military reform agenda by Guest Editor Velizar Shalamanov, then Deputy Defence Minister of the Republic of Bulgaria. Among other things this piece incorporated a strong endorsement of the importance of *domestic* transparency. In pursuing the reform agenda, Dr Shalamanov wrote, 'we give priority to the improvement of the system of democratic control of armed forces and the security sector as a whole' through, among other things, promoting transparency and accountability. In the same issue, a contribution by Kate Starkey and Andri van Mens noted the growing South-East European interest in *international* transparency – with particular reference to defence budgets – and clearly stated the confidence- and security-building rationale for regional information-sharing.

Since these pieces appeared, interest in the topic has grown steadily – across the Balkans, and especially in Bulgaria – to the extent that it is now appropriate to devote an entire volume to the subject. *Information & Security* invited David Greenwood, Research Director of the Centre for European Security Studies (CESS) – located at Groningen in The Netherlands – to edit this issue. This was a natural selection. In recent years few people have been more energetic in aiding the cause of defence budget transparency among and within the countries of South-Eastern Europe, and few people are more knowledgeable about the subject generally, about what has been accomplished, and about what remains to be done. Most notably, David Greenwood has been one of the godfathers of the Initiative on the Transparency of Military Budgets in South-Eastern Europe – the Budget Transparency Initiative (BTI), for short – that was launched in 2000/2001 under the aegis of the Stability Pact for the region; and in 2002 he was Project Director (and Principal Investigator) of an independent inquiry into arrangements for defence transparency and accountability in the eight so-called 'beneficiary' states of the Stability Pact.

The lead article in this number – written by the Guest Editor himself – is based on the research done for that 2002 investigation. In fact it is a revised version of one of the concluding chapters of his report on the exercise – *Transparency and Accountability in the Conduct of Defence Affairs: Policy and Practice in South-Eastern Europe* – completed at the beginning of 2003 and scheduled for publication, after updating, in the second half of the year. The piece here summarises the project's transparency 'audit' of arrangements in the region. There are some general observations on these, a long section on 'good practice' in the neighbourhood, and a discussion of the problems of ranking or categorising the countries covered in terms of their information-disclosure policies, procedures and

publications. In this connection the CESS study opts for a 'rating' system – not unlike that used by credit risk organisations – to classify the eight nations. Not surprisingly, Bulgaria and Romania earn the highest ratings. This is attributed in part to the fact that since 1999 they have been following the Membership Action Plan (MAP) process of monitored preparation for NATO (and, of course, at the Prague Summit in November 2002 duly received invitations to accede). The 'best of the rest' are the regional candidates for NATO's third wave of post-Cold War enlargement, viz. Albania, Croatia and Macedonia. The troubled states of the old Yugoslavia – Bosnia and Herzegovina, Serbia and Montenegro – come lower in the transparency league table. Moldova sits in bottom place.

There follows an essay on the situation in Turkey, by one of that country's leading civil-military relations specialists. Professor Nilufer Narli's article is not a comprehensive 'audit' of Turkish policy and practice but rather an examination of the factors that explain why there has been some pressure for greater defence transparency in Ankara as there has in other South-East European capitals in the past few years. She identifies and analyses the international, regional, and national (domestic) influences that have been at work, while emphasising that the special position that the military occupy in Turkish politics means that promoting transparency there is a daunting struggle.

The other articles in the 'Policy' part of the journal are both about Bulgaria. The theme of Professor Tilcho Ivanov's piece is that transparency-building here is still very much work-in-progress. He would presumably dispute the high rating that the country gets in David Greenwood's audit exercise. What clearly distresses Professor Ivanov is the failure of the powers-that-be in Sofia to take on board the lessons of contemporary thinking on public administration, organisational communication theory and management science (for which he has interesting citations). This is a legitimate academic critique, but probably does less than justice to the accomplishments of the dedicated professionals who have been working very hard of late to improve policy-making, planning, programming and budgeting in the country.

One such individual is Bisserka Boudinova, who has written a candid insider's account of the recent work on an ambitious Integrated Defence Resources Management System that has been undertaken by the Directorate of Defence Policy and Planning at the Bulgarian Ministry of Defence (with input by consultants from the United States and advisers from the United Kingdom and elsewhere). This system is now up and running, but not without its problems. Bisserka Boudinova identifies these and presents ideas for solutions. (These prescriptions are, of course, her own and do not necessarily represent official policy.)

Turning to international transparency, the important South-East European BTI has been mentioned earlier. Full details of this venture are available now on the BTI website; and there is a short note on this source of information in this copy of *Information and Security*. Among other things the website introduces the first substantial product of this enterprise, namely a (pilot) *Yearbook on South-East European Defence Spending* published in 2002. As the title indicates this is envisaged as an annual compendium, and the 2003 edition is in preparation as this journal goes to press.

The second product planned as part of this enterprise is a survey of South-East European defence budgeting processes. The problem is: how to gather the requisite information for such an overview (and for subsequent analysis)? Fortunately, Dr Todor Tagarev has been applying his mind to this

challenge; and his methodology for comparative assessment of military budgeting systems and practices is the leading article in the ‘Technicalities’ part of this issue. At the heart of this scheme is a carefully-constructed questionnaire designed to elicit the information needed for a comprehensive survey and to aid the identification of good practice. The methodology also involves description of an idealised military budgeting process to serve as a benchmark for appraisal of actual systems.

The other two contributions in this section provide examples of how contemporary information technology may be put at the service of transparency (and transparency-building), thus bringing some balance to the issue: material of interest to the information technology specialists as a counterweight to the earlier articles for which security policy specialists are the principal target audience.

In the first of these articles Juliana Karakaneva and Georgi Pavlov from DARI, the MoD Defence Advanced Research Institute in Sofia, initiate an extensive study on how to apply sound scientific methods and tools in support of decision making in the process of managing defence acquisition projects. Such an application, in itself, shall be cost-effective. Therefore, the authors’ focus is on the procedure and tools used to select appropriate and affordable methods and models for decision support. Not surprisingly, the solution is based on effective implementation of (possibly adapted) commercial-off-the-shelf software tools. According to the authors’ claim, the application of such advanced approach throughout a project life cycle improves the capabilities of decision makers to understand the impact of a particular decision, to generate options and assess alternatives, thus improving decision-making capacity and transparency of the decision making process.

In the final article Pavlov and Aleksandrova present a framework for implementation of electronic online tenders. The resulting software product called “e-Tender” may be implemented in accordance with the purposes of laws on public tenders, facilitating transparency of defence modernisation policy and defence procurement. The policy expert will find in this article intelligent basic description of the information technologies used, while the IT specialist is provided with novel ideas on possible technology contributions to the cause of good democratic governance.

For those, interested to learn more about transparency in managing defence and security, this issue of *Information & Security* presents two recent compendiums on transparency matters. The presented books portray not only theory, but also in-depth studies on the status and recommendations for further development of transparency in the region of Central and South East Europe. Two ongoing projects, described in the final section of the journal, already bring tangible results in increasing the level of transparency in Bulgaria.

This issue brings to the readers attention only one Web site on defence transparency matters – the site of the Stability Pact Budget Transparency Initiative. Additional links in Tagarev’s contribution point to sites with in-depth information on transparency of defence policy, budget management and procurement.

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A SOUTH-EAST EUROPEAN DEFENCE TRANSPARENCY AUDIT

[David GREENWOOD](#)

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Under the terms of an agreement with the Geneva Centre for the Democratic Control of Armed Force (DCAF), the Centre for European Security Studies (CESS) – located at Groningen in The Netherlands – conducted in 2002 an investigation of transparency and accountability in the conduct of defence affairs in the eight South-East European countries that are designated ‘beneficiary’ states under the Stability Pact for the region. This essay draws on that work with the following objectives:

- to present *general observations* about policy and practice in these countries (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Moldova, Romania and the former Federal

Republic of Yugoslavia /FRY/, now Serbia and Montenegro);

- to look at the assembled evidence through the prisms of basic democratic theory and to assess how the states compare in terms of ‘*good practice*’;
- to offer a *categorisation* – or rough-and-ready ranking – of the countries on the basis of (subjective) measures of merit derived from that assessment; and
- to suggest an *explanation* of high (and low) standing in this respect.

It is obviously important to consider what distinguishes those states noteworthy for ‘good practice’ from the rest, not least because this should point to transparency *building* possibilities.

General Observations

Under the first heading, the states have one basic thing in common: a declared commitment to practising democratic accountability and promoting transparency in relation to defence affairs (and all other aspects of governance). Look beyond declaratory policy, though, and it is noteworthy that, while some states practise what their constitutions and communiqués preach, others clearly do not (or did not until relatively recently). Why?

Rhetoric and reality

In several instances the answer would appear to be straightforward *cynicism*. Political leaders realise that it is important to say all the ‘right’ things in solemn statements of national values, but they see no reason to take these too seriously. The business of governments is to govern, and govern effectively. It is neither necessary nor desirable that deference to vaguely expressed obligations to ‘reveal, explain and justify’ what they do (policy) and what they spend (budgets) should get in the way of the efficient exercise of political power. That is undoubtedly how President Voronin and his Party view things in *Moldova*. It is the basis upon which Milosevic – and, for a long time, his successor – ran the ‘old’ FRY, now *Serbia and Montenegro*. It was the sentiment that prevailed in Tudjman’s *Croatia* and seems to have persisted among the contending factions there. It is evident in the day-to-day politics of present-day *Albania*.

Elsewhere it might be more appropriate to speak of *na•vet•*, to capture those cases where even generally astute politicians seem to have supposed that getting the ‘right’ language into basic legislation is more than half the democratic battle and actual implementation can be left to take care of itself. A variation on this theme is the notion that there is value in a clear initial statement of aspirations even if ideas about how to realise them have yet to be developed. Thus in *Macedonia* national legislation embodies only vague declaratory norms. Neither the executive obligation to ‘reveal, explain and justify’ nor the legislative responsibility to enforce accountability is stated explicitly, with detailed provisions setting out who must do what, when and how. Similarly, in *Bulgaria* imprecision in the country’s statutes confers considerable executive discretion which, while exercised fairly generously of late, is none the less open to abuse.

Perhaps administrative *incompetence* is a factor too in places. Constitutional and statutory provisions are unexceptionable. There is a will to put sound procedures in place, but somehow they have not emerged. Until the Iliescu-Nastase-Pascu triumvirate got a grip on affairs, this was the situation in *Romania*. It may be part of the problem in *Bosnia and Herzegovina* (BiH) still, allied to the limitations associated with the Dayton-mandated political structure and the defensive mentalities of many political actors.

It has to be said, though, that inadequacies in attention to accountability and insufficiency in provision for transparency may not be the result of governments' wilful disregard of their executive obligation. On the whole, advocates of accountability and torchbearers for transparency take the line that 'more is better' (always) and that wherever policy and practice fall short of their (usually ill-defined) ideal, this warrants censure. That is not how top politicians see things, as a general rule. From their perspective the issue is one of striking a balance between their rightful exercise of legitimate authority on the one hand, the demands of democratic accountability on the other.

Authority and Accountability

In the CESS 'transparency audit' this dilemma revealed itself repeatedly. Put simply, the argument runs as follows. An administration that has been democratically elected has the population's mandate to govern. It has been awarded the authority to rule. It is certainly subject to oversight by the elected representatives of the people. So it has a duty of accountability, and should therefore – to use an earlier formulation – reveal, explain and justify its decisions. This does not, however, imply an obligation to convey all the details of its day-to-day business to the legislature, still less to seek approval for each and every action it takes. Even in dealing with major matters of policy and large items of expenditure, ministers and their appointed officials ('the authorities') must have considerable freedom of manoeuvre: they cannot be immediately accountable for *everything* they do.

They must also have the right to withhold information about current business. In the policy area this might mean details of courses of action under consideration, of negotiations in train with other states, and so on. In the budgetary field it would definitely have to cover tax and other revenue-raising actions under consideration; and, on the spending side, imminent contract awards or decisive market interventions. In short, there are important *limits* to how much transparency there can be in the conduct of government affairs.

It is a real dilemma, and one that occurs – and recurs – in every political system. It is certainly not a problem that has been solved in mature democracies.

The significance of this observation for present purposes is obvious. We should not presume that in all circumstances 'more is better'. Rather we should ask, about both accountability and transparency, the question: 'how much is *enough*?'

Military Security and Commercial Confidentiality

Within the defence field, judicious balance-striking is particularly important in two specific areas: where 'military security' is involved and where considerations of 'commercial confidentiality' arise.

In each area the potential for executive abuse is considerable. It is common knowledge that such abuse is widespread in South-Eastern Europe, because of official attitudes inherited from secretive *anciens regimes* and because of the urge to conceal the consequences of *nomenklatura* privatisation and other forms of dubious dealing.

For the purpose of this analysis inadmissible secrecy on grounds of military security is practised whenever information is withheld other than to safeguard details of:

- the exact size of stocks of weapons and ammunition;
- the precise performance characteristics of weapon systems, from which technical strengths and weaknesses might be inferred;
- operational aspects of the employment and deployment of weapons;
- sensitive intelligence and sources thereof;
- secure communications, including frequencies, encryption techniques and so on.

So far as commercial confidentiality is concerned, enterprises have the right to data protection regarding:

- intellectual property (designs, patents etc.);
- exact contract terms and conditions (during bidding and negotiation);
- financial and other details of the business (where disclosure might harm its trading prospects generally).

But there should be no catch-all determination that no commercial information can be disclosed, because that would mean to put all public contracting beyond democratic oversight.

Active and Passive Legislatures

It is nevertheless the case that some elected chambers take their legislative responsibility to hold government to account more seriously than others. Likewise, some assert their 'right to know' about the administration's business more forcefully than others.

Certainly South-Eastern Europe has its share of assemblies that are little more than 'voting machines' and of parliamentary commissions that are content to play a 'rubber stamp' role (usually because the party-in-office dominates). On the other hand, deliberately and determinedly independent legislatures are rare phenomena even in well-established democracies. 'The tyranny of the majority' is a problem that has perplexed generations of political scientists.

Still, normative democratic theory does not recognise the happy-to-be-passive parliamentarian, the individual who is content to see executive authority wielded too robustly (see above). Nor can it easily accommodate the related cult of the ‘expert’ that exists in some states, and explains the readiness to appoint an administration of ‘technocrats’ whenever there is either a serious political *impasse* or an acute economic crisis.

For this reason the CESS ‘audit’ did not appraise the South-East European countries’ policy and practice within the framework of the prevailing political culture and conventions where these are clearly not conducive to transparent and accountable governance. Hence it contains strictures about draconian party discipline (in *Moldova* most emphatically, but also in *Albania* and *Croatia*); and about ‘party list’ electoral arrangements under which a deputy’s seat is forfeit if his or her accreditation is withdrawn (as in *Serbia and Montenegro*, in FRY days, for example). It is critical too of lawmakers who, for whatever reason, are more comfortable not knowing very much about what the executive is doing or how it is spending their constituents’ money (in *Bosnia and Herzegovina* and in *Macedonia*, for instance).

Analysts and Auditors

Even if a country’s elected representatives themselves show no great enthusiasm for doing their oversight duty, the parliamentary body may play a role nevertheless if its commissions have able and diligent staff tasked to help it ‘shed light on power’ and ‘put to the question’ what the executive branch proposes. Further, the legislature can fulfil this function institutionally, at least in terms of holding government accountable *ex post* for its expenditures, if it is served by a competent, independent and respected audit bureau. Also, in principle anyway, analysts – academics, think tank personnel, journalists, interest groups, or even citizens acting in a private capacity – can observe and comment on an administration’s conduct of affairs, prompting others to press for change, if change appears called for, or maybe inducing some revision of policy or resource allocation directly. A participative democracy is one in which civil society has precisely such a voice in public affairs. (And that final sentence indicates, by the way, what we mean by ‘civil society’ and ‘voice’.)

The evidence indicates, however, that except in isolated instances none of the above applies in South-Eastern Europe, at least not as far as defence affairs are concerned. Few specialist defence committees have dedicated professional staff at their disposal. Those that do are often served by retired military people whose inside knowledge may be an advantage in certain circumstances (e.g. when it is necessary to know where, metaphorically speaking, dirty linen or buried skeletons are to be found) but a disadvantage in others (e.g. if out of loyalty or other motives the adviser thinks that the dirty linen should not be washed in public or the skeletons are best left undisturbed). Alternatively, staff may lack sufficient expertise and experience to perform, or brief others to undertake, effective scrutiny.

To remedy this deficiency, the OSCE ¹ and other organisations offer ‘parliamentary support’ services in several countries – in some instances targeting defence committees – and that is obviously to be applauded. However, much of this activity appears ill-coordinated, and the quality of ‘support’ provided is not always very high.² Also, it is not clear what will happen when time-limited ‘support’ programmes terminate. References to ‘capacity-building’ are commonplace, but it is not at all certain that posts and practices will endure beyond the lifetime of externally-funded effort.

As for audit offices, each of the eight countries has one ³ but none clearly passes the ‘competent, independent, and respected’ test. Practical steps to strengthen these bureaux are thus a most important transparency-building possibility. No single organisation makes as great a contribution to the cause of ‘honest government’ as a well-functioning audit office; and nobody disputes that the promotion of ‘honest government’ should be a policy priority throughout South-Eastern Europe. Developing competence is important everywhere, because the function is almost without exception in the hands of very young institutions. Independence is an issue, because the basic requirement that the professional watchdogs on the executive should serve the legislative branch is not observed everywhere. They do not even make pretence of this in *Moldova*. It is not the case in *Macedonia*, apparently. There are doubts about where the scrutineers’ loyalty lies in *Albania*. However, what is most unsatisfactory is the widespread lack of respect for audit agencies, manifest in the casual attitude that executive bodies demonstrate to investigations and the cavalier reaction to findings (to which there is frequently no disciplinary or judicial follow-up). The organisations are simply not taken seriously, it would appear, in *Albania* or *BiH* (not to mention *Macedonia* and *Moldova*). In *Croatia*, the elected chamber does note what the office has to say, but that is the end of the matter. This is what seems to happen in *Serbia and Montenegro* too. It may be what happens some of the time, perhaps a lot of the time, in *Romania* and *Bulgaria* also.

Finally, on ‘analysts’ – in non-governmental organisations (NGOs) and elsewhere – and the institutions of ‘civil society’ generally across South-Eastern Europe, the evidence is that they make a modest contribution to democratic accountability in certain countries, but that is all. There are reputable NGOs that pay *some* attention to defence affairs in each of the states examined. However, they struggle for quality staff and adequate funds everywhere, with the exception of one or two government-resourced ‘independent’ NGOs – GRINGOs, some call them – who may bark critically now and then but are careful not to bite the hand that feeds them. In some places, like Chisinau, the very existence of ‘advocates of accountability and torchbearers for transparency’ is probably perilous. In the region’s academic establishments, there are a handful of departments devoted to teaching and research on national and regional security – notably the one that bears that title at one of Sofia’s universities – but they are few and far between and they do not, and realistically cannot, deliver enough well-informed and insightful material to sustain the kind of debate about security policy and provision that is taken for granted in the United States and occurs from time to time in Western Europe. ⁴ The same goes for defence journalism: high-calibre correspondents are a rare breed; and, as a general rule, the media sit up and take notice when they scent a security crisis or a whiff of scandal but otherwise are content to let the military’s sleeping dogs lie.

‘Good Practice’

The foregoing ‘general observations’ stress shortcomings; but there is ‘good practice’ in South-East Europe as well. Indeed in some countries and in some respects provision for accountability and attention to transparency even compares favourably with arrangements in some mature democracies.

This is certainly the case so far as *international* transparency is concerned. With a few exceptions the Stability Pact (SP) ‘beneficiary’ states not only subscribe to the OSCE’s Confidence- and Security-Building Measures (CSBMs) regime but also honour their obligations under it. By and large, information is exchanged as required by the Vienna Document of 1999 (VD 99), and where it is not it

is often because the reporting state does not have the facts and figures it is asked to share rather than because it is deliberately withholding information. This appears to be the case with the politically-binding obligation to share data on defence outlays, budgets and forward expenditure plans. A number of states were conscientious subscribers from the start of the process: of late, formerly 'delinquent' countries have come into line or have promised to do so as soon as they can.

The 'politically-binding obligation' is, of course, to share information *with other governments*. Encouragingly, the SP signatories have recently indicated a willingness to go further and place their financial information *in the public domain*. A handful did this by submitting their VD99 data for inclusion in the *Yearbook on South-East European Defence Spending* [5](#), published in 2002. More will be represented in the follow-on 2003 volume, perhaps all eight of the countries covered by the CESS inquiry.

This is a small triumph for the SP-supported *Budget Transparency Initiative* (BTI) under which the compilation and publication exercise has been conducted. Furthermore, before long we should see a companion volume to the annual compendium of data, namely a *Survey of South-East European Defence Budgeting Systems*.[6](#) This will render another service to informational transparency, shedding light on how national resource allocation *processes* work, to complement the material on budgetary *outcomes*.

Nor is this the only context in which South-East European States are laying their defence affairs open to international observation. Those taking part in NATO's Partnership for Peace (PfP) do so under the terms of that arrangement. The countries currently preparing for accession to NATO, following the Membership Action Plan (MAP) procedure, do so through the detailed Annual National Programmes (ANPs) that they present to the Brussels Headquarters as part of this discipline. This applies to *Bulgaria* and *Romania* who will join in 2004, and to *Albania*, *Croatia* and *Macedonia* who aspire to membership in a 'third wave' of post-Cold War enlargement.

The CESS 'audit' attaches importance to international transparency and recognises its value in helping build trust in South-Eastern Europe. It sets even greater store by *domestic* transparency, however, because this is the guarantor of accountability, and because accountability is central to good democratic governance. Of course the two should go together. Sometimes, though, they do not. Certain governments seem more relaxed about informing other governments (and international organisations) about their defence business than about informing their own legislatures, civil society institutions and the population-at-large. It should not be like that. There should be no accolades for states that reveal more to foreigners than they do to their own people.

Placing domestic transparency above international transparency carries through to thought about transparency *building*. The reason is simple. Take care of domestic transparency and international transparency will take care of itself (If it does not, embassies – and especially defence attachés – are not doing their job.) The reverse is not true: not all information communicated to external recipients finds its way readily to domestic audiences.

What, then, of domestic 'good practice'? Where among the SP 'beneficiary' states does the CESS survey find it, and where not? The headline conclusions of the research are summarised in the

following pages.

Culture

Evidence of an emerging transparency culture in defence affairs can be found in two of the eight countries, namely the soon-to-be NATO members, *Bulgaria* and *Romania*. Hints that such a culture may be beginning to emerge can be found in the three would-be NATO members, viz. *Croatia*, *Macedonia*, and, if you look very carefully, *Albania*. They are discernible too in *Bosnia and Herzegovina*.

There is still a strong disposition to secrecy about defence in *Serbia and Montenegro*, even though signs that this might be receding were starting to appear in the last days of the old FRY. In *Moldova*, secrecy rules. In the early 2000s it may even have taken a stronger hold than before.

It is necessary, however, to look beyond these generalities if we wish to expose the presence or absence of ‘good practice’ (strictly defined). On that, the relevant evidence lies in procedural details.

Policy accountability

Under this heading there are some stark comparisons. First, how the President-Party-Parliament nexus operates in *Moldova* makes nonsense of normative democratic theory. There is nothing here resembling the customary two-way relationship, viz. an executive obligation to reveal, explain and justify policy and spending, and a legislative responsibility to require the powers-that-be to do that. Politics is one-way traffic, in military matters as elsewhere.

Not so, however, in neighbouring *Romania* where what has evolved of late epitomises ‘good practice.’ When the political leadership changes there must be new security and defence policy statements. In the refinement of policy – especially where legislation is involved – elected representatives are engaged, and there is a State Secretary at the Ministry of National Defence (MND) whose business it is to see that they are. Annual reports to the legislature elucidate policy implementation. There is, or has been lately, an active policy discourse in the country.

It is almost as good as this in *Bulgaria*. The statutes are less explicit about when the executive must ‘refresh’ policy, but recent administrations have done so conscientiously, and have consulted widely in the process of reshaping the national defences. There is routine annual reporting to the National Assembly as well. The day-to-day executive-legislature relationship is not so consciously managed as in Romania, and there have been occasional tussles on the ‘authority *versus* accountability’ issue, but there is no lack of two-way traffic in Sofia.

None of the other South-East European countries has security and defence policy accountability as well organised as these two. Executives interpret their democratic obligation narrowly, or acknowledge it formally and leave it at that. Elected deputies take a narrow view of what fulfilling their domestic responsibility requires or exercise legislative oversight in a *pro forma* fashion.

Financial Accountability

With money, it is different. In all political systems that claim to be democratic the people's representatives wield 'the power of the purse' however nominally. The executive must request the funds it needs to do the business of government; the legislature formally votes the money or makes the necessary appropriations. This happens before any cash is spent: there is *ex ante* accountability, on the basis of a *budget*. The executive must also report on how it has used voted funds or appropriations, to satisfy elected representatives that money has been used as intended. This happens after spending: there is *ex post* accountability, on the basis of audited *accounts*.

So much is universal; and it is what is done across South-Eastern Europe: from Croatia to Moldova, from Albania to Serbia and Montenegro. (Also, it is what is done with respect to all public spending, civil and military.)

The analyst's interest is in how it is done; and particularly in how well it is done. What constitutes 'good practice' in the defence field involves considering, among other things,

- whether the executive's request for funds arises from a systematic approach to planning, programming and budgeting for defence;
- how much information the budget contains, i.e. whether it is possible to see clearly what money is to be used for, and why;
- how long the legislature has to consider the budget request and hear explanations and justifications;
- whether eventual approval or endorsement by the elected chamber(s) is a considered act or a meaningless ritual.

These are the matters of interest *ex ante*, when the *budget* is the focus of attention. Others are of interest *ex post*, when final *accounts* are presented, viz.

- whether the official submission carries a certification that money has indeed been used as parliament intended;
- whether that certification is provided by a competent, independent and respected audit office (see previous section);
- whether evidence that there has been improper accounting and/or misappropriation of funds leads to disciplinary and/or legal action.

Nowadays 'good practice' also extends to cover not only the identification and correction of illegality (as revealed by 'traditional' audit inquiry) but also remedial action where there has been manifest inefficiency (as revealed by value-for-money audit work).

Applying these tests, the evidence assembled in the CESS 'audit' points to generally unambiguous,

and unsurprising, conclusions. One of these can be disposed of quickly. *Moldova* goes through the motions of financial accountability. The procedure is perfunctory *ex ante*, and perverted *ex post* (if the state audit bureau is indeed used as a tool of the authorities, as sources say it is).

The machinery is seriously flawed in *Serbia and Montenegro* (or at least the old FRY's was). That is also the case in *Albania* and in *Bosnia and Herzegovina (BiH)* in different ways and for different reasons. In these three countries the 'parliamentary support' programmes of the OSCE and others should, in the medium term, enable elected representatives to be more effective in holding governments to account, and the authorities will undoubtedly change their ways under this pressure. Progress would be quicker, though, if governments would embrace reform themselves. They might: in Serbia and Montenegro, as part of institution-building for the new state-union; in Albania, responding to MAP-feedback from NATO; in BiH, once the business of building forces for the country as a whole can begin. There are encouraging straws in the wind, but there are also sceptics around saying 'Don't hold your breath.'

Similarly, in *Croatia* and *Macedonia* there are currents running in the direction of *better* practice than that noted in the recent past, and there are some 'advocates of accountability and torchbearers for transparency' eager to go with this flow. Change may be imminent. The MAP-discipline will be one factor helping to bring it about, in both states. In Croatia, another may be the country's emergence from the shadow of the Tudjman years, resulting in less factional in-fighting among politicians, a less strident 'clash of institutions,' and less deference to the uniformed military as the deliverers of liberation. In Macedonia, the imperative of fashioning a new politics of inclusion should have its effect.

For the time being, though, only the two countries that have experienced years of MAP-discipline and embraced reform some time ago win plaudits for 'good practice' in the public finance of defence. In this respect, *Bulgaria* and *Romania* deserved the preference in Prague that brought them their invitations to join NATO.

Provision for financial accountability is not identical in the two states. However, the CESS investigation records the following.

- Each country has a coherent defence planning, programming and budgeting system up and running.
- In each country the executive produces and presents to its legislature an informative defence budget, within a clear programme structure and showing resource allocation to both inputs and outputs, and with explanatory material. Bulgaria decided to present, from 2002, a multi-year budget – the first covers 2003/5 – with a wealth of supporting information. This has set a standard for South-Eastern Europe.
- In each country elected representatives get as much time for budget consideration as the parliamentary calendar allows. The period is inadequate, but that is a complaint all legislatures make.

- In neither country is passing the budget the ‘rubber-stamping’ ritual that it is in some other states (though time constraints and some deputies’ limited knowledge preclude in-depth scrutiny).
- In each country an audit office certifies defence accounts and the elected chamber(s) take(s) note of its reservations. (Neither country, though, consistently punishes wrongdoing.)

This is as good as it gets among the SP ‘beneficiary’ states. At the same time, policy and practice *vis-à-vis* defence finance in Bulgaria and Romania are not flawless. There are reform possibilities here as elsewhere.

Transparency

There is more in the CESS ‘audit’ about accountability than about transparency *per se*. For good reason: in its domestic manifestation transparency is important because – and, really, only because – it underpins accountability. ‘Seeing’ how the business of government is conducted – in defence affairs and generally – is not a spectator sport but a necessary feature of democratic governance (in which accountability plays the pivotal role). It follows that we assess ‘good practice’ in relation to transparency in this spirit. Where, and to what extent, is the ‘right to know’ respected, and information made available, not to satisfy idle curiosity but to serve democracy?

‘To what extent’ poses a minor difficulty. How to differentiate among countries, and the same country at different times, acknowledging that there are degrees of transparency? Here the Groningen inquiry adapted the simple categorisation of ‘security planning systems’ that Daniel Nelson outlined to a DCAF-sponsored symposium held in Sofia [7](#) and later elaborated. Nelson suggested that such systems might be characterised as transparent, translucent or opaque.

Transparent systems are described and commended as follows (in Nelson’s post-Sofia text).

‘To see into and through deliberations that eventuate in resource allocation for armed forces and all security structures is essential, for nascent democracies and for long-in-the-tooth democracies alike. One does not need to see everything in order for transparency to exist. Yet, to the degree that specific programs or activities on which human and financial resources are being spent are concealed, the normative bases of democracy are violated, and the pragmatic needs of security planners (to know and have their constituencies know what they are doing and why) are ignored.’

‘Transparency does not imply,’ he goes on, ‘simply announcing and broadcasting everything.’ It does, though, entail ‘procedural visibility and clarity’ without which ‘the process quickly reverts to Byzantine rites and holy writ.’

‘*Translucent systems* offer ‘glimpses and outlines, never details,’ Nelson continues, while ‘*[o]paque systems* hide most of the national security planning process.’ He then adds, crucially, that ‘there are many points on this spectrum and these three points only illustrate a much larger phenomenon whereby open, limited and closed security-planning systems are differentiated ... in part by their degree of accountability.’

Ignoring the conflation of accountability and transparency here, this is our perspective exactly; and we can define, broadly, a round half-dozen ‘points on this spectrum’ for use in assessing South-Eastern European policy and practice. We can characterise states as: (1) wholly transparent, (2) fairly transparent, (3) partially transparent, (4) translucent, (5) partially translucent and (6) opaque (in their conduct of defence affairs).

Whether *Moldova*’s policy-making, planning, programming and budgeting for defence should be assessed as completely *opaque* or *partially translucent* is a matter that might be debated. Suffice it to say that in Voronin’s Chisinau (reportedly) decision-making is an activity that takes place mainly in closed rooms, and reversion to ‘Byzantine rites and holy writ’ is at least suspected.

Fairly transparent would be the right description for policy and practice in *Romania* and *Bulgaria*, on the evidence we have seen. Not ‘wholly transparent’ because neither in Bucharest nor Sofia are the authorities totally open about the conduct of defence affairs. This is the case in the equipment acquisition area: witness the helicopter-purchase affair that rocked the Romanian capital not so long ago, and Bulgaria’s 2002 MiG-29 refurbishment controversy. It is the case so far as other resource allocation issues are concerned: not all key facts and figures are made available. Even in recent defence restructuring, neither elected representatives, nor analysts, nor the media – and certainly not ordinary citizens – have been able to ‘see into and through deliberations’ completely and continuously.

Capturing the degree of transparency that characterises the conduct of business in *Bosnia and Herzegovina* is difficult. International presences and pressures ensure that information about defence dispositions is fairly plentiful. Decision-making processes in the entities, however, are only *partially transparent* at best, and often only *translucent* (yielding ‘glimpses and outlines’ in Daniel Nelson’s language). The same applies, for different reasons in *Macedonia*, though here the system is offering progressively more glimpses and more than outlines, becoming at least *partially transparent*.

The temptation to hedge is very strong also regarding the two large ex-Yugoslav states, *Croatia* and *Serbia and Montenegro*. *Translucent* is perhaps the most satisfactory compromise designation, in both cases, though it probably does less than justice to Zagreb and, arguably, flatters Belgrade (and Podgorica).

As for *Albania*, bearing in mind that it is not the face the country shows to international organisations that concerns us here, *partially translucent* is the point on the spectrum that perhaps fits best. Influencing this judgement are the phrases a knowledgeable correspondent uses: that the country is en route to ‘making transparency part of the culture and behaviour’ of the polity; that the executive ‘has not created yet [a pattern of] institutional behaviour concerning the engagement of parliamentarians’; and ‘there is still not an institutionalised and real consultation and involvement process.’ In sum, Nelson’s ‘procedural visibility and clarity’ are lacking. Also, governments are parsimonious with defence-related information. That said, Albania is not Moldova: the country is edging in the right direction and not stuck in a time warp as the former Soviet republic appears to be.

In fact, increasing transparency is evident throughout South-Eastern Europe, except in Moldova. That is because in seven of the eight Stability Pact ‘beneficiary’ states they are working on it. As they should. ‘Transparency does not simply happen,’ Dan Nelson says, ‘it must be assiduously pursued.’

Publications

One indicator of earnest pursuit is the authorities' commitment to regular publications about what they are doing and what they are spending. On the face of it, appraisal here ought to be straight-forward. Actually it is not, mainly because the *quality* of official material varies greatly. Printed statements on policy and programmes may be genuinely informative or not much more than public relations exercises. Websites may offer access to facts, figures and important documents or they may contain little more than formal mission statements, staff directory material and the leadership's latest speeches.

Still, we know 'good practice' when we see it, here as elsewhere. We see it in *Bulgaria*, where the bilingual Defence White Paper (plus CD-ROM) issued in 2002 is a model of its kind and some good popular pamphlets have appeared lately. We saw it in *Macedonia* in the late 1990s, in the form of a reader-friendly White Paper and user-friendly web pages that provided a striking demonstration of what even a small state can do when it puts its mind to it. We have seen it in *Romania* over the years, albeit more in documents aimed at outside audiences than in material for home consumption. We have seen it occasionally (but rarely) in *Croatia*, and more in one-off publications from semi-official sources than in regular material from the government.

For the other countries – *Albania, Bosnia and Herzegovina, Moldova, Serbia and Montenegro* (ex-FRY) – the picture is bleaker. In these countries elected representatives, other civil society bodies and the public-at-large are poorly served.

Rank or categorise?

The third question on this essay's agenda is: on the basis of the preceding section's comparative assessments of 'good practice' can one *rank* the eight countries 'on merit' or at least *categorise* them in some way?

It is worth trying. The CESS investigation is a transparency audit of South-Eastern Europe (with respect to defence affairs), having value in its own right as a snapshot of policy and practice in 2002. It would be helpful if that could be encapsulated in a single measure of merit for each state.

However, the Groningen inquiry could – and, arguably, should – lead to a follow-on exercise in which progress towards greater transparency and accountability might be gauged. But how to measure change? We need that single measure of merit, a composite indicator of how good (or bad) things are now, as a point of reference for any future repeat calculation.⁸

The problem is that when dealing with 'transparency and accountability' we are not dealing with a simple attribute – like height or weight or wealth – which comes with its own conventional units of objective and cardinal measurement. Rather, we have a complex quality or property – like beauty or comfort or reliability – where assessment is inherently subjective ('in the eye of the beholder'), can only be ordinal (A more than B, X less than Y), and is necessarily synthetic (combining many attributes, and therefore not capable of expression in conventional units like metres/feet, kilograms/pounds or Euros/dollars).

Ranking

This kind of problem is not, however, totally intractable. Others have grappled with variants of it, and found solutions. These may evoke reservations, but they are not ridiculous. Two are worth comment. First, the organisation *Transparency International* – based in Germany, but with offices (‘chapters’) worldwide – has made it its business to assess *corruption* around the globe. Its ranking of states, based on many observers’ evaluations of numerous variables, is widely respected even though sometimes disputed. Secondly, the World Bank Institute (WBI) has developed – under a ‘Governance and Anti-Corruption’ rubric – a family of what it calls governance indicators, also with global coverage. One of them is ‘*voice and accountability*.’ The WBI indicators constitute ‘measures of merit’ for more than 150 countries, expressed not in absolute terms but by reference to the country’s standing in the world. They are ‘a statistical compilation of *perceptions* of the quality of governance of a large number of country respondents ... as well as non-governmental organisations, commercial risk rating agencies and think-tanks.’⁹

The WBI work is of special interest because the general ‘voice and accountability’ indicator relates to aspects of good governance similar to those of interest here. Moreover, the WBI’s ‘Eastern Europe region’ comprises seven of the eight states covered in this essay (following the CESS ‘audit’ exercise). The Institute’s 2001 ranking ¹⁰ of these seven is shown in the table below. Had Moldova been included it would have been bottom of the list.

Country	Percentile Ranking
Bulgaria	69.0
Romania	66.7
Croatia	66.1
Macedonia	55.2
Albania	54.0
FRY	48.9
BiH	42.0

The ‘percentile rank’ measure is easily explained. It indicates the percentage of countries worldwide that rate *below* the named country. Thus in the table here ‘our’ countries are listed from ‘best’ to ‘worst’. The line item for Albania says that an estimated 54 per cent of the 150-plus countries covered by the statistical test rate worse than Albania, an estimated 46 per cent rate better, on the global ‘voice and accountability’ index.¹¹

Obviously, the effort involved in both Transparency International's undertaking and the World Bank's work far surpasses anything that could be done in a one-year investigation to yield similar numerical rankings specifically for transparency and accountability in the conduct of South-East European defence affairs. In any event, it is not at all certain that a 'statistical compilation of perceptions' is the kind of indicator that best suits the present analytical purpose.

Categorising

How else, though, to deal with a (composite) 'complex quality or property,' for which only subjective, ordinal and synthetic assessment is possible? The answer is: by opting not for numerical ranking but for qualitative categorisation. There are many areas in which this technique is used. It must suffice to comment on a couple: one familiar, one perhaps not so well known.

The familiar application is in evaluating – subjectively, and on the basis of many attributes – the standing of hotels and restaurants. Assessors (or inspectors) appraise establishments and award 'star' ratings (or some other symbolic measure). No matter how complex the appraisal they must perform is, they succeed in encapsulating it in a composite indicator of merit. To all who wish to know about the quality of food and drink, shelter and service (hospitality) that different establishments offer, this suffices to indicate what they can expect and, incidentally, what they should not expect. It is also an indicator that can alter or be altered, of course: hotels can be upgraded from, say, the three-star category to four-star (and *vice versa*, of course); restaurants may gain or lose 'stars' or knife and fork symbols or whatever.

We could categorise the states of South-Eastern Europe similarly, with respect to defence-sector transparency and accountability, using the assessments of 'good practice' summarised in the preceding section of this essay. Looked at another way, we can take the detailed country profiles of the CESS research and regard them as well-informed inspectors' reports. Their translation into a differentiating categorisation is essentially the same as the procedure that the experts of Michelin or Gault-Millau practise, with consummate professionalism.

Neither the analogy nor the argument needs taking further. Clearly 'the Michelin method' is an option. However, it has a couple of drawbacks. The less important is that it might be perceived as frivolous – transparency and accountability 'star' ratings, indeed – even if appropriate symbols were chosen. The more important is that if, following practice in the hospitality sector, there were only six grade categories available (0-5), then it might be thought that insufficient differentiation were possible.

The maybe lesser-known application of a grading scheme is what we might term 'the S&P method': the convention in the financial sector of rating the debt instruments of country and corporate borrowers on the basis of credit risk (broadly assessed), a business in which one of the leading practitioners is the Standard & Poor's agency (S&P).¹²

Taking many factors into account, the S&P appraisers place bonds and borrowers in one of four main categories (A-D), with all 'global investment grade' stock located in the A or B categories. However, within each level of this quality hierarchy securities are designated A, AA, or AAA ('Triple A'), B, BB, BBB and so on, creating a nominal 10 ratings, since D is for 'default'. In fact there are more than

this, because assessors have the option of annotating a designation (+) or (-), according to how stable they think the borrowers' position is, and this increases the number of possible non-default gradings threefold.

By way of illustration, an early-2003 listing of *governments'* bonds included the borrowings tabulated [below]:

Country	Redemption Date	Rating
Argentine	03/05	D
Bulgaria	07/11	BB
Canada	11/05	AAA
Italy	09/23	AA
Poland	02/11	BBB+
Turkey	06/10	B-
UK	01/03	AAA

These are complex, multi-dimensional indicators of 'merit,' as the sovereign debt specialists see it. Moreover, there is nothing frivolous about this business. Upgrading is celebrated, downgrading bemoaned.

Clearly, 'the S&P method' points to the sort of composite indicator – the single encapsulating 'measure of merit' – most suitable for recording the findings of a serious transparency audit. Taking all the factors reviewed in the CESS study into account, and the comparative assessments of 'good practice' (and not-so-good practice) made, the eight countries surveyed can be placed into one of four transparency and accountability categories (A-D), and where appropriate differentiated within these.

In practice, this means giving each of the several dimensions of transparency and accountability – policy accountability, financial accountability, publications and so on – what amounts to a 'component' rating, using the same categorisation technique. These elements can then be combined or aggregated to produce the 'overall' grading.¹³

It would be time- and space-consuming (and repetitive and tiresome) to go through rating derivations for each of the eight countries covered here. The technique should be demonstrated, however. So, two illustrative cases – one full, one abbreviated – are shown in Annex A. In each example, the complete

supporting argument is in the CESS research material, as summarised above. As illustrative cases, the summary remarks are obviously not meant to be more precise than the more detailed descriptions and evaluations in the parent study's national 'audits' of Croatia and Romania.

This is 'the S&P method' adapted for our purpose. Using it, we have arrived at the 2002 country categorisations set out in the one-page supplement to this piece (Annex B). That tabulation summarises the eight-country evaluation of policy and practice with respect to defence-sector transparency and accountability in South-Eastern Europe, the 'transparency audit' of the region. For reference the grades may be called 'Transparency (TRANS) and Accountability (ACCT) Ratings' – or TRANSACCT Ratings for short.

Towards transparency building

As stated earlier, there are no surprises in the CESS results, as shown in the tabulation of TRANSACCT ratings. It is none the less instructive to consider briefly the supplementary questions raised at the beginning of this essay. How to explain high (or low) standing? What distinguishes those states noteworthy for 'good practice' from the rest?

Here it is surely significant that it is the soon-to-be NATO members (and ahead-of-the others EU aspirants), Bulgaria and Romania, who came out of the audit best, in the A-grade. Furthermore, the countries that have been participating in monitored preparation for NATO accession – the Membership Action Plan (MAP) process – namely Albania and Macedonia (since 1999) and Croatia (since 2002), are among the best of the rest.

In other words we find the greatest transparency and accountability in the conduct of defence affairs in those states that have been engaged in focused effort to meet NATO's expectations and requirements – concerning 'democratic-style civil-military relations' and good governance generally – and have been encouraged and helped in that by the Organisation itself and by individual member-states.

Perhaps this is a 'blinding glimpse of the obvious' or intuitively self-evident. It is nevertheless something that should clearly influence consideration of transparency-*building* possibilities. It is 'focused effort' and assisted effort that has brought South-Eastern Europe's best to where they are now; this is what is currently helping Albania, Croatia and Macedonia; and it is what is most likely to help the other countries – especially Bosnia and Herzegovina, Serbia and Montenegro and remote (in many senses) Moldova – to progress along 'the road to transparency,' and better policy and practice.

Annex A

The 'S&P Method': Illustrative Cases

Case 1 Romania

Policy Accountability. Arrangements good. Executive obligation to 'reveal, explain and justify'

acknowledged and fulfilled, likewise the counterpart legislative responsibility. Through recent policy evaluation and programme decisions, executive-legislature relations very good. Public information taken seriously. (Main question: now NATO accession secured, will it last?)

[‘Component’ Rating (CR): AA-]

Financial Accountability. Arrangements good. Executive obligation to ‘reveal, explain and justify’ acknowledged and fulfilled, likewise counterpart legislative responsibility. Through latest programming and budgeting, executive-legislature relations good. Active audit bureau. (Main questions: will it last? Audit follow-up?)

[CR: AA-]

Domestic Transparency. Effectively institutionalised in both policy and financial areas. Fairly high procedural visibility all round, except on equipment acquisition. Fairly good publications. (Main questions: better international than domestic? Opaque spots/corruption?)

[CR: AA-]

International Transparency. Very good. Politically-binding obligations honoured, supportive of regional initiatives. Good publications for ‘outside’ audiences.

[CR: AA]

Overall Rating: AA-

Meaning ‘firmly in the first grade (AA), but not yet securely so (-)’.

Case 2 Croatia

Policy Accountability. Arrangements fair. ‘Clash of institutions’ problem, and ‘improvisations’. Legislative oversight largely *pro forma*. Little public information effort.

[CR: BB]

Financial Accountability. Arrangements fair. ‘Clash of institutions’ problem and ‘improvisations’. Legislative oversight largely *pro forma*. Satisfactory audit work, but no follow-on.

[CR: BB]

Domestic Transparency. Fair, but not yet institutionalised. Not so good procedural visibility, especially regarding procurement. Poor publications.

[CR: CCC]

International Transparency. Fairly good in OSCE-CSBMs and BTI. Few publications for ‘outside’ audiences.

[CR: BBB]

Overall rating: BB

Meaning ‘firmly in the second grade (BB)’.

Annex B

South-East European Transacct Ratings 2002

Country	Rating
Albania	CCC
Bosnia and Herzegovina	CC
Bulgaria	AA-
Croatia	BB
Macedonia	B
Moldova	D
Romania	AA-
Serbia and Montenegro	C

Note to table

In the S&P investment ratings ‘D’ denotes ‘default’ (meaning insolvency). By analogy, assigning a ‘D’ to Moldova in this categorisation signifies that this country is regarded as falling below a transparency and accountability threshold. There is an evident insufficiency in policy and practice. The country’s ‘democratic deficit’ – to use a well-understood expression – is so large as to amount to

‘insolvency’.

Notes:

1. OSCE - Organization for Security and Co-operation in Europe.
2. Where, for example, the help made available is that of temporary, part-time assistants or interns with limited military knowledge and limited or zero training in the arts of scrutiny.
3. In *Bosnia and Herzegovina* there are actually three.
4. In a recent attempt to trigger and sustain informed debate on defence and security, the George C. Marshall Association-Bulgaria launched the monthly publication, printed and on the Internet, both in Bulgarian and English of *Security Focus and Security Sector Watch*, <http://www.mediapool.bg/site/security/index_en.shtml> (23 June 2003).
5. *Yearbook on South-East European Defence Spending*, Stability Pact for South Eastern Europe (Sofia, Bulgaria: Budget Transparency Initiative, 2002), <<http://www.stabilitypact.org/yearbook/index.htm>> (29 May 2003).
6. Possibly, implementing a methodology similar to the one described by Todor Tagarev in this volume.
7. Daniel Nelson, “Beyond Defense Planning,” in *Transparency in Defence Policy, Military Budgeting and Procurement*, ed. Todor Tagarev (Sofia: Geneva Centre for the Democratic Control of Armed Forces and George C. Marshall - Bulgaria, 2002), pp. 17-26.
8. Moreover, if we can solve this ‘composite indicator’ problem for South-Eastern Europe, we may have not only a basis for cross-national and intertemporal comparison within this region but also a tool of wider applicability.
9. World Bank website, <http://www.worldbank.org/research/growth/corrupt_data.htm> (29 May 2003), emphasis added.
10. *Governance Indicators: 1996-2002*, World Bank Institute Themes <<http://www.worldbank.org/wbi/governance/govdata2002/>> (16 June 2003).
11. For more on the WBI research method, see Daniel Kaufmann, Aart Kraay and Pablo Zoido-Lobaton, *Government Matters*, World Bank Working Paper 2196 (Washington, DC: The World Bank, October 1999) <http://www.worldbank.org/research/growth/pdf/gov_matters.pdf> (16 June 2003). The WTI website provides also access to updated datasets.
12. The other is Moody’s: but the S&P investment categories are easier to understand. See ‘World Bond Prices’ in the *Financial Times*.
13. There is a ‘weighting’ problem here, of course. However, quality assessment is subjective anyhow, and this applies to gauging whether some elements therein are more important than others.

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A South-East European Defence Transparency Audit

David Greenwood

Keywords: Good governance, NATO enlargement, Membership Action Plan, MAP, Partnership for Peace, PfP, budget transparency, audit

Abstract: The article presents the major findings of a comprehensive study, led by the author in his capacity as Research Director at the Centre for European Security Studies, Groningen, The Netherlands. As a result of this 'defence transparency audit' eight countries in South East Europe (SEE) are ranked in terms of their information-disclosure policies, procedures and publications. As of 2002, the two NATO invitees earn highest ratings. The three SEE MAP (Membership Action Plan) countries follow. The troubled states of the old Yugoslavia - Bosnia and Herzegovina, Serbia and Montenegro - come lower in the transparency ranking while Moldova sits in bottom place. In addition the article identifies useful examples of good practice in defence transparency and accountability in SEE.

[full text](#)

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INITIATIVES FOR TRANSPARENCY-BUILDING IN TURKEY: INTERNATIONAL, REGIONAL AND DOMESTIC FACTORS¹

[Nilufer NARLI](#)

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Introduction: Concepts and Effort in Southeast Europe

In democratic states, governments are accountable to the public for their actions and spending. It is the executive's obligation to reveal, explain and justify actions (policy accountability) and expenditures (financial accountability); and it is a legislative duty to review, debate and approve what the government does or proposes in these areas. Transparency is a key element in fulfilment of the accountability obligation and indispensable for 'democratic control' of public affairs. Transparency *building*, with the aim of improving public information about governmental spending in various fields, including defence, is a recent concern for Southeast Europe.² However, since the year 2000 it has received considerable attention in the region.³

Examination of transparency-building in defence budgeting calls for a holistic approach and analysis

at three levels: international, regional, and national (or domestic) transparency, elaborating on David Greenwood's differentiation.⁴ At the *domestic* level, it is a matter of providing informative facts and figures to elected representatives, to the media and academia, and to society-at-large. As noted above, there is an obligation on the part of the government to provide such information because in democratic societies transparency is "the guarantor of accountability."⁵ However, there is also a complex relationship between citizens, their elected representatives, executive ministries, General Staffs and security forces in general. At the *regional* level, transparency is sharing fairly detailed facts and figures about defence programmes and provision among neighbours.⁶ It is important for regional stability and good-neighbourly relations because it is a confidence- and security-building practice. At the *international* level, it is about sharing information with neighbours and other countries and with international agencies. It is important for confidence- and security-building at this level also. The Organisation for Security and Co-operation (OSCE) in Europe co-ordinates and facilitates exchange of information on military budgeting in and around Europe, based on the provisions of the so-called Vienna Document 1999.⁷ These arrangements promote both regional and international transparency.

Initiatives for transparency-building come from various sources: citizens, political elites, the military, international organisations. Typically success requires popular pressure and political will on the part of a government. In infant democracies and 'transition' states, where the democratic culture is immature, the societal urge for transparency may be insistent.

Turkey is good case in point. Accordingly, this paper analyses how and to what extent a number of sociological and international variables have influenced Turkish citizens' initiatives for transparency-building in military resource planning and budgeting. Among the sociological factors are the unique role of the army in political decision-making and society's perception of the military and its political function. In addition, the analysis focuses on the interaction among international, regional and domestic factors in shaping initiatives.

What are the relevant factors at these three levels? At the international level they are shifts in the balance of power (e.g., the demise of the Soviet Union and the ending of the Cold War), international treaties concerning armaments (e.g., the CFE treaty) and international agreements on various security matters (e.g., the Vienna Document 1999), new global threats (e.g., terrorism, especially since the attacks in the US on 11 September 2001) and actual or potential wars (e.g., the recent hostilities in Iraq). The magnitude of the perceived or real threat brought about by such developments is clearly influential. At the regional level, inter-state armed conflicts, border disputes and tension between nations over limited natural resources (e.g. water) are likely to affect popular pressure for transparency of defence planning, programming and budgeting. At the domestic level, economic, political and socio-political factors enter the reckoning. The former include experience of fiscal crisis and chronic poverty. The latter comprise perceived and real threats to national security; the activities of separatist or extremist movements; the political culture defining the position of the military vis-à-vis society and the political elite, and the nature of civil-military relations generally; and the impact of reforms that change legal and political frameworks.

Civil-Military Relations and Planning Defence Resources and Budgeting in Turkey

Civil-Military Relations

In Turkey, despite their formal separation, military and civilian authorities have forged a partnership based on an (imperfect) concordance among the military, political elites, and the citizenry. This ruling style is the product of the country's specific cultural, social, and institutional context, featuring a stratified society and political culture as well as historic conflicts with neighbouring states and a constant fear of losing territorial integrity (regarded as synonymous with national integrity).

Moreover, three major convictions in the political culture, which are internalised in the course of primary and secondary socialisation, enhance the tendency to deny the separation of civilian and military spheres and sustain the military's influence in civilian political decision-making. They back the constitutional provisions that enable the military to intervene in the legislative process.⁸ These convictions are: Turkey has been known as a military-nation throughout history;⁹ every male Turk is a born soldier; and the military not only protects Turkey against internal and external enemies, but also ensures secularism and democracy in the country. The foregoing significantly influence the military's role in the nation.

Originally Ataturk's victorious army stood aside from politics, in the name of creating a democratic republic. Nevertheless, over the years the military was gradually to become a stronger presence, *with broad public support*; and through the 1980s and 1990s certainly the military continued to have a strong influence in Turkish politics. Although the international environment favoured the establishment of democratic systems and (then) Prime Minister Ozal tried to curtail the political power of the officer corps, the military was able to sustain its political influence due the separatist Kurdish insurgency and the inability of the politicians to function as an autonomous socio-political group. In the second half of the 1990s not only did the military succeed in maintaining their political influence but even gained economic and political power. In such a milieu, where there was a danger of losing territory, there was no urge to demand transparency of the defence budget. Would there be any demand when the military's role changed at the end of the decade, and would it be sustained into the 21st century?

In the 1990s, despite the concordance between the military and the citizenry regarding the army's involvement in politics, a tension emerged between the military and certain groups which either challenge the secular nature of the state (i.e. the Islamists) or its unitary character (i.e. Kurdish nationalists and separatists). Rather than moving only segments of the society, this disturbed the majority of the population. They were aware of the fact that there was instability because of the separatist threat to the nation's security and, also, that during crises – when the government was incapable of acting effectively – the military might be disposed to intervene. Since 1960, the military had staged four coups (1960, 1971, 1980 and a soft-coup in 1997) in order to protect national unity, democracy, and secularism. In each take-over, however, most citizens accepted the military's political involvement because of deep popular confidence in the army and its role as an organic part of national society.

Although Turkey's civilian sector is more prominent than it used to be, the military has constitutional tools at its disposal and a supportive political culture, should it choose to play a behind-the-scenes role in the political process. For example, among the very top echelons there is an institutionalised, consultative relationship between the government and the military. When a civilian government is efficient, capable of maintaining political stability, and does not have a strong disagreement with the

armed forces' leadership, the military's influence on decision-making is subdued. The top brass exercise more authority in circumstances of political instability and when there is unease in the civil-military partnership. Such freedom of action for the army worries some liberals who desire the progress of democratisation without military intervention; but, to repeat, most citizens are comfortable with the military's role as guardian of democracy and secularism.

The accommodation among the military, political elites, and the citizenry in Turkey partly explains why enhanced professionalism has better enabled the military to meet shared objectives, rather than creating divergence between military and civilian objectives. Further, the army's technological advancement and strength—demonstrated successfully against PKK terrorism and in international peacekeeping operations—has increased its prestige in the public's eye at a time when the people have dramatically lost their trust in the political parties and parliament (since the 1990s). The sophistication of the military, thanks to a modern military education system, has also enabled it to grasp the complexities of social issues and the needs of the citizenry, and hence, to increase its standing in the public eye. Acquiring complementary civilian and military expertise has enabled officers to enter many professional fields and assume enhanced roles in non-military domains. Today an officer is not the soldier as “warrior” but very much also the soldier as “diplomat and scholar.” This is key for civil-military co-operation in many fields. Working toward shared objectives with the population-at-large may lead to the erosion of civil-military boundaries, an assumption of the concordance model. This erosion would appear to have been taking place in Turkey since early 1997.¹⁰

The military's historic role in building the nation—functioning as an agent of change to realise the goals of Atatürk's reforms—and Turkey's tough neighbourhood conditions—generally regarded as harbouring serious external threats—have given the armed forces a respected position in society. Therefore, the government often meets the military's stated requirements for modernisation and technological advancement without asking too much about the implications for defence budgeting. The public supports such allocations because the army, as guardian of democracy, is Turkey's most trusted national institution. Such a perception of the military and its historical role does not generate any popular demand for transparency in resources planning and budgeting. On the contrary, it means the public barely conceive the *idea* of transparency of the defence budget.

Is this situation subject to challenges? Is there *any* demand for transparency? The answer to both questions is: “yes.” There are challenges that have emerged partly out of the conflict between the military and radical groups that are also suspect in the eyes of most Turks: the radical Islamists, pro-Kurdish groups, some Islamist ultra-nationalists, and some leftists. These groups are unhappy with the military's influence in political decision-making, and a small number of liberal intellectuals share their discontent. Among the radical factions, the Islamists capitalised on the widespread popular disappointment with the late response of the army to the disaster caused by the 17 August 1999 earthquake. The army, however, was quick to respond to the 12 November 1999 Duzce tremor. This re-established public confidence in the army and effectively silenced the radical critics.¹¹

Later, the December 2000 and February 2001 fiscal crises—of which more later—prompted popular attention to the defence budget. The leftists and liberal intellectuals became vocal in questioning the position of the military and the level of defence spending. Nevertheless, these groups have tuned their

voice depending on changing circumstances, recognising that generally there is strong confidence in the military. (This is discussed below in the section headed “Debate on Transparency of the Defence Budget.”)

The high public faith in the army is related not only to its heroic image, but also to the fact that it has remained relatively free of the corruption that has become endemic in both the government and the civil service. Moreover, aware of the importance of public trust the army is highly sensitive to social and political developments that have consequences for its image in the public. For example, the military responded rapidly to the February 2001 economic crisis and outmanoeuvred those who were planning to discredit the military by pointing out its huge budget that had been taking 18 percent of the state budget since 1984 (when the PKK launched its guerrilla war)¹².

Defence Resources Planning and Budgeting

The annual defence budget “is about \$9 billion, about 3.5 of the country's gross domestic product and four times the amount spent on education,” wrote Douglas Frantz in *New York Times* in January 2001.¹³ Analysts say billions more are spent through mechanisms that are not reported in the budget.¹⁴ In the mid-1990s the defence budget constituted around 4.5-5 percent of Turkey's gross domestic product.¹⁵ After the Cold War, while many European members of NATO reduced their defence expenses, Turkey's military spending increased. For example, between 1990 and 1991 the import of major weapons, measured by the SIPRI methodology, increased by about 14 percent, while the European NATO average growth was 0.4 percent.¹⁶

The military does exercise almost total control of its financing. In theory, any money spent on defence is subject to strict administrative and parliamentary controls. In practice, the Turkish General Staff (TGS) has complete freedom to decide how the funds are spent. When the government presents its budgetary proposals to parliament, defence spending is traditionally the one item that even the opposition does not dare to challenge.

Defence procurement is handled by the domestic and foreign procurement departments in the Ministry of National Defence (MND) and by the civilian Under-secretariat for Defence Industries (UDI).¹⁷ Procurement is overseen by the Defence Industry Executive Committee (DIEC). This body is chaired by the prime minister and also includes the defence minister, the UDI Under-secretary and the Chief of the Staff; but in practice the Committee is dominated by the military¹⁸. Similarly, the defence minister is theoretically responsible for approving the military's assessment of its procurement needs. In practice, the force commanders submit their requirements to the TGS, which formulates proposals. These are then signed by the defence minister and forwarded to the UDI or the procurement departments in the MND.¹⁹ The domestic and foreign procurement departments in the MND are headed by serving officers, usually one-star generals, while a civilian heads the UDI. During the late 1990s the military also began to dominate the UDI, successfully lobbying for the appointment of retired senior generals as deputy under-secretaries.²⁰

The total control of the military over planning and budgeting is related to their influence on political decision-making and their judicial autonomy. Political influence in turn enhances autonomy vis-•-vis

civilian control.²¹ The chief of staff becomes *de facto* commander-in-chief during wartime.²² He does not fall under the aegis of the minister of defence, and he conducts military affairs independently of the cabinet.²³ His office is responsible for drawing up all principles, programmes, and priorities related to personnel, operations, intelligence, training and education, logistic services; preparing the armed forces for war; and co-ordinating the ground, naval, and air force commands, as well as other institutions attached to the General Staff. The office also presents its views on the military aspects of international treaties and agreements. If necessary, it participates in meetings regarding such agreements.²⁴ The armed forces also enjoy autonomy in the judicial domain. They have their own laws, courts, and judges to deal with matters concerning military personnel, including cases where civilians are involved.²⁵

Considerable economic and financial independence and means, for example military-owned companies, reinforce political and judicial autonomy.²⁶ It is the Chief of Staff, not the Prime Minister, or cabinet, or parliament, who oversees arms production and procurement. It is the General Staff that draws up the annual budget of the armed forces that absorbed nearly one-fifth of the state budget before the February 2001 economic crisis. However, this event—which raised inflation and the rate of unemployment and the number of small business bankruptcies, and made labour and business restless—required the military to revise its budget and to adopt a policy of transparency, as part of general concern about the public finances.

Debate on Transparency of Defence Resources Planning and Budgeting

Despite calls by some radical groups in the 1990s, debate on transparency of defence resources planning and budgeting was almost absent until the year 2000 when indirect pressure to cut the military budget came from the International Monetary Fund (IMF) because of the fiscal crisis in December 2000. The IMF asked the government to trim the budget for the armed forces as part of a package of reforms, in return for \$7.5 billion in emergency aid.²⁷ This generated a debate on the civilian direction and democratic control of defence planning and budgeting, a development that was not well received by the military. Earlier, as mentioned above, there had been isolated advocacy by some groups, including both the Islamists and liberals critical of the military's independent power and autonomy.²⁸ Some urged amending the constitution to curtail the military's influence in the powerful National Security Council (NSC).²⁹

While the debate on the military budget and transparency in defence spending began in December 2000, it became more vocal after the February 2001 economic crisis, with larger participation by intellectuals. It has also prompted pro-EU circles in Turkey to discuss the issue of increased civilian control over the military and the defence budget. To introduce civilian control over the military by reconsidering the constitutional provision (Article 118) that establishes the NSC as a 'co-ordinating' body that shapes legislation and its implementation is, of course, one of Brussels' targets.³⁰ The subordination of the Turkish General Staff to the Ministry of Defence, rather than to the Prime Minister as under the current constitution, is often cited as one of the main criteria for civilian control. The Turkish forces have traditionally resisted such a change arguing that, "given the way in which the political system operates in Turkey, politicians would then attempt to exercise patronage and interfere in the day-to-day running of the armed forces."³¹

In responding to the February 2001 economic crisis and the new debate on civilian control over defence resources, Turkey's military decided to cut the defence budget in April 2001. On the eve of the government's submission of a request for billions of dollars in international loans, Turkey's Chief of Staff said the military had decided to halt major procurement programmes and to delay 32 modernisation projects aimed to modernise the military. The cost of these projects amounted to \$19.5 billion.³² The military also announced a plan for adopting a policy of transparency: it aimed to provide the public with detailed information on military spending, while giving due importance to the confidentiality required for security. Interestingly, though, the military did not list the projects that would be delayed. They were believed to include projects to co-produce a main battle tank as well as an attack helicopter. These projects had been severely criticised in the Turkish media from December 2002 onwards. Critics argued that, despite two major earthquakes and a fall of the lira, the defence budget share of gross national product had risen over the previous – from 3 percent to 3.3 percent.³³

At the same time it is a fact that sometimes the military show more concern for the economic well-being of the country than prominent civilians. For example, in 1991-1993, despite the economic problems, the Demirel government did not raise any objection to a new national defence policy needing a huge budget. It was General Fusunoglu, then Commander of the Turkish Army, who said: “Turkey needs to maintain a powerful army to be able to meet its national security requirements. The existence of this army should not, however, hinder the economic progress of the country.”³⁴

Along with the fiscal crisis another consideration—a regional development—underlay the military's willingness to reduce defence spending in 2001. This was a reduction in defence expenditure by Greece, a country in conflict with Turkey. In early April 2001, the reduction of Turkey's military budget came as the government of Prime Minister Bulent Ecevit learned that the long-time rival had opted to postpone a major fighter procurement. In fact, Athens called on Ankara to cooperate in reducing defence expenditures. Greece decided to postpone by at least three years the \$4.4 billion purchase of the Eurofighter. The decision was associated with a commitment to invest more resources in social programmes.

Turkish officials now said that Turkey regards its main threats as Iraq and Syria, with whom the country has a dispute over the Euphrates-Tigris basin.³⁵ At the same time, they acknowledged that Ankara's defence budget was to be reduced by a third principally because of the huge drop in the Turkish lira. Furthermore, when the public discussed this issue the military did not welcome the participation of civilians in the debate on planning defence resources and the budget. “Reducing military purchases is a matter which must be discussed by the military authorities,” said Huseyin Dirioz, a Turkish Foreign Ministry spokesman: “Turkey's geopolitical conditions are different from those of Greece.”³⁶

For their part, Greek officials were not urging cuts identical to those concluded in Athens. “Turkey considers Greece a small regional problem,” said Greek Defence Minister Akis Tsohatsopoulos: “With 600,000 soldiers, Turkey needs to arm itself against Iran, Iraq and Syria. In this context, there cannot be an arms balance between Turkey and Greece.”

The change in the position of Greece further motivated the debate on civilian engagement in defence resources planning and budgeting. It gained additional momentum when Mesut Yilmaz first raised the

National Security Concept—at the Motherland convention in early August 2001—and was rebuffed by the military in an extraordinarily tough-worded statement.³⁷ Yılmaz charged that the National Security Concept adopted by the NSC in the past had stalled reformation and democratisation in Turkey. He pointed out that the internal threat concepts created by the document prevented meaningful debate on crucial issues like freedom of expression and other restrictions on human rights. Yılmaz's speech was well received by the groups that took a critical position to the uncontested role of the military in determining defence resources and planning. They did not give much credit to the speaker, but applauded the content of the speech. Many agreed on the issues addressed and discussed the non-military participation in defining national security.

In response to Yılmaz's questioning stance, not only did the military lambaste him; they also said the government had ruined the economy. Yılmaz vowed to raise this issue at the NSC meeting on 21 August 2001, while his coalition partners (and President Ahmet Necdet Sezer) said they wanted the controversy shelved. Both Sezer and Prime Minister Bulent Ecevit said they were against the issue being raised at the NSC. They feared an explosive situation if an argument erupted between Yılmaz and the generals, one that might spark a new economic crisis. In the event the meeting passed without incident.

Soon after Yılmaz raised the issue of the military's absolute control over defining “national security,” business and labour, the mainstream media, liberal and left-wing analysts all joined the debate on the extent to which civilians and military should be involved. They shared the opinion that the issue of national security is related to all spheres of life and, therefore, along with the political and military elite, various segments of society should have a voice in its definition. This suggests the emergence of pressure for transparency of the military budget and participation of civil society institutions in its formation. The debate went on throughout August and early September 2001, despite the military's publicly announced conviction that it was the military that defined national security.³⁸

However, with the 11 September terrorist attacks on the US, the agenda has changed. The new international context created by those events and the US-led action in Afghanistan have required the military to re-define threats to national security. The new situation partly silenced the people's urge for defence transparency defence resources. It certainly encouraged the military to increase their spending *and* to reject the notion of accounting to the public for the expenses. For example, they smartly restored the 32 procurement projects postponed earlier, ostensibly so as to be able to respond effectively to the new threats.³⁹

There was no critical response to this development, despite the deepening of the fiscal crisis.⁴⁰ Nor was their reaction to larger cuts in civil spending as Turkey unveiled an austerity budget in October 2001.⁴¹ A ‘new’ threat and the changed international conditions created by it had weakened the interest in demanding transparency in the conduct of defence affairs. In the case of Turkey, it froze the campaign.

In the following year, before the general election of 3 November 2002, academics tried to discuss the defence budget and to revive initiatives for transparency in defence budgeting. In August a collection of articles analysing the political role of the army in Turkish politics—and military expenses—was published in the pro-leftist *Birikim* journal. It inspired many intellectuals to discuss and question the

defence budget, but without a serious impact on societal support for transparency in decision-making. Another academic voice came from TESEV (a research institute for economic and social studies) with the publication in November 2002 of a research report on military expenditures in Turkey. Conducted by Professor Gulay Gunluk Senesen, the TESEV research shows that defence spending is rising and creating negative consequences for macroeconomic trends. In the conclusion and policy recommendations section of the report Professor Senesen draws attention to the data deficiencies and calls for greater transparency and coherence of defence information.⁴² She also underlines the need for increased public outlays to improve living standards in the process of integration with the European Union and for re-evaluation of the perceived and real external and internal threats to the country and the economic costs incurred in meeting them.

It is noteworthy, though, that the TESEV report was not presented at a press conference, as had been planned, because of “political sensitivities” in the post-election period and on the eve of a likely war in Iraq. With the electoral victory of the Akparti, many people worried about the implementation of an Islamist agenda, and remembered the role of the army as the guardian of the secular state. This stifled debate on military spending and the defence budget. The likelihood of a war in Iraq further discouraged discussion.

Conclusion

The analysis of the Turkish case shows that the perception of the military, the nature of civil-military relations and the political culture defining the position of the military vis-à-vis society and the political elite, plus inter-state conflict are factors that affect the citizens' urge for transparency of defence resources planning and budgeting, as hypothesised at the beginning of the paper. The citizen's perception of the military as a sacred and special institution in Turkish society, the heroic image of the military, the public perception of the military as protector of the motherland against external and internal threats, the peculiar nature of civil-military relations that requires a concordance of society and the political elite with the military, the resultant military influence over civilian political life, the constitutional provisions that sanction that influence, and Turkey's tough neighbourhood conditions – this formidable accumulation of factors in fact serves to deter any sustained demand for transparency of defence planning, programming and budgeting in this country.

There *have been* initiatives for transparency building in Turkey. In 2001 the military responded positively by apparently adopting a policy of transparency. Before that, however, the security environment precluded change; and since, while the EU-integration lobbyists want to reform the country's civil-military relations all round and others campaign for more democratic and accountable government, the position of strength that the army attained in the later 1970s and 1980s has not been seriously eroded.⁴³

However, the debate continues. Influential in future will be pressures for reforms to meet the Copenhagen criteria for EU membership. For the time being, though, the events of 11 September 2001—and more recently the Iraq crisis, conflict and aftermath—cast their shadow over the scene. The military's uncontested role in defence resources planning and budgeting has been enhanced and pressure for defence budget transparency has receded. No less important, after the 2002 electoral victory of Akparti, the fear of an Islamist agenda and potential destabilisation in the Middle East have

led Turkish intellectuals to recoil from a critical stance vis-à-vis the military, although perhaps only temporarily.

Policy Recommendations

Transparency building is maturing in Turkey and is important for economic development and democratisation. International stimulus for it should go on. Yet most important for Turkey's future stability is the capacity of civilian governments to maintain harmonious relations with the military. This depends on the extent to which they are able to manage the tension created by policy cleavages and the antagonism between the military and the country's radical groups. With increased democratisation, the prospect of European Union membership and enhanced political stability, the military should exert less influence in the political arena. After all, the higher echelons of the military have never evinced anything other than a strong desire to restore a functioning democracy in Turkey. A conviction on the part of the military that there is a strong civilian commitment to protecting the unitary secular state is important, to allow transformation of the NSC—in all respects—into an advisory organ rather than a 'co-ordinating' body. This is one of the mid-term objectives required to be realised in order to meet the Copenhagen criteria, as stated in the Political Criteria Section of the National Programme.⁴⁴

This would likely lead to a more relaxed civil-military partnership with increased civilian influence (eventually dominance) and that in turn would invigorate initiatives for transparency and accountability in the conduct of defence affairs. One significant step has already been taken: in order to carry out the changes envisaged in the National Programme of October 2001, the number of the civilians in the NSC was increased.⁴⁵

At the same time domestic and international actors should recognise the possibility that efforts to discredit the military would lead to political turmoil rather than paving the way for further democratisation born of political instability. Secondly, if ever there are worries about the extremist tendencies of elected representatives, there will be strong popular pressure to halt movement towards parliamentary control of the armed forces.

Appendix A

The Turkish Armed Forces

A. The Internal Organization⁴⁶

J-1 - responsible for personnel

- J-2 - responsible for the collation and evaluation of internal and foreign intelligence from the Turkish National Intelligence Organization, the police and gendarmerie, and the three services' own intelligence branches
- J-3 - responsible for operations, training, planning and exercises
- J-4 - responsible for logistics
- J-5 - arguably the most important department and is responsible for strategic policies, threat assessment, targeting, budgets and military agreements
- J-6 - responsible for communications and electronics
- J-7 - responsible for studies of military history and strategy

B. The Laws

There are three main laws relating to the status and legal responsibilities of the Turkish Armed Forces are:

- The Turkish Constitution (1982);
- The Turkish Armed Forces Internal Service Law (1961);
- The National Security Council Law (1983).

The Turkish Armed Forces Internal Service Law of January 1961 contains the most detailed statement of the legal role and obligations of the military. It specifically charges the military with responsibility for protecting the nature of the Turkish regime, including the Kemalist principles of territorial integrity, secularism and republicanism. Article 35 states:

“The duty of the Turkish Armed Forces is to protect and preserve the Turkish homeland and the Turkish Republic as defined in the constitution” (the 1961 Constitution).⁴⁷

The National Security Council Law of 1983 defines national security in such broad terms that it could, if necessary, be interpreted as covering almost every policy area. Article 2a states that:

“National security means the defence and protection of the state against every kind of external and internal threat to the constitutional order, national existence, unity, and to all its interests and contractual rights in the international arena including in the political, social, cultural and economic spheres.”⁴⁸

The View of the Turkish Ministry of Foreign Affairs on Defence Transparency and Confidence Building

Turkey attaches particular importance to arms control and disarmament processes. For Turkey, active participation in international efforts in these areas, adherence to the relevant international agreements and observance of their full implementation are important elements of her national security policy. As a result of the momentous changes which took place in the European security architecture over the last decade, the general aspiration for a new security system based on co-operation gave a fresh impetus to arms control and disarmament endeavours, which was welcomed by Turkey.

* The Treaty on Conventional Armed Forces in Europe (CFE) was concluded in 1990 and entered into force in July 1992. The CFE Treaty ensured significant reductions in five categories of conventional arms and equipment, namely battle tanks, armoured combat vehicles, artillery systems, combat aircraft and attack helicopters and imposed certain numerical limitations on states parties. As such, Turkey considers the Treaty as the cornerstone of the European security architecture. Turkey has participated in an active and constructive manner in the negotiations started in Vienna and ended in Istanbul for adapting the CFE Treaty to the new conditions which came about with the end of the bipolar structure of the Cold War era.

The Agreement on Adaptation of the Treaty on Conventional Armed Forces in Europe signed in Istanbul on 19 November 1999 will place legally binding limits on the armed forces of every individual country that is party to it, from the Atlantic to the Urals. It will also enhance peace, security and stability throughout Europe and strengthen the requirement that host nations must consent in advance to the deployment of any foreign forces on their territory.

For Turkey the maintenance of the Flank Regime and its reconciliation with the structure of the new Treaty has been the most vital and determining aspect of the adaptation process. The substance of this important element of the Treaty is maintained under the adapted CFE.

While expecting all States Parties to complete their ratification process in an expeditious manner, Turkey attaches utmost importance to the full implementation of the present Treaty.

* Turkey considers the Treaty on Open Skies which was concluded in 1992 as a major confidence-building instrument and an important mechanism for the verification of the arms control agreements. In recognition of its significance and potential contribution to European security, Turkey ratified the Treaty in 1994 and stands ready to contribute to efforts directed to facilitating its timely entry into force.

* Turkey regards confidence and security building measures (CSBM) at bilateral and regional levels as an element complementing other disarmament efforts. In this context the Vienna Document

constitutes an important CSBM instrument which contributes effectively to the security and stability in the OSCE area and will continue to be an important part of the collective efforts directed to creating a safer and more transparent environment in Europe in the next century. The implementation of the Vienna Document to date has been successful. An important reason underpinning the successful implementation of the Document is its evolving character in the face of new conditions. Within this spirit, as in the previous revisions of the document in 1992 and 1994, the latest process directed to further developing the document has been successfully concluded and as a result, the Vienna Document 1999 was adopted in Istanbul. Turkey believes that this important CSBM arrangement will, in its updated form, make further contributions to openness and transparency in the OSCE area.

As an indication of the importance she attaches to regional security co-operation, Turkey started as from 1990 to conclude with her neighbours in the Balkans bilateral CSBM arrangements drawing upon the Vienna Document. In this context, in 1991 with Bulgaria the “Sofia Document” and then in 1992 as an elaborated version the “Edirne Document,” in 1995 with Albania the “Tirana Document” and the same year with Macedonia the “Skopje Document” were finalised and put into practice. Turkey also proposed to materialise similar arrangements with other regional countries.

* Notwithstanding the fresh hopes for a safer environment brought about by the end of the Cold War, the world has also experienced a proliferation of regional conflicts and armed hostilities and witnessed a trend leading to the spread and destabilising accumulation of sophisticated weapon systems including the weapons of mass destruction (WMD) and their means of delivery.

In view of her particular geographic location close to the regions which bear high risks of proliferation, Turkey monitors with vigilance the developments in this field and takes part in collective efforts aimed at devising measures to reverse this alarming trend.

In this context, Turkey was among the initial signatories of the Non-Proliferation and Test Ban Treaties. Turkey is also party to both the Chemical Weapons and the Biological Weapons Conventions. In 1996, Turkey became the founding member of the Wassenaar Arrangement regarding export controls of conventional weapons and dual-use equipment and technologies and joined the Missile Technology Control Regime (MTCR) in 1997. Turkey recently became a full member to the Zangger Committee. To complete the picture Turkey expects to join the Nuclear Suppliers Group (NSG) and the Australia Group in the nearest future.

Turkey wishes to see, both in her region and at global level, that all countries adhere to the goals of non-proliferation and work collectively for their accomplishment.

* Turkey is fully conscious of the human sufferings and the casualties caused by the irresponsible and indiscriminate use of anti-personnel mines (APMs). However, the security situation around the country so far precluded Turkey from signing the Ottawa Convention aimed at the total elimination of the APMs. Yet, Turkey keeps an open mind towards an eventual mine ban to be achieved in stages. In this context, a national moratorium on the sale and transfer of APMs was put into force in January 1996 and was extended until 2002. Furthermore, Turkey initiated a number of contacts with some neighbouring countries with a view to seeking the establishment of regimes for keeping the common borders free from APMs and for preventing their use in border areas in the future. To this end an

agreement was concluded in March 1999 between Turkey and Bulgaria. The agreement has already been approved by the Turkish Grand National Assembly. Turkey also took part as an observer in the First Meeting of States Parties to the Ottawa Convention on 3-7 May 1999, during which she announced her decision to become party to the Convention at the beginning of the next decade, provided that the recent conditions will not change adversely.⁴⁹

Notes:

1. An earlier version of this paper was presented at International Seminar “Initiatives for Transparency of Defence Resources Planning and Budgeting for Southeast Europe,” organised by Department “National and Regional Security” of the University of National and World Economy, Sofia, Bulgaria, 25-26 October 2001.
2. For more information on the academic and political efforts to discuss the concept of transparency building, see Todor Tagarev, “Overview of Defence Transparency Issues in Southeast Europe,” in *Transparency in Defence Policy, Military Budgeting and Procurement*, ed. Todor Tagarev (Sofia: Geneva Centre for the Democratic Control of Armed Forces and George C. Marshall—Bulgaria, 2002), pp. 8-14.
3. Prof. Greenwood describes the sequence of events that have led to establishing the conceptual and legal framework of transparency-building in the SEE. Interest was assessed at a Stability Pact Seminar held in Sofia in June of 2000, and the concept was endorsed by the Pact’s Working Table III a few months later (October 2000, also in Sofia). Preparations were then made for a formal inauguration. This duly took place in March 2001, on OSCE premises in Vienna. At this gathering a Multinational Steering Group (MSG) was established to manage the enterprise and an Academic Working Group (AWG) was set up to provide professional guidance. The meeting also accepted Bulgaria’s offer to provide a small MSG/AWG Secretariat and to host a so-called Group of Experts (GOE) at the Rakovsky Defence College, the latter to act as the working agency of the Initiative. Most important, the Vienna meeting gave the Sofia-based GOE its first tasks. He also explains why transparency-building is important in South-Eastern Europe and generally by referring to ‘the Vienna understanding’ – that elucidated the meaning and importance of transparency and the closely-related notion of accountability. See David Greenwood, “Transparency in Defence Budgets and Budgeting,” in *Transparency in Defence Policy, Military Budgeting and Procurement*, ed. Todor Tagarev (Sofia: Geneva Centre for the Democratic Control of Armed Forces and George C. Marshall-Bulgaria, 2002), pp.27-38.
4. Greenwood, “Transparency in Defence Budgets and Budgeting.”
5. Greenwood, “Transparency in Defence Budgets and Budgeting,” p. 30.
6. Greenwood, “Transparency in Defence Budgets and Budgeting.”
7. *Vienna Document 1999 of the Negotiations on Confidence- and Security-Building Measures*, FSC.JOUR/275 Istanbul, 16 November 1999, <<http://www.osce.org/docs/english/1990-1999/csbms2/vienn99e.htm>> (11 February 2003).
8. For example, according to the 1982 Constitution, Turkey’s Council of Ministers must consider, “with priority, the decisions of the National Security Council concerning necessary measures for the protection and independence of the state, the unity and indivisibility of the country, and the peace and security of society” (1982 Constitution, Article 118). The NSC is a constitutional body that had been created by the 1961 Constitution and its status was enhanced by the 1982 Constitution. Article 118 of the 1982 Constitution establishes the NSC as a body evenly divided between five civilians (the president, prime minister, and ministers of defence, internal affairs, and foreign affairs) and five military officials (the chief of the general staff, the commanders of the army, navy, and air force, and the general commander of the gendarmerie).

9. See Ayse Gul Altinay, *Making Citizens, Making Soldiers: Military Service, Gender and National Identity in Turkey*, Ph.D Dissertation (Durham, NC: Department of Cultural Anthropology, in Graduate School of Duke University, 2001).
10. Military officers, for example, joined civilians in celebrating the 75th anniversary of the republic. Military officers in uniform held hands with civilians and marched in Ankara, Istanbul, and Izmir on October 25, 1998, symbolically manifesting the removal of civil-military boundaries.
11. Soon after the collapse in public confidence during the national trauma of the August 1999 earthquake, in September 1999 the armed forces still headed the list of trusted institutions with 65.1 %. See *Milliyet*, November 8, 1999.
12. The Turkish General Staff declared to the public that it planned to revise its budget with an aim of reducing the expenses. The General Secretary of the General Staff issued a press release explaining that the military expenses were to be reduced and the projects that have "no priority" would be postponed or cancelled. It also underlined that the military expenses that had been 18 percent of the total state budget (almost 3.5 percent of the Gross National Product, according to the military's declaration) since 1984 is to be 10.6 percent of the budget in 2001. The military decided to postpone 32 projects in order to save US \$ 19.5 billion. See *Radikal*, April 12, 2001.
13. Douglas Frantz, "Military Bestrides Turkey's Path to the European Union," *New York Times* (January 14, 2001).
14. See Eric Rouleau, "Turkey's Dream of Democracy," *Foreign Affairs* 79, 6 (November/December 2000): 100-113; and Douglas Frantz, "Military Bestrides Turkey's Path to the European Union," *New York Times* (January 14, 2001).
15. Turkey's military expenditures constituted approximately 5 percent of its gross domestic product in the mid-1990s according to Gulay Gunluk Senesen. This ratio did not include all of the expenditures incurred due to military and paramilitary operations in the southeastern regions. See Gulay Gunluk Senesen, "Some Economic Aspects of Turkish Armaments Spending," *New Perspectives on Turkey* 13 (Fall 1995): 75-91, p. 75.
16. Gulay Gunluk Senesen, "Turkey: The Arms Industry Modernisation Program," in *Arms Industry Limited*, ed. Herbert Wulf (Oxford, UK: Oxford University Press, 1993), pp. 251-267, p. 251.
17. The Defence Industries Development and Support Administration (DIDA, or UDI) was formed at the end of 1985 to administer the 10 year, \$10 billion modernisation program. The status of the DIDA was changed to the Under-secretariat for National Defence Industries (UDI) under the auspices of the Ministry of Defence in 1989. See Senesen, "Turkey: The Arms Industry Modernisation Program." p. 252, footnote 4.
18. The military dominance of the DIEC was clearly demonstrated in 1998 when the civilian government abolished a defence fund levy on petroleum products. The DIEC, which is ostensibly headed by the prime minister, protested the decision, arguing that it would restrict funds and could delay several important defence programmes. But the civilian government, also headed by the prime minister, defended it on the grounds that it needed to stabilise petrol pump prices and reduce inflationary pressures.
19. Interview with military official, October 1999.
20. One reason appears to have been increasing distrust of civilian governments, particularly after the Welfare Party's 1995-election victory, although the military was also concerned about political considerations affecting the equipment purchases. For example, in 1995 the then prime minister Tansu Ciller agreed to buy 30 Cougar utility helicopters from the Franco-German Eurocopter consortium in an attempt to secure French backing for Turkey's Customs Union agreement with the EU despite protests from the TGS, which believed that the US Sikorsky's Black Hawks were a superior platform.
21. For the autonomy of the military in Turkey, also see Umit Cizre Sakallioğlu, "The Anatomy of the Turkish Military's Political Autonomy," *Comparative Politics* 29, 2 (1997): 151-166. p.154.

22. Article 117 of the Constitution stipulates that the office of the Commander-in-Chief is inseparable from the Turkish Grand National Assembly and that the President of the Republic holds it. According to the same article of the Constitution, the Council of Ministers is responsible to the Turkish Grand National Assembly for national security and for the preparation of the Armed Forces for the defence of the country. The article says, "The Chief of the General Staff is the commander of the Armed Forces, and, in time of war, exercises the duties of the Commander-in-Chief on behalf of the President of the Republic." <www.mfa.gov.tr/b6.htm> (12 February 2003).
23. The Turkish General Staff is not subordinate to the Ministry of Defence, but to the Prime Ministry as under the current constitution. Article 117 of the 1982 constitution, which closely resembles Articles 40 and 110 of the 1924 and 1961 constitutions respectively, states that the Chief of the General Staff is 'appointed by the President of the Republic on the proposal of the Council of Ministers' and 'responsible to the Prime Minister in the exercise of his duties and powers'.
24. *Turkey: An Official Handbook* (Ankara: The General Directorate of Press and Information, 1990), p. 60.
25. Any public criticism of the military found to be "belittling and defaming" (Turkish Penal Code, Article 159) can result in being sentenced up to six years in prison. Such cases are civil criminal courts. Secondly, under Turkish Penal Code Article 155, a public speech or written text found to be containing an aim of "alienating the people from the military" is a crime and tried in General Staff Criminal Court. Crimes of opinion are often tried in state security courts that were presided over by high-ranking officers until the Ocalan case in 2000.
26. For example, the main one OYAK is a vast composite "comprising some 30 enterprises in sectors as diverse as automobile manufacturing, cement work, food processing, pesticides, petroleum, tourism, insurance, banking, real estates, supermarkets and high technology." See Eric Rouleau, "Turkey's Dream of Democracy," p. 109.
27. See Douglas Frantz, "Military Bestrides Turkey's Path to the European Union."
28. For example, the Islamists and the Welfare Party mentioned this attempt a number of times in 1997.
29. As a result of the crisis, the Turkish lira has dropped by approximately 40 percent.
30. Eric Rouleau argued that Brussels target a change in the Constitution and "transformation of the NSC into an informal and extra-constitutional consultative body with a civilian majority." See Eric Rouleau, "Turkey's Dream of Democracy," p. 106.
31. For the opinion of the military on this, see Gareth Jenkins, *Context and Circumstance: The Turkish Military and Politics*, Adelphi Paper 337 (Oxford: Oxford University Press, February 2001), Chapter III, footnotes 10 and 11, p. 44.
32. The Turkish General Staff declared to the public that it planned to revise its budget with an aim of reducing the expenses. It also planned to adopt a policy of transparency that aims to explain and to share some information with the public while considering the importance of confidentiality. The General Secretary of the General Staff issued a press release explaining that the military expenses were to be reduced and the projects that have "no priority" would be postponed or cancelled, as mentioned above. See *Radikal* (April 12, 2001).
33. See article titled "Turkey halts \$19.5 billion in military procurement due to fiscal crisis," Special to World Tribune.com, *Middle East Newslines* (April 13, 2001).
34. Quoted in Gulay Gunluk Senesen, "Some Economic Aspects of Turkish Armaments Spending," p. 78.
35. The existing water conflict over the Euphrates-Tigris basin is an outcome of an intricate two-level interaction between riparian states that involves their domestic political concerns as well as strategic international ones. It does not only affect the relations among Turkey, Syria and Iraq, but other Arab countries are also concerned and they do not hesitate to make critical remarks on Turkey's existing water policy.
36. "Turkey reduces military budget due to economic woes," Special to World Tribune.com *Middle East Newslines*

- (April 9, 2001).
37. Sources close to Yilmaz said Parliament will debate major amendments in the Constitution as of September 17 at an extraordinary session and thus the MGK should debate the proposed constitutional changes. Yilmaz said he would ask the MGK to debate the issue within the light of the proposed constitutional amendments. It is said that the military is sensitive to the amendments in Article 13 of the Constitution, which deals with the restrictions of basic rights and freedoms, Article 14, which deals with the misuse of basic rights and freedoms, Article 26, which deals with how views should be disclosed and how they should be published or aired, and Article 28, which regulates freedom of the press. These articles are among more than three dozen to be changed by Parliament. The military opposes the reforms claiming these could allow Islamic fundamentalist groups as well as Kurdish separatists to spread their propaganda with greater ease. Proponents of the reforms say these improvements are needed if Turkey is to fulfil the Copenhagen criteria and thus open the way for Turkey's full membership to the European Union. See *Turkish Daily News* (August 21, 2001).
 38. For example, a retired General Sedat Ilhan, speaking to *Gazete Gozlem* (18 August 2001), said: "The issue of national security cannot be left to the personal whims of the political leaders, and it cannot be discussed by the public." Similar views were expressed in the past. See Nilufer Narli, "Civil-Military Relations in Turkey," paper presented at the International Conference, *Taking Stock on Civil-Military Relations*, Co-organised by Centre for European Security Studies, The Netherlands, Centre for Security and Defence, Canada, the Geneva Centre for Democratic Control of Armed Forces, Switzerland (The Hague, The Netherlands, 10-12 May 2001).
 39. See *Cumhuriyet* (September 26, 2001).
 40. Turkey has been in a deep economic crisis since February 2001, with the lira losing over 60 percent of its dollar value while up to a million Turks lost their jobs. Hopes of recovery dwindled after the September 11 terror attacks in the United States and the start of the U.S.-led military campaign in Afghanistan. The government had hoped to base a recovery on higher export and tourism revenues. But regional tensions will likely hurt tourism, while exports could suffer from a global downturn.
 41. The budget announced by Sumer Oral aims to slash spending by around 17 percent to meet International Monetary Fund-backed targets. The spending cuts are aimed at reducing the budget deficit from around 15 percent of gross national product this year to under 10 percent of GNP in 2002. See the article by Ben Holland, "Turkey Unveils Austerity Budget," *Associated Press Writer* (Istanbul, 18 October 2001).
 42. Gulay Gunluk Senesen, *T•rkiye'de Savunma Harcamalar• ve Ekonomik Etkileri: 1980-2001* /The Military Expense in Turkey and its Implications for the Economy/ (Istanbul: TESEV Publication, 2002). Also see Senesen's article on defence budget in a pro-leftist journal *Birikim*: "T•rkiye'nin Savunma B•t•esi : Veri ve Gozlemler" /Turkey's Defence Budget: Data and Observation/, *Birikim* 160-161 (August-September 2002): 102-106.
 43. The Turkish General Staff (TGS) initiated the REMO (REorganisation-MOdernisation) project in order to help the army recover from the impact of the 1975 U.S. arms embargo imposed in the wake of the Cyprus intervention the previous year. The project, coupled with the impact of internal security concerns, elevated the professional skills of the military, which in turn enlarged its influence on political matters.
 44. For the National Program, see <<http://www.abgs.gov.tr/>> (12 February 2003).
 45. In September-October 2001 the Grand National Assembly worked on constitutional changes envisaged in the National Programme. One of them was the change in Article 188 and accordingly, the deputy prime ministers and the ministry of justice have become members of the NSC in October 2001. Now the numbers of civilian members are nine against five military members. See *Radikal* (29 October 2001).
 46. Internal organisation given below is borrowed from Gareth Jenkins, *Context and Circumstance: The Turkish Military and Politics*.
 47. Refer to Justice Ministry web site <<http://www.adalet.gov.tr>> (12 February 2003).

48. Article 2a, National Security Council Law No 2945, Justice Ministry web site, <<http://www.adalet.gov.tr>> (12 February 2003).
49. Refer to <<http://www.mfa.gov.tr/grupa/ai/01.htm>> (12 February 2003).
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Initiatives for Transparency-Building in Turkey: International, Regional and Domestic Factors

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Keywords: civil-military relations, accountability, Turkish military, armed forces, defence planning, force planning, defence policy, procurement

Abstract: Taking Turkey as a case study, this article addresses a specific question: What are the factors that support citizens' initiatives for transparency of defence resources planning and budgeting? It assumes that transparency-building is usefully analysed at three levels - the national or "domestic," the regional and the international - and, therefore, differentiates relevant influencing factors at these levels. Hypothesised to be significant at the international level are shifts in the balance of power (e.g., the demise of the Soviet Union, ending of the Cold War), international treaties concerning armament (e.g., the Conventional Forces in Europe /CFE/ accord) and international documents on various security matters (e.g., the Vienna Document 1999), new global threats (e.g., terrorism, especially following the attacks in the US on 11 September 2001) and wars, real or likely (e.g., the recent fighting in Iraq). At the domestic level, the article considers several economic, political and socio-political factors as variables affecting citizens' demands for transparency of defence resources planning and budgeting. The following factors shape the transparency-building attitude: fiscal crises and poverty; perceived and real threats to national security; the activities of separatist or extremist movements; how the country's political culture defines the position of the military vis-a-vis society and the political elite, plus the nature of civil-military relations; and the impact of reforms that change legal and political frameworks.

[full text](#)

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TRANSPARENCY OF DEFENCE POLICY IN PROGRESS

[Tilcho IVANOV](#)

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Following the end of the Cold War at the end of the last century, Bulgaria has experienced unprecedented changes of its defence policy. At the beginning of the 1990s, policy was essentially driven by the aim to overcome the centralist legacies and to lay the new constitutional basis for democratic governance and a viable defence administration.¹ Later the driving force was the challenge of joining NATO. Recent management changes have been increasingly shaped by imminent accession. Despite this positive evolution, with regard to the transparency of policy there remain issues to be explored and harmonised.

This essay looks at Bulgaria's practice in openness and transparency of defence policy in the context of driving democratic approaches to solving the country's problems. A key aim is to clarify the status of defence policy openness and transparency and to suggest how officials could improve the effectiveness and quality of policy execution. The material covers

- Defence policy and public communication;
- Delivery of justice and defence strategy planning in transition;

- Changes in central (core) ministerial structures;
- Defence planning, programming, and budgeting transparency;
- Transparency of procurement policy;
- Transparency and information security policy;
- New operational defence management modernisation in practice.

At the end there are some conclusions and proposals for the modalities and paths ahead.

1. Defence policy and public communication

Transparency is a main precondition of civil control and accountability of public governance in defence. As the main responsibility of the government in the liberal democratic state is to protect the public interest, it must therefore be ready to inform the general public about its decisions. Related to defence policy there must be relevant openness, clarity, and credibility. The important key documents and other information prepared or commissioned by the government, including Ministry of Defence (MoD) and defence agencies, should be made available to the public.²

One of the main objectives of administrative reform in Bulgaria, as a transitional country, is the growing accountability of governance. The explanation lies in the development process of the state, a century-long transformation from the Liberal State, through Social State to Market State.

The classic theory on the liberal-democratic state conceives it as a “complex structure of checks and balances, addressed mainly at preventing the abuse of power and at protecting the sphere of freedom and personal development that correspond to each individual and to the society at large.”³ We will not discuss the reasons, but from the first third to the middle of the last century the Social State changed the Liberal European State. (In Eastern Europe the new state became the *Socialist* State.) As a consequence of this development the government became the dominant manager of society. The state became the “Bureaucratic State” in the West and even the “Authoritarian or Totalitarian State” in the East. The favoured principles and criteria for evaluation of central administration were—nominally, at least—efficiency, effectiveness and economy.

Reaction to that began in the 1980s. Since then the active, direct, and leading role of state bodies and *apparatchiks* has increasingly given way to a more passive, indirect, and facilitating role.⁴ The new Market State appears with less dominant central direction and fewer state-owned enterprises because of privatisation. All these changes affect governance. Attention to public participation, accountability and transparency accompanies a conception of the government as a partner-producer of public goods. “New governance” now views the citizen more as a client than as a subject or object of administration. That is what we call now “modern civil society.”

In this setting successful capacity-building for ‘good governance’ rests on four key principles:

transparency, accountability (and civil control), participation and predictability.⁵ These principles are interrelated, and transparency is a precondition for the rest. The level of accountability is the real criterion for gauging the build-up and development of modern civil society in any country, the measure of what is real and what is illusory in the process of transition to democracy. In this respect we can see that transparency is only one of the important criteria. It is a prerequisite for, but not a full guarantor of, accountability and democratic control. Governmental sensitivity to critics and readiness to answer to popular dissatisfaction with current policy are also important.

At the same time, in extreme cases, excess of openness and accessibility can have negative effect on transparency. This is the case when “People cannot see the wood for the trees.”⁶ In real life, however, this case is very rare. Seemingly transparent but effectively closed government is not at all democratic. ‘Good governance’ requires provision of relevant information, according to the public interest. Limited transparency or openness betrays official reluctance to consider popular demands and accept democratic control.

According to Shamsul Haque there are three dimensions of accountability and transparency:

- The standards of accountability (accountability for what) and transparency;
- The agents of accountability (to whom) and transparency;
- The means of accountability (how it is ensured) and transparency.⁷

Each of these might instructively be analysed separately, but in this paper only a general overview is possible.

What the defence organisation and armed forces have to be accountable *for*—and transparent about—is the public service they render, evaluated in terms of both product and process. The transparency requirement extends to provision of information about both policy and resources. (Before defence reform gathered momentum in Bulgaria there were no standards or norms regarding these matters.)

Practice throughout the security sector should ideally respect both national and international expectations and requirements. There are few international prescriptions related to defence plans and budgets. Among the more important are:

- some UN conventions, including the Register of Conventional Arms (primarily concerned with transparency in trade);
- the OSCE’s Vienna Document 1999 *On the Negotiations on Confidence and Security Building Measures* (outlining politically-binding obligations to share information concerning military forces, major weapon and equipment systems, defence planning and budgeting, including spending data);

- Stability Pact-sponsored exercises, like the Initiative on Transparency of Military Budgets in South-Eastern Europe.

The last-mentioned has yielded a pilot data *Yearbook* and work is in progress on a follow-up volume plus a *Survey* of budgeting processes in the region.

As for national obligations in Bulgaria, it is appropriate to mention one regular and one occasional medium:

- the Yearly Report on the State of Defence (required by the Law on Defence), which has established a good start for routine reporting (but lacks data on budget execution);
- the Defence White Paper (or White Book), the inaugural edition of which appeared in 2002.

The last-mentioned took a long time to prepare but involved extensive public discussion on the national defence outlook. It is to be hoped that there will be further editions from time to time.

Regarding the second dimension—accountability *to whom*—in a democratic state this involves requirements related to civilian direction and democratic control. The armed forces must be answerable to ministers who are in turn answerable to elected representatives of the people (*demos*, in Greek). Further, these representatives should exercise legislative oversight of the entire defence organisation, and of policy and spending in particular. Policy-making, planning and budgeting should also be monitored by academics and NGOs, the print and broadcast media, and other institutions of civil society such as interest groups.

In Bulgaria as elsewhere the Minister of Defence occupies a pivotal position. He directs the military and the defence organisation, and in turn reports to the country's Security Council, Ministerial Council and National Assembly. He also has to present financial information, as required by legislation. His office broke new ground in 2001/2002 with the production of the aforementioned White Paper (White Book). No other authority has direct obligations to give specialised information to the Bulgarian public.

The demand for such information from NGOs, lobbies, the media, industries, other partners and clients is steadily increasing. This is in line with acceptance of a new-liberal model of governance that is changing the composition of agents to whom the authorities should be accountable. Citizens see themselves as clients of the common services for which they pay their taxes. This is a new idea for Bulgarian bureaucrats, and it poses a big challenge, calling for greater openness all round.

The third dimension of transparency—concerning *how* accountability is ensured—is about means. Haque identifies two types of mechanism in the traditional practice of western liberal democracies:

- *External-formal mechanisms*, including legislative instruments (legislative committees and parliamentary questions), executive means (controls exercised by the authorities over public agencies), and judicial or quasi-judicial processes (administrative courts and ombudsmen), plus *external-informal means*, such as public hearings, opinion polls, interest group and media

scrutiny;

- *Internal-formal mechanisms*, including hierarchies, official rules, codes of conduct, performance reviews; and *internal-informal means*, such as organisational culture, professional ethics, and peer pressure.

Like other transitional countries, Bulgaria has put formal machinery in place along these lines; and informal arrangements are evolving, helped by the greater availability of information (including recent development of the government's Web pages). Such communication facilitates public understanding and, by evoking a multiplicity of opinions, should contribute to better decision-making.⁸ Its legal underpinning includes a Law on Access to Public Information, affording access to the files of public organisations.⁹ Another important statute is the Law on Public Orders, giving rights to potential suppliers to receive equal information about contracts.¹⁰

From the point of instruments for enhancing transparency we need a good theoretical base to provide an appropriate perspective, common terms, and so on. Theories related to organisational communication offer a lot of approaches, methods, and techniques. Four packages of theories may be distinguished:¹¹ (1) mechanistic, (2) psychological, (3) interpretive-symbolic and (4) system-interactive, each with its own premises, axioms and assumptions about different aspects of the communication process.

- The mechanistic approach looks on the message as composed of the divisible bits of information transmitted between the sender and receiver. Theory is focused on technical problems: the nature and capacity of the channels, noise factors, and suchlike.
- Psychological theories are based on the assumption that the predispositions of senders and receivers determine the nature and format of exchanged messages, and the type of attention and interpretation that they need to reach their targets.
- Interpretive-symbolic theory sees messages only as stimuli that lead to communication by creating understanding between sender and receiver. The understanding is a result of exchanging ideas based on shared perceptions, coming from a common sense of organisational existence that is a product of the existing organisational climate and culture.
- System-interactive theory analyses messages on the assumption that the working communication process is a significant indicator of how the organisation functions in practice. It focuses on the situational status of the organisation as a whole. It is directed to making predictions about message patterns, the quality of interaction, and the improvements that have to be implemented.

The last 'package' is closest to the approach in this article. Focusing our attention on recurring communication, we seek suggestions for improvement from the point of its openness and transparency.

2. Delivery of justice and defence strategy planning in transition

For Bulgaria as for other Central and Eastern European countries the practical question of openness and transparency is mostly a political one, reflecting rejection of a legacy. After the Cold War era Bulgaria espoused the ideas, principles, institutions and, at least nominally, the standards of accountability associated with the liberal-democratic mode of governance. Most of the basic mechanisms and important instruments of control and accountability in a liberal-democratic state were accordingly prescribed by legislation. With the adoption of the 1991 Constitution, political forces embarked on extensive changes in the law.

This process extended to important initiatives for restructuring and reforming the public sector and its administration. The “market-led” state has begun to replace the inherited authoritarian state. Key statutes include new Laws for Defence and Military Forces (1995), the Audit Office (1995), State Financial Control (1995), for Public Procurement (1997), Administration generally (1999), and Civil Servants (1999). In the area of defence policy specifically the country adopted a new National Security Concept (1998) and Military Doctrine (1999), developed a blueprint for the development of the Armed Forces to 2004 (1999) and since 1999 has also followed the Membership Action Plan (MAP) process of preparation for accession to NATO. Further it began issuing an Annual Report on the Status of National Security in 1999 and, as noted earlier, one on Defence and the Armed Forces in 2000.

As well as these legislative and executive actions relate to civil direction and democratic control of defence domestically, governments have also paid attention to international obligations like the exchange of information according to the OSCE’s Vienna Document 1999.¹² In addition, on defence spending Bulgaria has taken the lead in furthering regional information-exchange (and publication) through its sponsorship—with the United Kingdom’s help—of an Initiative for Defence Budget Transparency in South-East Europe.¹³ On the other hand, there have been ‘deviations’ from some international agreements and UN resolutions. A case in point is the UN Register of Conventional Arms, originally established on the assumption that it would cover not only exports and imports of conventional weapons but also “available background information” relating to equipment holdings and procurement from national production. According to independent studies, at the peak of the Kosovo conflict (1999) Bulgaria provided regular information but was at the same time supplying countries to which others refused to sell.¹⁴

There is a transparency aspect also to Bulgaria’s participation in NATO’s Partnership for Peace programme. Since 1995 the special Planning and Review Process (PARP) has required the production of information about participants’ equipment, their forces’ deployability and readiness, with particular reference to capabilities that countries offer to make available for multinational formations and contingency operations. The main instruments for transparency through PARP are: Ministerial Guidance, Partnership Goals, and the (biennial) Survey.

To sum up: it is clear that Bulgaria has accepted the main principles and procedures relevant to the democratic control of defence, and policy and practice regarding transparency and accountability rest on a sound initial base. However, there remain significant variations between what happens here and what is commonplace in mature democracies. On the domestic side, for instance, as a general rule the

proceedings of the legislature's Committee for External Policy, Defence and Security are *not* open to the public (though in certain circumstances the Committee can decide that they should be). This position should be corrected—the sooner the better—by amending the terms of the Regulation for the Activity of the National Assembly.¹⁵ There are other areas where there remains room for improvement: not so much through further refinement of laws and regulations as through greater diligence, on the part of both the executive and the legislature, in implementing the rules; and through more effort to establish a robust culture of transparency.

3. Changes in central (core) ministerial structures

Since the early 1990s there has been far-reaching structural change in the defence organisation, including the Ministry of Defence (MoD) where functions have been rationalised and personnel numbers reduced (from approximately 800 to around 300). Reform has been explained in official publications and on the MoD's website. It has respected the Law on Administration's call for unified ministerial structures, based on common organisational rules; and it has been influenced by the impulse to follow NATO member states' practice as communicated through the MAP and PARP processes.

As a result of that, the current core structure of the Ministry includes six different blocs: Political Cabinet, General Administration, Specialized Administration, Executive Agencies, Academies, and Information and Security Services. Specialized administrative bodies (directorates) deal with key areas of business: Defence Policy and Planning; Armaments Policy; Personnel Policy and Social Adaptation; Euro-Atlantic Integration; International Co-operation; Procurement Management; Budget Planning and Management; Financial Control; Military Infrastructure; and Legal Activities.

Notwithstanding the record of generally positive changes across the defence organisation as a whole, there remain a lot of unsolved questions. Areas in which there is unfinished business include the following:

- Development of transparent internal organisational regulations for the separate directorates to guarantee 'open' government;
- Development of an integrated administrative structure (MoD and General Staff) to reduce an existing redundancy of functions and personnel;
- Development of a law and normative base for the executive agencies to allow some autonomy of activity without sacrifice of accountability;
- Improvement of the organisational ability of the MoD in the area of innovation, investments, and R&D activities.

The point is that shortcomings in the machinery of government are an obstacle to the consolidation of transparent and accountable governance.

4. Defence planning, programming, and budgeting transparency.

Turning from *structure* to *process*, what about practice in the key area of defence planning, programming, and budgeting; and what problems arise in achieving ‘open’ government here? On the whole the Bulgarian story is one of commendable progress in provision for accountability and transparency in this field. By and large the country has overcome the obstacles that in many other transition states have resulted in politicised administration, increasing corruption and negative attitudes concerning defence and security-sector reform. Such states often find it hard to shed their authoritarian inheritance. Citizens lack elementary mechanisms for control of power ministers, prosecutor’s office and administration. They may protest at this; but they may also acquiesce, opting for patronising paternalism rather than developing an active civil society. That has been the position in several South East European countries, where a tradition of closed governance prevails. In some cases the cause is lack of jurisdiction; in others it is legislative nihilism or infirmity. Either way, in such countries “the rule should be to increase transparency and openness, without hiding behind sophistic arguments and pseudo-calculations.”¹⁶

Bulgaria has done that. Thanks to the efforts of many administrators and specialists, since 1999 the country has evolved a “Planning, Programming, and Budgeting System” of the sort that most western countries use. This provides a coherent procedural framework within which decision-makers can identify what forces and capabilities are needed (planning); determine how and when they will be acquired, and what will be an affordable cost (programming); and allocate appropriate funds (budgeting). At the same time the system makes it *possible* to demonstrate to elected representatives and citizens why taxpayers’ money is necessary for defence, and how precisely it will be spent (appropriately and wisely in an ideal world).¹⁷

Bulgaria does this to some extent. The official portfolio of publications is not, however, as comprehensive as it could be. This is apparent if one looks at the material leading western states produce, which includes most or all of the following:¹⁸

- Annual Report of the Minister of Defence (accompanied in the United States—but nowhere else—by a detailed Posture Statement from the Joint Chiefs of Staff plus several volumes of complementary information);
- Defence White Book or White Paper, typically an occasional statement but an annual publication in the United Kingdom; or periodic planning prospectus, like France’s regular *Lois de programmation*;
- Annual budget publication supporting the government’s formal request for funds for all its spending departments (including defence), with essential information on resource allocation;
- Publications of the relevant parliamentary committee (or committees) overseeing the Defence Ministry and responsible for reporting the economy, efficiency and effectiveness with which the Ministry is discharging its responsibilities;
- Publications of the states ‘Supreme Audit Institution’ (local designations differ), incorporating

critical commentary on the executive branch's use of taxpayers' money (for all public administration and defence);

- Publications of the MoD or its policy-making, planning and procurement bodies, containing information elucidating policy and plans, procurement procedures and contracts.

The British also produce two other valuable texts, namely (i) a *Major Projects Statement*, which gives progress reports on all 'big ticket' equipment acquisitions, with important cost information, and (ii) a compendium of *Defence Statistics*, which contains data on expenditure and manpower (including statistics on the industrial and regional distribution of spending and on payments to major contractors).

Such documentation gives the citizens of liberal democratic states all important information about the main decisions taken by the defence organisation. It makes planning, programming, budgeting and budget execution adequately transparent, serving democratic accountability. For such states, where civil society institutions have been active for decades, domestic transparency is therefore not a current issue.¹⁹ It is mostly respected through the good practices and proper policy of governments. Moreover, this accords with contemporary notions of applying performance management criteria in the evaluation of public administration as "organizations in the public sector are shifting their whole steering concept from traditional input control to an explicit output or outcome focus."²⁰ Where countries hold administrators responsible for achieving performance targets, transparency is an essential instrument for the accountability of public servants.

Against this background the shortfalls in Bulgaria's 'official portfolio' are self-evident. The conspicuous omissions are *publication* of (a) detailed information about the government's formal request for funds for all its spending departments (including defence) with essential information on resource allocation, and (b) the findings of the specialist committee that oversees the Defence Ministry. Lack of an equivalent to the British Major Projects Statement and of a regular compilation of defence statistics is noteworthy also.

Obviously there is no universal rule or model for control, accountability and transparency of defence policy-making and planning, programming and budgeting in democratic countries. Bulgarian practice compares favourably with that in other South-East European countries. However, there is still room for further improvement.

5. Transparency of procurement policy

Defence acquisition is the integrated process of research and development, and purchase, of the goods and services that the defence organisation and the armed forces need to support policy for the external security of the country. Openness and transparency are crucial to sound decision-making in this area, in accordance with Karl Deutsch's celebrated dictum that "the essence of governmental organizations is decision making, and the essence of decision making is communication."²¹ It is appropriate therefore to pay special attention to how the Ministry of Defence and its directorates operate, and manage information, in relation to military R&D and procurement.

Concern about openness and transparency in the acquisition process arises especially in countries like Bulgaria because its execution is becoming more and more difficult in the period of transition from authoritarian to democratic governance. Changes are needed also because of the increasing participation of private and semi-public organisations like universities and research institutes in R&D, and of private companies in defence supply. These organisations are concerned not only about openness but also about bureaucracy. The MoD is starting to allot more funds to arms and equipment modernisation. The new private suppliers need essential, relevant and timely information about potential supply contracts. The citizens and civil society institutions—like NGOs, interest groups and the media—also have the right to know how effectively and efficiently defence money is being disbursed.

Satisfactory communication about acquisition is perhaps the most problematic issue for the image of any defence organisation. The Bulgarian administration is faced with complex issues that were unknown only a few years ago. Positive developments include enactment of a Law for Public Orders and a Regulation for Assigning Public Orders²². The Minister of Defence has also promulgated an Instruction for Planning, Organization of Assignment and Control of Supply and Construction Services. Further, an open Register of Public Orders has been instituted since approval of the new Law. On the face of it, taken together these instruments constitute a sound basis for the management of future military procurement. However, in practice there is insufficient transparency, and widespread suspicion of bad deals about which only limited information has come to light. The problem lies in Article 6, Paragraph 1 of the key Law which exempts any public orders related to the defence and security of the country that are declared state secrets.

Fortunately, increasing international engagement—principally within the frame of NATO—is raising expectations for both external transparency and internal openness on acquisition matters. Attention is therefore being paid to important target audiences.²³ The challenge is to identify the segments of the polity and society rightfully concerned in the issues and to ensure that they get appropriate information. Obviously relevant groups to be addressed include higher authorities in the defence organisation itself, parliamentarians and other elected office-holders, auditing officials, NGOs engaged in analysing defence affairs plus academic and research institutes directly involved in R&D, potential international and national business suppliers, members of the news media, and citizens.

Every member of the Defence Acquisition Directorate contributes to the identity of the organisation and the image projected to the public. The Directorate needs to invest in effective communication management, and work to an appropriate communication plan. Officials have to stand ready to deliver high-quality presentations. The Directorate has to issue and disseminate informative publications tailored to the needs of the identified target audiences. Attention to feedback—an important element in any communication process—is clearly necessary also.

6. Transparency and ‘information security’ policy

Despite the arguments in favour of both domestic and international (or regional) transparency regarding defence affairs, it is clear that sources of information about military matters should ordinarily be under the strict control of the executive branch in each individual country. For one thing, there are data to which a state may legitimately wish to deny access by ordinary citizens, but which it

is obliged—or thinks it worthwhile—to share with other governments. This is a real problem, explicable by differences between internal law and internationally accepted commitments. Controlling disclosure should not, however, entail ruling-out release of non-sensitive material that the domestic public has the right to know.

At the same time, from the “security” point of view there are many cases where widespread dissemination of confidential information on particular aspects of defence policy could be judged to be against the national interest. Domestic legislation on this varies according to historical experience and the particular understanding of national interests, as do the terms on which states have subscribed to different international and bilateral agreements.

However there should be a disposition towards openness between neighbouring states for the sake of confidence- and trust-building. Good neighbours are not *obliged* to exchange information, but they do not withhold information that relates to the legitimate concerns of others. Secrecy is the enemy of trust and openness builds confidence.

Still, one cannot say unreservedly that the more transparency and openness the better. They have to be taken in correct dosage, according to the “internal quality of democracy” and “external building of confidence and security.” Neither is unconditional or absolute. Thus in times of threat, crisis or conflict—as when acts of terrorism are feared—they have to be considered in relation to potential risks. In such cases limitation of some citizens’ rights is natural and acceptable. A value judgment is necessary on how much transparency and openness to sacrifice in order to safeguard the security of citizens. The general problem is simply that in some circumstances it is quite difficult to protect the national security interest and at the same time allow access to sensitive information. The statutes about classified information have to be directed to resolving this tension.

Even when the ‘national security interest’ is not touched directly, allowing free access to some information can be troublesome. This may be the case when public bodies negotiate contracts or agreements within the state sector or with outside organisations. Sharing sensitive information with all (competing) parties may make it harder to strike a successful bargain. This situation induces public managers to adopt a conservative operating style. To assure accountability of their own activity they tend to cling to the letter rather than to the spirit of the law. Their behaviour becomes more ‘bureaucratic’ than is either necessary or acceptable.

In the beginning of the 1990s, Bulgaria inherited a strong system of classified information. According to old authoritarian standards almost everything related to defence was secret. Formally, the legacy survived until 2002, when the National Assembly accepted a new Law on Classified Information.²⁴ That was the right response to a decade of steadily decreasing official secrecy. Matters came to a head early in 2002 over the inability of the Council of Ministers to safeguard sensitive information about a contract, signed with the “Crown Agents” – a British organisation tasked to tackle corruption in the National Customs Agency. Distribution of this information helped the opposition start a big parliamentary and public debate about government policy. The case raised familiar questions about classifying material. Classification is necessary for keeping national military secrets, but it can be used as ‘cover’ for sensitive information that should be open to scrutiny. It is important to have a satisfactory system for clearance of persons working with classified information, even though this is

time-consuming and costly.

Other questions arise in view of Bulgaria's imminent accession to NATO. They include whether the special Service of the MoD that controls access to Bulgaria's military secrets should change its ways. There is the obligation to protect material provided by NATO and other shared sensitive information, something the 2002 Law was designed to cover. However, in the name of 'information security' this statute errs on the side of caution. Regrettably it sanctions continued classification of much that was inaccessible under the former, supposedly too secretive, arrangements. This reveals a continuing tendency to exaggerate security threats and/or reflects officials' judgement that it is safer to be overzealous in labelling documents as secret (and tightly controlling them) than to take care over the distribution of sensitive information.

7. New operational defence management modernisation in practice

Yet there must be communication if defence administrators are to get regular feedback on the effectiveness of policy execution in order to make improvements. It is unsatisfactory if observers are frequently frustrated in their attempts to determine how defence administrators formulated their objectives and employed public resources to fulfil them. All this produces is media complaints of excess secrecy surrounding actions and poor use of resources. (Reported successes are rare.) Typically, though, comprehensive information on the basis of decisions and actions, and on the effectiveness of their execution, is hard to obtain.

Development of an assessment culture and adoption of good management practices needs time and systematic endeavour. The important precondition is acceptance of *programme management* in organising the national defence effort. This facilitates development of relevant analysis of policy and proper appraisal of executed programmes. It presupposes, of course, the education and training of defence administrators for policy analysis and programme evaluation. In Bulgaria this is appropriate, desirable, and possible.

The bases of defence policy assessment are (a) performance measurement, and (b) programme monitoring and evaluation. These instruments and techniques have common purposes: to make dispositions open and transparent—through improving programme management—and increase accountability. They are focused on better decision-making, as they feed back information on the outcomes and outputs of defence policies and key programmes in order to improve the design and implementation of future programmes.

Performance measurement involves assessing progress against stated programme goals and objectives, assuming that the strategic objectives are known. It comprises two main activities:

- Analysing the “production process,” which consists of processes and activities used to turn resource inputs into outputs, viz. the defence services (or capabilities) directly produced by the programme;
- Appraising the outcomes, which extend to the broader economic or social changes resulting from a policy or programme, and comparing these with the programme objectives.

Performance measurement may indicate in general terms the result of a policy measure or programme, but cannot reveal how and why outcomes occurred or what changes may need to be made to activities or objectives. For this purpose, in-depth assessment is needed.

Programme evaluation extends beyond the tracking and monitoring of performance measures into an examination of the ways in which outcomes are affected by the programme concerned. Whilst performance measurement focuses on efficiency and effectiveness, evaluation covers in addition issues such as the utility, relevance and sustainability of the programmes concerned. From this point of view the defence ministry, the executive branch of government and the legislature should ideally organise systems dedicated to monitoring policy (and budget) execution. At the parliamentary level there is a strong argument for creation of a special body for this purpose. In the Bulgarian case it might be a sub-committee of the National Assembly's Committee for External Policy, Defence and Security or, better perhaps, a separate Committee for Defence.

In general, the functions of the policy (and budget) execution assessment, programme monitoring and evaluation have to include:

- Identification of the institution(s) responsible for specifying policy objectives and programming resources;
- Control of the standard monitoring reports, prepared by the internal defence or other executive bodies;
- Provision of external guidelines for budget execution assessment and programme evaluation, and consideration of how to improve assessment and evaluation.

To guarantee feedback for the improvement of policy and budget execution the management body has to ask such questions as: 'What are the results of evaluation of the effectiveness of policy execution and the spending of defence budget?' and 'What are the consequences of the assessment and evaluation at the executive and political level?'

Conclusion

Bulgaria has accepted the main important principles and procedures relevant to the democratic control of defence policy and provision. Practice does not yet, however, accord with that in older democratic countries. Insufficiency of transparency is partially attributable to the persistence of the Cold War legacy and deep-rooted traditions.

Put another way, it is a reflection of how 'transition' has proceeded in the country. What transpires in any state is influenced by the type of democracy favoured (parliamentary or presidential) and by the balance of political power. Differences depend on how power is shared between the legislative and executive branches of government, as well as on the judiciary's role. In the cases where balance—or the 'separation of powers'—is flawed, the outcome is often limited democratic control, inadequate accountability and insufficient transparency. Among other things, this creates conditions in which

large-scale corruption and hard-line bureaucracy thrive. The result is limited and unstable democracy. The crucial variables are the degree of transformation that has taken place, from the habits and practices of the authoritarian state to a situation in which the institutions of civil society have a voice and the extent to which political power has shifted from the executive authorities to civil society. Transparency is the guarantor of accountability, and thus fundamental to democratic control and oversight of defence. There can be openness, however, only where there is a clear and unequivocal division of roles and responsibilities between the government-in-office (the administration), the people's elected representatives (parliament) and society-at-large. That is why this 'balance' is a classic precondition for democracy.

The achievement of greater transparency depends first and foremost on the commitment of politicians and civil administrators to openness in the conduct of defence affairs. It will increase if they are able and willing to acknowledge accountability as an executive obligation, and to accept that their actions should be subject to democratic control. Transparency also requires proper legal underpinning. The sooner an improved statutory base for transparency of defence policy and provision is in place the surer the prospect of progress. But passing laws and regulations is obviously not sufficient in itself. What matters is the quality of the legislation and, most important, its effective implementation. Neither political nor legal effort nor administrative diligence is, however, as important as the determination of the society to make openness part of the nation's democratic political culture.

Every initiative for the modernisation of Bulgaria's defences is adding to popular understanding of the importance and complexity of accountability and transparency, and of the need to reinforce their development. National efforts for democratisation have also been supported by regional and international initiatives. Noteworthy accomplishments of recent years are the parliamentary approval and publication of the medium-term strategic plans for development of the armed forces, and the introduction of the programme budget plus information on forward procurement programmes (with concrete projections for equipment acquisition). Harmonisation of national law regulations with the *acquis communautaire* of the European Union and of MoD practice with NATO's expectations and requirements regarding public information—a precondition for joining those organisations—is clearly going to help consolidate democratic transformation.

The positive step ahead will be the organisation of a permanent audit of nationally accepted practices, and initiation of a process aimed at systematic and continuous improvement. Among the questions such an audit should address are the following:

- Are strategic defence goals relevant to the security environment?
- Are there clear statements of the objectives of defence policy?
- Is there a coherent plan for necessary change?
- Is effort made to assess the performance of the defence organisation?
- What kind of system of measurement is used?

- How frequently, and to whom, are the results reported?
- Where are the results published?
- How often are public attitudes gauged?
- How are opinion surveys conducted?
- Do civil society bodies, and citizens, actively demand defence transparency?

Satisfactory answers to such questions will signal not only progress towards a sound national defence policy but also the end of the post-communist transition and acceptance of the basic standards of democratic countries in policy-making, programming and budgeting.

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Transparency of Defence Policy in Progress

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Keywords: Good governance, access to information, information security, accountability, procurement, defence resource management, Bulgaria's defence reform, civil-military relations, public tenders.

Abstract: This article describes general principles and evaluates Bulgaria's progress in transparency-building in the areas of defence policy and public communication; defence planning, programming, and budgeting; procurement policy; information security policy; and operational defence management. Drawing heavily from organizational communication theory, the author relates the concepts of openness and transparency to recent Bulgarian practice in planning defence strategy, modernising defence management and changing core defence ministerial structures.

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TRANSPARENCY IN DEFENCE RESOURCE MANAGEMENT - PROBLEMS AND SOLUTIONS

[Bisserka BOUDINOVA](#)

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Introduction

After the start of democratic reforms and with the transition to market economy, the understanding of transparency has changed in Bulgarian society. During the communist regime the defence budget was classified; access to this information was strongly restricted. Now the public is more mature and has acquired the capability to ask tough questions, to search for answers from the leadership and to discuss defence management problems openly. There is a demand for accurate and accessible information on crucial issues and for wide debate in society, and for more responsibility about resources to be taken by every interested organisation. For example, there is a simple question – how can we measure the cost of one battalion and compare it with the social cost of a health care or medical service.

Now it is clear that without a modern democratic decision making process, monitoring and control

system and result-oriented resource allocation at the highest level, it is not possible to consider resource management transparent. These factors are preconditions for transparency and explain the necessity of creating well-conceived procedures and effective normative regulations. There are two directions for developing transparency: (1) resource allocation at the State level, outside the Ministry of Defence's controlling system – related to parliamentary oversight of the defence budget and independent audit; and (2) the internal resource allocation process within the Ministry of Defence.

1. State level defence resource allocation

In communist societies Finance Ministries allocated funds to defence but did not ask how and why they were spent. Defence spending was based on stated requirements of Defence Ministries and not on publicly stated missions and tasks of armed forces. That frustrated transparency and democratic control over defence spending. The impression was that there were no limits to defence spending or in meeting the internal/external requirements of defence.

In the new ¹ security environment there has been a general trend to decrease the absolute amount of money spent on defence and lower the burden of the defence budget as a percentage of the Gross Domestic Product (GDP), thus freeing funds for the social sphere – education, medical service, social insurance, etc. Transparency in the defence establishment and expenditures has been used to compare the function “defence and security” with social functions of government spending.

In South-Eastern Europe the trend of falling GDP proportions may now have run its course in several states, as the following table suggests.²

Country	Year		
	1999	2000	2001
Bulgaria	2,67	2,54	2,65
Croatia	3,60	3,40	2,00
FYR Macedonia	-	1,12	1,99
Romania	1,86	2,15	2,01
Slovenia	1,36	1,24	1,60
Turkey	5,30	4,70	4,90

This indicates that the question is still open of the balance between (a) provision for Armed Forces, modern and capable to defend the national interest and to meet the requirements of NATO standards and (b) available national resources. Accordingly, effective resource management is a key factor and the principle to be applied in defence budget execution instead of “cash-based” accounting.

Accordingly, in 2002 the Bulgarian government decided to implement modern resource management principles in allocating national funds. The essence of the new resource management system is to focus the state budget on major functions and policies, and address national priorities and requirements for joining the European community. This entails a new concept for the role of the Ministry of Finance in governance of resources: to ensure that money is being spent in the most effective way; that value for money is being obtained from all government spending.

A new budget procedure has been introduced to improve the planning process on the basis of a middle-term fiscal and macroeconomic framework (prognoses for a three-year period). Under this Ministry of Finance-led procedure every first-level budget holder—ministries, state agencies and budget organisations—were expected to formulate their budgets based on functions. Those functions are *Defence and Security, Education, Medical Support, Social Care, Economics, Ecology and Environment*.

Furthermore, every function is broken down by policies/programmes, which is the way to prove the necessity of expenditures and to strike the balance between goals and resources, government policies and taxpayers’ money. The leading principle is the “costs-results” correlation to maximise the efficiency and effectiveness of spending. The other principle is to set budget ceilings for every year of the planned period and to explain the reason or normative enactment for every deviation from the established level of expenditures. The ministries are supposed to play an active role in adopting the programming approach and defending their level of expenditures.

Every budget holder has to answer several common questions: who is the consumer of the service, what objectives are to be achieved, what results are expected, how to measure the final results, what cost is to be paid, is there any possibility that the function might be transferred to the private sector? The “service” given by defence to the society is measured by the real capabilities of the Armed Forces, which are set in *Military Doctrine* as follows: “to guarantee the independence, sovereignty and territorial integrity of the country, to guarantee national security and to join international security and collective defence organisations,” to participate in crisis relief operations.³ In this aspect the marketing strategies have to be applied so as to advertise and “sell” high-quality defence “service.” To achieve this goal calls for transparent defence management and acceptable provision according to the world and regional political and economical environment.

The new budget procedure allows for collecting information on structures from all first-level budget holders, reviewing and analysing that information. The decision to optimise resource allocation of funds is connected with optimisation of functional structures. As a result it is expected to reduce duplication in organisational structures, allowing human resources to be fully engaged and effectively allocated. One goal is to shrink organisations and reduce the personnel. In macroeconomic terms, the near-term goal of the Ministry of Finance is to ensure at least 7-8 per cent savings and to move to a balanced state budget.⁴ The deficit level as a percentage of GDP shall be 0,5 percent for 2004, zero for

2005 and 2006. The burden of defence expenditures for 2004-2006 is determined at the level of 2,7 percent of GDP and capital investments will amount to 250 mln. BGN (0,6-0,7 percent of GDP). This level of spending reflects imminent NATO membership and a commitment to modernisation of the Bulgarian Armed Forces.

The Ministry of Defence was chosen to implement the new programming procedure in a pilot project. Starting in 2003, several others were involved: the Ministry of Ecology, Transport Ministry, Social Policy Ministry. They are supposed not only to formulate their budget on a functions and policies basis, but also to present it the respective form to Parliament. Furthermore, they should report the budget outturn at the end of the fiscal year by programmes. In March 2003 the three-year budget prognosis of the defence budget was submitted to the Ministry of Finance and it contained detailed information on the objectives and attributed resources, on budget holders at the second and third levels, and on personnel strength.

2. Defence resource allocation within Ministry of Defence

The Ministry of Defence was the first ministry to develop its six-year plan on the programming principle, for reasonable and effective planning of scarce resources. Starting from the year 2000 it introduced an Integrated Defence Resource Management System (IDRMS). This was derived from the American planning, programming and budgeting system—embracing three interacting stages—but adapted to Bulgarian conditions and renamed IDRMS. Using the new established system, three planning cycles have been conducted to date – in 2000, 2001, and 2002.⁵ The planned financial resources have been distributed among defence programmes according to priorities set in Ministerial Programming Guidance. Budgets for 2001, 2002 and 2003 were formulated on the basis of defence programmes approved in the final document of the system – a Programme Decision Memorandum. Reports on budget execution by programmes for 2001 and 2002 have been written to explore and assess the correspondence between programme implementation and funds spent.

At the time of writing, the fourth planning and programming cycle is in progress. The final document of the planning stage – *Programming Guidance 2004-2009* has been developed. It was submitted to and approved by the Programming Council. The final draft was issued in the end of March 2003 and sent to programme managers for programme development.

The key thing is that the system is *operating* now and suits the specific requirements of an economy in transition. As a result of using the IDRMS, transparency in defence resource allocation has been achieved and the decision-making process in Ministry of Defence has been enhanced and democratised. The annual programme review process ensures an open discussion and accountability among organisations interested in the distribution of materiel, human and financial resources by programmes. Defence programmes allow formulation of the defence budget by prioritised goals and appropriations and make visible the funds allocated for Armed Forces reforms, modernisation projects, and Partnership goals. Programmes are indicators for achieving the goals in the Membership Action Plan and the national *Plan for structural and organisational development of Ministry of Defence until year 2004* (Plan 2004), which was published in 1999 and updated in 2001 to chart reforms and to create a modern interoperable armed forces.

3. Identified problems and possible solutions

Step by step and year after year different stages of IDRMS have been improved and coordination among them has been enhanced. The main documents of planning and programming have been developed and elaborated and progressively improved. At the same time, several problems remain unsolved and obstacles prevent the system functioning at full capacity and potential. Resolution of these issues appears to be indispensable for realisation of all benefits from the programming approach in defence resource management and for ensuring openness and transparency in defence spending.

The follow problem areas are to be addressed so as to ensure the effective functioning of IDRMS in the Ministry of Defence (MoD) and thus to promote transparency:

- Too ambitious programme goals set in *Programming Guidance*;
- Failure of many programme managers to develop financially-realistic programme proposals that account for overhead spending;
- Lack of effective participation by the General Staff in planning and programming of defence resources;
- Process of developing programmes;
- Properly documented procedures in the IDRMS;
- The ineffectiveness of the Programming Council, especially with regard to the programme review and participation in all decisions on resource issues;
- Shortfalls in programme and budget execution, some of which result from poor coordination between programme offices and budget offices, between programmes and budget holders;
- Lack of a system for gathering information and supporting programmes' database and Financial Management Information System for execution of the defence budget.

A question of vital importance now is to address these problems and then find the right way to deal with them. At the same time it is necessary to inform the leadership in the MoD and General Staff about the difficulties and to provide conditions for full implementation of IDRMS and use of its results.

3.1. Programming Guidance

Problems

The MoD's *Programming Guidance 2003-2008* was an improvement on the previous year's: it defined clear sets of quantitative goals in terms of combat training of crews and organisational units of the

Bulgarian Armed Forces and for accomplishing Partnership Goals. *Programming Guidance 2004-2009* is a further improvement. The most important data display is a linkage between missions and tasks and the units designated to fulfil them.

The main problem related to the document is the fact that the cost of the totality of objectives still exceeds the forecast defence budget for the 6-year period. This is caused by the continued lack of a good cost estimation capability in the MoD and the General Staff (GS) and, to a lesser extent, among programme managers. *This is a critical shortcoming.* Another problem is the passive attitude of the programme managers: they do not proactively collaborate with MoD in nominating objectives and estimating costs. Instead, they wait for unaffordable Guidance to be handed to them, develop their programmes according to unrealistic goals and then request more money for modernisation projects and training. There is the old manner of thinking. In GS there is no process for developing required operational capabilities (ROCs), so the validity of many programme objectives is simply not analysed. After establishing a system for determining capability requirements, the developed ROCs would serve as input to the Programming Guidance. In relation to modernisation projects and procurement of new weapon systems, it is necessary to implement the following measures: the cost of every modernisation project should be estimated; the life cycle cost should be identified, the correspondence with existing equipment and programme objectives should be precise. These are main tasks of an envisaged Defence Acquisition System.

Solutions

In MoD a *Methodology for calculating standards and limits of defence expenditures* has been developed and sent for coordination to the Services and GS.⁶ It summarises all expenditures calculation methodologies currently used. This is the tool for costing defence programmes and for having a common database of different expenditures. There is a connection between the appropriations and budget accounts within a common budget classification. On the basis of the *Methodology* there is forthcoming a *Cost Factor Manual* with real cost factors – standards and limits for personnel cost, combat training cost, equipment operation cost, and unit operating cost. Cost factors will be used in the Defence Resource Management Model (DRMM)⁷ – a computer model for programme modelling and analysis, which reconciles programme goals with the financial, human and material resources necessary for their realisation.

A number of concrete steps need to be taken in order to achieve these solutions. A team of representatives from planning structures in MoD, GS, and programme offices in the Services has to be formed to create a database for DRMM. This team would ensure proper exploitation of DRMM.

Capital investments have to be prioritised – modernisation of equipment and military infrastructure, new building projects. The units in the Bulgarian armed forces have to be prioritised so that negotiated for collective defence units can be 100 percent manned, equipped and combat ready in accordance with Partnership Goals (in the near future – Force Goals). The Integrated Project Priority List (high priority investment projects by programmes) and Organisational Units Priority List have to be developed and submitted to the Defence Council.⁸ If funds are short only projects and organisational units of high priority will be funded. Current high priority programmes are those which ensure interoperability of the Armed Forces with NATO; formations ready for participating in peacekeeping

operations and collective defence; programme for developing communication, command, control, computer, intelligence, surveillance and reconnaissance (C4ISR) systems. The high priority defence budget appropriations are those for personnel cost and expenditures for improving the quality of life of military personnel, and those for combat training.

A process for defining ROCs has to be established and to begin functioning. It is expected to determine the requirements for capabilities *and* to set precise missions and tasks for the Bulgarian Armed Forces. The correspondent ROC Council has to be established.

The acquisition system has to be established and to begin functioning, to support procurement/modernisation projects and estimation of life cycle cost of equipment. Hence that system will provide information on obligatory correspondence of planned investment projects to the approved priorities and operational capabilities. The correspondent Acquisition Council has to be established.

All existing plans—and those which are under regular development—have to be embraced in the *Programming Guidance*. In this way these plans will be linked to financial funds by programmes, set programme objectives and Partnership Goals (or Force Goals). All necessary planning directions, all functioning planning processes will be subordinated with IDRMS and will be in line with approved priorities in *Programming Guidance*. IDRMS is the focus and integrating function of defence management as a whole.

Programme managers should be directed to take a collaborative, proactive approach in helping the Defence Policy and Planning Directorate (DPPD) in MoD to draft the Guidance. At the beginning of the 2004-2009 planning cycle programme managers sent their proposals, participated in meetings and discussions with DPPD experts, in order to coordinate programme objectives with available financial funds for the period.

The mismatch between objectives and fiscal resources is not a defect of IDRMS. Rather, it indicates that the 45,000-man force, unit force structure, combat readiness and modernisation ambitions set in Plan 2004 are unaffordable within constrained resources. There are two ways to find a solution: to plan for reductions in goals and structures or to find additional funds.

3.2. Properly documented procedures in the IDRMS

Problems

The practical implementation of IDRMS requires to create a normative foundation and to develop procedures for every stage of the planning and programming process. All documents for regulating planning and spending of resources have to be consistent and to cover the interaction between programming and programme performance.

Solutions

A first step in addressing this requirement will be the preparation of an Instruction of Integrated Defence Resource Management System developed on the basis of the 2001 Concept for Planning,

Programming and Budgeting in MoD and GS and a Methodology for Programme Development. This will reflect all functional changes made in the system during recent years as a result of accumulated experience and lessons learned. It will regulate rights and responsibilities of all participants in planning, programming and budgeting processes at all organisational levels in MoD and GS, as well as roles of consultative bodies. The clear design of links between IDRMS and other planning systems and processes at every level of the organisational structure has to be presented. The IDRMS' main documents—and documents developed in ROC or Acquisition systems (needs, requirements, acquisition proposals, etc.)—should be harmonised. The ROC and Acquisition procedures shall complete a disciplined, analytical process and provide increased detail and accuracy to IDRMS planning and subsequent execution. The development of the Instruction is in progress and some chapters have been worked out and included in Programming Guidance 2004-2009.

Secondly, a *Guidance for Program Implementation* has been developed and is in the process of coordination with interested organisations. This document gives the rules how to conduct evaluation, monitoring, control and management of programme implementation. It defines the responsibilities of all parties in programme reporting and in providing the right information. It determines the detailed criteria for estimating the proportion between planned programme objective and achieved results during programme realisation. The criteria or performance indicators are formulated on the basis of required quantitative programme objectives as set in the *Programming Guidance*. They include the following estimation factors: force structure, combat training, manning levels, procurement and modernisation projects, wartime stockpiles, and defence infrastructure. In addition, information is collected on financial resources spent, broken down by different sources (defence budget, special proposal funding, defence budget subsidy, international military financing programmes, etc.). This document regulates the final stage of IDRMS—performance management—and serves as basis for current and consequent control over programmes. The *Guidance* is the tool for transparency, accountability and for measuring effectiveness and efficiency in defence resource management.

3.3. Programme development

Problems

Many programme managers have yet to accept the role of developers of financially realistic multi-year programmes. There is still a “budgeting” attitude during programme development that tends to focus mostly on the upcoming year. The result is that many managers treat overhead spending as a “fixed cost” and leave programmes with little money for unit readiness, combat training or modernisation. Moreover most programme managers' offices are simply too small, meaning that they must delegate most of their role to lower levels (i.e. to offices in the sub-programmes). The problem is that just a few programmes have a rational sub-programme structure. Most sub-programmes relate to operating entities with little planning ability, especially for six years ahead.

Solutions

Programme managers have to develop financially realistic programmes. It might be helpful if *they* bore the responsibility of proposing cuts in objectives where this is necessary to stay within their fiscal quotas. When managers submit their programme proposals, they are offering a contract to the Minister of Defence, stating that they can accomplish their proposed programme with the funds provided them.

If the cost of objectives in the Guidance exceeds the funding forecasts, the programme manager must propose reductions in objectives (forces, personnel, equipment) in accordance with the priorities set out in the Guidance. Programme managers have to focus on goals that they can accomplish not only in the immediately forthcoming fiscal year but during every year of the planning period. Observing available financial funds and resources as a whole, they have to maximise effects of resource spending.

The hope must be that over time there will be better use of the programme review procedure, better risk assessment (as well as better contingency planning, greater awareness of how programmes interact and of how important it is to have staff with programme management expertise).

During the review process programme managers have to develop and submit alternatives for every major programme. Every alternative is created within the framework of preliminary given financial quotas and represents a variant for achieving objectives effectively. Programme review is to ensure options are developed in line with Programming Guidance, the Project Priority List and Unit Priority List. At the same time, the review supports the choice of the optimal alternative (the best solution) for every programme and the optimal time schedule for its implementation.

Risk for every programme shall be assessed, including assessment of the political, economic and military risk of not meeting programme objectives and specification of the acceptable level of risk. A plan shall be prepared for necessary actions to mitigate risk and possible consequences deriving from non-fulfilment of the particular programme or delaying its implementation.

Defence programmes cover all activities in the MoD, GS and Services and often are interrelated. What happens in one programme may affect others or be a prerequisite for progress of other programmes. It is necessary to integrate programmes in terms of force structure, personnel strength, personnel and unit training, weapon systems and equipment, investments. All programmes should be integrated in a unified system of objectives and priorities, defined by declared defence policy.

Programme teams have to be created not only in every service, as the situation currently is, but also at the level of every main programme and sub-programme. This action is crucial where a programme comprises numerous different programmes, budget holders and agencies (for example the *Administrative management and support* programme).

In addition, the programming structure at the second level has to be improved. The purpose is to centralise planning and programming activities at programme level and not to develop programmes at a level lower than corps. If it is necessary to develop a sub-programme at corps or brigade/battalion level, programming departments should be established.

3.4. General Staff Contribution

Problems

The GS does not participate effectively in the process of planning and programming because it lacks a cost estimation capability and because an intended Force Management System has not yet been established. As a result, there is no procedure to formulate and analyse stated capability requirements.

In addition to that, the GS office for resource management (now situated in J-5) is critically short of experienced staff. This is the single most important deficiency at present in the entire IDRMS. Consequently, guidance has not yet been developed to release wartime stockpiles, intended to supply 250 000 wartime force (while according to the *Military Doctrine* and updated *Plan 2004* ⁹ wartime force level is fixed at 100 000 personnel).

Solutions

For the most part, definition of the problems here points directly to necessary solutions. The programming staff of J-5 has to collaborate intensively with DPPD staff in implementing the cost modelling project, especially for Armed Forces' programmes. Cost estimation is going to be a permanent, full-time demand on DPPD and GS resources.

A procedure for releasing excess wartime stockpiles in accordance with the updated *Plan 2004* (and its eventual successor) is urgently needed. This will allow excess materiel to be used in combat training activities and release funds to meet other priorities. Information for released stockpiles has to be available as soon as possible to DPPD and programme managers, so that they can use it during programme development in 2003 and 2004.

In relation to Force Goals (currently under negotiation), there is need for thorough in-depth analysis of status and reasons for delaying planned goals in declared timelines. It is necessary to reconsider and review all promised goals in order to provide for accomplishment of high-priority ones according to the planned timeline and available resources. It is crucial to assess very carefully future Force Goals, to negotiate and accept realistic obligations.

The GS needs an internal staff instruction on how it will meet IDRMS deadlines. The existing practice of issuing additional Guidance on behalf of the Chief of the General Staff, which duplicates the *Programming Guidance* of the Minister of Defence, is unsatisfactory.

J-5 Directorate needs a resource office with a minimum of 12-15 professionals in programme development, plus appropriate support staff and management positions. This staff will gather, summarise and analyse information of programmes submitted by Services. Thus, GS will participate effectively and devote required efforts to the IDRMS.

3.5. Programming Council

This body has been created as a permanent consultative authority for the Ministry of Defence in terms of programme management. It debates the policy of defence resource allocation, coordination and control over achievement of defence programme objectives within the MoD and Armed Forces. One of the main tasks of the Council is to review and approve all documents of the IDRMS and to harmonise all programmes. It prepares normative regulations in regard to programming, sets priorities and estimates programme alternatives. The Council conducts programme review at the highest—MoD—level and monitors materiel and financial support so as to ensure realisation of the programme objectives.

Problems

The problems connected with the Council are derived from the necessity to perform two roles at once, and it does neither well. It is trying to act both as a senior-level deliberative body and as a staff activity group in the planning and programming process. It has come to see its roles as partly decision-making in nature, even though the Minister (or if he delegates the authority, a Deputy Minister) is the resource decision-maker. Yet, usually all programme managers participate in meetings on defence resource allocation and because of this the body is too large to function effectively. In addition, many of its members are too junior and lack experience. The Minister does not attend, and loses the benefit of the debate on issues, unless these are repeated in the Defence Council. The Programming Council debates are long and often unproductive because they are not supported by proper staff work in advance and preliminary expert level discussions.

Nor does the Programming Council participate significantly in the programme review process. One example to the contrary: in September 2002 an “extended” Programming Council conducted the redistribution of the restricted 2003 defence budget. The meeting was aimed at reviewing programmes and *Program Decision Memorandum 2003-2008*. It proved the benefits of open dialogue and transparency in financial allocation by programmes. Every programme manager submitted a detailed report and a programme objective memorandum, in order to show the specified appropriations of defence expenditures. As a result of the review, personnel strength, personnel cost and operation and maintenance cost of programmes were calculated precisely and combat training was discussed. Reserve funds within programmes have been identified and redistributed in high priority programmes and projects, listed in *Programming Guidance*.

The extended Programming Council proved that resource management based on the programming approach ensures visibility and democratic control in managing scarce resources. These results cannot be achieved by using old methods in resource planning (such as resource allocation by budget accounts from common budget classification). In the new programme-based budgeting the focus is on the results and planned goals instead of focusing just on spending money.

Solutions

Here, too, the definition of the problems indicates clearly what needs to be done. The Programming Council has to be transformed into a small, senior-level, principals-only advisory body to the Minister of Defence. In this case the Minister of Defence should chair it and its members should include the Deputy Ministers with resource portfolios, the Chief of the General Staff, the First Deputy Chief of the General Staff, and the managers of the four largest programmes plus the Service Chiefs and the General Secretary.¹⁰ Other programme managers should not be automatically included; they may attend only as invited when their individual programmes are under discussion. The Director of DPPD, who is the Minister’s agent for making the IDRMS work, should be the body’s secretary.

It would make sense to divest the Defence Council of any responsibility for resource issues and defence budget discussions. The Programming Council has to deal with all defence resource management issues and might be re-named the Defence Resource Board. The defence budget, logistic plan and military construction services and infrastructure plan should be developed and submitted to

this body for approval.

The transformed Programming Council should conduct a quarterly review of programmes and budget execution. The hope is to keep up pressure on programme managers to take IDRMS and their programme management responsibilities seriously. It will bring solvable problems to the Minister's attention while there is still time in the budget year to correct them. This will also help to keep the Minister informed on problems the Ministry of Finance might be creating by appropriating and withholding part of MoD's enacted budget.

There should be strong restriction on spending not programmed; and if there are urgent spending needs they must be considered by the Programming Council. If the approved budget has been substantially varied from the draft budget, there is need for programmatically significant adjustments. If that is the case in the future, then the senior-level group should vet the resultant proposals. In addition, all long-term contracts should be submitted to the Programming Council for approval.

The Programme Review Process must become a meaningful one in which the Council has time to consider analysed programme problems and Issue Papers fully. The Programming Council has to review programme alternatives and choose the optimal alternative aimed at accomplishing programme objectives effectively. All programme managers must be informed about all programmes to enhance transparency in programming and budgeting. These measures will not allow the IDRMS annual calendar to collapse, precluding a meaningful review.

Ideally, there should be formed a Programme Working Group (PWG) to support and coordinate the work of the Defence Resource Board, and to ensure that it receives adequate staff products prior to meetings. The PWG should collect Issue Papers and conduct preliminary programme review at expert level. The DPPD should have sufficient staff to function more effectively as a secretariat and to be the nucleus of this staff-level group. The PWG should be chaired by the Director of DPPD, and members should include the principal GS resources' person (the chief of J-5), programme managers of all major programmes, plus the heads of the Armaments Policy Directorate, Budget Planning and Management Directorate, Procurement Directorate, Military Infrastructure, and the Chief of Foreign Military Funds Office.

3.6. Execution of the defence budget

Multi-annual programmes are the tools for creating the possibility to estimate the mid-term consequences of decisions made during the current budget year on the basis of forecasted resources. The advantage of the IDRMS is to place strategic goals in a middle-term framework. This allows for the implementation of prioritised programme goals and modernisation projects requiring long-term financing. The planned objectives by programmes are the commitment of MoD and the armed forces to missions and tasks based on the usual hierarchy of policy documents.

Defence programmes and Programme Objective Memoranda (POM – “display of the programme”) are developed for a 6-year period and financial resource allocation is given by appropriations and by programmes. Defence *budget* formulation is fulfilled for one fiscal year – the first year of the planning period. This means transformation of multi-annual programmes into a one-year programme budget.

Problems

One of most painful problems in the functioning of IDRMS is the lack of linkage between programmes and budget execution. No meaningful process currently exists to inform senior leaders on the status of the programmes during budget execution. The reason for the fact that many programmes are falling short of approved targets is low correspondence between approved goals and the allocated budget. Staffs are making financial allocations without regard to the goals and priorities approved in Programming Guidance or, often, without regard to approved Programme Decision Memoranda (PDM). At all levels in MoD, part of the problem is poor coordination between programme and budget offices, between programme managers and second-level budget holders. Programme managers are failing to control overhead spending, such as electricity, water and fuel supply costs.

Moreover, the Ministry of Finance apportionment makes management difficult, because according to the State Budget Law until the end of the third quarter the MoD receives only 88 per cent of its planned budget. Additional funds could be provided until the end of the fiscal year if there are enough revenues. That can cause some funds to expire unspent at year's end as a result or to be spent inadequately. Clearly, if the defence budget is not fully funded there is a need for redistribution of funds and accomplishing planned goals is put at risk.

In the report-analysis of 2002 budget execution to the end of the third quarter there was no information about programme implementation or problems to achieve goals. A procedure has not yet been established for all participants in defence spending. (The annual reports for objective realisation in 2001 and 2002 will be published, in order to compare progress during the two years and show financial funds spent by programmes.)

The forces' Logistic plan¹¹ is developed independently of approved defence programmes and priorities. As a result of poor logistic planning Partnership Goals and high-priority projects (usually C4ISR projects) are not funded and finished on time. Using the programming approach in defence resource management is key to ending the recent practice – to spend the budget in the end of year regardless of declared goals and combat capabilities.

Solutions

There is a long list of necessary actions if the foregoing problems are to be tackled in earnest. It would make sense to change the State Budget Law, so as to fund the planned defence budget at 100 per cent and to have the possibility to transfer unabsorbed financial funds from one year to another. The defence budget as percentage from Gross Domestic Product has to be fixed in the State Budget Law and thus the government should declare its commitment to defence funding.

Defence budget should be formulated on the basis of programmes and resources approved by the Minister in Programme Decision Memoranda (PDM). In order to spend financial resources effectively it is necessary *not* to execute defence budget separately from programmes. In this respect, the Guidance for budget execution in fiscal year has to be in line with the directions and macroframe set in Programming Guidance and approved PDM.

Not only the budget but also the Logistic plan and the Military construction services and infrastructure plan have to be developed, executed and reported by major programmes as approved in Program Decision Memoranda. Other Directorates must provide information to the DPPD on execution of their programmes.

Machinery for coordination and collaboration between the Budget Planning and Management Directorate and DPPD must be established. One option would be to move the planning unit of the Budget Planning and Management Directorate to the DPPD. Then the link between programming and programme-based budgets would be real and consistent. Further, since budgeting is transformation of multi-annual programmes into a one-year defence budget, clear determination of responsibilities and good cooperation between programme managers and budget holders should be established. In this aspect it is necessary to have both mentioned directorates subordinated to the same deputy minister of defence.

Programme managers have to receive the status, rights and obligations of second-level budget holders, so that they can carry out all-round current and consequent control and supervision of spending.

Programme reports should be prepared every three months. The Programming Council (Defence Resource Board) should carry out the process of reporting and reviewing of programme implementation and managers should be held responsible for non-achievement of objectives. Programme reports are a precondition for monitoring and control of progress and for conducting specific activities to correct problems.

The Budget Planning and Management Directorate and DPPD must exchange the necessary information on budget execution by major programmes and programmes. They are supposed to synchronise their efforts and activities in the area of common interest.

3.7. Information support of IDSMS

Problems

A key factor for the proper functioning of IDRMS is the proper information support of the system and a global database covering defence resources by programmes. Development and update of the database would permit a wide spectrum of research studies in the defence resources sphere. The methodology for defence resource management could be elaborated, using specialised software for programme analysis and modelling. Unimpeded information flows of IDRMS are important for effective functioning of the system and, hence, for its successful operation. Procedures and software for automatic gathering and updating of information will facilitate the efforts of the planning community, increase authenticity and create basis for scientific analyses.

The enormous amount of work done during programme development and the review process is hindered by lack of information. It is very difficult and time-consuming to summarise information on programme reports regularly. In recent years reports have been prepared every six months instead of every three months.

Moreover, it is necessary to develop and implement adequate information support to Financial Management to track budget execution in real time during the fiscal year. There should be a common accessible database by programmes and by budget accounts to be used by programme managers and budget experts.

Solutions

The Ministry of Defence shall procure and implement an information system to support planning and managing defence resources by programmes. There is a prototype of such system in operation in DPPD, developed by a team of researchers from the Bulgarian Academy of Sciences. Its database is created in Oracle 8i. The prototype has Web-based interface, providing for collaborative work of programme offices. It further provides search and read-only access to senior decision-makers. The prototype includes stand-alone application built in Microsoft Access intended mainly for off-line programme development and review. After approval of the prototype, it will be further developed in order to achieve all planned options of the intended software project. This system has to be interoperate smoothly with existing information systems in MoD: human resource management system, force structure information database, logistics information system and the Automation Information System of the MoD and the armed forces. The information system shall provide input to DRMM – the main decision support system in managing defence resources.¹²

Likewise, it is necessary to develop and implement a suitable Financial Management Information System, to give programme managers information on budget execution by programmes in real time.

Conclusion

The introduction of a new system for defence resource management—a major contribution to transparency-building—is a revolutionary act. The implementation is accompanied by numerous problems. Most of those problems derive from the necessity to change the manner of thinking of personnel and leadership, to change out-of-date traditions and stereotypes in planning.

Every change, especially strategic change, shall adhere to several basic principles: there should be a confident leader who can realise the intended change; availability of adequate resources; a proper team to accept and implement the idea. Last but not least, and sometimes the most important condition for having change implemented, is the “buy-in” strategy – a strategy for creating internal support and appropriate environment. To be persuaded in the necessity to change, people have to be involved and a wide lobby has to be formed in order to build good marketing strategies. If only one of the foregoing factors is absent the change cannot be carried through.

As an implication, human resources are going to be the key element of successful implementation and evolution of IDRMS. There should be a campaign against old thinking and a strong commitment to focus not only on the budget year, but also on the forthcoming 6-year programme period. No less important in order to retain well-trained, educated and experienced personnel is the creation and implementation of a sound career development scheme as part of a reasonable, well-conceived personnel policy.

Notes:

1. Post-Cold war.
2. *Yearbook on South-East European Defence Spending*, Stability Pact for South Eastern Europe (Sofia, Bulgaria: Budget Transparency Initiative, 2002), <<http://www.stabilitypact.org/yearbook/index.htm>> (12 June 2002).
3. The primary goals of defence have been defined in the *Military Doctrine of the Republic of Bulgaria*, authorised by a decision of the National Assembly in April 1999, amended on 22 February 2002.
4. The document *Report on budget limitations and alternatives for middle term period 2004 –2006* (Sofia, Ministry of Finance, 2002) defines the objectives of new programming approach in budgeting and macroeconomic assumptions, income and expenditures policy.
5. For an earlier analysis the reader may refer to Dobromir Totev, “Bulgarian Defence Resource Management System – Vehicle for Transparency in Defence Planning and Budgeting,” in *Transparency in Defence Policy, Military Budgeting and Procurement*, ed. Todor Tagarev (Sofia: Geneva Centre for the Democratic Control of Armed Forces and George C. Marshall - Bulgaria, 2002), pp. 71-84.
6. Todor Tagarev with Dobromir Totev and Tilcho Ivanov, “Managing Resources for Defence and Security,” Chapter 5 in *Programme of Integration of the Republic of Bulgaria into NATO*, ed. Konstantin Dimitrov and Velizar Shalamanov (Sofia: Institute for Euroatlantic Security, March 2003), <http://www.ieas-bg.org/project_01/eng/egl5.html> (11 June 2003).
7. Dobromir Totev and Bisserka Boudinova, “Information Support for Effective Resource Management,” *Information & Security: An International Journal* 6 (2001): 138-150, <http://www.isn.ethz.ch/onlinepubli/publihouse/infosecurity/volume_6/b5/b5_index.htm>. This article presents information systems necessary to support programming. DRMM (Defence Resource Management Model) application and intended information system for planning resources along programmes are presented in detail.
8. According to the current Law on Defence and Armed Forces, the Defence Council is the senior advisory body in the Ministry of Defence, chaired by the Minister.
9. The Military Doctrine was amended by Parliament in February 2002.
10. The chief administrator in the MoD administration.
11. Known also as “Materiel Plan.”
12. For details refer to Totev and Boudinova, “Information Support for Effective Resource Management.”

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Transparency in Defence Resource Management - Problems and Solutions

Bisserka Boudinova

Keywords: Programming, PPBS, civil-military relations, security sector reform, information support, decision support system, NATO integration, Partnership for Peace, defence spending, defence expenditures.

Abstract: An author with considerable first-hand experience describes problems in implementing advanced defence resource management in Bulgaria and outlines potential solutions. The comprehensive analysis of processes, documents, organisational structures, interaction between Finance and Defence Ministry, civilians and military, and, last but not least, the significance of adequate information systems' support, provides a textbook example of transparency building in a transition country - soon to be a NATO member.

[full text](#)

A MEANS OF COMPARING MILITARY BUDGETING PROCESSES IN SOUTH EAST EUROPE

[Todor TAGAREV](#)

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Introduction

Throughout the last decade of the Twentieth century, the countries in South Eastern Europe (SEE) suffered from war and conflict, enduring at the same time the hardships of the transition to market economies. With the end of hot conflicts, democratic transformations are leading to fundamental restructuring of armed forces, changing the role of the military in their national political systems. Currently, all SEE countries are in the process of establishing effective democratic control over the armed forces, motivated to introduce the practices of transparency and accountability throughout government, the area of defence included.

Military budgeting is one very important component of democratic governance of defence. Traditionally, military budgets have been considered one especially sensitive area out of societal reach. As a result, although parliaments have the responsibility of deciding on and overseeing the execution of military budgets, very few people in SEE can credibly discuss the issue of "How much is enough?" The number of people in SEE with the grasp of the complexity of the military budgeting process is still quite limited. Traditional practices and non-transparent group interests too often prevail on the issues of the size and the structure of

military budgets. Moreover, parliaments vote on military budgets, but the elective representatives of the people rarely understand the meaning of their decisions with respect to national security and defence policies.

Therefore, one of the very early initiatives within the Stability Pact for South Eastern Europe aimed to promote the transparency of military budgeting; transparency being understood both in terms of availability of information on budgets and budget execution and in terms of open, policy-oriented decision making process. Understanding that military budgeting is at the heart of the democratic control of the armed forces and comprehensive regional stability, the *Budget Transparency Initiative* (BTI) of the Stability Pact aims to promote domestic and international transparency of defence budgets and the defence budgeting process throughout South Eastern Europe and to encourage good practices in defence decision making (policy making, planning, programming and budgeting), with particular reference to accountability.

In line with the BTI objectives, this paper presents a methodology for comparative assessment of military budgeting processes. Once implemented, this methodology will allow the participants in the SP Budget Transparency Initiative and other beneficiaries to identify:

1. Areas where SEE countries have achieved important progress in implementing effective budgeting procedures and their experience may be useful for other BTI countries and beneficiaries through encouragement of the dissemination of good local practice, and
2. Areas where all SEE countries lack necessary expertise and/or experience and the region as a whole would need focused outside support to improve military budgeting practices.

Approach

In pursuit of the BTI objectives, this paper provides a description of an idealised—not necessarily existing—budgeting process to serve as a benchmark. The underlying approach is to assess military budgeting processes in individual SEE countries against this benchmark.

Annex A provides a questionnaire to assess budgeting processes against a hierarchy of criteria structured in five major groups: (1) policy orientation of the budgeting process; (2) effectiveness of budget planning; (3) budget execution and oversight; (4) transparency; and (5) integrity. Annex A includes also sets of possible answers to the questions, ‘scaled’ to allow comparison of SEE military budgeting provisions and practices to the benchmark.

The final section of the paper provides guidance on how to process respective answers to the questionnaire in order to accomplish stated objectives.

Assumptions

Readiness for implementation

The major assumption is that, ready to adhere to the Vienna understanding on the purpose of the BTI in South Eastern Europe, the SEE countries are willing to:

- Implement practices that would facilitate *good governance* in the area of defence;
- Promote democratic accountability of the military and, generally, of the executive branch; and
- Share information to increase confidence in the region.

Application domain

The expectation is that the BTI team—the Academic Working Group and the Group of Experts, supported by the Centre of Excellence in Sofia—will apply the proposed methodology to assess military budgeting processes in SEE countries. To this purpose, the questionnaire accounts for a number of specifics of the SEE countries undergoing substantial defence reforms, lacking market experience, demonstrated for example in the lack of experience in competitive tendering, and possessing rather limited experience in military budgeting according to the principles of democratic governance.

The level of detail of the methodology is commensurate with the stated purpose and the current stage of democratic developments in SEE countries. More focused analysis would be required when the BTI team identifies one or more areas of possible improvement in military budgeting in South East European countries.

The methodology is intended for assessment of the current status of military budgeting in SEE. Additionally, its implementation may provide indications for the adequacy of planned improvements in military budgeting systems and practices and may assist SEE decision makers in assigning priorities to envisioned procedural, organisational and technological innovations related to military budgeting.

Scope of 'budgeting'

For the purposes of this paper, the term 'budgeting' comprehensively includes the military budget as a document, the process of planning the military budget (ideally, to reflect accurately a particular defence policy), the process of budget execution and accounting, and the system of audits, reports and legislative approval of budget reports.

Characteristics of the benchmark

Military budgeting processes in South East European countries shall be compared against an idealised system serving as a benchmark. Such a system does not necessarily exist. The budgeting system described in this section may be considered 'best' in 'good governance' terms of effectiveness, transparency and accountability and does not take into account sometimes legitimate concerns of sensitivity of information, secrecy, and limitation on the access to information.

The benchmark is described in five major categories of criteria assessing respectively: (1) Goal orientation of the budgeting process; (2) Scope and effectiveness of the budget planning process; (3) Budget execution and effective oversight; (4) Transparency of military budgeting and budgets; and (5) Assurance of integrity of military budgeting.

I. Military budgeting as an integral component of the security and defence policy

I a. Objectives, vision, strategy

Military budgeting is a process well incorporated in the defence planning framework, guaranteeing the implementation of a clearly stated defence policy in mid- and long-term. The country has clearly stated the objectives of its security and defence policies in a small number of legislative acts with apparent interrelationship among them. There is a comprehensive strategy to achieve the objectives of the security and defence policy, i.e., to join an alliance. This strategy—elaborated in a legislative act—is broadly assessed as realistic. The country has a vision of its force structure ten or more years in the future. The vision is feasible and sufficiently elaborated to guide R&D, technology development and acquisition policies. Its implementation is supported by a roughly costed long-term force development plan. The vision and the long-term plan are approved either by the Government or by the legislature.

I b. Programmatic approach

The country has an established process for development of a mid-term plan, or defence programme,¹ designed to accomplish the objectives of the stated defence policy. The defence programme and its components are clearly designed to meet policy objectives. It incorporates diverse requirements, e.g., on national defence and allied planning. The defence programme further includes programmes and projects considered of highest priority in terms of policy objectives. In a comprehensive manner it covers all defence activities and costs, including personnel, operations and maintenance (O&M), procurement, utilisation, education and training, research and technology development, etc.

The defence programme is constrained by anticipated resources. It further constrains any other defence resource requirements posed, for example, by acquisition programmes or operational plans. It contains alternative options to reflect thoroughly described contingencies. The defence programme effectively incorporates performance indicators. The level of detail for the first planning year ² of the defence programme is sufficient to allow for its accurate transformation into budget plan.

I c. Defence and force planning risks

There is a clear understanding of the risk level associated with the budgeted force structure and defence posture both in short-

and mid-term. The country has a methodology to assess risks associated with defence and force planning, and this methodology is adequate to the country's needs. It has established procedures to develop scenarios for force implementation, to assess probability of occurrence of each scenario under clearly stated assumptions, to simulate performance of planned forces, to analyse simulation results and deduct risk. Furthermore, the assessment of risk is supported by relevant tools, while the experts involved have the necessary knowledge and experience. Finally, risk assessment is fully and effectively incorporated within the defence and force planning cycle.

I d. Effective incorporation of military budgeting

The budgeting procedure is clearly oriented to reflect precisely policy objectives and programme decisions. It allows for efficient and effective translation of policy and programme decisions into budgets.

II. Budget planning

II a. Military budget planning

Roles and responsibilities within the executive branch and among the branches of power in regard to military budgeting are very clear. That applies to the distribution of roles and responsibilities among the executive branch, the legislature, and the Head of State (the Supreme Commander); among the senior military authorities, the civilian MOD ³ officials and the Ministry of Finance; the roles and responsibilities of the public sector, commercial organisations and lobbying groups, in particular the relationships between the executives and commercial organisations owned by the MOD or other governmental agencies.

II b. Flexibility

Roles and responsibilities for key aspects of military budgeting are defined through comprehensive legislation, regulations, and instructions, covered by a budget system law. A degree of flexibility is available to the executives in spending public funds. Programmes and, respectively, budget can be changed out of the regular planning cycle. However, the discretionary powers of the executives are clearly described in legal acts. Contingency or reserve provisions of the budget law specify clear and stringent conditions for the use of funds. Executive reports on spending contingency funds are independently audited.

II c. Military budgets

In a comprehensive manner, the military budget covers all financing (subsidies and 'revenues'/'incomes') and spending. Comprehensively, with clearly defined sources and elaborated purpose, the military budget accounts for the subsidy from the state budget to the Ministry of Defence; subsidies from the state budget to other organisations performing defence and defence-related activities, i.e., maintenance of wartime reserves; funding from other national programs, i.e., for preparation for NATO membership; funding through international and bi-lateral programmes (with clear regulations for using reimbursed funds); revenues from sales of excess equipment, infrastructure, etc.; revenues from the profits of commercial organisations and organisations, providing goods and services to outside organisations, when the MOD owns or has a share in these organisations.

The country has the capacity—methodology, adequate knowledge and trained people—to estimate accurately all future defence expenditures, including the expenditures according to the *UN Instrument for Standardised Reporting of Military Expenditures* (Annex B), taxes, social and medical insurance costs, retirement costs and the costs for social adaptation of prematurely released military personnel, expenditures on utilisation of weapon systems, equipment and infrastructure, costs to cover previous contracts and loan servicing costs, as well as any contingent liabilities.

All revenues and expenditures are classified in a way that is compatible to the international standards, i.e., GFS ⁴ and the UN instrument. Budget information is presented in a way that facilitates policy analysis and promotes accountability. The military budget is represented in the form of appropriations, giving considerable detail. It provides detailed distribution among defence organisations, as well as among defence programmes. In the latter case, the budget clearly presents the resources allotted to training, maintenance, procurement, research and development (R&D), etc., for each programme and its elements.

III. Budget execution and oversight

III a. Budget execution

The country has a comprehensive accounting system that provides a reliable basis for assessing payment arrears. The accounting system is capable of generating data on all stages of the 'incomes' and payments along budget appropriations, as well as along organisations and programmes.

Personnel, operations and maintenance, procurement and R&D regulations are standardised and accessible to all interested parties. There are clear criteria for discretion on employment and payment, allowing for competitive recruitment. The regulations for open tendering for procurement, R&D and other contracting services are clear and comprehensive and the personnel involved in their implementation is adequately qualified. All these regulations are fully observed in practice.

III b. Auditing

In the defence establishment and/or in the executive branch there is a strong capacity for internal audit. Internal audit procedures are clear and subject to effective process review by external auditors. There is a strong audit capacity both in terms of financial compliance and effectiveness of performance ('value-for-money' audits). Additionally, there is a strong capacity for independent audits, i.e., through a National Audit Office working for the legislature. Independent audit requirements and procedures are clearly established in law. There is a strong independent capacity for audits in terms of financial compliance and identification of fraud/mismanagement cases, as well as for 'value-for-money' audits. Independent think-tanks (universities, academic institutes and other non-governmental organisations) complement 'value-for-money' audits in particular areas of interest, i.e., force modernisation programmes. Non-governmental organisations have a notable capacity and track record of successful performance reports. Their reports have had noticeable impact on decision makers and societal attitudes.

III c. Reporting

The government presents regular fiscal reports to the legislature and the public. A mid-year report on budget developments is presented to the legislature. More frequent—quarterly and monthly—reports are also published. Final accounts are presented to the legislature within six months of the end of the fiscal year. They are accompanied by comprehensive and in-depth analysis of performance relative to the major defence programmes.⁵

IV. Transparency of military budgeting

IV a. Transparent decision making

All aspects of military budgeting (planning, execution and assessment of implementation) are transparent to decision makers and the public. All participants in the budgeting process—civilian and military planners, ministers of defence and finance, governmental councils, legislature and its committees, head of state, audit office, lobbying groups, non-governmental profit and non-for-profit organisations, media and society at large—exercise their influence according to clear rules and with full understanding of all aspects of the military budgeting process and adhere to the principles of democratic governance.

IV b. Availability of information

Publications of military budgets and related information—major security and defence policy documents, defence programmes, implementation and audit reports—are readily available to the public. The rules for disclosing military budgets and related information are also public. They are clearly defined in law and leave very little room for discretion by the executive agencies. The government and the respective agencies are legally obliged to publish information on military budgets in details, allowing rigorous analysis by an informed observer. The information is provided in printed version and on-line, both in the native language and in another commonly used language, i.e., in the English language. Furthermore, the executives, i.e. the Minister of Defence, are obliged by law to respond in writing to requests for information. If a portion of a related document is classified,⁶ that portion is deleted and the rest of the document is provided to the enquiring organisation or person.

Aggregate information on the budget and the actual or expected outturn of the two preceding fiscal years is readily available. Aggregate information on the budget forecasts for five or more years following the budget year is also available.

The country complies with international treaties and agreements that require disclosure of military budgeting information, i.e., UN and OSCE agreements and Stability Pact initiatives, regularly providing complete and accurate information on time.

V. Assuring integrity

Military budgeting is based on a rigorous and very reliable forecasting of the budget/fiscal constraints in a comprehensive and consistent quantitative macroeconomic framework. All underlying assumptions for budget planning, i.e., major fiscal risks, uncertain costs, specific expenditure commitments, etc., are clearly documented and properly accounted for. Furthermore, major underlying assumptions, such as macroeconomic forecasts, fiscal forecasts, etc., are assessed by independent experts.

All defence programmes are costed using a comprehensive and consistent set of cost factors that are clearly related to the findings of an independent national statistics agency. Integrity checks are supported by an information system. Programming and budgeting are systematically supported by an information system with tools for automated analysis and decision making support, allowing also collaborative work. The accounting basis is clearly indicated, with full statement indicating any changes in practices as well as current accounting policy.

Alternative programmes and budgets, corresponding to different assumptions, are clearly identified and documented. There is a clear written procedure to transition from one alternative to another, and transition points are also clearly documented. History of both plans and implementation results and assessments is readily available.

Fiscal reports are internally consistent and reconciled with relevant data from other sources. Effectively and in a timely way accounting reports are reconciled with budget appropriations and with bank accounts. Auditing of accounting reports is also timely and effective. There is rigorous reconciliation of fiscal and monetary data. A national statistics agency is provided with the institutional independence to verify the quality of budget data. International standards for budget data integrity and quality are fully adhered to.

Matching SEE military budgeting processes to the benchmark

The application of the methodology shall require (1) individual expert evaluation of the military budgeting process of each SEE country and (2) comparative analysis of the assessment results by a joint BTI team—the Academic Working Group, the Group of Experts, or a specially tailored team—with representatives of participating countries.

Theoretically, the accuracy of the assessment of the budgeting process of a particular country increases with the increase of the number of independent individual evaluations. However, given the limited number of military budgeting experts with sufficient language abilities from each country, it is desirable that three to five people independently fill in the questionnaire. Then the answers to a particular question may be averaged (according to the guidance below). However, if the answers to a question differ more than one degree in the respective scale, it is recommended that the BTI team clarifies the reasons for the difference and arbitrate on the agreement of an adequate answer.

Thus, the first step in the work of the joint analysis team is to process the assessments for each individual country and to clarify any existing discrepancies. The second step is to compare assessments among the SEE countries. Assessments for a particular criterion may be visualised using a simple scale, i.e., of uniform distribution between 0 and 1, where '0' denotes negative answer, i.e., non-existence of a certain feature, and '1' denotes the characteristics of the idealised system. The questionnaire is structured so that the first among the answers would usually suggest a '0' and the last – '1'.

In many of the cases simple visualisation may assist the joint analysis team in identifying opportunities for transfer of good local practice (Figure 1) or cases where SEE countries would need outside support to rapidly improve their military budgeting systems and practices (see for example Figure 2).

In the first case, countries A ⁷ and C have solid achievements in terms of criterion X. The transfer of their know-how and experience to countries B, D and E may contribute to the objectives of BTI. In the case presented on Figure 2, no country in SEE has the necessary knowledge and experience to implement adequately the requirements of the notional criterion Y. This may serve as an indication that the BTI team, and the Stability Pact, may consider focused outside support to improve the understanding, knowledge and experience in the respective component of the military budgeting process.

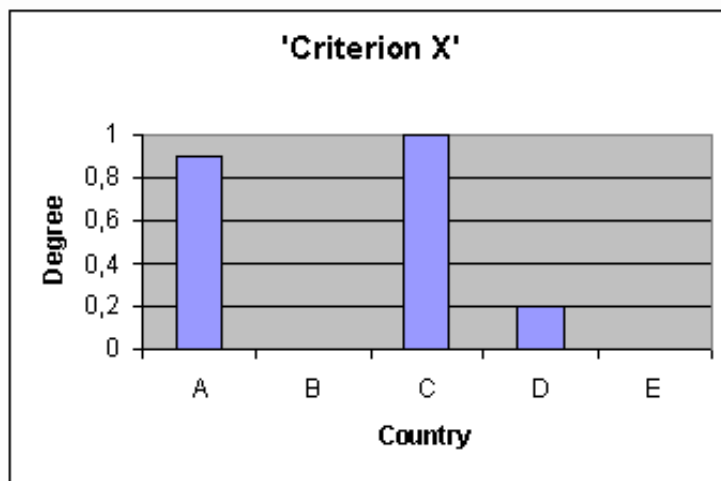


Figure 1: Opportunity for transfer of good local practice.

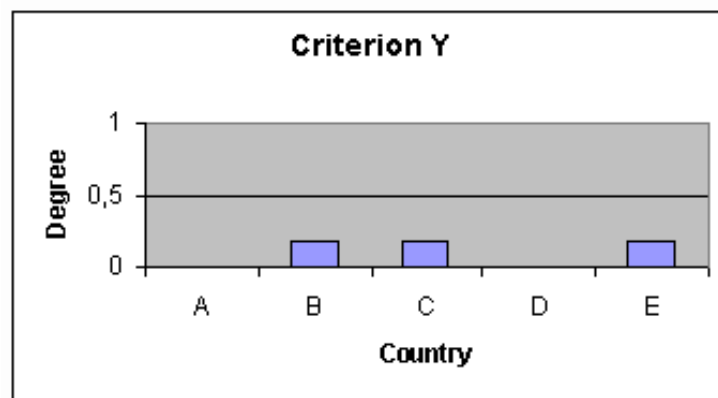


Figure 2: No SEE country has the necessary knowledge and experience to implement adequately the requirements of criterion Y. Outside support may be recommended.

A particular attention shall be given to aggregating the assessments in a group of criteria. When the relationship among the characteristics in the group is additive, the computation of a simple mean will suffice. If, however, the relationship is multiplicative, a simple averaging may mislead the analysis team. For example, excellent results according to one of the criteria in group 1.2.1. “Risk assessment” will not compensate for a negative answer—or ‘0’—to another question in the same group.

Though most of the characteristics of a military budgeting process lend themselves to such simple quantification that may be suitable for comparative purposes, others do not easily scale. Therefore, the focus of the analysis team shall be on qualitative interpretation of the individual assessments.

Conclusion

The countries in South Eastern Europe have already well-established co-operation in the area of military planning, budgeting and defence resource management in general. The expectation is that, once endorsed by the BTI Steering Group and applied effectively, the proposed methodology will be helpful in identifying the most pressing and promising areas for further co-operation.

Potentially, the methodology may be useful in other studies aiming to improve democratic governance, transparency and accountability in the public sector, in particular in the defence and the security sector.

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DISCLAIMER. The experience of the author as Director of the Defence Planning Directorate in the Bulgarian Ministry of Defence, 1999-2001, was indispensable for the preparation of this paper. For over two years in that position the author benefited from the experience and the enthusiasm of a full time consultant from the UK Ministry of Defence. Nevertheless, the opinion and statements made here are those of the author and do not necessarily reflect the official position of the Bulgarian or the UK Government.

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[Annex A: Questionnaire on Military Budgeting Processes](#)

[Annex B: UN Instrument for Standardized International Reporting of Military Expenditures](#)

Notes:

1. For example, the United States use the term *Future Years Defense Program (FYDP)*. A number of South East European countries have also accepted the term *programme* to denote a *resource constraint mid-term plan for development of defence and the armed forces*.
 2. Or the first two planning years in case the respective country has a two-year budget.
 3. MOD – Ministry of Defence.
 4. GFS - Government Finance Statistics. Details on the UN classification are available on-line, <<http://unstats.un.org/unsd/cr/family2.asp?CI=218>> (24 April 2003).
 5. In Bulgaria, for example, the Prime Minister is legally obliged to present to the legislature “Annual Report on Defence and the Armed Forces” (*Law on Defence and the Armed Forces*, Article 32a). Although not explicitly required by law, the expectation is that the report will analyse performance and will relate that to actual defence expenditures.
 6. Not as a general rule, but based on a specific decision for classification of a particular piece of information.
 7. There are five possible answers to the question for this criterion. The result for country A may be reached processing the answers of four experts; two of them giving the best possible assessment – ‘1’, and the two others giving ‘0.8.’
 8. The NATO Planning and Review Process
-

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QUESTIONNAIRE on Military Budgeting Processes

1. Military budgeting is a process well incorporated in the defence and security planning framework

1.1. The budgeting process guarantees implementation of clearly stated defence policy in mid- and long-term. That shall include the following items:

1.1.1. The country has clearly stated the objectives of its security policy

- No
- The objectives of the security policy are defined in expert document(s) of the security services and/or Defence Staff
- Definitions in document(s) of the Government/MOD or other governmental organisations
- Definitions in document(s), authorised by the legislature
- Clear and comprehensive statement in a legislative act (or in a small number of legislative acts with apparent interrelationship among the documents)

1.1.2. The country has clearly stated the objectives of its defence policy

- No
- The objectives of the defence policy are defined in expert document(s) of the Defence Staff and/or the security services
- Definitions in document(s) of the Government/MOD
- Definitions in document(s), authorised by the legislature
- Clear and comprehensive statement in a legislative act (or in a small number of legislative and governmental acts with apparent interrelationship among the documents)

1.1.3. There is an elaborated strategy to achieve the objectives of the security and defence policy, i.e., build an alliance, neutrality, etc.:

- No
- Some elements of a strategy are defined in expert document(s) of the Defence Staff and/or the security services
- Elements of a strategy are defined in document(s) of the

Government/MOD

- There is a strategy, defined in legislative document(s)
- A comprehensive strategy, broadly assessed as realistic, is elaborated in a legislative act

1.1.4. The country has a vision of the future force structure, i.e., ten or more years into the future

- No
- Some elements of a vision are defined in expert document(s) of the Defence Staff
- Document of the MOD/the Defence Staff defines a vision that is feasible, i.e., generally assessed as realistic in terms of future force requirements and available resources
- The country has a feasible vision, i.e., sufficiently elaborated to guide R&D, technology development and acquisition policies, that is approved by the Government and/or the legislature (*please briefly describe*)
- The country has a roughly costed long-term plan for the development of the envisioned force structure, that is approved by the Government and/or the legislature (*please briefly describe*)

1.1.5. The country has an established process for development of mid-term plan, or defence programme, designed to accomplish the objectives of the stated defence policy. The defence programme can be characterised in the following aspects:

1.1.5.1. The defence programme and its components are clearly designed to meet policy objectives

- No
- Partially (*please specify*)
- Fully and effectively implemented

1.1.5.2. The defence programme includes the programmes and projects considered to have high priority in terms of policy objectives

- No
- Partially (*please specify*)
- Fully and effectively implemented

1.1.5.3. The defence programme is comprehensive. It covers all defence activities and costs, including personnel, operations and maintenance, procurement, utilisation, education and training, etc.

- The defence programme leaves out significant part of the defence activities
- The defence programme incorporates significant part of the defence activities but leaves out certain areas, e.g., acquisition programmes (*please specify*)
- Yes, it accounts for all activities and costs and constraints all defence resource requirements

1.1.5.4. The defence programme is constrained by resources' forecast

- No attempt is made to constrain the defence programme
- To some extent
- It is within 10 percent of the predicted resource levels
- The defence programme and its components are meticulously tailored to fit the forecast resource framework

1.1.5.5. The defence programme contains alternative options to reflect thoroughly described contingencies

- No
- Partially (*please specify*)
- Fully and effectively implemented

1.1.5.6. The defence programme effectively incorporates performance indicators

- No
- Partially (*please specify*)
- Fully and effectively implemented

1.1.5.7. The level of details for the first planning year (or the first two planning years if the country has a two-year budget) of the defence programme is sufficient to allow for its accurate translation into budget plan

- No
- Partially (*please specify*)
- Fully and effectively implemented

1.2. There is a clear understanding of the risk level associated with the budgeted force structure and defence posture both in short- and mid-term

1.2.1. The country has a methodology to assess risks associated with defence and force planning and sufficient expertise to:

1.2.1.1. Develop scenarios for force implementation

- There is awareness of the necessity and importance
- A methodology is available
- The country has a methodology adequate to its needs
- Relevant procedures and tools are in place
- The experts involved have the necessary knowledge and experience for effective implementation

1.2.1.2. Assess probability of occurrence of a particular crisis and clearly state assumptions

- There is awareness of the necessity and importance
- A methodology is available
- The country has a methodology adequate to its needs
- Relevant procedures and tools are in place
- The experts involved have the necessary knowledge and experience for effective implementation

1.2.1.3. Simulate performance of planned forces

- There is awareness of the necessity and importance
- A methodology is available
- The country has a methodology adequate to its needs
- Relevant procedures and tools are in place
- The experts involved have the necessary knowledge and experience for effective implementation

1.2.1.4. Analyse results and deduct risk

- There is awareness of the necessity and importance
- A methodology is available
- The country has a methodology adequate to its needs
- Relevant procedures and tools are in place
- The experts involved have the necessary knowledge and experience for effective implementation

1.2.2. The risk assessment is incorporated within the defence/force planning cycle

- No
- Partially (*please specify*)
- Fully and effectively implemented

1.3. The budgeting procedure is oriented to reflect precisely policy objectives and programme decisions

- No
- Partially (*please specify*)
- Fully and effectively implemented

2. Budgeting procedure and military budget

2.1. Military budgeting roles and responsibilities within the executive branch and among the branches of power are clearly defined.

2.1.1. Clearly defined roles and responsibilities among the executive branch, the legislature, and the Head of State (the Supreme Commander)

- Unclear
- Clear but with some significant areas of uncertainty
- Very clear

2.1.2. Clearly defined roles and responsibilities among the senior military authorities, the civilian MOD officials and the Ministry of Finance

- Unclear
- Clear but with some significant areas of uncertainty

- Very clear

2.1.3. Clearly defined roles and responsibilities of the public sector and commercial organisations/lobbying groups, in particular commercial organisations owned by the MOD or other governmental agencies

- Unclear
- Clear but with some significant areas of uncertainty
- Very clear

2.2. Clear legal and administrative framework for military budgeting

2.2.1. The legal framework defines clear roles and responsibilities for key aspects of military budgeting

- Unclear
- Partially, with significant gaps
- Comprehensively through complex laws, regulations, and instructions
- Through comprehensive legislation, regulations, and instructions, covered by a budget system law

2.2.2. The degree of flexibility available to the executives in spending public funds and their discretionary power are clearly described in legal acts

- Public funds can only be spent by law
- The Minister of Defence has effective power over the military budget management
- Any out-of-cycle changes in the defence budget are based on respective changes in the defence programme (authorised by the Minister of Defence or other designated senior resource manager)
- As above and independently audited reports are required
- Individual agencies/defence organisations are held accountable for the funds they collect and/or use
- As above and independently audited reports are required
- Contingency or reserve provisions of the budget law specify clear and stringent conditions for the use of funds

2.3. In a comprehensive manner, the military budget covers all financing ('revenues/incomes') and spending, including:

2.3.1. Incomes

2.3.1.1. Subsidy from the state budget to the Ministry of Defence

- Comprehensively, in gross terms
- Comprehensively, with elaborated purpose

2.3.1.2. Subsidy from the state budget to other organisations performing defence or defence-related activities, i.e., maintenance of wartime reserves

- Not applicable
- No
- Comprehensively, in gross terms
- Comprehensively, with elaborated purpose

2.3.1.3. Funding from other national programmes, i.e., programme for preparation for NATO membership

- Not applicable
- No
- Comprehensively, in gross terms
- Comprehensively, with clearly defined sources and elaborated purpose

2.3.1.4. Funding through international and bi-lateral programmes

- Not applicable
- No
- Comprehensively, in gross terms
- Comprehensively, with clearly defined sources and elaborated purpose
- As above and there are clear regulations for using reimbursed funds

2.3.1.5. Revenues from sales of excess equipment, infrastructure, etc., i.e., from the release of frequency spectrum used by the military

- Not applicable
- No
- Comprehensively, in gross terms
- Comprehensively, with clearly defined sources and elaborated purpose

2.3.1.6. Revenues from profits of commercial organisations and organisations, providing goods and services to outside organisations, when the MOD owns or has a share in these organisations

- Not applicable
- No
- Comprehensively, in gross terms
- Comprehensively, with clearly defined sources and elaborated purpose

2.3.2. Expenditures

2.3.2.1. Compliance with the UN Instrument for Standardised Reporting of Military Expenditures (Annex B)

- No
- Partial compliance
- A methodology for precise assessment is in place
- The participating experts have the necessary knowledge and adequate experience to estimate accurately the planned expenditures in compliance with the UN Instrument

2.3.2.2. Taxes, i.e., property taxes

- Not applicable (*please explain*)
- Experts are aware of the necessity
- Rough estimates in gross terms
- A methodology for precise assessment is in place
- As above and the participating experts have the necessary knowledge and adequate experience to estimate accurately the planned expenditures

2.3.2.3. Social insurance

- Not applicable (*please explain*)
- Experts are aware of the necessity
- Rough estimates in gross terms
- A methodology for precise assessment is in place
- As above and the participating experts have the necessary knowledge and adequate experience to estimate accurately the planned expenditures

2.3.2.4. Medical insurance

- Not applicable (*please explain*)
- Experts are aware of the necessity
- Rough estimates in gross terms
- A methodology for precise assessment is in place
- As above and the participating experts have the necessary knowledge and adequate experience to estimate accurately the planned expenditures

2.3.2.5. Retirement costs

- Not applicable (*please explain*)
- Experts are aware of the necessity
- Rough estimates in gross terms
- A methodology for precise assessment is in place
- As above and the participating experts have the necessary knowledge and adequate experience to estimate accurately the planned expenditures

2.3.2.6. Costs of social adaptation of prematurely released personnel

- Not applicable
- Experts are aware of the necessity
- Rough estimates in gross terms
- A methodology for precise assessment is in place

- As above and the participating experts have the necessary knowledge and adequate experience to estimate accurately the planned expenditures

2.3.2.7. Costs of utilisation of surplus weapon systems, equipment and infrastructure

- Not applicable (*please explain*)
- Experts are aware of the necessity
- Rough estimates in gross terms
- A methodology for precise assessment is in place
- As above and the participating experts have the necessary knowledge and adequate experience to estimate accurately the planned expenditures

2.3.2.8. Costs to cover previous contracts and loan servicing costs

- Not applicable
- Experts are aware of the necessity
- Rough estimates in gross terms
- A methodology for precise assessment is in place
- As above and the participating experts have the necessary knowledge and adequate experience to estimate accurately the planned expenditures

2.3.2.9. Contingent liabilities

- Not applicable
- Experts are aware of the necessity
- Rough estimates in gross terms
- A methodology for precise assessment is in place
- As above and the participating experts have the necessary knowledge and adequate experience to estimate accurately the planned expenditures

2.3.3. Classification of revenues and expenditures in a way that is compatible to GFS/ UN instrument/ PARP^[Note] or another similar international standard (*please specify*)

- No
- Partially (*please, provide details*)
- Fully compatible

2.4. Budget information is presented in a way that facilitates policy analysis and promotes accountability. The military budget is represented in the form of:

2.4.1. Appropriations:

- On a gross basis
- With some detail
- With considerable detail

2.4.2. Organisational distribution (assuming the MOD is a 'first level budget holder' and examining its constituent organisations /that are also legal entities/):

- Not known
- Organisational distribution is known by the executives, but is not included in the budget law
- Among second level budget holders
- Among third level budget holders
- 2.4.3. Programmes:
- Not applicable
- Distribution along programmes is known by the executives, but is not included in the budget law
- Along 'first level' programmes
- Along 'second level' programmes
- On a finer level of detail, clearly describing resources allotted to R&D, procurement, etc., for each programme and its elements

3. Budget execution and oversight

3.1. A comprehensive accounting system provides a reliable basis for assessing payment arrears

- It is of limited capacity and unable to generate reliable data on accounts

- It is reasonably comprehensive and capable of generating reasonable data on accounts
- It is comprehensive and capable of generating data on all stages of the payments and 'incomes'
- It is comprehensive and capable of generating data on all stages of the payments and 'incomes' along budget appropriations, as well as along organisations and programmes

3.2. Personnel, operations and maintenance (O&M), procurement and R&D regulations are standardised and accessible to all interested parties:

3.2.1. Employment, release and other personnel policy regulations

3.2.1.1. Employment and pay regulations are:

- Not well defined and allow considerable discretion
- Well defined but some discretion is allowed
- As above, with clear criteria for discretion
- As above and there is competitive recruitment

3.2.1.2. Employment and pay regulations are observed:

- No
- Only partially
- In full

3.2.2. Military training requirements, e.g., 180 flying hours per crew per year, are standardised and accessible to all interested parties:

3.2.2.1. Training requirements are:

- Not well defined and allow considerable discretion y the military authorities
- Well defined but some discretion is allowed
- As above, with clear criteria for discretion and well documented decisions

3.2.2.2. Training requirements are observed:

- No

- Only partially
- In full

3.2.3. Procurement and other contracting regulations are standardised and accessible to all interested parties

3.2.3.1. There are regulations for open tendering for procurement, R&D and other contracting services

- None are in place
- Regulations are in place but are unclear or incomplete (*please provide additional information*)
- The regulations are clear and comprehensive
- As above and the personnel involved is adequately qualified

3.2.3.2. Tendering regulations are observed:

- No
- Only partially
- In full

3.3. In the defence establishment and/or in the executive branch there is a strong capacity for internal audit

3.3.1. Internal audit procedures are clear and subject to effective process review by external auditors

- No
- Partially (*please explain*)
- Yes

3.3.2. There is audit capacity in terms of financial compliance and identification of fraud and mismanagement cases

- None
- Weak capacity
- Adequate capacity
- Strong capacity and effective implementation

3.3.3. Audits cover both financial compliance and effectiveness of

performance ('value-for-money' analysis). The internal capacity for 'value-for-money' audits can be described as:

- Non existent/ there are no provisions for internal 'value-for-money' audits
- Weak capacity
- Adequate capacity
- Strong capacity and effective implementation

3.4. There is a strong capacity for independent audit, i.e. through a National Audit Office working for the legislature (further down referred to as 'NAO')

3.4.1. Independent audit procedures are clearly established in a law

- No
- Partially (*please explain*)
- Yes

3.4.2. NAO has audit capacity in terms of financial compliance and identification of fraud/mismanagement cases

- Weak capacity
- Adequate capacity
- Strong capacity and effective implementation

3.4.3. NAO audits cover both financial compliance and effectiveness of performance ('value-for-money' analysis)

- No/ there are no provisions for independent 'value-for-money' audits
- Weak capacity for value-for-money audits
- Adequate capacity
- Strong capacity and effective implementation

3.5. Independent think-tanks (universities, academic institutes and other non-governmental organisations) complement 'value for money' audits in particular areas of interest, i.e., force modernisation programmes

- Very limited or non existent capacity
- Limited capacity

- Occasional reports with limited impact
- Notable capacity and track record of successful audits/ reports on performance (*please provide examples*)
- As above and noticeable impact on decision makers and/or societal attitudes (*please provide examples*)

3.6. Regular fiscal reporting to the legislature and the public

3.6.1. A mid-year report on budget developments is presented to the legislature. More frequent—at least quarterly—reports are also published

- No requirement to present mid-year report to the legislation
- No requirement to publish governmental financial accounting reports
- Annual publication
- Half-yearly publication
- Quarterly publication
- Monthly publication

3.6.2. Final accounts should be presented to the legislature. Annual reports are audited and submitted to the legislature:

- Not at all or infrequently
- After more than 12 months
- Within twelve months
- Within six months

3.6.3. Results achieved relative to the major programmes are presented to the legislature annually

- No requirement to submit such performance reports
- After more than 12 months, with sketchy performance analysis
- Within twelve months, with sketchy performance analysis
- Within twelve months, with comprehensive and in-depth performance analysis
- Within six months, with comprehensive and in-depth performance analysis

4. Level of transparency

4.1. All aspects of military budgeting (planning, execution and assessment of implementation) are transparent to decision makers and the public. Please identify in Table 1 the actual role of each player in the military budgeting process using the following notation:

- a. Not applicable
- b. No role according to the constitutional arrangement and the legal framework of the country
- c. Has constitutional/legal responsibilities but usually plays a rubberstamp role
- d. Limited influence due to inadequate knowledge and experience
- e. Strong influence, but limited understanding of the complexity and the intricacies of the military budgeting process
- f. Strong influence with full understanding of the military budgeting process and adherence to the principles of democratic governance
- g. Other (*please specify*)

Table 1: Participation and transparency of decision making

	a	b	c	d	e	f	g
Military planners							
Senior military leadership, i.e., Defence Staff							
Civilian MOD administration							
Civilian/political leadership of the MOD							
Ministry of Finance							
The Government, i.e., Council of Ministers							
The Parliament (as a whole, including staff)							

Parliamentarian committee with responsibilities on budget and finance issues							
Parliamentarian committee with responsibilities on defence issues							
Head of State (Supreme Commander), accounting for staff expertise							
National audit office or a similar organisation							
Commercial organisations, i.e., defence industries, lobbying groups, etc. (please specify)							
Non-governmental think tanks, universities, academic institutes							
Media							
Society at large							

4.2. Publications of military budgets and related information are available to the public

Please identify availability in Table 2..

4.2.1. Rules for disclosing military budgets and related information are public

- a. No
- b. Partially, leaving considerable room for discretion by the executive agencies
- c. Partial but clear
- d. Clear regulations in significant detail

4.2.2. Reason for publication:

- a. Requirements of international organisations
- b. Occasional initiative of governmental officials or members of the legislature
- c. Legal obligation of the Government or the respective agency

4.2.3. Level of detail of the publication:

- a. Short unclassified (or incomplete for other reasons) version, that hardly allows to form a judgement
- b. Partial version, sufficient to form a rough estimate
- c. Sufficient to allow rigorous analysis by an informed observer

4.2.4. Media to provide access by the public:

- a. Limited printed version in the native language
- b. As above plus limited printed version in another commonly used language, i.e., in the English language
- c. Freely accessible on-line publication in the native language
- d. As above plus freely accessible on-line publication in another commonly used language. i.e., in the English language

4.2.5. Historical information:

- a. There is no information on previous years or previous versions of the document
- b. Some aggregate information is presented on the budget and the actual or expected outturn of the preceding fiscal year/ short description of previous versions of the document are available
- c. As for (b) for the preceding two fiscal years/ full description of previous versions of the document are available

4.2.6. Budget forecasts

- a. There is no information on years following the budget year
- b. Some aggregate information is presented on the budget forecasts for two years following the budget year
- c. As for (b) for the five years following the budget year

Table 2: Availability of military budgeting information

	Non applicable	Reason for publication	Level of detail	Media	History	Longer forecasts
Major security policy documents: · National Security Strategy						N/a
· National Security Strategy						
· National Security Concept						N/a
· Other <i>(please specify)</i>						N/a
Major defence policy documents:						
· National Military Strategy						
· Military Doctrine						
· Other <i>(please specify)</i>						
Defence programmes						
Draft military budgets						
Military budgets						
Implementation reports						
Internal audit reports						
Independent—‘NAO’—audit reports						
Independent—NGO—audit reports						

Responds by the executives to specific enquiries						
Other, i.e., transcripts of parliamentary hearings, noteworthy papers, articles, presentations (<i>please specify and briefly describe</i>)						

4.3. The country complies with international treaties and agreements, requiring disclosure of military budgeting information, as follows:

- a. Not applicable
- b. Does not supply regularly the required information
- c. The information provided is incomplete
- d. The information provided is complete, but often contradicts other sources
- e. Complete and accurate information is regularly provided on time
- f. Other (*please specify*)

Please assess the compliance in Table 3.

Table 3: Effectiveness of compliance to international agreements

	a	b	c	d	e	f
United Nations Instrument						
Organization for Security and Co-operation in Europe (Vienna documents)						
Stability Pact for SEE – Budget Transparency Initiative						
Dayton/Paris Accords						
NATO/PfP Planning and Review Process/ the Interoperability Survey						
Others (<i>please specify</i>)						

5. Assurances of Integrity

5.1. Rigorous forecasting of the budget/fiscal constraints in a comprehensive and consistent

quantitative macroeconomic framework. Forecasts can be best described as:

- Unreliable
- Moderately reliable
- Very reliable

5.2. The main underlying assumptions in budget planning, i.e., major fiscal risks, exchange rates, uncertain costs, specific expenditure commitments, etc., are clearly documented and properly accounted for

- Assumptions are not clearly stated
- Very few assumptions are properly accounted for
- Some important assumptions are clearly stated (*please provide a list*)
- All applicable assumptions are clearly documented and properly accounted for

5.3. Underlying assumptions such as macroeconomic forecasts, fiscal forecasts, etc., are assessed by independent experts. External scrutiny of macroeconomic forecasts and models used to generate them is actively encouraged.

- No
- Yes
- Yes and there are formal institutional arrangements to assure external scrutiny

5.4. Defence programmes are properly costed

- Not applicable
- Programmes are costed by the respective programme teams without clear guidance
- Programmes are costed by the respective programme teams following common guidance on major cost factors
- All defence programmes are costed using a comprehensive and consistent set of cost factors
- As above and the cost factors are consistent with the findings of an independent national statistics agency

5.5. Integrity checks are supported by an information system

- No

- Some organisations, participating in the programming and budgeting process, use information systems with limited functionality
- All organisations, participating in the programming and budgeting process, use an information system with limited functionality
- Programming and budgeting are systematically supported by an information system allowing collaborative work
- As above, with integrated tools for automated analysis and decision making support

5.6. The annual budget and the final accounts indicate clearly the accounting basis (e.g., cash or accrual) and standards used in compilation and presentation of budget data

- No statement of the accounting system is provided
- A partial statement is provided
- A full statement is provided indicating any changes in practices as well as current accounting policy

5.7. Alternative programmes/budgets, corresponding to different assumptions, are clearly identified. There is a clear written procedure to transition from one alternative to another and the transition points are clearly documented

- No
- Partially (*please explain*)
- Yes

5.8. History of both plans and implementation results/assessments is readily available

- No
- Only partial records are available
- Yes, but difficult to obtain and compare
- Yes

5.9. Fiscal reports are internally consistent and reconciled with relevant data from other sources

5.9.1. Accounting reports are reconciled with budget appropriations:

- Ineffectively and not in a timely manner
- Fairly effectively but not in a timely manner

- Effectively and in a timely way

5.9.2. Accounting reports are reconciled with bank accounts:

- Ineffectively and not in a timely manner
- Fairly effectively but not in a timely manner
- Effectively and in a timely way

5.9.3. Auditing of accounting reports is carried out:

- Ineffectively and not in a timely manner
- Fairly effectively but not in a timely manner
- Effectively and in a timely way

5.9.4. Reconciliation of fiscal and monetary data is:

- Weak
- Moderate
- Rigorous

5.10. A national statistics agency is provided with the institutional independence to verify the quality of budget data

- There is no technically independent national statistics agency
- There is an independent national statistics agency, but it does not play a role in any aspect of military budgeting
- Standards for military budget data integrity and quality are partially adhered to (*please explain*)
- International standards for budget data integrity and quality are fully adhered to (*please identify the standards followed*)

Note: The NATO Planning and Review Process

3. Research and Development														
<i>3.1 Basic and Applied Research</i>														
<i>3.2 Development, Testing and Evaluation</i>														
4. Total (1+2+3)														

A Means of Comparing Military Budgeting Processes in South East Europe

Todor Tagarev

Keywords: Budget Transparency Initiative, defence, military budgeting, methodology, framework, questionnaire, good governance, transparency, accountability, Stability Pact for South Eastern Europe.

Abstract: This paper presents a methodology for comparative assessment of military budgeting systems and practices. It is intended for implementation within the Budget Transparency Initiative (BTI) of the Stability Pact for South Eastern Europe (SEE). The methodology shall allow BTI participants and other beneficiaries to identify promising areas for dissemination of good local practice among SEE countries, as well as areas where all SEE countries lack necessary expertise or experience and the region as a whole would need outside support to improve the military budgeting practices. In a hierarchy of criteria, the methodology covers military budgets, budgeting process, budget execution, and assessment of budget execution. Special attention is paid to the issues of transparency and assurance of integrity of military budgeting. The paper includes a description of an idealised military budgeting process to serve as a benchmark, a comprehensive questionnaire to compare existing systems and practices to the benchmark, sets of possible answers to the questions, and guidance on how to process respective answers to the questionnaire.

Potentially, the proposed methodology may be useful in other studies aiming to improve democratic governance, transparency and accountability in the public sector, in particular in the defence and the security sector.

[full text](#)

E-MODELS AND METHODS FOR PROJECT MANAGEMENT IN THE PUBLIC AREA

[Juliana KARAKANEVA](#) and [Georgi PAVLOV](#)

Project management is a problem-solving process studied by behavioural, management, engineering, information, and mathematical sciences. In the public area, and in particular in defence, the process involves a logical sequence of activities and decisions transforming a mission need into operational requirements, description of system performance parameters and a preferred system configuration.

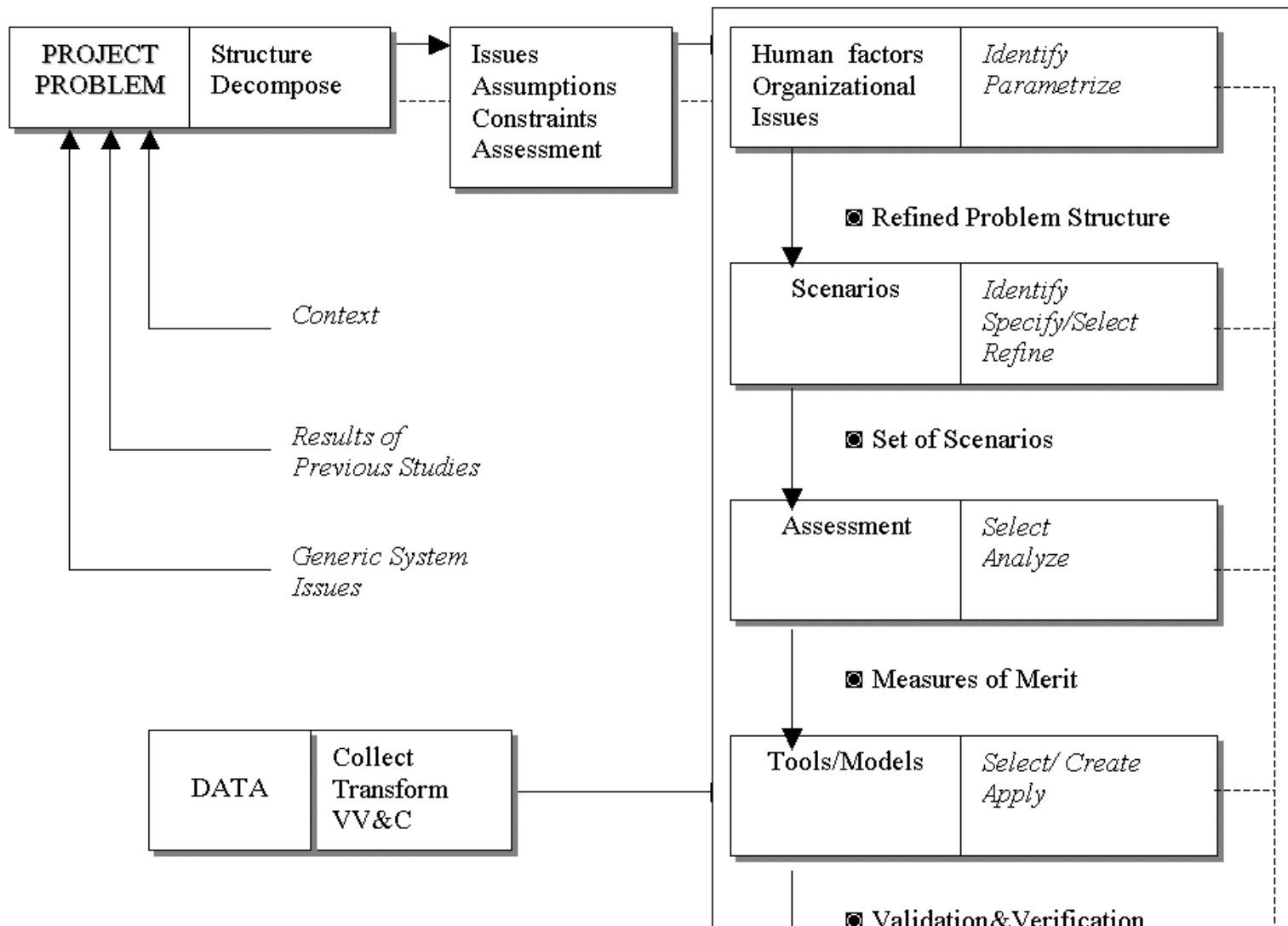
System engineering provides for application of scientific and engineering efforts in order to :¹

- a. Transform operational need into a description of system performance parameters and a system configuration through the use of an iterative process of definition, synthesis, analysis, design, test, and evaluation;
- b. Integrate related technical parameters and ensure compatibility of all physical, functional, and program interfaces in a manner that optimises the total system definition and design;
- c. Integrate reliability, maintainability, safety, survivability, human, and other requirements into the total engineering effort to meet cost, schedule, and technical performance objectives.

Key for effective implementation is the careful choosing of:

- Methodology and approaches for the project management;
- Measures for assessing project management decisions;
- Methods and tools in support of project management.

Figure 1 present a possible interpretation of a methodology to support project management life cycle. In principle, the system life cycle should be regarded as a living model. New steps may be added, new methods can be inserted and more stringent requirements for upgrade might be specified. Over time, the project team learns from the design and development experience and feeds important lessons back into the next iteration of the project life cycle.



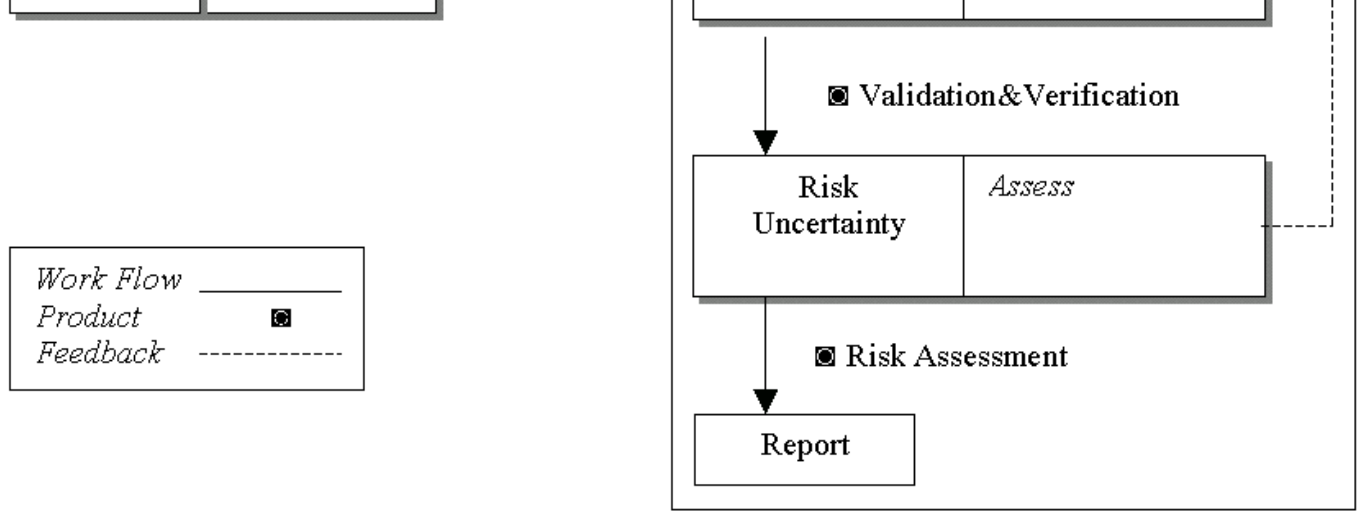


Figure 1: Methodology for management of a project life cycle.

The decomposition of a project provides possibilities to relate project activities to models and methods used to solve arising issues. Each activity requires that tasks and sub-tasks to be performed. Each step has a gate at the end of its implementation process that determines if the next step should be taken.

Simultaneously, the model development at each project stage is accompanied with a measure of merit; assessments of this measure are made in order to accept or reject proposed solutions.

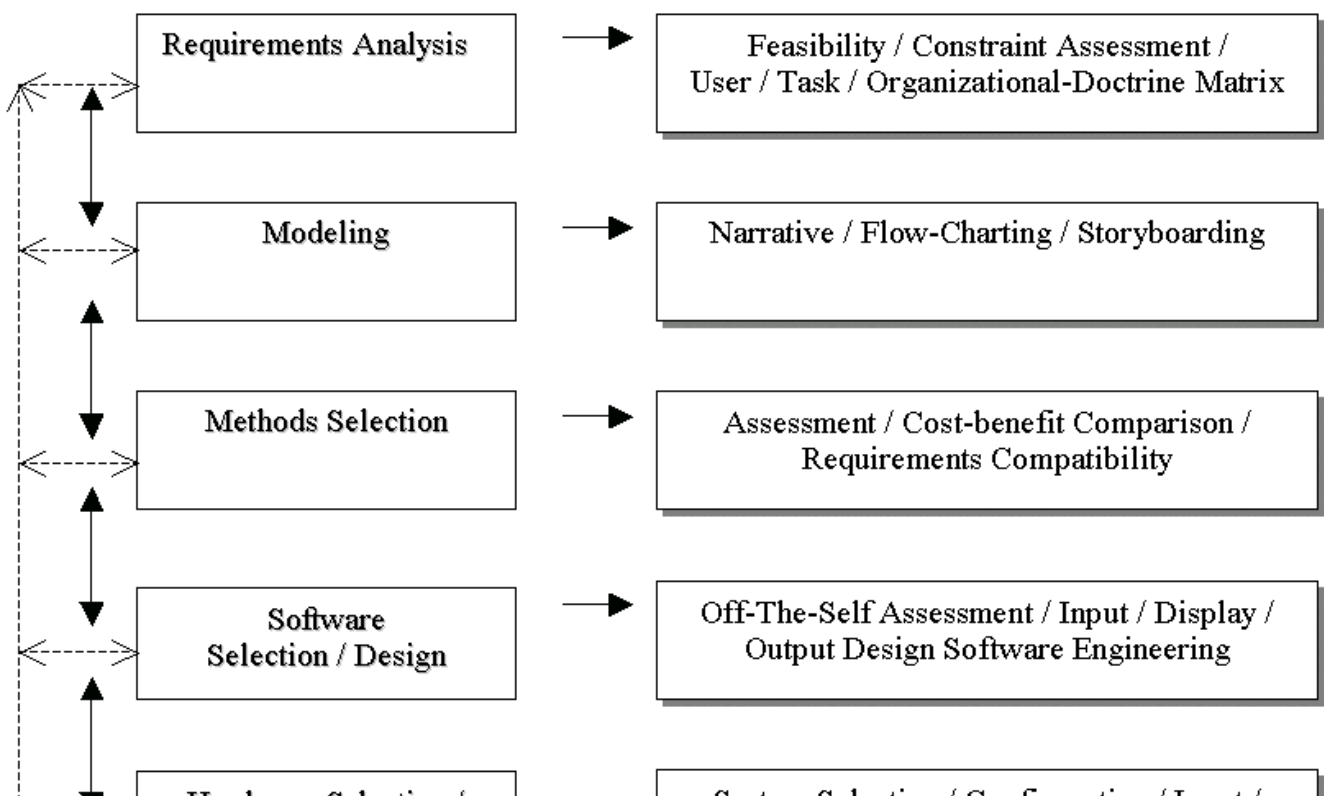
Many authors² propose schemes and approaches for the creation a flexible iterative and explicit life cycle, which can adapt to several design situations, organizations, and management styles. The idea is to create opportunity for future application and reuse of the main life cycle backbone when new methods, tools and techniques are available. A variety of approaches and project life cycle representations (one example is given on Figure 2) have been applied in support of project management.³ Recently, technology and especially computer and communications technology is the leverage that stimulates the progress in this area.

Currently, several means and ways are extensively used in support of project design. Among these are modelling languages that implement software realizations of mathematics methods and their applications, as well as tools in support of project design, analysis and assessment of alternative variants according to defined criteria.

Advanced approaches are used not only to suggest the life cycle steps, but also to propose methods, models and tools for use in support of these decision steps. They also suggest what the “output” along the way should look like. The achievements of the Multiattribute Utility Theory, Evolution Theory, Multidisciplinary Information System Engineering, Computer Aided System Engineering, Cost-Effectiveness Assessment, etc., provide only a sample of expedient approaches. We consider the full range of models, including performance and effectiveness models, object-oriented, procedure-oriented and agent-oriented models, hierarchic, stochastic and deterministic models, etc.

This activity is a distillation of the best approaches and methods that are implemented successfully in the practice and are perceived by the experts. The code of best practice (COBP) is the precious warehouse for developers and designers.⁴ The well-known taxonomy of G.W. Hoppie,⁵ even if not complete, represents very well the way methods, tools and techniques can be categorized and assessed and provides for future extension. In addition, Sage and Rouse show how several classes of methods can be described and assessed.⁶ Finally, Andriole showed how to rank-order methods against a set of requirements.⁷

In recent years, a number of additional tools, methods, techniques, devices and architectures became available in support of decisions made by project teams. The challenge lies in the extent to which designers can match the right tool or method with the problem at hand.



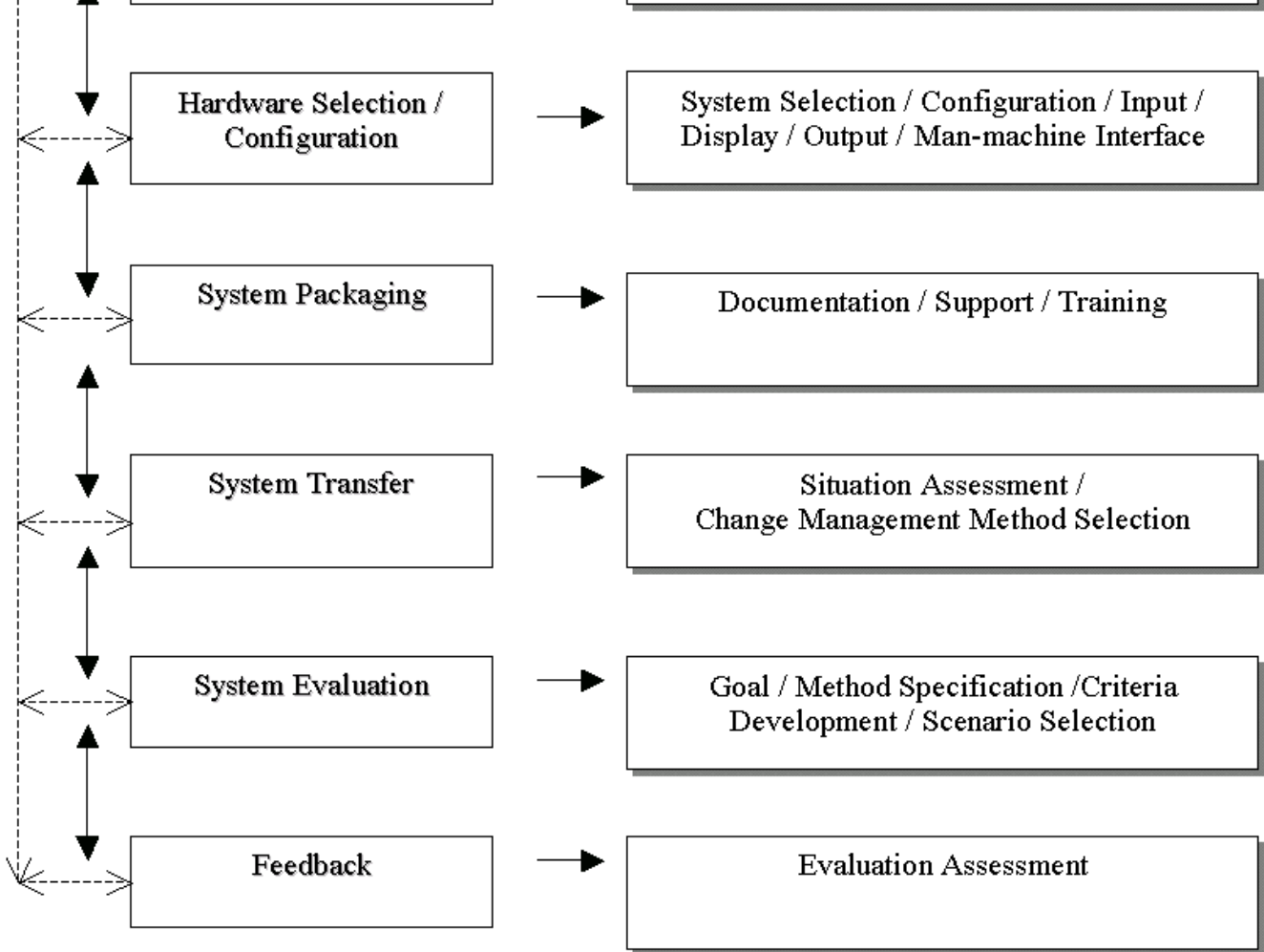


Figure 2: Project life cycle management process.

The authors' idea is to create a resource depot for scientific and applied tools intended to assist users in decision-making. Hence, each user who would like to use the system could turn to an "Analytical Centre" for an expert opinion. For public projects that Centre may be part of a governmental or non-governmental non-for-profit organisation, contributing to transparency of project management and providing impartial assessment of the way project resources are being used. In addition to the analytical activity of the Analytical Centre, an Engineering Centre may provide for technical support in the implementation of a particular tool.

The work of these centres involves a number of steps. A preliminary phase includes four steps in order to:

1. Present successful approaches;
2. Select the best practice (The expert team discusses the merit of each approach and whether it guarantees inclusion in the code of best practice);
3. Develop a general set of modelling requirements;
4. Assess current strengths and weaknesses; Compare the requirements to the current approaches to identify strengths and weaknesses in current capabilities; Identify remaining challenges.

A number of approaches to support of project management are based on artificial intelligence (AI) methods and expert system. These represent the decision-making process by a set of interacting decision rules. Such approaches are based on sound AI principles. However, their practical implementation leads to models which are large, complex and slow. The decision rules themselves are, in many cases, too dependent on a scenario; human involvement and considerable organisational expertise may be needed to treat these issues correctly.

The complexity of the projects requires multicriteria assessment. There is an increasing requirement to consider large numbers of scenarios and to perform a wide range of analyses. This has led to a requirement for "lightweight," fast running models, which can easily represent a wide range of scenarios. To this purpose a number of authors explore advanced algorithmic tools based on modern mathematics such as catastrophe theory and complexity theory.

A number of approaches employ "human in the loop" techniques in order to ensure realistic human performance or to check assumptions and parameters. However, these techniques are expensive and require inclusion of soft factors and their attendant measure of merit. The introduction of human factors also raises the level of uncertainty as these factors are difficult to integrate and are not necessarily well understood in the system specific context. The increased cost, complexity, and uncertainty of a "human in the loop" demands analyst to use this approach for small portions of the overall problem structure, rather than as the primary analytical method.

Frequently the dilemma is to create (a) a homogeneous model or (b) hierarchy (federation) of models (Figure 3). The detailed modelling of the supporting activities or functions is necessary to establish constraints on decision-making and the impact of some additional aspects. These supporting models could be run off-line, providing sets of input data to the main model (raising the model hierarchy) or they could be run in real time interaction with the main model (as federation of models). This approach can generate valuable analytical insights, but becomes critical in case of a large number of system parameters or a long scenario.

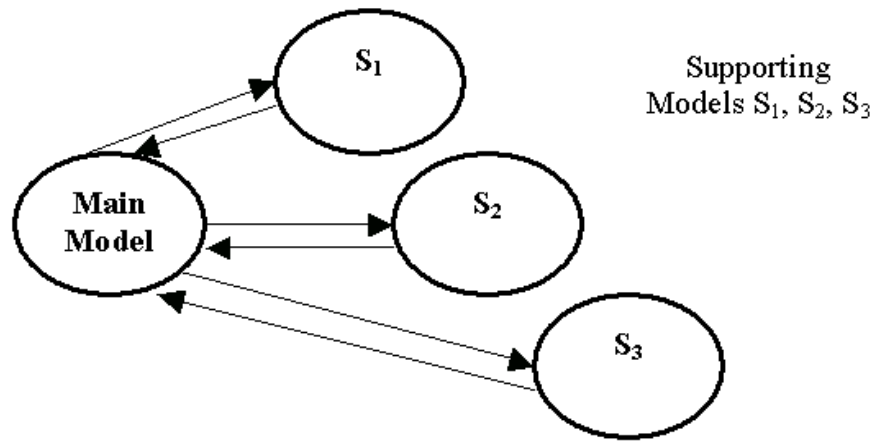


Figure 3: Hierarchy of models.

Another approach,⁸ applied in many cases, is to use a structured hierarchy of models to create an audit trail from systems, processes, and organizations through to their outcome. The idea is to create supporting performance level models of particular aspects of the process, which can be examined at this level. Linking performance models with effectiveness models directly or through off-line approaches gives better possibilities during the project life cycle.

An approach adequate to the modern methodology is the agent-based modelling. A key aspect is the description and representation of the project design process through agent modelling and programming techniques. Modelling this activity as a group of agents based on artificial intelligence concepts favours the capture of the cognitive aspects of project tasks. Agents can be implemented in an object-oriented environment as either objects (e.g. actor or “applet” type) or aggregates of objects (coarse grain agents). Such agents interact with each other through a messaging infrastructure.⁹

Well known systems reveal how natural language interfaces evolve over time, of how users are able to communicate with databases and knowledge bases in ways that are compatible with the natural way to address data, information and knowledge.

The systematic collection and cataloguing of data generated by analytic tools adds to the available body of analytical data and knowledge bases. By tapping into these resources, analysts can develop more representative tools and validate the results. Sharing data among analysts may reduce the resources required to develop sufficiently sophisticated tools by reducing the degree of necessary repetition in the development and selection of appropriate analytical tools. Finally, the application of tools and the improvement of theory and the tools themselves, helps the analyst to better answer the requirements and to identify the key uncertainties and limitations of the findings of their analysis.

One way to create a relevant environment for project management is to describe formally the correlation between the problem—to make a decision—and methods and models appropriate to support this decision. The Engineering Centre in the proposed organisation maintains an information depot for the methods, models and approaches available to users with their features, capabilities and cost-effective rating according to known criteria (Table 1). The user could obtain necessary information for the characteristic features through software agent as a verbal reference reports – the records K_i , T_i , P_i , S_i , W_i .

Table 1. Notional ratings of groups of methods

Criteria	Method			
	Expert Systems	Cognitive Science	Decision Analysis	Operational Research
Objectives/ Expectations	K1	K2	K3	K4
Type of Methods <i>Typical</i> <i>Analytical</i> <i>Other</i>	T1	T2	T3	T4
Products	P1	P2	P3	P4
Strength	S1	S2	S3	S4
Weaknesses	W1	W2	W3	W4

Table 2. Notional ratings of methods’ applicability to particular tasks

Activity/Task	Method			
	Expert Systems	Cognitive Science	Decision Analysis	Operational Research
A1	x		x	
A2	x	x		x
A3			x	x
A4	x	x		x
A5		x		x

Further, it is suitable to consider the methods and models in accordance with the task-solving process. A useful approach is to constitute a matrix with rows describing the kind of project activity (stage or phase) and columns related to a method or a model (Table 2). If several methods and models are considered, as candidates for task-solvers, they shall be assessed according to appropriate criteria. Competent experts applying any of the multicriteria methods/models assessment approaches in the 3D-space (Figure 4) could propose most appropriate solutions for the user problem.

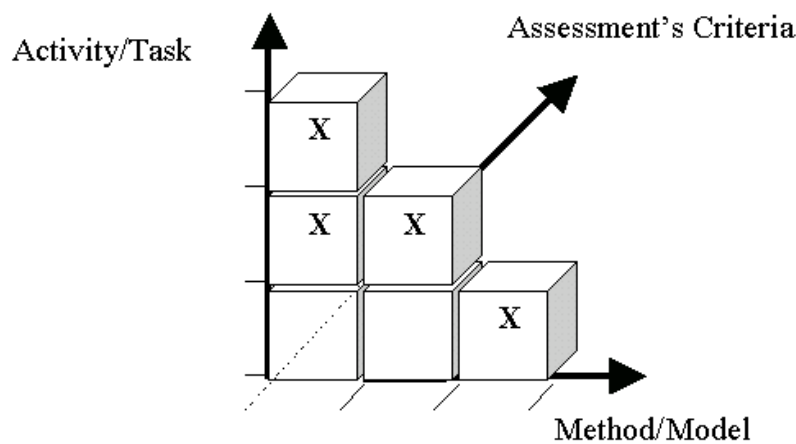


Figure 4: 3-D presentation of method and model "ratings."

A number of authors have proposed algorithms to provide the best solution in support of the project management process.¹⁰ As a rule, they search an optimal package of models and methods to solve the project management problems. The requirements to the project become constraints of the objective function. Usually the solution corresponds to the minimal expenses of resources and to the application of generic methods and models. Solving a general optimisation task, authors propose a package of methods and models that 'optimally' supports project management throughout.

Such approach is suitable in some cases but, on the other hand, it gives a quite common solution. As a result, the project team selects a package of methods and models frequently applied to similar tasks. The same package is used in dealing with more than one subtask. In this case, the basic requirement is the economy of resources. However, the project team cannot apply methods and models of specific strength that would be more suitable to support decision-making during particular activity or in solving a sub-task.

Personnel working in the area of public projects must be familiarised with the methodology and its potential to meet their planning and decision-making requirements. Additional technical expertise, when needed, shall be provided by the Engineering Centre (EC). EC may support the project team also in defining requirements to supporting models and method, identifying a number of criteria and arranging the criteria. A multi-objective approach to the assessment is appropriate in this case.

The problem becomes somewhat more complicated when budget constraints are added. The preferred package of models and methods shall be identified so that the cost of each does not exceed available funding. A number of complications arise here. First the number of feasible packages can be large even though the number of the stages appears reasonable. Second complication involves the existence of synergistic effects among the alternatives. In addition this process is continuously connected with rapidly changing technology and needs in the public area.

The authors suggest the following methodology to deal with these challenges. The input information includes a list of project activities (stages, phases), a list of alternatives – methods and/or models, and a list of attributes for the evaluation of each alternative. A total ordering of the alternatives may then be derived using simple weighted linear combination of the scores for each alternative.

The methodology requires definition of the following inputs:

- S - a finite set of activities; Card S = M;
- A - a finite set of alternatives, in our case methods, approaches; Card A = N;
- I - a finite set of additively independent attributes;

$\{ u_i(\alpha) \}$ - a set of value scores, giving the value associated with attribute I for selecting method α .

The following information may also be entered if available:

$\{ w_i \}$ - a set of attribute trade-off weights, for one or more I.

The usual preferences for alternative X to alternative Y can be described by $X > Y$, based on the definite set of orders applied to definite set of alternatives. This statement creates the input for the application. For example, the statement “attribute 1 is more important than attribute 3” has a simple translation to input information in the form “ $w_1 \geq w_3$ ”. Thus, some natural language formulations are represented adequately as trivial logical assignments. With three relationships allowed (\leq , \geq , and $=$), the analyst could make every possible statement.

The objective of the analysis is to determine any dominance relation that can be inferred between the alternative and method/model. The methods are performed by the attributes: cost, parameter 1 (“less is better”), parameter 2 (“more is better”), parameter 3, etc. Table 3 lists four methods with their 3 attributes, presented as absolute values.

Table 3. Structured description of methods/models

Method	Attribute		
	Par 1	Par 2	Par 3
A1	A ₁₁	A ₁₂	A ₁₃
A2	A ₂₁	A ₂₂	A ₂₃
A3	A ₃₁	A ₃₂	A ₃₃
A4	A ₄₁	A ₄₂	A ₄₃

Table 4. Description of methods/models with ranked attributes

Method	Attribute		
	Par 1 V ₁	Par 2 V ₂	Par 3 V ₃
A1	V ₁ (A ₁₁)	V ₂ (A ₁₂)	V ₂ (A ₁₃)
A2	V ₁ (A ₂₁)	V ₂ (A ₂₂)	V ₂ (A ₂₃)
A3	V ₁ (A ₃₁)	V ₂ (A ₃₂)	V ₂ (A ₃₃)
A4	V ₁ (A ₄₁)	V ₂ (A ₄₂)	V ₂ (A ₄₃)

Table 4 gives the attribute scores, where $0 \leq V_j(A_{kj}) \leq 1$. The value shows the difference between the best and the worst alternative scores on each attribute. At this point, one could elicit statements from the user regarding the relative importance of the attributes. They could assign a value score of “1” to the best and a value score of “0” to the worst alternative score on each attribute and assign all other attribute value scores in a linear fashion.

A software agent, deriving mathematical implications from the tables, supports the analyst so that he or she infers at least one additional alternative dominance relation for the possible choice of method or model the user might make. Additionally, the agent generates a directed graph indicating the dominance relationships that could be inferred among the alternative methods. Thus, the software agent 1 (SA₁) will be used to generate packages of methods and models and to determine their scores. The software agent 2 (SA₂) will be used for comparative evaluation and selection of a ‘best’ package.

The main steps to use the special software agent in support of project management are to:

- Define hierarchy of activities (tasks) and attributes;
- Identify methods and models that may contribute to solving the tasks;
- Assess individual scores for methods (models);
- Assess synergy scores (optional);
- Specify rules for package generation;
- Generate feasible packages.

In conclusion, the proposed methodology may be implemented through software agents based on the commercial-off-the-self products. Such approach provides familiar graphical user interface and easier access to large problem-oriented databases. Besides, it allows for straightforward communication of the project team, i.e., through video teleconferencing, arranging for electronic payment, etc. As a whole, it improves the capabilities of decision makers to understand the impact of a particular decision, to generate options and assess alternatives, thus improving decision-making capacity and transparency of the decision making process.

Notes:

1. For examples the reader may refer to Stephen J. Andriole, *Handbook for Decision Support Systems* (Blue Ridge Summit, PA: Tab Books, 1989).
 2. See for example Leonard Adelman, *Evaluating Decision Support and Expert Systems* (John Wiley & Sons, 1992).
 3. Stephen J. Andriole, *Information System Design Principles for the 90s: Getting it Right!* (Fairfax, VA: AFCEA International Press, 1990).
 4. *NATO Code of Best Practice for C2 Assessment*, NATO COBP AC/243 (Panel 7) TR/8 (1998), <http://www.dodccrp.org/2000CCRTS/cd/html/nato/nato_cobp.pdf> (15 June 2003).
 5. G.W. Hopple, "Decision Aiding Dangers: The Law of the Hammer and Other Maxims," *IEEE Transactions on Systems, Man and Cybernetics* SMC-16, 6 (November-December 1986): 948-963.
 6. Andrew P. Sage and William B. Rouse, "Aiding the Decision-Maker through the Knowledge-Based Sciences," *IEEE Transactions on Systems, Man and Cybernetics* SMC-16, 4 (July-August 1986): 511-521.
 7. Stephen J. Andriole, *Handbook for the Design, Development, Evaluation and Application of Interactive Military Decision Support Systems* (New York: Petrocelli Books, 1989).
 8. *NATO Code of Best Practice for C2 Assessment*.
 9. For an overview and results in implementing agents in support of the defence procurement the reader may refer to Jay Liebowitz, Monica Adya, *et.al.*, "MACS: Multi-Agent COTR System for Defense Contracting," *Knowledge-Based Systems* 13, 3 (October 2000): 241-250, Available also online at <<http://userpages.umbc.edu/~buchwalt/papers/multijour.htm>> (12 May 2003). A variety of additional issues in using agents in defence and security are covered in Petya Ivanova, ed., *Agent-based Technologies, Information & Security* 8 (2002), <http://www.isn.ethz.ch/onlinepubli/publihouse/infosecurity/volume_8/Content_vol_8.htm> (12 May 2003).
 10. See for example Peter Pavlov, *Scientific and Applied Methods and Tools for Developing and Managing Public Projects* (Sofia: Prisma, 2001).
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E-Models and Methods for Project Management in the Public Area

Juliana Karakaneva and Georgi Pavlov

Keywords: Life cycle management, decision-making, decision support systems, defence acquisition, procurement, e-payment

Abstract: The application of scientific and/or applied methods and models at each stage of the life cycle of projects, implemented by public organisations, is an important precondition for effective, efficient and transparent management. One way to create a relevant environment is to identify appropriate methods and models for decision-making in implementing such projects. One constructive approach to defining the usefulness of a method or a model is to constitute a matrix with rows describing the kinds of project activity (stage or phase) and columns relating to a particular method or model. The authors propose implementation of software agents that suggest, either automatically or upon request, a method or model appropriate to support decision-making in each project phase. Such advanced approach improves the capabilities of decision makers to understand the impact of a particular decision, to generate options and assess alternatives, thus improving decision-making capacity and transparency of the decision making process.

[full text](#)

E-TENDER - AN APPROACH FOR ENSURING TRANSPARENCY IN DEFENCE BUDGET MANAGEMENT

[Georgi PAVLOV and Veselina ALEKSANDROVA](#)

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Introduction

In accordance with the Law on Public Tenders (LPT) information on all current tender announcements and procedures is maintained in a database. A software product for electronic tendering called *e-Tender*, was developed to facilitate the implementation of LPT requirements. *E-Tender* may be used to enhance the transparency of the defence planning and budgeting processes seen here as a major prerequisite for transparency of a country's defence policy.¹

The supply and demand of goods and services are the foundation of the market economy. The market is the place where the goods and services are exchanged and their prices are set. Prices depend on the degrees of supply and demand and, thus, free market is a good regulative mechanism for large-scale realisation of goods and services. Of course, for that mechanism to work effectively, it is necessary that supply is bigger than demand. This requirement, however, does not apply to some goods and services. In some cases supply is very small to satisfy the demand and does not provide for formation of market prices. For those goods and services the mechanism of an *auction* is worked out. Auction (or *tender*) is used to determine the best price that the buyers are willing to pay, as at the same time an equal chance is given to all participants. Tenders are implemented if the participants give more than is due.

Two types of tenders could be distinguished depending on the bidding procedure – overt and covert. Traditionally, overt tender is implemented as all participants meet at assigned time, in a hall, for bidding about chosen item by raising hand and saying price proposals. Everyone watches the bidding and can participate in it by offering higher price than all other participants. A tender ends when there is no more offers for bidding. That method has been proved during the years as sufficiently honourable and effective; new times, however, place new challenges. In the era of global economic developments, the trade does not recognise any geographic boundaries. People from different regions compete in a unified market, a market that has a global meaning. The conduct of traditional tenders involves travelling of a great number of participants from different geographic regions. Because of that, new forms for conducting public tenders are sought – forms suitable to overcome geographic boundaries.

Due to advances in information technology, many human activities have acquired new dimensions. Today, it is almost unimaginable to live without computers at all levels, as well as with no Internet in the sphere of global communications. There are some solutions for carrying out public tenders, as participants in several geographic points are connected through teleconference. Other solutions are based on building up a tender moment. Such solutions have many advantages, as well as some disadvantages. One drawback is the impossibility to assess the chances for success in bidding, because the number of participants is not known. That sort of tenders lasts a few days in order to allow maximum number of participants to take part in the bid. Another disadvantage is the ambiguity of the bidding process when a participant is not connected to the system virtual space by using Internet technologies, allowing users to log on for bidding in suitable.

This article offers a solution for realising overt tenders by using Internet technologies for instant messaging. Main privilege of the solution is the relative simplicity, which means that anybody can use the tool on his or her personal computer. Furthermore, a list of all participants in the bid is maintained, thus allowing everyone to estimate their chances for success in the tender. If the bidding has already started, new participants are not allowed to take part. Last but not the least, at any time every participant receives any price announced by other participants.

E-Tender allows effective tender implementation in a few hours. The solution is directed to organisations that have wide geographic audience with similar interests.

Analysis of contemporary information technologies and their application

XML technology for representing documents

The rapid advance of Internet technologies, connecting large variety of computers in a global network, brought to fruition new methods for representing and processing information, which should be universal enough for using on different type of computer systems. The World Wide Web Consortium (W3C), an

organization determining directions of WWW development, makes an important contribution. For example, a standard Hyper Text Markup Language (HTML) for representation of correlated information got a great popularity. It was developed in the beginning of the 1990's and continues to evolve. Despite the considerable achievements, HTML has its own restrictions. Because of this, its main application is to represent logically related text documents. Predicting the necessity of ways for universal representation of other types of documents, W3C initiated the development of technology similar to HTML, but much more universal. The first version of the *Extensible Markup Language (XML)* was published in February 1998. Version 4.01 was launched in 1999.²

Main directions of the elaboration are following:

1. Easy usage of XML in the Internet environment. Any user should be able to view a XML document as easy as HTML one. Practically, that could be achieved when XML documents' browsers become as accessible and widespread as HTML file browsers are at the moment.
2. XML should maintain a large range of applications. The initial focus will be on exchange of structured documents in Internet environment, and it should not restrict the application.
3. XML should be compatible with the *Standard Generalized Markup Language (SGML)*, a standard introduced in late 1960's. Many organizations have large archives in that format. For this reason XML shall be created pragmatically to provide for interoperability with existing standards while, concurrently solving the challenge of sharing structured information via Internet.
4. It should be easy to develop programmes that process XML documents. For example, a computer science graduate should be able to compose a program for processing XML documents approximately in two weeks.
5. Also, the number of optional XML elements should be restricted to the maximum extent possible. Such elements surely cause problems of the compatibility when users start to exchange documents and sometimes even cause serious obstructions and misunderstanding.
6. XML documents should be understandable and precise enough. In this way, if a user does not have an appropriate XML browser and receives XML document, he should be able to view it, in a chosen text editor, in order to obtain an idea about its content.
7. XML specification design should be created as soon as possible. The standardization process is well known with its continuity.
8. It should be easy to create XML documents. Indisputably, improved tools for creation of XML content will appear, but no immediate availability is to be expected. Therefore, in the initial period, it should be possible to create XML documents by already known tools such as text editors, simple commands of PERL interpreter, etc.
9. XML record conciseness does not have a particular value. There are SGML attributes, which allow writing of SGML documents to be minimised. XML technology will not maintain this feature. The maintenance of these attributes would make difficult the realisation of XML programme-analyser (or person who creates it). Many recent text editors give an opportunity for defining short key combinations about defined phrases, in order to be used in the writing.

So, everybody could compose his or her own XML document representing random information using uniquely requested elements. The question is how to explain to users what each element we have used means, in order to give them the possibility to read or write document with the same structure. Another approach is to create the application that deals with documents, following a defined structure. But how that application could recognize necessary elements if each author uses his own names? For that purpose SGML is designed as a language for declaring element types in the document - Document Type Declaration (DTD). The types declared by this language (DTD) are elements, element attributes and objects.

After creating the declaration of XML document, we can disseminate it, mentioning that this XML document has a structure described in already created declaration. So, all recipients of the document will know about the structure used and, in their turn, will be able to create their own documents. In that sense, the DTD declaration facilitates the practical application of XML in data representation. Moreover, the DTD has an additional advantage - using it, each author or recipient of document could check its validity. There are XML analysers for verifying the document validity based on the DTD description. Implementing XML analysers the user could be sure that the documents, which he or she communicates, adhere to the previously defined structure.

Peer-to-peer communication

Main function of the communication network is to deliver information from • transmitter to a receiver. To that purpose, all network devices have unique identifiers and the necessary communication protocols. The communication will be fully effective when the sender knows what information any recipient is interested in, and also when the recipient tells it to the sender. In such model of communication the source of information generally is called SERVER and the receiver - CLIENT. Therefore, that sort of communication is called *client-server*. Characteristic of the model is that the server has a certain number of resources, which are ready to be given to its clients. Clients in turn initiate the communication by sending requests to the server for specific information. The server waits for the client's requests and sends the requested information, if it is available, or sends a message describing where the requested information eventually could be found. In this mode, the client who sends a request initiates the communication. It is received by the server, which composes a response and sends it back to the client. In this way the communication cycle ends. The process is depicted on Figure 1.)

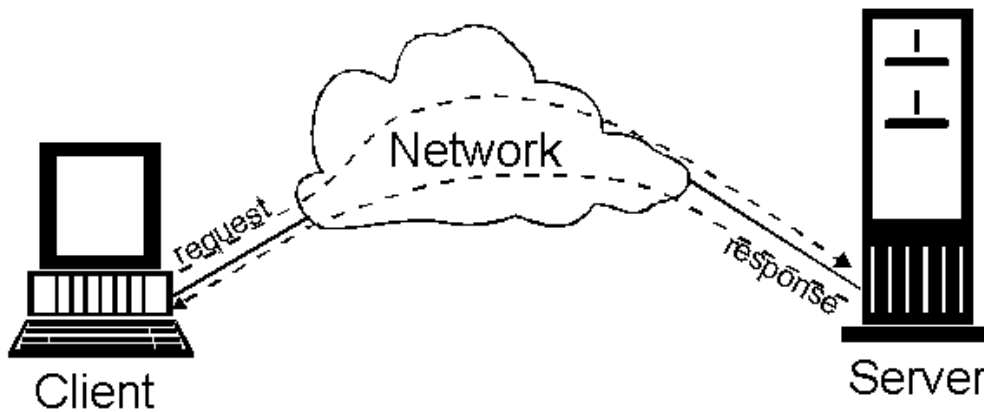


Figure 1: Client-server information exchange.

Serving as a transmitter, the station simultaneously sends and receives information. Or there could be a transmitter that may send information that has not been explicitly requested. In this case the communication is equal in value, or the so-called *peer-to-peer communication*. In this mode any transmitter sends information to defined receivers, without the need to have a defined request. It is sufficient that receivers should notify the transmitter that they want to receive defined information when it is accessible. At the same time, any receiver could be a transmitter to other receivers. In this mode of communication any receiver establishes initial connection with some transmitters. After connecting, the two sides could exchange information independently of each other, not needing an additional agreement. Simultaneously, both stations play roles of transmitter and receiver. Both transmitter and receiver could terminate the connection (Figure 2). Such scheme of communication is used in systems with distributed structure. Examples for such systems are *distributed.net* and some applications for file exchange such as *Napster* and *Gnutella*.

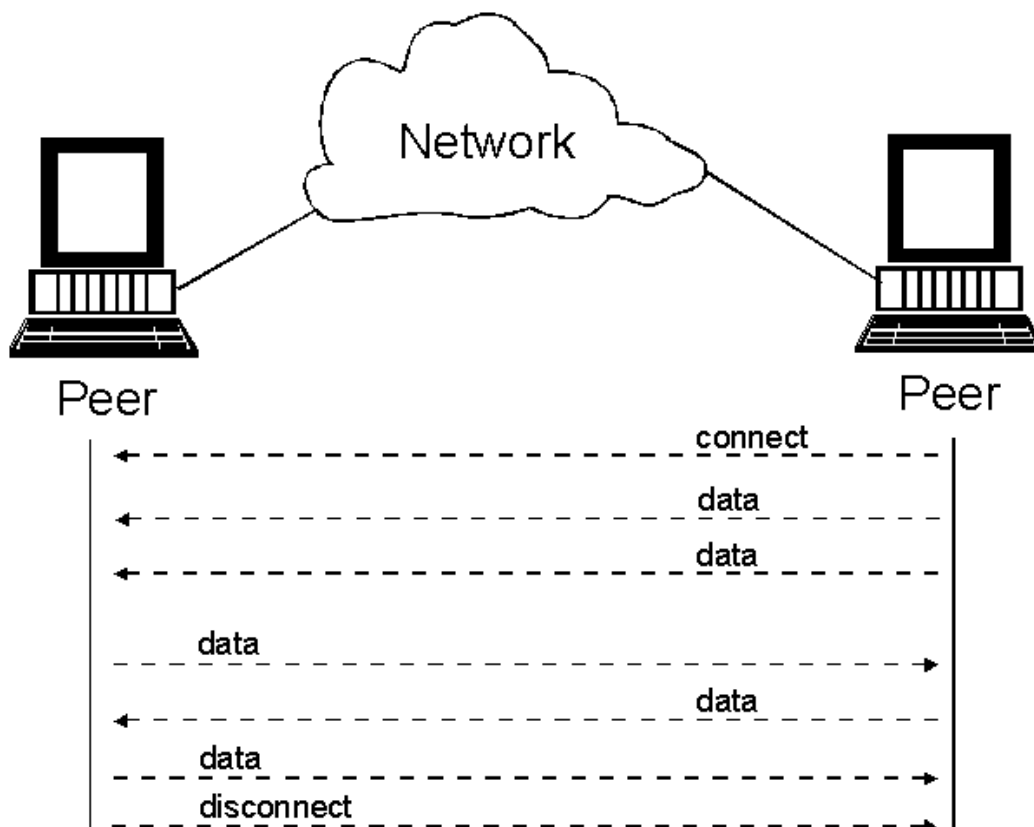


Figure 2: Peer-to-peer communication.

RSA encoding and e-signature

The encoding is an important way for keeping confidentiality of the information in its transportation by using unprotected channels for data transferring. Many approaches for encoding exist, for instance the method of RSA Security, Inc.³ has achieved considerable popularity. The main advantage of this method is the use of pair of keys (public and private) for encoding and decoding.⁴ There is a difference between this method, where the private key could be used for decoding and other methods using only one key for both operations.⁵ Using public key only specific information could be encoded. In this case, any recipient could disseminate his own public key, but he must keep reliably the private one. Nevertheless, this is easier than delivering a key from the sender to the receiver without compromising it.

The public key is expressed by the two numbers (e, n) , the private one – by (d, n) , where e, d and n are positive whole numbers. The message, which will be encoded, is expressed as a sequence of whole positive numbers less than n and marked with m_i . The encoding the message results in a sequence of numbers c_i less than n :

$$c_i = m_i^e \bmod n$$

that represents the encoded message. Obviously, in the encoding process only the public key (numbers e and n) is used. After receiving the encoded message we it is decoded as follows:

$$m_i = c_i^d \bmod n$$

Decoding can be performed if the numbers $d \cdot n$, which represent the private key of the receiver, are known. Thus, only the owner of the private key can decode. The algorithm for composing private and public keys is of considerable importance for the security of information exchange. In order to calculate n , two sufficiently large prime numbers, p and q , are needed. After such numbers are found, n is calculated as follows:

$$n = p \times q$$

The components of the private key d are defined through the following procedure. A whole number, which is mutually prime with the multiplication $(p-1) \times (q-1)$, is chosen so that

$$\text{The greatest common divisor (GCD) of } [d, (p-1) \times (q-1)] = 1$$

The public key component e is chosen using a whole number that is multipliable conversely of d by module $(p-1) \times (q-1)$.

$$(e \times d) \bmod ((p-1) \times (q-1)) = 1$$

Despite that n is publicly known, it is not easy to find out $p \cdot q$ and, therefore, the private key component d . It is difficult to find d because n is a very high number and can not be expanded into prime factors. This fact, along with the availability of two independent keys, provides for good protection of this algorithm against compromising the encoded information.

E-signature becomes more widespread in electronic communication means by analogy with a personal signature. Any formal document, which is sent electronically, needs an e-signature to prove its authenticity. E-signature requires only one person to put it – the author of the signature, and all concerned persons should be able to perform identification and verification.

Two ways for electronic signing are commonly accepted. In the first approach, the author “*signs*” a notice, encoding it by his private key implementing the scheme described above. Afterwards, the encoded notice is sent to respective recipients, who in their turn decode it by using the sender’s public key. If decoding is successful, the recipient can be sure that the notice really is from the already mentioned sender. However, if the recipient does not possess the sender’s public key, he will not be able to read it.

In the second approach the notice, without any changes, is delivered to all recipients, and the signature is added at its end. Generally, a control sum for the original notice is calculated applying an algorithm set in advance. A feature of these algorithms is that the control sum changes when any change in the notice occurs. Thus, it is guaranteed that the control sum will be different if there is an attempt to modify the notice. As a result, according to the described algorithm, the control sum is encoded applying the author’s private key and after that it is added to the original notice. Alternatively, it is possible to send the encoded control sum independently of the notice. This is the so-called “*detached signature*.”

The control of such signature is performed in a similar manner. The control sum of the document is decoded by the author’s public key, and it is calculated again by using the same algorithm. Finally, both control sums are compared, and if they coincide we could be sure that the document is in the form signed by the author. Advantage of this approach is that the information in the notice is accessible to the readers, even if they are not able to verify the sender’s signature. It is also interesting to note, that e-signature does not provide protection of transmitted information, due to the use of author’s public key for decoding, which is widely accessible by definition. Therefore, in the most cases the notice and signature of the definite recipient could be encoded by his own public key.

Jabber technology for instant messaging

The main application of Jabber technology is an information exchange about presence and instant messaging. The Jabber instant messaging (IM) system is distinguished from other similar systems by the following key features:

- Jabber is designed on the basis of XML;
- Jabber uses distributed network of servers;
- The Jabber protocol specification and code are opened;
- The Jabber architecture is modular and extensible.

Jabber has been designed as a model of the widely popular messaging system on the Internet, namely *e-mail*. Similar to e-mail systems, Jabber is built up on distributed network of servers that use common communication protocol, to which specialized clients connect to receive messages as well as to send messages. Unlike traditional e-mail, Jabber delivers messages in real time because the Jabber server knows when a particular user is online. This knowledge of availability is called “*presence*” and it has key meaning for the development of instant messaging.

In contrast to other instant messaging solutions, Jabber communication always passes through the server. All messages and data from one client to another must go through the server. Despite the important role of the server, the communication model remains peer-to-peer. Any client is free to communicate directly to another client, but that is not recommended because it depends on (and introduces) specifics of the realization.

In the Jabber architecture model,⁶ every user has a local server, which receives information directed at him or her, and different servers transfer messages and presence information among themselves. So the client's application is simplified and the server takes care of transferring and processing information. Each server functions independently of the others and maintains its own user list and the necessary information. Also any Jabber server can talk to any other Jabber server that is accessible via the Internet. These features are shown graphically on Figure 3.

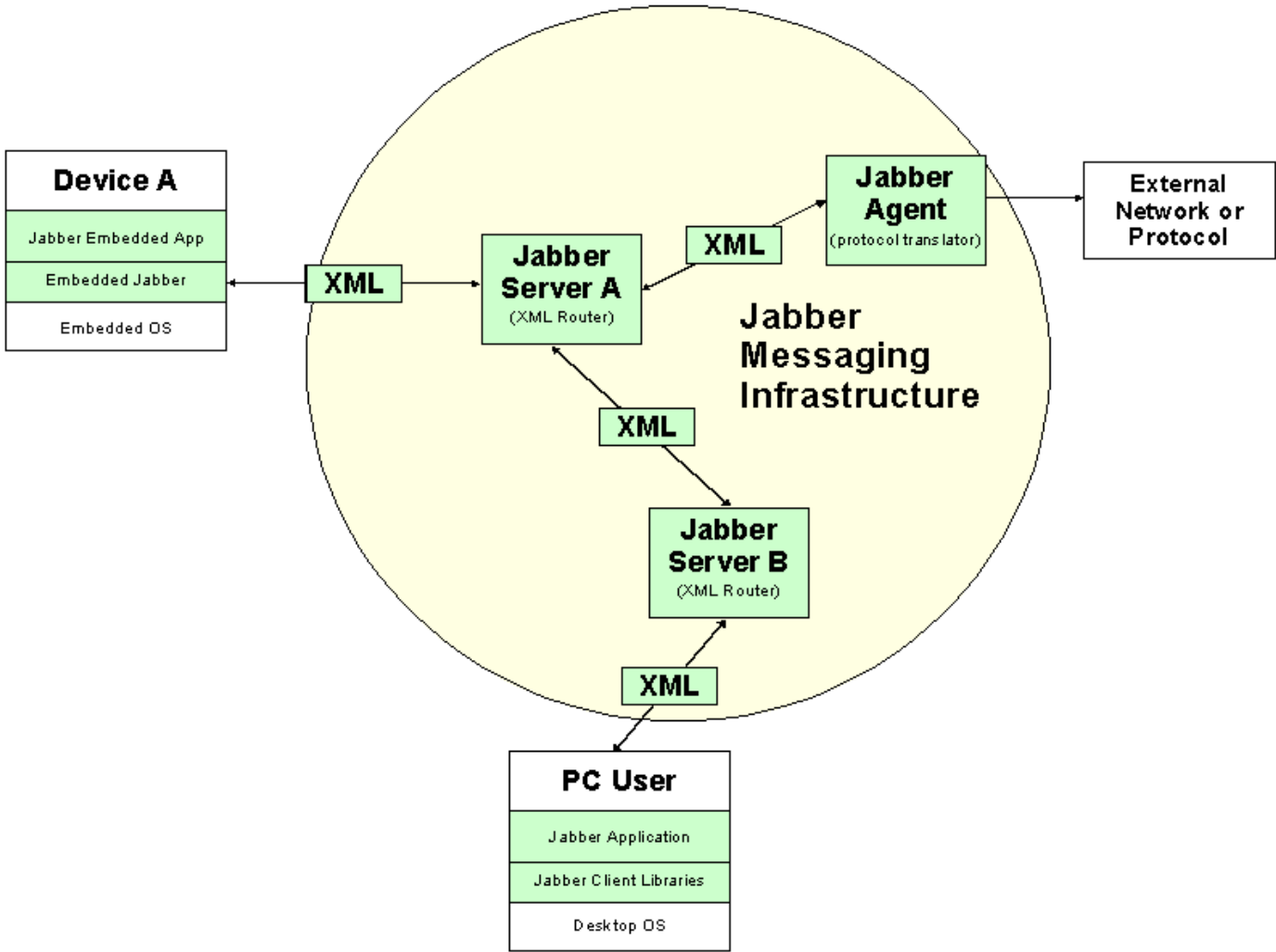


Figure 3: Jabber Architecture Model

The Jabber server is the main component in the instant messaging architecture. It performs two primary roles:

- Watching for client requests and communicating directly with client applications;
- Communicating with other Jabber servers.

The Jabber server has a modular architecture. It consists of several main modules providing respectively the following functionality: user authentication; data storage (user information, offline messages etc.); delivering messages, etc. Additional functionality can be easily added to the server. Thus, the so called “*transports*” or *protocol translators* could be added easily. With their help, a Jabber server communicates with any non-Jabber messaging system (see the Jabber Agent on Figure 3).

The XML technology takes main place in Jabber's realisation. It supports architecture design that is fundamentally extensible and able to use almost any structured data. The communication among architecture's components is realised by the help of *XML Streams*. Any user program creates a XML stream. Through it, the program sends and receives information in XML message form. In a similar way, the communication between two Jabber servers is realised. When the work ends, XML stream does the same .

The communication among Jabber users is realised in a way similar to the Internet e-mail. The user software sends a message to the Jabber server, which examines the request. If the recipient is a user of the same server, then the message is sent directly to this user. Otherwise, the message is sent to the *Etherx* component for processing and transmitting.

Etherx takes care of the communication among Jabber servers. In this case, the component will directly connect to the *Etherx* component of the remote server,

whose user should receive the message. So the received message from the remote Jabber server is sent directly to the recipient, if he connects to the server at this moment. The message is saved for further notification, if the customer is offline at the moment.

Any Jabber user has own identifier (JID). This identifier is very similar to the e-mail address of the user, i.e., john@jabber.org. The identifier includes the user name (john) and the name of the server, which serves this user (jabber.org). JID, so constructed, allows any Jabber server to find the respective server of the distant user, realising effectively distributed system architecture.

In addition to these components, JID comprises the so-called “resource” of the user. The resource is used for identification of different sessions of a user, allowing him or her to connect to the system simultaneously from several different applications. The resource is added to the identifier, as it is written after the server name, separated by a slash for example:

john@jabber.org/Work

john@jabber.org/Home

Another important architecture feature is the maintenance of “presence.” This is information that shows when a user of a server is in a condition to receive instant messages. Any Jabber client is “at the disposal” when connected to the system and “absent” in the rest of the time. The main idea of the presence is to inform any customer if his interlocutors are also online and could communicate. This feature is realised as any user “subscribes” for other clients’ presence. This system for subscription allows any user to permit the system to inform some users about his presence and to forbid this for other users. The Jabber server maintains a list with these subscriptions for any user. This list is called *roster*. It is saved on the server automatically, so the information about interlocutors is always available for users independently of the computer and user software. The Jabber server maintains the presence automatically when other users allow or forbid enquiries for a subscription. Additional information about user distribution in groups and their nicknames is saved in the *roster*. The user provides this information, and the roster serves for facilitation.

Architecture of the e-tendering system

The basis of any Internet application is the operational system that provides for communication in this environment. The general view of the e-Tender system’s architecture is represented on Figure 4. Obviously, it does not cover the issues of the centralized server and the number of user computers. The components, building the business logic and database, are realized on a workstation. The architecture includes Jabber server and a database.

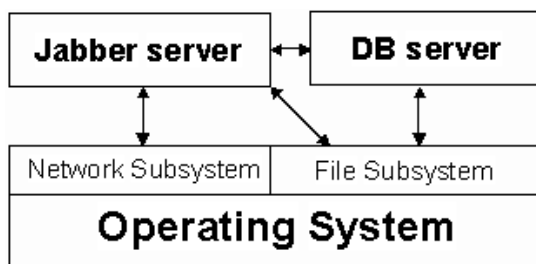


Figure 4: General of e-Tender system architecture.

The Jabber component accomplishes following functions:

1. Watches for incoming user requests, that are received from clients by the network subsystem;
2. Verifies JID and password, presented by the client, and permits or forbids the access of the user to the system;
3. Generates messages about presence of users and sends them to the network subsystem for transfer to clients;
4. Receives messages from users and processes them in accordance with the business logic, and generates needed messages about results;
5. Exchanges operational information with the database;
6. Processes saved messages about offline users, operating on the file subsystem;
7. Processes lists of friends and user preferences, operating on the file subsystem.

The database component accomplishes the following functions:

1. Operating on the file subsystem, it saves and indexes operational information on a permanent storage device;
2. Executes orders for access to and changing of operational information, received from the Jabber component.

The client software runs on user computers. The main role of the client software is to provide the user interface to the system. The system architecture includes user interface component and communication component, represented on Figure 5.

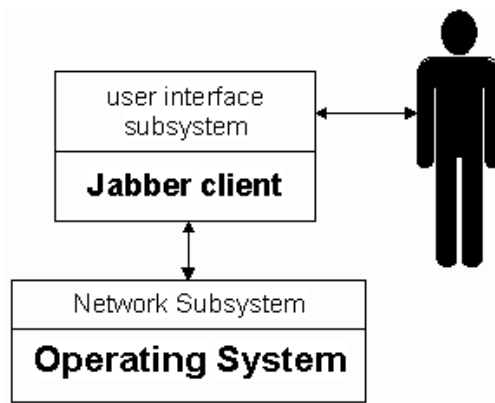


Figure 5: Interface and communication features.

The user interface must allow convenient work. The accomplishment of this requirement is quite difficult in most of the cases, and it necessitates thorough discussion with users after creating the prototype of the product. Therefore, the interface implementation needs to be separated as a component, thus allowing easy interface modification without a program breach. The communication component connects to the server, encodes and sends messages, already received from the interface, and decodes and verifies replies, which are received from the server. The exchanged messages contain information about the user presence, messages between users (chat), announcements of offered price, as well as office messages (*start* and *end* of tender, access to the list of user friends, etc.).

Data base architecture

To this aim, the application has to keep operational information about users, tender goods and announcements. The tender implementation is connected to the bidding of different users for any article. Therefore, the announcements must contain information about the buyer of the article and additional requirements in accordance with the Law on Public Tenders (LPT). The intention is to use relational model for data storage allowing designers to achieve the best results in presenting of this type of information.

Business logic definition

The business logic is defined to a great degree by the necessity to realise a public tender where sellers participate from different geographic regions. Traditional variants of public tender implementation are not applicable to this requirement. Therefore, integrating advanced Internet technologies, we propose an alternative that preserves to a large extent the conventional model of tender while allowing for participation of remotely situated subjects, e.g., companies.

Economically, the implementation allows large savings from rent of proper premises and for publicity. In the electronic variant, publicity is realized through an *electronic portal*, thus saving from printing and distribution of advertising materials. The expenditure for computer equipment is also smaller than spending to rent an auction auditorium, proper for implementing auction activities. Last but not least, buyers are able to participate without the necessity to leave their work places or homes. Of course, such solution is directed at clients that have the knowledge for using computers and the Internet. The organizers must know the technologies used in order to respond adequately to potential problems and inquiries of consumers.

The traditional model of the public tender is used as foundation of the business logic. Information about required goods is published in advance on the virtual site of the organizer (called also *host*). Data about the server of the organizer, date and place of the tender are also published on it. All participants, that are interested, are invited to send needed documents in order to create their user profiles in the system. The organizer verifies all received applications and creates respective user profiles. All approved users receive messages, where their personal data for registration in the system (user name and password) is documented. The users in turn obtain software necessary to connect to the system at the announced time. The host (or user with delegated rights) will greet all clients and will give them explanations, if that is necessary. This is realized by sending instant messages to tender participants.

When the host decides that all of interested clients are online, he or she starts the tender session. The system turns into “acceptance” mode for proposals and, at the same time, suspends new user registrations. Any participant receives a list of all client names, included in the tender session, and instant information about announcements of the rest of the participants. In this regard the electronic variant aspires to maximum resemblance with the traditional one. If there is no sufficient interest on the part of clients, the host may decide to suspend the bidding. So the client, that has announced the best price, receives the right of buying. The system automatically names the winner and his announced price. With this, the tender session about this article ends and the system turns again into “*registration*” module for users. Thus other users are given an opportunity to be online for the next tender session. At this time the host chooses the next article, which is offered on the tender and fixes a time in order to answer new questions. After of all tender sessions are closed, users that have received rights to buy are invited to connect to the organizers by phone or e-mail in order to clarify means of payment and delivery.

The system will maintain functions of instant communication among users, exchange of data and opinions. The aim is to make the tender a means for informal meeting of clients, as in the classic variant of the auction.

Conclusion

The successful realization of a public web site for electronic submission of documents facilitates the achievement of the following objectives:

- public access and transparency of tenders;
- confidentiality of any company information provided and proposals made by the prospective contractors;
- possibility to ask for the opinion of “*independent*” experts and, thus, to expand the database for analysis and selection of a company that is appropriate

for the realisation of a particular project.

Another main advantage is the possibility to create a database of all companies that “*successfully*” execute orders and those, where project implementation is problematic. The software realization of such e-tender would also create excellent opportunities for accelerating the accomplishment of “*express*” requests, for example, procurement of perishable products. In addition, all those interested would be able to check what are the criteria for choosing a contractor, as well as whether criteria and procedure are in line with the Law on Public Tenders. As a whole, this problem is related to the recently widely discussed problem of the e-Government.

Notes:

1. For detailed description of requirements, achievements and challenges refer to the compendium *Transparency in Defence Policy, Military Budgeting and Procurement*, ed. Todor Tagarev (Sofia: Geneva Centre for the Democratic Control of Armed Forces and George C. Marshall – Bulgaria, 2002).
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E-Tender - An Approach for Ensuring Transparency in Defence Budget Management

Georgi Pavlov and Veselina Aleksandrova

Keywords: Electronic tender, Internet online application, transparency, defence policy, information technology impact, public procurement, e-Government

Abstract: The authors present a software product development in support of conducting of electronic tenders ("e-Tender"). The product may be implemented in accordance with the purposes of the Law on Public Tenders - the law that establishes terms and procedures for public procurement. E-Tender will facilitate transparency of defence policy concerning planning and budgeting processes - one of the main objectives of Partnership for Peace programme. This article considers the e-tender not only as an Internet on-line application for improving transparency of defence management but also as a decision support tool.

The following objectives are achieved through successful realization of a public web site for electronic submission of documents: increased public access and transparency of tenders; confidentiality of any company information provided; and confidentiality of proposals made by the prospective contractors. Each participant, through specialized programmes called agents, is able to ask for the opinion of "independent" experts (for example, experts from foreign centres for analyses and prognoses) and to add to the database of potential project contractors. Another advantage is that the possibility to create a database for those companies that have successfully executed contracts, as well for companies that have had significant problems in meeting the customers' expectations. The software realization of such tenders would also provide excellent opportunities for accelerating the execution of urgent requests, for example, procurement of perishable products. In addition, an interested observer would be able to check what were the criteria and the method of analysis chosen by a contractor. As a whole, the transparency of public procurement relates closely to the widely discussed issues of e-Government..

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A CALL FOR HOLISTIC APPROACH TO DEFENCE TRANSPARENCY IN SOUTH EAST EUROPE

**Todor Tagarev, ed., *Transparency in Defence Policy, Military Budgeting and Procurement* (Sofia, Geneva Centre for the Democratic Control of Armed Forces and George C. Marshall Association-Bulgaria, 2002).
ISBN 954-91092-1-6.**

This book is a result of the Sofia-2001 workshop organized by the Geneva Centre for the Democratic Control of Armed Forces (DCAF) and the Ministry of Defence of the Republic of Bulgaria in the framework of the Working Table III of the Stability Pact for South Eastern Europe (SEE). It provides a wide basis for understanding the concepts of transparency and accountability in defence planning, budgeting and procurement. Such understanding is crucial, especially for the South East European region – region with a ‘rich’ history of mutual suspicion, even antagonism.

The theses of the contributors support the idea that via both transparency and accountability, an open discussion of security planning is generated and maintained. These concepts strongly relate to the important issues of ‘good practice’ and ‘good governance,’ removing them from realm of party and clique or from within the bureaucratic corridors. Increasing transparency, defence establishments in SEE have the chance of a successful transformation based on a less rigidly planned, less stasis-oriented process in response to a country’s broader security environment. In light of such conceptual shift, security has been seen not as the product of some ‘secret capacities,’ but as a dynamic balance between threats and capabilities. As Daniel Nelson concludes in his article “Beyond Defence Planning,” ‘From *planning a defence against others*—from within the confines of a comfortable clubhouse into which few others will be admitted—we need to move towards the notion of *security with others*. Not a clubhouse good but a public good, security for each member is at best partial unless it is holistic.’

The contributing authors gather around the insight that the SEE defence planners have to be ready for a significant change in their thinking. Care must be taken that every state’s security is no longer the domain of an intra-party elite, who once could guard their control of the opaque resource allocation process for defence. To complete the above mention ‘statement,’ the book proclaims that the efforts should be taken by the South East European states to increase the effectiveness of democratic control of their armed forces, to contribute to confidence-building among their people and the improvement of regional stability. Encouraging the efficient management of defence resources is also a desirable outcome.

Within the contributions, it is acknowledged that:

- transparency is a complex concept, with both domestic and international aspects; and
- at the heart of democratic decision-making lies the notion of accountability: governments are accountable, through the legislature, to ‘the people’ – this is an executive obligation; and legislatures are expected to hold governments to account, for both their actions and their expenditures – this is the elected representatives’ duty.

By understanding the essence of the concepts for ‘transparency’ and ‘accountability,’ the SEE countries will strive to implement modern principles of democratic governance. In this significant endeavour they will encounter controversial issues, gaps and unexpected results that will then need to be corrected. The most significant challenges seem to appear in building transparency in defence policy, military budgeting and procurement, because those functions are considered to be the backbone of the defence establishment.

In the debate on transparency in SEE, the book “Transparency in Defence Policy, Military Budgeting and Procurement” is a real milestone ‘marking the transition from transparency requirements of international agreements,’ aimed at preventing negative developments, towards ‘transparency in terms of good practices in governmental accountability and good neighbourly relations.’ The book is a thought-provoking forum for exchange of views of eminent experts in security and defence. The contributing articles will help the reader to identify policy options and the areas of defence building that need further enhancement of transparency.

Stephan Stephanov

TRANSPARENCY IN REFORMING THE NATIONAL SECURITY SECTOR IN TRANSITION COUNTRIES

**Philipp Fluri and Velizar Shalamanov, eds., *Security Sector Reform. Does It Work: Problems of Civil-Military and Inter-Agency Cooperation in the Security Sector*
(Sofia: Geneva Centre for the Democratic Control of Armed Forces and George C. Marshall
Association-Bulgaria, 2003).
ISBN 954-91092-2-4**

Following the dramatic changes in the security environment in recent years, the concept of security sector reform is gradually becoming the standard bearer of the states’ attempts to adjust their security policies. As a concept more prominent in Europe than in the United States, it reflects academia and decision-makers’ changing conceptualisation of security and the accompanying requirements for political and institutional adjustments. The proliferation of threats and risks and the growing vulnerability of modern societies to non-traditional disrupting factors entice a shift from the dominance of military tools in security policies to building new security systems wherein various specialized national and international institutions coordinate and integrate their functions to ensure

security.

The main objective of the *Security Sector Reform: Does it Work?* is to take stock of ten post-communist countries' efforts to transform the national security sector. It evaluates the "status, success and failure" of reforming the institutions assigned to guarantee national security, their capacity to cooperate and coordinate functions, and the degree of civilian and democratic control exercised by governments and civil society. More specifically, the book attempts to provide a comparative analysis of the various countries' perceptions of the security environment, the existing national institutions created to address the perceived threats and risks, the level of interaction and cooperation among these institutions, the existing security sector's effectiveness in meeting assigned functions, and finally, an evaluation of the level of integration of the security sector in each country.

The volume identifies some common problems each country faces in the reform of the security sector. Despite the varying degree of success all countries seem to suffer from the lack of comprehensive policies designed specifically to address the problems of security. What seems to be a success is more often than not the consequence of the policies of seeking membership in Western institutions, as in the case of joining NATO and the EU, or the by-product of the general process of democratisation. Thus, building democratic civil-military relations in most countries was not driven by a new awareness of the role of the military in the new security environment but rather a deliberate attempt to prevent the military from interfering in the democratisation process and, later, an attempt to meet the preconditions for joining NATO. In most countries political elites did not develop a stable interest in security policies beyond the attempts to satisfy requirements for joining Western institutions. The frequent turnovers of the governments compounded the problem further. As Pal Dunay, writing on the security sector reform in Hungary, observes that success in the process requires "broad consensus in the Hungarian political elite to agree upon these key area where such development should concentrate." Indeed, the lack of consensus among the political elite seems to hamper meaningful reform in the security sector in most countries.

The chapters, however, reveal varying degrees of success across countries. Not surprisingly, it appears that Hungary, Poland and Slovakia have achieved most in their attempts to reform the security sector, while Macedonia, Georgia and Moldova lag far behind. In the backdrop of the obvious—and discussed in the chapters—differences in security perceptions and political, economic and social development, one is tempted to conclude that the status of security sector reform in each country is determined by the status of the entire national reform process. In other words, the security sector cannot be reformed more than the political and economic sectors, for example.

One of the weaknesses of this volume is its failure to provide a working definition of the security sector. Indeed, most of the authors seem to have adopted different definitions as some of them spend most of the pages discussing the state of civil-military relations while others, correctly, analyse the role and functions of security services, the Ministry of Internal Affairs, etc. Consequently, the chapters' contribution to the volume is uneven.

However, the volume makes a real contribution when the editors propose the creation of Security Sector Reform Action Plan for each state along the lines of the Membership Action Plan, which played a significant role in preparing ten countries for NATO membership. Indeed, international

cooperation may be the single most significant factor assisting East European countries' attempts to transform their security policies.

Blagovest Tashev

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TRANSPARENCY OF DEFENCE POLICY

Transparency and accountability are two closely related concepts indispensable for democratic governance. After a decade of democratic changes, most East European societies still do not have the necessary understanding, practice and knowledge how to hold elected officials and state institutions accountable for their actions, especially in areas traditionally considered “sensitive” and hidden from the public. One such area is defence policy. For example, in Bulgaria the Ministry of Defence is the single biggest spender of public funds and, at the same time, it too often acts without proper supervision referring to “secrecy” of the information and “sensitivity” of the issue in regard to “national security.” In some cases, there may be a solid reason not to disclose the respective information. However, as experience in recent years shows, the executive branch is tempted to refer to “secrecy” and “sensitivity” too often, if not always. At the same time, the society and its representatives in Parliament have no reference base to judge whether referring to secrecy is justified or not. In the few cases this issue has been raised, the argument is on the procedure—whether written norms have been followed as prescribed—and not on the essence, i.e. whether the Government has the right to circumvent mechanisms of accountability.

The project “Transparency of Defence Policy” addresses this void in Bulgaria and contributes to the explanation of transparency of defence policy and its importance for the establishment of democratic governance through analysis and debate of a number of “hot topics” in the areas of defence policy *per se*, defence resource management, and defence procurement. The project is coordinated by “George C. Marshall – Bulgaria” (a non-governmental think-tank) and supported by the Democracy Commission to the Embassy of the United States of America in Sofia. After a dedicated educational seminar, followed by a round table discussion, each case study is published on-line and in a brochure, distributed to the target audience. Project activities include press conferences, media interviews and articles, thus raising the interest and the awareness among policy-makers, experts, and society. The results of the project are used to adapt respective courses at the University for National and World Economics, the New Bulgarian University and the “G.S. Rakovski” Defence and Staff College.

The project team sees transparency of defence policy as, potentially, the main guarantor of accountability of the executive branch in Bulgaria. However, that potentiality may be realized only if the Bulgarian society and its recognized representatives have the awareness, the understanding and, ultimately, the knowledge how to hold governmental institutions accountable for their defence policy. The project will show where Bulgaria currently stands in terms of defence transparency, and what is needed to improve the decision-making process, making it transparent to the legislature and the people. It vividly shows what is at stake for the society—the taxpayers—touching on issues of mismanagement, fraud, and corruption. The project provides both successful examples of societal impact on defence policy and negative examples of non-transparent decisions made in favour of

narrow group interest.

This is an attempt, unique for Bulgaria, to provide decision makers and society with objective, non-partisan analysis in an open, impartial manner. Ultimately, such efforts would lead to a culture of transparency in the formulation and the debate on security and defence policies, leading to increase of the free flow of information, public accountability of the executive branch for its decisions and actions and strengthening of civil society in Bulgaria.

TRANSPARENCY-BUILDING IN THE SECURITY SECTOR

In the past several years, a fairly substantial non-governmental expertise on defence and security matters emerged in Bulgaria. It has already made significant contribution to the reform efforts in the national security sector. Building on the available expertise, a group of non-governmental think-tanks launched the publication of *Security Focus and Security Sector Watch*, a newsletter devoted to the problems of security sector transformation. This newsletter was created as part of the effort to transform the security environment and the security sector in South-East Europe and specifically in Bulgaria. This goal can be achieved through the generation of knowledge about the problems of security sector reform; the use of modern information technologies in the sector; democratic control over the security sector and transparency of security policies; regional cooperation in the context of the Euro-Atlantic integration; network building; and, dissemination of knowledge.

The newsletter supports and publicizes modern thinking and approaches to security policies. It is a venue for discussions of concepts and policies in an area which experienced fundamental change starting even before the end of the Cold War but becoming most conspicuous after the events of 11 September 2001. The newsletter seeks to be one of the main tools for spreading ideas and participation in setting the agenda of the security sector transformation process. It consists of four sections:

- *Security Environment* – monitors and analyses issues in the national and international security environment;
- *Security Sector* – analyses the processes in the national security sector and evaluates its transformation;
- *By Invitation* – provides a venue for opinions on current security issues; and
- *Current Events* – lists current and upcoming events related to the national security sector.

The newsletter is published by the George C. Marshall Association-Bulgaria, <www.GCMarshall.bg>, Institute for Euro-Atlantic Security, <[ww.ieas-bg.org](http://www.ieas-bg.org)>, and Mediapool.bg, <<http://www.mediapool.bg/>>, as part of a project of the Open Society Foundation-Sofia, <www.osf.bg>. It not only provides analyses and specific recommendations for reform, but also seeks

to stimulate debates about key issues in the security sector involving experts as well as all those interested in the country's modernization and prosperity. Hence, the publishers look forward to receiving comments about the ideas in this publication and welcome outside participation in the efforts to attain the newsletter's objectives.

All current and past issues of the newsletter can be read in both Bulgarian and English at <http://www.mediapool.bg/site/security/>. Direct link to the English language edition: http://www.mediapool.bg/site/security/index_en.shtml.

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BUDGET TRANSPARENCY INITIATIVE WEBSITE

www.bti-ce.mod.bg

This site has been developed by a team of young computer specialists from the Ministry of Defence of the Republic of Bulgaria. It presents the *Budget Transparency Initiative*—part of the activity of Working Table III of the Stability Pact for South Eastern Europe—and provides complete information about it. The website gives a better understanding of the Initiative and all related activities. The information is structured in the following sections:

- *Profile* – provides description and structure of the bodies related to the BT Initiative such as the Multinational Steering Group, the Academic Working Group and the BTI Centre of Excellence;
- *Meetings* – informs about all meetings that have been held, starting from 2001;
- *Papers* – contain the full version of all the documents adopted during the sessions of the BTI bodies, including Progress Reports, and Annexes to these documents;
- *Products* – present the outcome of the Initiative, mainly the *Yearbook on South-East European Defence Spending*;
- *Forthcoming events* – informs about future activities and meetings;
- *Points of contact* – featuring the Secretariat of the BT Initiative.

The product has been developed with Dream Weaver 4.0. Internet Explorer is recommended for better viewing. If the site is browsed with Netscape Communicator, one might experience minor problems. This is a temporary inconvenience that will be eliminated in due course.

This is the first version of the site; it is subject to improvement. The site is being updated constantly. All new products related to the Initiative will be published on this site. The founders of the Initiative welcome all comments and proposals for improvement of the site, as well as the overall BTI activity.

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