II. Transparency in military expenditure

NAN TIAN, DIEGO LOPES DA SILVA AND PIETER D. WEZEMAN

Government transparency in military expenditure fulfils a number of functions. At the international level it is a tool for confidence building in the area of security. At the national level it is a key element of good governance, adequate management of military expenditure and government accountability.[1]

This section first describes the declining participation in 2018 in an international transparency mechanism: the United Nations Report on Military Expenditures. It then looks, at the national level, at how many governments published data on their military expenditure and how that data varies. As a case study, it examines Brazil's practice of using spending by the Ministry of Defence for non-military purposes. While using the military in non-military security tasks is not ideal, Brazil properly records this spending in publicly available documents. It is thus an example of adequate transparency that helps to distinguish between military and non-military expenditure.

Reporting to the United Nations

In 1980 the UN General Assembly agreed to establish an annual report in which all UN member states could voluntarily provide data on their military expenditure. The report, now known as the UN Report on Military Expenditures, aims to enhance transparency in military matters, increase predictability of military activities, reduce risk of military conflict and raise public awareness of disarmament matters.[2]

Participation in the report was at its highest in 2002, when 81 states participated.[3] By 2017, only 42 of the 193 UN member states submitted information on their military spending in 2016, and participation fell further in

[1] E.g. Bromley, M. and Solmirano, C., *Transparency in Military Spending and Arms Acquisition in Latin America and the Caribbean*, SIPRI Policy Paper no. 31 (SIPRI: Stockholm, Jan. 2012), pp. 1–5.

[2] United Nations, General Assembly, Group of Governmental Experts to Review the Operation and Further Development of the United Nations Report on Military Expenditures, A/72/293, 4 Aug. 2017, para. 2.

[3] United Nations, General Assembly, Report of the Group of Governmental Experts on the Operation and Further Development of the United Nations Standardized Instrument for Reporting Military Expenditures, A/66/89, 14 June 2011, p. 26; and UN Office for Disarmament Affairs (UNODA), Military expenditures database.

2018: only 36 states submitted a report on their military expenditure in 2017.[4] No submission was received from any state in Africa nor from three of the five highest military spenders in the world for 2017: the United States, Saudi Arabia and Russia. Indeed, only 7 of the top 15 spenders in 2017 submitted information: China, France, India, Germany, Italy, Canada and Turkey.

Every second year, the UN General Assembly adopts a resolution that calls on every UN member state to provide the UN Secretary-General with a report on its military expenditure. The most recent resolution, adopted in December 2017, requested the Secretary-General (via the UN Office of Disarmament Affairs) to send member states a questionnaire aimed at identifying their priorities regarding transparency in military expenditure, the reasons for not reporting to the UN and ways to improve the reporting.[5] By July 2018, only nine countries (China, Czechia, Finland, Hungary, Jamaica, Liechtenstein, Madagascar, Switzerland and Turkey) had submitted replies, although the content of these replies has not been published.[6] The absence of replies from most of the major states that do not submit reports calls into question whether the attempt to gather views will lead to the insights that are needed to revive the UN Report on Military Expenditures as a tool of international confidence building in military matters.

National transparency in military spending

National reporting is the process by which a state publishes information on its military expenditure in official government documents. Such transparency is an important component of democratic accountability and good governance. It is crucial to helping parliaments and civil society to gain insight into the way the military budget is spent and to influence budgeting decisions.[7]

[4] United Nations, General Assembly, 'Objective information on military matters, including transparency of military expenditures', Report of the Secretary-General, A/73/154, 12 July 2018. This report lists 31 submissions. By Mar. 2018, an additional 5 reports had been submitted: 2 of these (India and Peru) had been included in the online UN database (note 3) and 3 (Canada, China and France) were not yet included in the database. UN Office for Disarmament Affairs (UNODA), Personal correspondence, 15 Mar. 2019. On reporting in 2017 see Tian, N., Lopes da Silva, D. and Wezeman, P. D., 'Transparency in military expenditure data', *SIPRI Yearbook 2018*, p. 180.

[5] UN General Assembly, 'Objective information on military matters, including transparency of military expenditures', Resolution 72/20, 4 Dec. 2017, A/RES/72/20, 11 Dec. 2017, para. 8(c). The questionnaire is contained in United Nations, A/72/293 (note 2), annex 1.

[6] United Nations, A/73/154 (note 4), para. 7.

[7] E.g. Tian, N., Wezeman, P. and Yun, Y., *Military Expenditure Transparency in Sub-Saharan Africa*, SIPRI Policy Paper no. 48 (SIPRI: Stockholm, Nov. 2018), pp. 18–19.

Box 4.1. Definitions, sources and methods

The main purpose of SIPRI's data on military expenditure is to provide an identifiable measure of the scale of financial resources absorbed by the military.

Although the lack of sufficiently detailed data makes it difficult to apply a common definition of military expenditure consistently to all countries, SIPRI has adopted a definition as a guideline. Where possible, SIPRI military expenditure data includes all current and capital expenditure on (*a*) the armed forces, including peacekeeping forces; (*b*) defence ministries and other government agencies engaged in defence projects; (*c*) paramilitary forces, when judged to be trained and equipped for military operations; and (*d*) military space activities. This data should include expenditure on personnel—which encompasses salaries of military and civil personnel, pensions of military personnel and social services for personnel—operations and maintenance, procurement, military research and development, and military aid (in the military expenditure of the donor country). Civil defence and current expenditures on previous military activities, such as veterans' benefits, demobilization, conversion, weapon destruction and military involvement in non-military activities (e.g. policing) are excluded when disaggregated data is available.

In practice, it is not possible to apply this definition for all countries, and in many cases SIPRI is confined to using the national data provided. Priority is therefore given to the choice of a uniform definition over time for each country in order to achieve consistency over time, rather than to adjusting the figures for single years according to a common definition. In the light of these difficulties, military expenditure data is most appropriately used for comparisons over time and may be less suitable for close comparison between individual countries.

SIPRI data reflects the official data reported by national governments. Such data is found in official publications such as budget documents, public finance statistics, national audit agencies' reports and government responses to questionnaires sent out by SIPRI or in reports published by the United Nations, the International Monetary Fund and the North Atlantic Treaty Organization to which states have submitted data about their own national military spending. In a few cases, the original government document sources are not available (e.g. because they are not published online); however, some of the content of these documents may be available in newspaper reports.

As a general rule, SIPRI takes national data to be accurate until there is convincing information to the contrary. Estimates are made primarily when the coverage of official data does not correspond to the SIPRI definition or when there are no consistent time series available that cover the entire period covered by the data.

Of the 168 countries for which SIPRI attempted to estimate military expenditure in 2018, relevant data was found for 155.[8] For 150 of these, the data came from official government documents. For five of the countries for which official government reports could not be found, data was obtained from other sources such as reports by the International Monetary Fund (IMF) or newspaper reports that quoted government information.[9] In the

[8] The 13 states for which SIPRI could not find information on military spending in 2018 are Cuba, Djibouti, Eritrea, Guinea-Bissau, North Korea, Laos, Libya, Qatar, Syria, Tajikistan, Turkmenistan, the United Arab Emirates and Yemen. Among the 155 countries with data, 3 had zero military spending: Costa Rica, Iceland and Panama. For practical reasons SIPRI does not collect military expenditure data for some of the smallest states.

[9] These 5 countries are Brunei Darussalam, Ethiopia, Myanmar, Uzbekistan and Viet Nam.

case of the 29 members of the North Atlantic Treaty Organization (NATO), the information is available both in reports published by NATO and in documents published by national governments; SIPRI collects data from both these sources.

For the 150 countries for which data was taken from government reports, the reporting in government publications varied widely in the comprehensiveness of the government budgets, the ease with which the reports could be accessed and the level of disaggregation. The following examples from sub-Saharan Africa illustrate these differences.[10]

Comprehensiveness means that the government reports both the military budget and actual spending on military activities. In the most transparent cases there will be an initial budget, possibly a revised budget and a final document showing actual expenditure. Some countries (e.g. Nigeria and Sudan) publish only an initial budget, while others (e.g. Ghana and South Africa) provide all three types of document. When both the budget figure and actual spending are provided, it enables parliamentarians and the public to assess potential over- or underspending and to question the reasons for any discrepancy. Over- or underspending may indicate poor budgetary practices or can be an indication of changes in defence policy or the uses of the military. For example, it is common for countries involved in armed conflict to modify the initial budget throughout the year.

There is a similar variety in the accessibility and the level of disaggregation in reporting at the national level. Some countries (e.g. Burkina Faso and Mali) have easily accessible government websites with budget documents that contain a high degree of disaggregation on the categories of military expenditure. In other cases (e.g. Eswatini and Gambia), the websites either do not exist or are difficult to access, and once documents are found they provide only a single line item for total military expenditure.

Transparency in military spending requires not only public availability of data on spending by the defence ministry, but also that public information on spending by other parts of government is detailed enough to determine whether it includes spending on military activities (see box 4.1). For example, it can be difficult to determine how much a country spends on its paramilitary forces, which are often under the interior ministry. Other examples of funds for military activities that appear under other headings in the state budget or are entirely absent from the published state budget include spending on military research and development by education or industry ministries, loans for military procurement administered by the finance ministry, and military pensions administered by pensions funds outside the budget.

Conversely, it can be difficult to determine how much of the defence ministry's spending is used to fund non-military activities. This can include,

[10] These examples are taken from Tian, Wezeman and Yun (note 7).

for example, the use of military assets for disaster relief operations or for police tasks. These tasks are often difficult to differentiate in the general military budget, but when data is available it offers valuable insight into the varying roles of the military and the complex nature of measuring military expenditure. To illustrate this, the following case study shows how the Brazilian military receives specific funding for tasks that are usually performed by the police.

Brazil's spending on police tasks performed by the military

Since 1992, according to official records, the Brazilian armed forces have performed police duties on 135 occasions.[11] Such operations are known as GLO (garantia da lei e da ordem, law and order guarantee) operations. According to the Brazilian Ministry of Defence, a GLO operation involves the use of the military within Brazil primarily for the preservation of public order, while allowing for the use of limited force if necessary.[12]

The legal basis for GLO operations and their accompanying funding is Complementary Law no. 97 of 1999, as amended in 2004 and 2010.[13] GLO operations are executed solely at the express order of the president. They take place when the ordinary instruments for law enforcement are exhausted; the military is provisionally granted the power to perform police duties until normality is restored.[14] To request a GLO operation, a state governor must formally recognize that non-military security instruments—such as the police or national guard—are 'unavailable, absent or inadequate for the regular performance of their constitutional mission'.[15] The governor then asks for federal support, which can only be approved by the president. The deployment of the Brazilian armed forces on GLO operations should only occur in exceptionally acute security situations. However, this has not always been the case: 28 per cent of GLO operations between 1992 and 2019 were to provide security for public events, whereas only 17 per cent addressed urban violence.[16]

[11] Brazilian Ministry of Defence (MOD), Head of Joint Operations, 'Histórico de GLO' [History of GLO], 16 Jan. 2019.

[12] Brazilian Ministry of Defence (MOD), Joint Staff of the Armed Forces, *Garantia da lei e da ordem* [Law and order guarantee] (MOD: Brasília, 2013), p. 14.

[13] Lei Complementar no. 97 de 9 de Junho de 1999 [Supplementary law no. 97 of 9 June 1999], *Diário Oficial*, 10 June 1999; Lei Complementar no. 117 de 2 de Setembro de 2004 [Supplementary law no. 117 of 2 Sep. 2004], *Diário Oficial*, 3 Sep. 2004; and Lei Complementar no. 117 de 25 de Agosto de 2010 [Supplementary law no. 136 of 25 Aug. 2010], *Diário Oficial*, 26 Aug. 2010. GLO operations were foreseen in Article 142 of the 1988 Brazilian Constitution and previous Brazilian constitutions had similar provisions. Mathias, S. K. and Guzzi, A. C., 'Autonomia na lei: As forças armadas nas constituições nacionais' [Autonomy in the law: The armed forces in national constitutions], *Revista Brasileira de Ciências Sociais*, vol. 25, no. 73 (June 2010), pp. 41–57.

[14] Lei Complementar no. 97 (note 13), Article 15.

[15] Lei Complementar no. 97 as amended in 2004 (note 13), Article 15, para. 3.

[16] Brazilian Ministry of Defence (note 11).

Under the GLO, the Brazilian armed forces provided security during the UN Conference on Sustainable Development in Rio de Janeiro in 2012, the visit of Pope Francis in 2017 and for international sports events such as the Football World Cup competition in 2014. It is arguable that calling on the military for such everyday events, even when there is no immediate threat to social order, devalues the significance of the GLO. Perhaps more in line with the GLO's objectives, the military has also been used in efforts to deal with drug gangs in Rio de Janeiro (since 1994–95 and ongoing) and Rio Grande do Norte (in 2017), and uncontrolled violence in Espírito Santo (in 2017).[17] In the case of Rio de Janeiro, where the police have struggled with drug-related violence since the early 1990s, the GLO operation involved working with police during a state of emergency in order to drive out or capture drug gangs and other armed criminal groups.[18]

As is the usual practice for financing activities that are outside the original budget of the military, the execution and financing of GLO operations are managed by the executive, with no congressional oversight. The money for these operations does not appear in the regular budget for the military but is made in additional allocations during the course of the year. While some GLO activities are brief and have low cost, others have involved large numbers of military personnel and equipment, have lasted for more than a year, and have cost a substantial amount. For example, Operação São Francisco in the Maré favela, Rio de Janeiro, lasted from April 2014 until June 2015 and cost almost 450 million reais ($200 million).[19]

The 49 GLO operations between 2009 and 2018 cost a total of 2.4 billion reais ($1064 million). The most expensive year (in local currency) was 2014, when 559 million reais ($238 million) was spent (see table 4.5).

Accurate disaggregation of resources allocated to the military for police tasks is an important aspect of transparency in military expenditure, and comprehensive records help to improve scrutiny of the allocation of state resources. Spending on GLO operations is not included in SIPRI's definition of military expenditure as they involve police tasks. However, the use of the military for police tasks is common in many countries, including Belgium,

[17] BBC News, 'Brazil police strike: Wives lead resistance in Espirito Santo', 11 Feb. 2017; and Forte, J., 'Brazil authorizes national forces in three states for 180 days', *Rio Times*, 21 Feb. 2017.

[18] Samset, I., *'For the Guarantee of Law and Order': The Armed Forces and Public Security in Brazil*, Chr. Michelsen Institute (CMI) Working Paper no. 2014:11 (CMI: Bergen, 2014), pp. 11–13; and Gurmendi, A., 'The military intervention in Rio de Janeiro and human rights', Opinio Juris, 22 Oct. 2018. In Feb. 2018 President Michel Temer transferred responsibility for the state police of Rio de Janeiro to the federal government in response to a public security crisis. However, this was not a GLO operation and the funds for this intervention (estimated at over 800 million reais) were not managed by the military. Londoño, E. and Darlington, S., 'Brazil's military is put in charge of security in Rio de Janeiro', *New York Times*, 16 Feb. 2018.

[19] G1, 'Forças Armadas assumem ocupação de 15 comunidades da Maré, Rio' [Armed forces occupy 15 settlements of Maré, Rio], 5 Apr. 2014. Unless otherwise stated, all figures are in current US dollars or current reais.

Table 4.5. Brazil's allocations to the military for law and order guarantee operations, 2009–18

	No. of GLO operations	GLO allocation to military expenditure		
		Current reais m.	Current US$ m.	Constant (2017) US$ m.
2009	0	. .	. .	. .
2010	6	180	102	88.2
2011	8	408	244	187
2012	6	205	105	89.3
2013	3	446	207	183
2014	8	559	238	216
2015	2	6.7	2.0	2.4
2016	4	66.5	19.1	21.6
2017	7	334	105	105
2018	5	152	41.6	46.1
Total	**49**	**2 358**	**1 064**	**938**

GLO = garantia da lei e da ordem [law and order guarantee].

Source: Brazilian Ministry of Defence (MOD), Head of Joint Operations, 'Efetivos e custos de GLO (2010–2019)' [Personnel and costs of GLO (2010–2019)], 16 Jan. 2019.

France, Indonesia, Italy, Kyrgyzstan and Mexico (on the case of France see section I). Brazil presents its spending on such police operations separately from the military budget but many of these other countries do not. Such disaggregation provides valuable information on both military activities and funding for non-military activities undertaken by the armed forces. Researchers, civil society and policymakers should cite the Brazilian case as an example of good practice.

The frequency with which the Brazilian military has been tasked with performing police duties blurs the line between the distinct roles of the military and the police. Large parts of Brazilian civil society already perceive the use of the armed forces in police operations as the norm.[20] Transparency in spending on these operations shows how the deployment of the military for police duties diverts scarce economic resources from more sustainable and less violent options, such as tackling economic inequality or addressing the financial problems that Brazil's states may have.

Conclusions: Improving military expenditure transparency

There are many ways to improve transparency in military expenditure. At the international level, more states could report to the UN Report on Military Expenditures. At the national level, while almost all countries actively report

[20] E.g. Estarque, M., '72% dos moradores do estado do Rio querem prorrogar intervenção federal' [72% of Rio state residents want to extend federal intervention], *Folha de São Paulo*, 7 Sep. 2018.

their military budgets in official public documents, all countries can improve the comprehensiveness and quality of their reporting.

Disaggregation of military budgets into military and non-military activities is an important step towards improving transparency in military expenditure. The use of the military for non-military activities is common in both developing and developed countries. As the Brazilian case shows, the separation of funding for non-military activities from military funding improves the accuracy of military spending data. Since expenditure on non-military activities should not be counted as military expenditure, the military spending of countries that do not disaggregate may be overestimated.

In addition, Brazil's GLO operations highlight the question of whether armed forces should be used to maintain domestic security, which is traditionally a role for the police. Doing so leads not only to a blurring of the roles of the military and the police, but also to a blurring of their capabilities and organizational structures.[21] Transparency in the financing of these activities offers a small step in disentangling the military and the police.

[21] Easton, M. et al. (eds), *Blurring Military and Police Roles* (Eleven International Publishing: The Hague, 2010), pp. 79–110; and Samset (note 18).