



# The Costs of Security Sector Reform: Questions of Affordability and Purpose

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*In considering security sector reform, questions of affordability have often been subordinated to questions of effectiveness and expediency. A recent series of reviews of security expenditures by the World Bank and other actors in Liberia, Mali, Niger and Somalia has highlighted several emerging issues around the (re)construction of security institutions in fragile and conflict-affected states.*

Afghan National Army soldiers march during the 3rd term graduation oath ceremony at Ghazi Military Training Center in Kabul, Afghanistan, Sept. 6, 2010. During the ceremony 379 non-commissioned officers graduated and joined the Afghan Army. [Source: ISAF Media \(Flickr\)](#)

When in late 2005 a team of international financial experts in Kabul put the numbers together on how much the Afghanistan security sector was costing they were astounded by the results. So were the Afghan government and its partners. Running at some \$1.3 billion per year, or 23 % of GDP, just over three-quarters of it financed by donors, Afghan security spending (not including counter-narcotics) exceeded domestic revenues by over 500%.

Simple number crunching put into stark focus the unsustainability of the security sector and the need to look at options for changing the posture of the military and police (the two largest spenders) and bringing costs under control. This analysis did not even touch the international costs of ongoing conflict (such as the NATO-led International Security Assistance Force – ISAF) in the country.

Such a financial perspective is increasingly being added to emerging practice on internationally driven security sector reform (SSR) with interesting results.

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One particular aspect that has largely been missing from the international SSR agenda since its beginning in the 1990s has been the nexus between financial resources and security. While general aspirations for affordability are often stressed with regard to SSR, there has been little guidance supporting governments to better understand whether security sector financing is sustainable, let alone efficiently and effectively allocated.

National budgets are, after all, the most important policy vehicle for articulating and ultimately meeting a country's priorities within scarce public resources; it is through the budget process that competing priorities are reconciled and implemented. One of the core priorities for many countries is security and justice provision and yet to date there has not been much work on the composition of security sector budgets as well as the processes of how they are planned and managed.

This is beginning to change for a number of possible reasons, not least that the 'suits' responsible for the national purse rather than those 'in uniform' are advocating change. A quick overview of a number of recent exercises in conflict-affected African states suggests a number of different contexts in which such scrutiny is being requested.

### **Transitions and UN peacekeeping drawdowns: Liberia**

In a recent example of United Nations, World Bank and government collaboration, a public expenditure review was undertaken for Liberia in mid-2013 in order to identify the funding requirements necessary for a national security strategy to be put in place in anticipation of the gradual reduction and exit of the UN peacekeeping operation (UNMIL). What this immediately revealed was that there was a financing gap between domestic revenues, anticipated foreign assistance and the targets set by the national strategy. In the short term, recommendations focused upon savings

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through strengthening public financial management systems as well as mobilising additional resources.

More significantly, the joint review raised questions about the effectiveness of a strategy that relied on the establishment of regional 'law and order' hubs which could deploy law enforcement personnel as well as extend the reach of judicial services. Was this the best way to use scarce resources? Were such regional hubs the solution to providing accessible security and justice services to a general public that held in distrust the state and particularly those in uniform? In turn, were there more effective ways to use those scarce resources to address some of the underlying structural causes of grievance and disorder, such as contestation over land and land concessions?

The debates around those policy tensions and trade-offs continue; but this was an interesting example of how the money question – whether a proposed security and justice model could be paid for – raised more fundamental questions about the effectiveness and ultimately the purpose of the security and justice system.

Interestingly, an important side-question was not asked: the affordability of the national army. The review was simply focused on public order and internal security and not on the small (and largely US funded) Armed Forces of Liberia. Indeed, this omission was characteristic of the bifurcated Liberian SSR process, with US (military) and UN (police and justice) pursuing separate programmes since 2004.


### **Domestic resource constraints vs existential threats: the Sahel**

Long a focus of international support to national militaries and counter-terrorist capacity, the western Sahel region suffered a major crisis in 2012 with a coup



in Mali precipitating the take-over of the country's north by regional jihadist and local Tuareg and Arab nationalist armed groups.

As part of the return to 'normalcy' and seeking to address historical concerns relating to public mismanagement, the Malian transitional government requested a review of the defence sector in early 2013. This was in part to respond to grievances that had resulted in the coup, particularly relating to reports of an inflated senior officer corps and poor equipping of frontline troops. In turn, donors that had long treated Mali as an 'aid-darling' were becoming super sensitive to reports of public sector corruption.

 Nigerien soldiers from the 322nd Parachute Regiment march to a training site during Operation Flintlock 2007. Source: US Navy (Wikipedia)

Nigerien soldiers from the 322nd Parachute Regiment march to a training site during Operation Flintlock 2007. [Source: US Navy \(Wikipedia\)](#)

Across the border, Niger, which to date has managed its 'northern problem' and the Libyan 'spillover' by ways of political accommodation, was also seeking an expanded security sector and additional resources. In so doing, the Nigerien government realised that the quid pro quo was to conduct a review of its security sector.

Both country reviews were undertaken by the World Bank working on its own; and for its own mandate reasons the Bank reviews were focused exclusively on the public financial management of the sector. This meant that more fundamental policy issues about the effectiveness of the respective militaries and the complementary roles played by key bilateral and multilateral (in Mali's case) security actors were left aside. However, the reviews did serve to push for

more accountable and transparent use of such resources as well as identifying resourcing gaps.

## **Management of external financial flows and shaping an emerging security sector: Somalia**

Somalia in many senses confronts all of the challenges outlined above; the newly selected Federal Government (FGS) faces the existential threat posed by the al-Shabab insurgency while also hosting the African Union's largest peacekeeping force (AMISOM) as well as a number of other onshore and offshore security interventions, such as by US and French forces. At the same time, the FGS is undergoing its own constitutional review process on how it relates to other entities within Somalia on key questions regarding the nature of the state and in particular the very scope, shape and purpose of a formal security and justice system.

The FGS is keen to take on greater responsibility, expand its remit beyond Mogadishu, and put a variety of external financial flows into the security forces on budget. It is also conscious of the significant resources going to external security providers, such as AMISOM, and would like increasingly to take over the functions of those actors as well as some of their funding.

For this reason it has turned to the World Bank and the UN Assistance Mission (UNSAM) for support in trying to strengthen public financial management systems, particularly but not exclusively for the Somali National Army and Somali Police Force, as well as to examine some scenarios for the sector and issues of affordability. This review is still ongoing but it is clear that Somalia faces similar questions posed in Kabul about what is a sustainable security sector, and are there alternative 'cost-effective' means to reach political

settlement with other regional entities in Somalia while tackling an ongoing insurgency.

## Emerging Issues

It is too early to say whether these recent government requests are turning into a systemic trend; there remain many countries for which such an opening-up of books would be out of the question. However, what this body of work does point to is a number of challenging issues particularly relating to the peace- and state-building agenda.


**Accountability of external support:** While many African militaries and security forces are still receiving significant external support, little of this is being formalised within the national budget and in turn discussed with parliaments and civil society. While transparent, accountable and open government is part of the official development discourse, foreign bilateral security arrangements are still kept more often closed and off the books. Foreign governments are not speaking with one voice: foreign assistance is coupled with calls for good-governance that can often be trumped or undermined by bilateral security arrangements.

**Transparency as a process:** Budget amounts to policy; it reflects what states actually do and are accountable for. Such reviews are critical entry points for the civilian side of governments to be more empowered in looking at various financing gaps and pose questions about how those gaps can be filled. Security budgets in developed countries often remain opaque and weakly scrutinised, no less than those in the developing world. There is no doubt that security expenditures can remain secret as they touch upon sensitive issues of national security; yet the sector can also harbour serious corruption, off-budget

expenditure and unclear procurement practice. Transparency is therefore a bit-by-bit process. Better use of domestic resources could be one prize of greater scrutiny; another could ultimately be greater sharing of data at the regional level in order to build confidence amongst neighbours.

**Revenues, security functions and state-building:** Too often, classic SSR approaches can be a Weberian analysis of what a security apparatus *should* look like in any given country and how external actors can support the establishment of such a system. This is often blind to the actual functions of domestic security actors and their access to resources and exaction of revenues. A political economic inquiry can obtain a better understanding of how security forces raise revenues, from large-scale exploitation of natural resources to illicit taxation, and in turn what the functions of such forces are in practice. A greater understanding of these dynamics enables a clearer policy dialogue around, first, what is affordable in relation to revenues being exacted and, second, what incentives are required to transform those functions into provision of a public good – security.

Two examples come to mind. At the more micro-level, in 2008, a study on checkpoints in Côte d'Ivoire revealed that the military, gendarmerie and police were raising up to \$100 million a year in illicit taxes on local traffic. This study enabled a more open discussion on what steps were needed to clear the checkpoints and remove the burden on commerce and public alike.

 Somaliland Shillings, Hargeisa, 2008. Source: Tristam Sparks (Flickr)  
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The more meta-level example is that of Somaliland in which security sector reform without external support has 'worked,' in the sense of providing stability



and the conditions for successful democratic transitions of power. Local business and political elites forged a **co-dependent coalition** in the mid-1990s that allowed sufficient funds (initially some \$6m) to pay for the stand-down and demobilisation of the clan militias. To this day some 30-50% of the regular budget is estimated to be payments to these forces; the high price for peace. Analysts have remarked on the way in which domestic revenue (business donations) were utilised to pay off militias (to stand-down and secure stability) that, in turn, no longer exacted revenues from infrastructure points such as air or seaports. This allowed the government to raise its own revenues (albeit with the largest share of expenditures to pay for the army or demobilised militia) and the business sector to flourish.

**Standards of affordability and effectiveness:** ultimately this work asks questions around what is affordable and what is an effective security and justice sector. The former US Secretary for Defense (1961-68, when US military spending averaged over 8% of GDP) and President of the World Bank (1968-81), Robert McNamara, famously posited the idea of an ideal ceiling of 2% of GDP for security. Although that is a standard no longer referred to, the international financial institutions continue to discuss with client governments the size of the public sector in relation to the fiscal framework (revenues vs spending) and, in turn, the sectoral trade-offs such as those between national defence and provision of basic social services such as health or education.

A more important question is: what is effective security? This relates to a more rigorous management of public finances, greater accountability, transparency and measures against corruption. Yet, it also points to value-for-money performance standards for security and justice providers such as the police. Ultimately, it can potentially pave the way to a more participatory discussion

among end-users (citizens) and providers (the state) about how to be cost-effective, which may include sustainable approaches to violence and conflict prevention, including addressing underlying causes of grievance and disorder.

Afghanistan is now going through another turbulent electoral cycle while donors seek some \$3.5 billion to meet the costs of the Afghan army and police – now estimated at over \$4 billion per year, or 20% of GDP – as the US and ISAF forces exit by the end of 2014. External security imperatives have superseded questions around affordability and effectiveness: and what is working and what is not. However, a number of African governments have at least started asking the right questions to obtain information to begin to address the challenge of creating affordable and effective security systems for citizens.

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