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## 4. Ghana

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### I. Introduction and background

As one of the first African countries to gain freedom from colonial rule, great hopes were vested in Ghana. However, in spite of the euphoria that accompanied independence, economic difficulties and years of military rule stifled the promised development.

Since the restoration of democracy in 1993, Ghana has emerged as one of the more stable countries in West Africa and perhaps one of the few with any serious prospect of democratic consolidation. An important question, which this chapter addresses, is what this implies for civil–military relations in general and the modalities of military budgeting in particular.

This section continues with an overview of the history, politics and economy of Ghana, followed in section II by a description of the military sector. Section III outlines the national budgetary process in general, while section IV describes the military budgetary process in particular. Section V provides an assessment of the process and section VI presents the conclusions.

#### **History, politics and economy**

Ghana, previously the colony of the Gold Coast, gained independence from the United Kingdom in March 1957, one of the first British colonies in Africa to do so. On independence the country had a relatively well-formed economy and national institutions—at least compared to other former African colonies—including the armed forces. However, from the mid-1960s, largely as a result of financial overextension from ambitious but ill-conceived development plans and adverse external market conditions, Ghana began to slide into a deepening financial and economic crisis. The country did not begin to re-emerge from this until the mid-1980s, following the adoption of rigorous macroeconomic and public sector reforms, including privatization of state-owned enterprises. In spite of protracted adjustment efforts, macroeconomic stability has remained elusive, with a continuing struggle to contain the deficit, particularly as donor inflows have tailed off substantially in recent years.

Over the same period, the country suffered from a succession of military coups and periods of military rule, interspersed with short-lived returns to civil rule. Of the 36 years between independence and 1993, Ghana was under mili-

tary rule for a total of 23 years.<sup>1</sup> Ghana's 1992 constitution established a multi-party political system, with a directly elected executive President,<sup>2</sup> and civilian rule was restored in January 1993. Presidential elections in November 1992 were won by Jerry Rawlings, who had led a military government since 1981. Successful elections were subsequently held in December 1996, when Rawlings was re-elected; in December 2000, resulting in the first change of government through the ballot box since independence; and in December 2004, when President John Kufour was re-elected for a second term. The legislature is the unicameral Parliament, which has 230 members representing single-seat constituencies.

Ghana is a predominantly youthful country, with some 47 per cent of the population aged 18 or under.<sup>3</sup> The five largest ethnic groups in Ghana are the Akan (49.1 per cent), Mole-Dagbanis (16.5 per cent), Ewes (12.7 per cent), Ga-Adangbes (8 per cent) and Guans (4.4 per cent).<sup>4</sup> English is the official language, but major indigenous languages include Twi and other Akan dialects, Dagbani, Ewe, Ga and Hausa. Some 69 per cent of Ghanaians are nominally Christian, with Muslims accounting for 15.6 per cent and animists for 8.5 per cent; but the syncretic nature of religion, with many Ghanaians combining Christianity and traditional religious practices, makes such classification problematic.

Ghana's main exports are gold, cocoa, timber, diamonds, bauxite and manganese, although tourism and foreign transfers (from the Ghanaian diaspora) have recently emerged as important sources of foreign exchange.<sup>5</sup> Agriculture accounted for 35.2 per cent of gross domestic product in 2003, down from 59.7 per cent in 1983, while industry and services accounted for 24.8 per cent and 40.1 per cent, respectively. Gross national income per capita amounted to \$320.<sup>6</sup> Ghana currently stands 129th (out of 174) on the Human Development Index, which is at the low end of 'medium' human development.<sup>7</sup>

<sup>1</sup> The military regimes were the National Liberation Council (Feb. 1966–Sep. 1969), the National Redemption Council and the Supreme Military Council (Jan. 1972–June 1979), the Armed Forces Revolutionary Council (June 1979–Sep. 1979) and the Provisional National Defence Council (Dec. 1981–Jan. 1993).

<sup>2</sup> Constitution of the Republic of Ghana, *Ghana Gazette*, 15 May 1992, URL <<http://www.ghana.gov.gh/living/constitution/>>.

<sup>3</sup> Ghana Statistical Service, *Ghana Demographic and Health Survey, 2003* (Macro International: Calverton, Md., 2004), p. 1.

<sup>4</sup> Ghana Statistical Service, *Ghana Living Standards Survey 4* (Ghana Statistical Service: Accra, 2000), p. 5.

<sup>5</sup> University of Ghana, Institute for Statistical, Social and Economic Research (ISSER), *The State of the Ghana Economy in 1998*, various annual edns (ISSER: Accra, various years); and Centre for Policy Analysis (CEPA), *Ghana Macroeconomic Review and Programme*, various annual edns (CEPA: Accra, various years).

<sup>6</sup> World Bank, 'Ghana at a glance', Fact sheet, Sep. 2004, URL <<http://www.worldbank.org/data/>>.

<sup>7</sup> UNDP Ghana and Institute for Statistical, Social and Economic Research, *Ghana Human Development Report 2000: Science Technology and Human Development* (UNDP: Accra, 2001), p. xiii.

**Table 4.1.** Military expenditure of Ghana, 1990–2004

Figures in US\$ are in constant 2003 prices and exchange rates.

Year	Military expenditure		
	\$ m.	m. cedis	as a % of GDP
1990	19.6	9 006	0.4
1991	28.1	15 230	0.6
1992	30.5	18 201	0.6
1993	35.7	26 600	0.7
1994	38.8	36 147	0.7
1995	39.6	58 823	0.8
1996	33.4	72 644	0.6
1997	33.5	93 148	0.7
1998	41.6	132 812	0.8
1999	44.1	158 060	0.8
2000	61.8	277 269	1.0
2001	38.8	231 740	0.6
2002	43.5	297 800	0.6
2003	50.6	439 200	0.7
2004	65.5	636 100	..

GDP = Gross domestic product.

Source: SIPRI military expenditure database.

## II. The military sector

The Ghana Armed Forces (GAF) are descended from the Royal West African Frontier Force of the colonial period. The GAF consist of an army, a navy and an air force and have a total strength of approximately 7000.<sup>8</sup>

The Ghana Army has two infantry brigades, each with three battalions: the First Brigade, which constitutes the core of the Southern Command, with headquarters at Teshie near Accra; and the Second Brigade, which forms the core of the Northern Command, headquartered in Kumasi. In addition, there are two airborne companies, the Support Services Brigade, combat support units—the Reconnaissance Regiment, two engineering regiments, the Artillery Regiment and the Signals Regiment—and the Army Recruit Training School.<sup>9</sup>

The Ghana Navy has a total strength of approximately 1000, divided into two commands, Eastern and Western, based at Tema and Sekondi, respectively. Its equipment consists of six coastal patrol boats.<sup>10</sup> The Ghana Air Force also has a strength of approximately 1000. It consists of one combat unit, three transport

<sup>8</sup> International Institute for Strategic Studies (IISS), *The Military Balance 2004/2005* (Oxford University Press: Oxford, 2004), p. 235.

<sup>9</sup> The 64 Infantry Regiment, a commando rapid deployment force perceived to be the 'Praetorian Guard' of the Rawlings regime and often accused of human rights abuses, has been disbanded.

<sup>10</sup> IISS (note 8).

squadrons and one helicopter squadron.<sup>11</sup> In addition, Ghana has paramilitary forces in the form of the Customs and Excise Preventive Service and armed police units.

Organizational control over the armed forces is exercised by the Ministry of Defence (MOD), which is headed by a minister and a deputy minister. The MOD is divided into two wings: a civil wing headed by the Chief Director and a military wing administered by the Chief of Defence Staff (CDS). There is a joint General Headquarters (GHQ) for the three services, which was established in 1962 to enhance coordination and economize on administrative costs. General Headquarters is directly under the Office of the CDS and is headed by a Chief of Staff of major general rank. Below GHQ are the three service headquarters, with each service commander combining both command and administrative functions. General Headquarters is responsible for the formulation and implementation of policies relating to force levels (i.e., manpower, equipment and logistics) and the planning, training, development and use of the human resources of the GAF. General Headquarters is divided into five departments under directors-general, each with the rank of brigadier general, in addition to the Finance Department, headed by the Defence Financial Comptroller (DFC) who also has the rank of brigadier general, and the Office of the Military Secretary. General Headquarters also oversees a number of tri-service institutions, including the Defence Intelligence Agency, the Directorate of Legal Services, the GAF Command and Staff College, the Military Academy and Training School, and the Kofi Annan International Peacekeeping Training Centre.

The Ghana Armed Forces have not engaged in an external war since independence, but they have been extensively involved in peacekeeping. Ghana is a member of the Economic Community of West African States (ECOWAS), and the GAF actively participated in the ECOWAS Military Observer Group (ECOMOG) in Sierra Leone and the ECOWAS Mission in Liberia (ECOMIL).

The impact of the military regimes on the military sector was far from straightforward: during the 1960s spending went up substantially, in the 1970s there were modest increases, while formal military expenditure was slashed by the Rawlings regime in the 1980s. As a proportion of total government expenditure, military spending fell from 8–9 per cent in the mid-1970s to less than 4 per cent by the end of the 1980s and through most of the 1990s.<sup>12</sup> As a proportion of GDP, military expenditure declined from 1.9 per cent in 1976 to hit its lowest level of 0.4 per cent in 1983; as shown in table 4.1, during the 1990s, spending fluctuated between 0.6 and 0.8 per cent of GDP, with a temporary bump up to 1 per cent in 2000, well below military spending by most of Ghana's neighbours.<sup>13</sup> Thus, while overall government expenditure rose

<sup>11</sup> IISS (note 8).

<sup>12</sup> Republic of Ghana, *Budget Statement for Fiscal Year 1976–77*, and subsequent edns (Ghana Publishing Corporation: Accra, various years).

<sup>13</sup> See the comparative data in Ghana Armed Forces Review Board (Kpetoe Board), 'Report of the review of the roles and structure of the Ghana Armed Forces', Ministry of Defence, Accra, Sep. 1996, p. 36. Note that these figures *do not* include extra-budgetary expenditure, which is discussed below.

substantially after 1983 in response to structural adjustment, military expenditure stagnated or declined. This has had a significant impact on the military's infrastructure and operational capabilities. The civil war in neighbouring Côte d'Ivoire and the disturbances in Ghana's Northern Region pose significant challenges to the ability of the armed forces to cope with potential spillover from these conflicts, such as refugees and border incursions.

Political involvement led to deterioration in the standards of management of the armed forces (particularly during the 1970s) and reduced financial probity and accountability. This led to increasing corruption. A 1988 enquiry into the armed forces reported a 'spate of embezzlements, misapplication of funds and other criminal activities involving service personnel', observing that 'misappropriation of funds has spread from command to the ranks in certain places'.<sup>14</sup>

### III. The national budgetary process

Since the 1960s, budgeting in Ghana has taken place in the context of macro-economic crises and a resource-constrained environment, and so it has revolved around competition between ministries, departments and agencies to defend their share of declining resources. The process itself has been fundamentally input-driven—and consequently tightly controlled by the Ministry of Finance (MOF)—rather than results-oriented. The process shares with the civil service and the rest of the government machinery many technical weaknesses, such as weak planning and coordination.

Since the national budgetary process has changed with the introduction in 1999 of the Medium-Term Expenditure Framework (MTEF), a historical overview is necessary before describing the current process.

#### **The pre-1999 budgetary process**

Prior to the introduction of the MTEF in 1999, the budgetary process in Ghana operated within an annual cycle consisting of four main phases: formulation, approval, implementation and evaluation. During the formulation stage, a broad macroeconomic framework was prepared by the MOF. In the July or August prior to the start of the financial year in January, the framework was issued to the sectors of government as the Budget Guidelines. In addition to policies and priorities, the guidelines showed the national expenditure ceiling, on the basis of which expenditure levels were established for each sector. These 'indicative ceilings' were determined by the cabinet based on the resources and revenues available. The guidelines spelled out the macroeconomic targets for the year and the form in which estimates were to be presented, with the aim of encouraging the sectors to present realistic proposals.

<sup>14</sup> Erskine Commission, 'Report of the Commission of Enquiry on the Structure of the Ghana Armed Forces', Ministry of Defence, Accra, 1988, vol. 1, pp. 58, 62.

After receipt of the Budget Guidelines, a draft budget was prepared by each ministry and presented to the MOF. This was followed by a budget hearing in which the MOF reviewed the submissions of the individual ministries with a team from that ministry. The ministry teams were usually led by the minister and included the deputy minister and the Chief Director and accountant of the ministry. The budget hearings would normally be chaired by the Minister of Finance or, in his absence, the Deputy Minister of Finance or the Chief Director of the MOF. The MOF then reviewed the performance and outcomes of the previous year's budget and made a tentative decision on the allocations for the following year.

The preliminary budget figure from the budget hearing was then submitted to the cabinet for final determination. The MOF used this final figure to prepare the overall budget estimates, which were then presented for approval to Parliament (or, under military regimes, by the cabinet).<sup>15</sup> The approval stage in Parliament started with the examination of the estimates by the appropriate select committees and ended with the passing of the Appropriations Act. Thereafter, the budget entered the implementation stage when the Minister of Finance issued a warrant to the Controller and Accountant-General authorizing expenditure to the limit of the appropriation. The Controller and Accountant-General in turn instructed the Treasury to allow the expenditure of specific sums of monies by ministries, departments and agencies (MDAs).

Theoretically, the annual process ended with an evaluation of budgetary performance that noted any lapses that needed corrective action. This included the audit of the budget and the accounts. This aspect of the cycle was, however, poorly observed.

This was the theory of budgeting in Ghana. In reality, the annual allocation of resources in Ghana was simply based on the historical shares of the sectors, changed incrementally each year. This and the dominance of recurrent spending over capital investment meant that budgetary allocations were relatively invariant, and increases were usually marginal. In addition, even after the budget had been approved, substantial cuts could, and often did, ensue in the event of revenue shortfalls (this has continued, e.g., in 2001). To guard against this eventuality, and to protect their share of the budget, ministries typically inflated their estimates. Actual expenditure data show that very few sectors operated within the approved limits. Expenditure was rarely on target: MDAs were just as likely to operate beyond their budget as to be restrained by the MOF from spending specific line items of the approved budget.

Public expenditure reviews revealed serious weaknesses in budget preparation and expenditure controls. At the MDA level, the preparation and defence of the budget were often relegated to low-level staff, indicating a lack of commitment by those in authority. Very few MDAs had properly established budget or planning units to undertake the work of budget preparation. Crucial

<sup>15</sup> Thus, the budget estimate went through 3 stages: the draft figures from the ministries, the preliminary budget figure after the budget hearings and the final allocation decided by the Cabinet.

budgetary decisions that should have been made by MDAs were thus made by the Budget Division of the MOF, even though this unit was itself frequently criticized for its lack of professional staff and technical weaknesses. Not surprisingly, MDAs in turn demonstrated little commitment to programmes and targets imposed on them by the MOF; in many cases, 'MDAs felt that they were only spenders and not responsible or accountable for the formulation and execution of their budgets'.<sup>16</sup> In many ministries the implementation of the budget was managed by middle-level personnel and the staff assigned to the ministry by the Controller and Accountant-General's Department, rather than by the top official technically in control of the budget, the Chief Director of the ministry.<sup>17</sup> These staffing weaknesses were exacerbated by procedural problems. Notices for submission of annual budget proposals were frequently circulated by the MOF at the last minute, sometimes giving the MDAs as little as two weeks to prepare and submit budget proposals.

Weak financial controls and over-expenditure by MDAs were further encouraged by the fact that under the 1981–93 military regime of Jerry Rawlings there was virtually no oversight and no constitutional requirement for MDAs to answer for over-expenditure of their budgets. Both the Controller and Accountant-General's Department and the Auditor-General's Department, charged with overseeing the financial operations of MDAs, were severely short-staffed, with only a few of the professional accountants that they need to carry out their assigned mandates.<sup>18</sup>

An earlier effort was made to address some of these problems by the establishment in 1983 of the Public Administration Restructuring and Decentralization Implementation Committee. A Policy Planning, Budgeting, Monitoring and Evaluation Department was established in each ministry as the basis for the introduction of a 'policy, programming and budget' system. Once again, this initiative was undermined by severe shortages of skilled and professional manpower, and by poor linkages and coordination between these new units and other departments within the ministries.

### **The post-1999 budgetary process**

The introduction in 1999 of the Medium-Term Expenditure Framework was supposed to address the shortcomings of the budgetary process noted in previous public expenditure reviews. In contrast to the previous annual budgeting

<sup>16</sup> Ministry of Finance (MOF), *Public Expenditure Review 1993* (MOF: Accra, Apr. 1994), p. 72; and MOF, *Public Expenditure Review 1994: Effective Planning and Execution of the Development Budget* (MOF: Accra, June 1995), Appendix 1, p. 5.

<sup>17</sup> 'Over expenditure of budgets by ministries, departments and agencies', *Ghana Civil Service Journal*, nos 1 and 2 (1995), p. 16.

<sup>18</sup> Hutchful, E., *Ghana's Adjustment Experience: The Paradox of Reform* (James Currey: Oxford, 2002), pp. 110–11.

cycle, the MTEF relies on a three-year rolling plan.<sup>19</sup> The MTEF has several objectives: (a) to facilitate better, and more transparent, relationships between policies and objectives, and between inputs (resources) and outputs (results); (b) to effect a shift from input controls—which had been at the core of the previous budgetary process—to ‘outputs’ and service delivery; (c) to give MDAs greater freedom to decide their budgetary priorities, thus encouraging ‘ownership’ by sector ministries, while also promoting greater coordination within sector MDAs—the ‘sector’ now becomes the basis of planning; and (d) to make monitoring of inputs and outputs more rigorous through quarterly expenditure reports, thus ensuring greater transparency and accountability in expenditure management.

The MTEF has also greatly simplified the budgetary process. Budget estimates are now arranged under four heads: (a) personal emoluments, (b) administration, (c) service activities (maintenance, spares, fuel, etc.) and (d) equipment or capital expenditure, thus simplifying the budgetary process by eliminating the many confusing heads of expenditure found in previous budgets. The MTEF also confers on the MDAs greater flexibility in budgetary matters. The MDAs now have the power to shift funds between the expenditure heads *b*, *c* and *d* (although head *a* remains fixed) and to break down the various line items into sub-items, as long as they remained within the budget ceilings.

Reviews of outputs (results) are supposed to be carried out by MDAs and submitted to the MOF. Reviews are based on the framework of Ghana’s Poverty Reduction Strategy and are mandatory for all ministries, including the MOD.<sup>20</sup>

Under the MTEF, the circulation of the Budget Guidelines by the MOF is now followed by sector policy reviews. Five sectors have been identified: Governance and Public Safety, Administration, Economic, Infrastructure and Social. The introduction of a Governance and Public Safety Sector—roughly equivalent to the concept of a ‘security sector’—is an innovation of the MTEF. This sector includes the MOD, the Police Service, the Bureau for National Investigation (an intelligence agency), the National Disaster Management Organization, and the Commission for Human Rights and Administrative Justice. Each sector articulates its own policies and the goals or objectives to be realized in the three-year period.

The policy review process begins with a series of meetings and seminars over macroeconomic and sectoral goals involving representatives of the sector and of the MOF and the National Development Planning Commission.<sup>21</sup> The first of these is a plenary session, attended by the political leadership and special minis-

<sup>19</sup> Under the MTEF, programmes which are not completed within a year are rolled over into the next year. Programmes are expected to be completed within 3 years. In theory, this contrasts with the previous ‘envelope budget’, in which a fixed amount was allocated for specific projects.

<sup>20</sup> Ministry of Finance (MOF), *Ghana Poverty Reduction Strategy 2003–2005: An Agenda for Growth and Prosperity* (MOF: Accra, Feb. 2003), URL <<http://poverty.worldbank.org/prsp/>>.

<sup>21</sup> In 2002, e.g., there were 4 such meetings for the Governance and Public Safety Sector, the first lasting 3 days and the others 2 days each.



**Table 4.2.** Timetable for the preparation of the Ghanaian budget for financial year 2003

Activity	Date
Policy review workshop	17–29 Sep. 2001
Submission of policy review reports	27 Sep. 2002
Strategic plan review and costing	10–12 Oct. 2002
Budget Guidelines issued with ceilings	12 Oct. 2002
Submission of draft estimates by MDAs to MOF	22 Oct. 2002
Policy and budget hearings for MDAs	29 Oct.–2 Nov. 2002
MDAs submit final draft estimates to MOF	12 Nov. 2002
MOF finalizes draft estimates	13–18 Nov. 2002
Submission of draft estimates to cabinet	19 Nov. 2002
Submission of final draft estimates to Parliament	30 Nov. 2002 <sup>a</sup>

MDAs = Ministries, departments and agencies; MOF = Ministry of Finance.

<sup>a</sup> The deadline of 30 Nov. for the submission of estimates to Parliament is constitutionally mandated. Constitution of the Republic of Ghana, *Ghana Gazette*, 15 May 1992, URL <<http://www.ghana.gov.gh/living/constitution/>>, Article 179.

Source: Short, J., 'Country case study 4: Assessment of the MTEF in Ghana', Centre for Aid and Public Expenditure, Overseas Development Institute, London, May 2003, URL <<http://www.odi.org.uk/PPPG/cape/>>, table 1, p. 2.

terial advisers, where there is a discussion of national goals and a review of the previous year's policy and policy goals. Among sector issues discussed are matters of coordination and interoperability.

On the basis of the sector review, inputs are identified and cost projections made. For this purpose, each ministry is required to have a Budget Committee, headed by the Chief Director, with representatives from all the departments and units within the ministry. The Budget Committee is responsible for preparing the draft estimates. As a guideline for the submission of the draft estimates, the MOF issues a budget ceiling for each ministry and department within the sector, indicating what resources are available and inviting them to prioritize their activities.<sup>22</sup> The resulting estimates are then forwarded to the MOF by the MDAs. The estimates are prefaced by a mission statement and a set of objectives supposed to be realized by the particular ministry during the budget cycle.

The next stage is the budget hearings. After hearings with the various MDAs, and after the MDAs have been given the opportunity to revise their estimates, the MOF collates the estimates from each sector into a consolidated budget.

<sup>22</sup> Critics of these budgetary ceilings claim that, since they reflect the MOF's projections with regard to revenue and other receipts for the financial year, they often bear little or no relation to the anticipated budgetary needs of the MDAs, thus in effect rendering the whole review process and the identification of sectoral and national goals academic. Nevertheless, the MOF introduced seminars on costing techniques in 2002 to help MDAs undertake realistic costing under the MTEF, even though improved costing is unlikely to have much bearing on real budgetary allocations. Budget officials, Ministry of Finance and Ministry of Defence, Interviews with the author, Accra, July 2002 and Jan. 2003.

The final stage in the budget cycle is the MOF's presentation of the consolidated budget to Parliament for approval.

Table 4.2 presents the timetable for the preparation of the budget for financial year (FY) 2003, as set out in the MOF's Budget Guidelines. Timetables such as this allow an unrealistically short period for the development of an MTEF budget. The budget statement is generally made in the February of the financial year and the Appropriation Act approved in March or April.

#### IV. The military budgetary process

To a large extent the military budgetary process in Ghana has replicated the procedures and characteristics of the overall national budgetary process and has shared its technical weaknesses. However, in addition to the usual secrecy and lack of transparency which have come to be associated with the process in many other countries, the military budgetary process in Ghana has had several peculiarities of its own.

In the 1980s and 1990s structural adjustment programmes were undertaken to reform the public sector and its financial management structures. These programmes exacerbated the differences between the mainstream and military budgetary processes in two ways. First, these reforms were not directed at the security sector, other than in controlling the size of the military budget. Thus, attempts at reform of the budgetary process within the military lagged behind the rest of the public sector and so are a relatively recent development. Second, the structural adjustment programmes brought an inflow of donor funding to the public sector that was not replicated in the military sector; if anything, defence and security expenditure suffered greater retrenchment than other sectors, at least formally. The military sector responded to budgetary contraction by turning to extra-budgetary expenditure. This behaviour has to be taken into account when evaluating the allegedly 'exemplary' character of military expenditure management in Ghana.

Even so, the recent changes in the military budgetary process have been driven by, and largely reflected, changes in the overall national budgetary process; in other words, they have emanated from outside rather than from within the military.<sup>23</sup> These changes, such as the introduction of the MTEF, have increased convergence between the civil and military budgetary processes.

##### **The pre-1999 military budgetary process**

As in other government ministries, formal budgeting in the MOD began when the ministry received the Budget Guidelines from the MOF. The process was initiated by the Defence Financial Comptroller, who is the chief financial

<sup>23</sup> In the same way, the present structure of the MOD has reflected the provisions of the 1993 Civil Service Law (Provisional National Defence Council Law no. 327), rather than the peculiar needs of a defence ministry.

adviser to the Chief of Defence Staff. The DFC then issued letters to the three service commanders,<sup>24</sup> the Chief of Staff at GHQ, the Office of the Principal Secretary of the MOD (now the Office of the Chief Director) and other units, asking them to send in their requirements. These accounting units, whose expenditure formed the budget, were called ‘allotment holders’. Once these individual estimates were collected the budget was compiled, with the DFC and the Office of the Chief of Staff coordinating the process. The estimates were then sent to the Office of the Principal Secretary and to the minister when they were ready for presentation to the MOF or Parliament. Once the budget had been approved the DFC was again in charge of allocating funds back to the allotment holders.

Several characteristics of the military budgetary process are worth comment.

*Military domination of the process and weak ministerial control*

As the account above suggests, the role of the civil wing of the ministry in the preparation of the budget was marginal; civilians entered the picture only when the internal budgetary process was virtually complete and the estimates were required to be forwarded to the MOF. The Office of the Principal Secretary (the civil wing of the MOD), far from being the budgetary authority, was considered merely another allotment holder and was invited by the DFC to submit its estimates like any other unit under the ministry. Once the ministry’s budget had been approved and implemented, the DFC had effective authority over the allotments.

This process took control of the financial affairs of the armed forces out of the hands of the minister, as the chief accounting officer and final authority, and the civilians running the ministry, and placed it in the hands of the military itself. For all practical purposes ministerial control did not exist in the armed forces, a unique situation in the public sector.

The Ministry of Defence was (and continues to be) identified with the armed forces. Traditionally, the Minister of Defence was regarded as little more than a figurehead; the linchpin of the ministry was the Principal Secretary (now known as the Chief Director). The functions of the MOD were limited. In the main, it acted as a conduit or clearing house between the military and the political authorities. A primary responsibility of the MOD was to defend the military budget and other interests of the armed forces. The ministry had few planning, strategic, budgetary, accounting or procurement functions and many policy initiatives originated from GHQ. The MOD simply lacked the personnel and expertise; its staff complement was minimal and consisted mostly of junior civil servants and clerks. A survey of the ministry in 2000 observed that, owing to

<sup>24</sup> The service commanders had their own service financial controllers, who were posted from the Office of the DFC and were responsible for coordinating the preparation of the budgets of their units.

the history of coups, ‘the Military seem to have usurped some of the functions and role of the MOD and made it more or less play second fiddle’.<sup>25</sup>

On the military side of the MOD, GHQ had a dominant role in budgeting and financial operations relative to the services. Armed Forces Regulations vested authority for the financial administration and accounting of the GAF primarily in GHQ and the DFC. These same regulations restricted the financial authority of the three service commanders, and then were entirely silent on the role and power of unit commanders in this area.<sup>26</sup> This high degree of centralization had negative consequences: as one report observed, with the growing squeeze on the military budget, ‘securing approval for the procurement of even minor maintenance items has become so stringent and cumbersome that all Service HQs are finding it extremely difficult to administer their units, bases and stations’.<sup>27</sup>

### *Absence of strategic planning*

The Ghana Armed Forces have traditionally operated without a defence policy, threat assessment, doctrine or force planning. Consequently, the military budgetary process was characterized by a lack of strategic planning, and there was no monitoring or evaluation mechanism to assess the pattern and quality of defence expenditure.

This problem went beyond the GAF. In theory, issues of strategy are the responsibility of the National Security Council. In reality, a strategic policy framework has never been developed in post-colonial Ghana.<sup>28</sup> Nevertheless, the armed forces could not escape blame entirely; within the institution, issues of strategy and doctrine received little attention, even among commanders.<sup>29</sup>

In the absence of policy and a strategic framework, the compilation of military estimates was dictated mostly by the ceilings imposed by the MOF. Thus, budgeting became a simple exercise, not markedly different from the process in the civilian ministries. Staff officers took the previous year’s estimates and repackaged them for submission, noting what was actually approved and adding a large margin to protect against the risk of cuts.<sup>30</sup> In the course of each finan-

<sup>25</sup> Beneficiary Survey, ‘Final report’, Ministry of Defence, Accra, Apr. 2000, p. 21; see also Kpetoe Board (note 13), p. F-1.

<sup>26</sup> The pertinent regulations appear to be the 1970 Armed Forces Regulations (Finance), but articles 1.24 and 4.06 of the Armed Forces Regulations (Administration), vol. 1, also specify the roles of service and formation commanders.

<sup>27</sup> Erskine Commission (note 14).

<sup>28</sup> The post-independence government of Kwame Nkrumah (1957–66) came closest to developing such a framework.

<sup>29</sup> Dumashie, H. K. (Air Marshal), former Chief of Defence Staff, Interview with the author, Accra, Aug. 2002. Among the several reasons for this was the fact that most senior officers in the GAF had professional training up to Grade 2 Staff Course level only. As the 1996 Kpetoe Board’s report suggested, ‘The lack of . . . training at higher levels has made senior officers limited in their professional skills, outlook and education’. Kpetoe Board (note 13), p. F-20.

<sup>30</sup> Dumashie (note 29).

cial year the deficiencies of this form of 'budgeting' become apparent, with regular shortfalls.<sup>31</sup>

### *Inter-service rivalry*

The fact that planning and coordination between the services played little or no role in the budgetary process exacerbated inter-service rivalry. Budgeting essentially took the form of independent exercises by the individual services, with the results collated by the MOD's Budget Committee and with little strategic coordination. Indeed, collaboration between the service commanders in the process was virtually non-existent. Except in a few cases, the CDS did not have the power—or perhaps the inclination—to force greater collaboration between the services; coming from a particular service, he tended to be seen as biased.

The budgetary process has traditionally been dominated by the army, by far the largest service.<sup>32</sup> Until the late 1980s, most of the foreign exchange allocation of the armed forces was appropriated by the army, leaving little to support the needs of the two smaller services. The army also dominated GHQ and the position of the CDS. The Support Services Brigade, established in 1969 to centralize and rationalize the logistics services of the armed forces, was also biased towards the army.

The army's appropriation of the bulk of defence spending contributed directly to the deterioration of the other two services noted by the Erskine Commission in 1988.<sup>33</sup> Responding to the findings of the commission, the government attempted to rectify this traditional bias by directing more resources to the air force and the navy, triggering a struggle between the services to enlarge or protect their turf and, for the first time, forcing service commanders to seek some coordination of the budget process.<sup>34</sup>

### *Role of the Ministry of Finance*

Proceedings at the budget hearings were (and continue to be) a major means for the MOF to exercise control over the military budgetary process, particularly after the structural adjustment programmes.<sup>35</sup> However, these controls have tended to be fairly crude since, at least in the past, details of the budgetary

<sup>31</sup> Saaka, S. S., former Chief Director of the MOD, Interview with the author, Ministry of Defence, Burma Camp, Accra, July 1995.

<sup>32</sup> However, the centralization of control and disbursement of financial resources by GHQ and the lack of monitoring and dissemination of defence budget allocations and outcomes often make it difficult to determine the exact distribution of the budget between the services.

<sup>33</sup> Erskine Commission (note 14).

<sup>34</sup> This shift within the defence budget was particularly evident in 1995 and 1996 (see note 83 below). A former CDS observed that these 'budgetary swings' from the army to the air force and navy were the 'only times that we saw the Service Commanders relating'. Dumashie (note 29).

<sup>35</sup> It was not unusual for the Minister of Defence to complain that the restructuring plans of the MOD had been blocked by the refusal of the MOF to release the money required. Iddrissu, A. M., Minister of Defence, Interview with the author, Ministry of Defence, Burma Camp, Accra, Aug. 1995.

requests of the armed forces were not disclosed at the budget hearings. The MOF usually received a one-line statement specifying the amount required for the operations of MOD, with no breakdown of the figure. Questions were not invited or welcomed, for reasons of 'security'. The MOD budget hearings were little more than a ritual: to determine how much the military could spend, not how or why. It was not unusual for there to be two versions of the military budget, one highly confidential with accurate data and another designed for the public.<sup>36</sup>

Such devices are apparently no longer considered necessary: military estimates arriving at the MOF are now much more transparent, with a higher degree of detail and improved justification of proposed expenditure and acquisitions. What has not changed is the capacity problem within the MOF: the ministry still lacks officials with the requisite training or skill in defence analysis or procurement, and thus the ability to scrutinize defence proposals. An additional problem (discussed below) is that the MOF has had little control over the off-budget expenditure of the armed forces and, until recently, little information pertaining to this expenditure.

### **The post-1999 military budgetary process**

#### *Formulation and approval*

The reformed budgetary process in the Ministry of Defence by and large follows the contours of the post-1999 national process. The MOD, like the other ministries, must preface its budget estimates with a mission statement and set of objectives. According to its mission statement, the MOD exists 'to proactively promote national defence interests' through: (a) 'Effective formulation, co-ordination, monitoring and evaluation of defence policies and programmes'; (b) 'Maintaining the Ghana Armed Forces (GAF) in a high state of preparedness for national and international engagements'; and (c) 'Active involvement in the promotion of peace and stability in the country and the sub-region'. The aims and objectives of the MOD are stated to be: (a) 'To enhance defence Policy and Control'; (b) 'To improve the state of combat readiness' of the GAF; (c) 'To support national effort aimed at transforming the nature of the economy to achieve growth and accelerating poverty reduction especially the vulnerable and excluded'; (d) 'To improve logistics and infrastructure facilities'; and (e) 'To improve civil-military relations'.<sup>37</sup>

The MOD budget process starts with the policy review organized by the MOF for all sector MDAs. The resulting review is presented to the Minister of

<sup>36</sup> MOF official, Personal communication, Accra, July 2005.

<sup>37</sup> Ministry of Defence, 'Vision and mission statement' and 'Aims and objectives', Republic of Ghana Internet site, URL <<http://www.ghana.gov.gh/governing/ministries/governance/defence.php>>.

Defence and the CDS for their input. Following their approval, the review is communicated to the 'cost centres' and 'allotment holders'.<sup>38</sup>

The Chief Director of the MOD then issues budget instructions to the Chief of Staff at GHQ. These are subsequently passed on to the various cost centres and allotment holders via the Department of Plans and Development, asking them to submit their draft estimates based on the reviewed policies and objectives, and on expectations regarding the availability of resources. The cost centres communicate these to their various commands, which in turn forward them to the units and departments under their jurisdiction. The budgeting sequence then flows back from the unit (battalion, station or base) to formation or command,<sup>39</sup> and then service levels.

At the unit level the budgeting exercise focuses on MTEF head *b*, 'administration'; head *c*, 'service activities' (maintenance, spares, fuel, etc.); and head *d*, 'equipment or capital expenditure'. It does not cover head *a*, 'emoluments', which is handled for the armed forces as a whole by the MOD's Department of Personnel Administration. During the exercise, units are expected to communicate any new threats identified within their area of operations. The units' submissions are also expected to address concerns regarding needs omitted or deferred as a result of lack of funding. The units usually have about two weeks in which to submit their proposals. There is no budget committee at this level.

The units then send their estimates to the next level, the formation or command, where they are collated and forwarded to the next level, the service headquarters. At this stage, the draft budgets list the anticipated needs of the units, formations and services; some preliminary costing is undertaken, in terms of identifying the resources and equipment required and their likely cost. These 'exhibits' (as these raw documents are called) are then sent to the Department of Plans and Development at GHQ. Here, coordination of the submissions from the various services is undertaken; duplication, overlaps and conflicts are identified; and costing is reviewed. The coordinating role of this department is a new element in the armed forces budgetary process since 1997.

The Department of Plans and Development forwards its preliminary figures to the MOD's Budget Committee, which then collates them in accordance with the four MTEF categories and design a three-year rolling plan. The MOD's Budget Committee has 10 members: the Chief Director (chairman), the Director-General of Plans and Development (deputy chairman), the Director of Plans, the Director of Finance and Administration, the MOD's accountant, the Deputy Director of Inspection and Monitoring, the Defence Financial Comptroller, the Deputy Director of Budget (from the Office of the DFC), the

<sup>38</sup> Budgeting terminology in the MOD now makes a distinction between so-called 'cost centres', which consist of the major departments (the civil wing of the MOD and GHQ); the 3 services and tri-service institutions such as the GAF Command and Staff College; and 'allotment holders', which are departments and units within the individual services.

<sup>39</sup> The formation is the brigade in the case of the army, the Eastern Naval Command in the case of the navy and the Takoradi and Tamale Stations in the case of the air force. The command is the army's Southern or Northern Command, the Western Naval Command or the Accra Air Force Base.

Officer-in-Charge (from the Office of the DFC) and the Deputy Director of Equipment (secretary).<sup>40</sup>

During this process the MOF communicates to the MOD its budgetary ceilings for the ministry. These ceilings are regarded as indicative rather than final; it is assumed that there is still room for negotiation with the MOF over the final budgetary figures. However, they are used as a basis for reprioritizing the needs of the armed forces and for allocating funds between the various cost centres and allotment holders. The Budget Committee follows this up with a series of meetings with these budgetary entities to review their requirements, including outstanding projects rolled over from previous budgets. These meetings are coordinated by the Department of Plans and Development.

The Budget Committee presents the resulting draft to the CDS. After this, the committee meets again for any amendments to the estimates. A final presentation is then made by the Budget Committee, led by the CDS, to the Minister of Defence.<sup>41</sup> Thereafter the approved draft estimates are submitted to the MOF.

The next stage is the budget hearing at the MOF. The MOD team, led by the minister, usually consists of the CDS and representatives of the Budget Committee, but not the service commanders. At the budget hearing, the Minister of Finance reviews the estimates with the MOD team and, after some negotiation, finalizes the ministry's ceilings for the year. The MOD team then returns to the ministry with this ceiling, re-examine the ministry's priorities and adjust the figures accordingly to arrive at the final estimates.

The final stage is when the MOD estimates are laid before Parliament. The team from the MOD that appears before the parliamentary hearing is led by the minister. At the meeting of the Parliamentary Committee on Defence and Interior, it is mandatory for the Minister of Finance to be present; this is not usually the case with other MDAs, where the presence of the Chief Director of the MOF is considered sufficient. The Parliamentary Committee in turn forwards its observations and recommendations to the floor of Parliament,<sup>42</sup> where the estimates are considered for final approval.

### *Procurement*

The structure of military procurement in Ghana, and control over the procurement process, has had a chequered history, as a result of both weaknesses in the

<sup>40</sup> The Budget Committee includes no representatives from the 3 services. This may reflect the limited financial role of the services and the service commanders. Planning input from the services emanates primarily from the service directors within the Directorate of Plans and Development, who are of lieutenant colonel rank (wing commander in the case of the air force and commander in the case of the navy). Many of the meetings of the committee are actually chaired by the deputy chairman, who is a military officer.

<sup>41</sup> In spite of its formal constitutional mandate, the Armed Forces Council appears to have no role in the budgetary process, although on at least one occasion in the past it has intervened with the Minister of Finance when it considered the budgetary allocation for the military to be too low.

<sup>42</sup> Open discussion of the defence estimates on the floor of the House (rather than merely in committee) did not resume until 1994.



system and tussles between the civil and military wings of the MOD.<sup>43</sup> The current procurement system involves several committees at various levels within the MOD and the GAF.

The first is the Procurement Planning Committee, which is chaired by the deputy minister and has a regular membership of about 12 (although others may be co-opted), including the civilian Chief Director, the CDS, the GHQ Chief of Staff and representatives of the services. This committee starts its work, which in theory includes determining priority acquisitions in the light of the funding available, after Parliament approves the military budget.

The recommendations of the Procurement Planning Committee are forwarded to the Defence Contracts Committee, which is chaired by the minister with the Chief Director as secretary. This committee approves acquisitions and gives the authorization to tender.

Procurement decisions on behalf of individual services are actually initiated by Service Technical Committees, which are ad hoc committees put together by the respective service whenever major acquisitions are being considered.<sup>44</sup> Their recommendations are forwarded to the CDS and then on to the MOD and the Defence Contracts Committee. The MOD is expected to be represented on these service committees but the critical staffing situation in the ministry means that this does not often happen.

Tendering is undertaken by the MOD's Tender Board, chaired by the minister. There are also tender committees which carry out limited procurement for specialized units: these are the Ordnance and Stores Procurement Committee (chaired by the Director of Ordnance), the Defence Engineering Services Procurement Committee (chaired by the Director of Engineering Services) and the Food Tender Committee (chaired by the Director of Supply and Transport).

This is the MOD procurement structure on paper. However, the actual process appears to be much messier, as several allegations of corruption and impropriety in recent years would suggest.<sup>45</sup> The procurement process is allegedly often short-circuited by the military under claims of 'urgency', citing the need to fill immediate operational requirements. The military have their own preferred equipment types and established links to suppliers. It is not unknown for the military to place orders, and thus commit the MOD to a pur-

<sup>43</sup> The procurement system was criticized as 'hopelessly outdated' by a British training mission that studied the operations of the GAF at the invitation of the government of Hilla Limann (1979–81). During the 1980s the State Supply Commission was also requested to examine the GAF's procurement system and make recommendations for improvement. The fact that a senior civilian official of the MOD could still claim in 1995 that the GAF have 'no procurement system to speak of' suggests that nothing came out of these initiatives. Saaka (note 31). Unsuccessful efforts to reform the system under Limann are discussed in Hutchful, E., 'Restructuring civil-military relations and the collapse of democracy in Ghana, 1979–81', *African Affairs*, vol. 96, no. 385 (Oct. 1997), pp. 535–60.

<sup>44</sup> Service commanders can authorize minor purchases.

<sup>45</sup> For instance, the circumstances surrounding the procurement of 4 Russian Mi-17 helicopters from Wellfind, under a special loan intended to resupply Ghana's peacekeeping forces, attracted considerable adverse press comment. The MOD and the minister himself have gone to some trouble to rebut these allegations. Aning, K., *Military Imports and Sustainable Development: Ghana Case Study* (African Security Dialogue and Research: Accra, 2003).

chase, before requesting authorization from the ministry. ‘Security’ is also used as an excuse for limiting transparency.

The formal procurement process has been an area of considerable friction and competition at the highest levels of the MOD. This was certainly the case with minister E. K. T. Donkoh and his military chiefs; Donkoh complained that everyone in the MOD was ‘running around trying to act as a procurement officer’.<sup>46</sup> Much of the current weakness in the system is blamed on the fact that the Procurement Planning Committee, which should coordinate procurement, is not functioning properly and has become virtually moribund.<sup>47</sup> This means that the individual services, rather than the MOD, are the driving force in procurement decisions, with adverse consequences for standardization and interoperability. The 1996 Kpetoe Board’s review of the GAF noted that ‘procurement within the MOD has generally been delegated to the GHQ directorates without adequate co-ordination and monitoring. Most major equipment acquisitions are done by individual services without any consultation with sister Services.’<sup>48</sup> This situation has not changed materially. Whether the 2003 Public Procurement Act, which seeks to regulate procurement practices across all public enterprises, makes a difference remains to be seen.<sup>49</sup>

## V. Assessment of the military budgetary process

### **Impact of the Medium-Term Expenditure Framework**

Even though the introduction of the MTEF has improved the military budgetary process, some problems have emerged. The principal problems are: revenue fluctuations and shortfalls, which have undermined predictability; and the late release of funds—and often no release at all—by the MOF, which means that many projects provided for under the approved budget frequently fail to materialize or fall far short of completion. In addition, actual expenditure bears little resemblance to approved budgetary allocations, with most ministries overshooting or, as is at least as often the case, underspending their allocations. In the armed forces, the shortfall areas are usually operational: fuel, rations, equipment, utilities and food. Finally, the lack of provision for contingencies means that unanticipated security operations—such as those in the Northern Region in 2001–2002<sup>50</sup>—and natural disasters can completely disrupt the military budget.

<sup>46</sup> Donkoh, E. K. T. (Lt Col.), Minister of Defence, Interview with the author, Burma Camp, Accra, 23 Aug. 2000.

<sup>47</sup> Interview with the author, Ministry of Defence, Accra, 30 Nov. 2004.

<sup>48</sup> Kpetoe Board (note 13).

<sup>49</sup> Public Procurement Act 2003, Act 663 (Government Printer: Accra, Dec. 2003), URL <<http://www.parliament.gh/>>.

<sup>50</sup> ‘Ethnic clashes in northern Ghana’, BBC News Online, 4 Dec. 2000, URL <<http://news.bbc.co.uk/2/1690746.stm>>.

On the whole, the budgetary allocations of MOD appear to be haphazard and unpredictable, although perhaps no more so than for other MDAs.<sup>51</sup> For FY 2003, the MOD proposed a total budget of 1.5 trillion cedis (\$187.5 million) but received an allocation of only 439.17 billion cedis (\$54.9 million). In FY 2004 the allocation was 636 billion cedis (\$74.4 million).<sup>52</sup> In the negotiations for the 2004 budget, the Minister of Defence invited the Parliamentary Committee on Defence and Interior to meet with the MOD and the service commanders at Burma Camp, site of the MOD and GHQ. In presentations to the committee members, the three commanders pointed to the severe degradation in capability which had occurred in their service as a result of underfunding and the Chief of Staff outlined the state of peacekeeping capabilities. While the presentations certainly had the desired impact on the parliamentarians, the budgetary allocation for FY 2004 does not suggest that it made a difference where it really mattered. This is not surprising considering the limited power of Parliament in this respect.

Under the MTEF, as under previous budgetary systems, both head *a*, personal emoluments, and head *b*, administration, are protected, while heads *c* and *d*, service activities and equipment or capital expenditure, tend to bear the brunt of cuts. Emoluments are by far the largest category in the budgets of all ministries. This means that the ability to deliver service and sustain core functions—the goal of the MTEF—suffers, undermining the whole notion of ‘results-oriented budgeting’.

Another feature is the large, and sometimes hidden, deficits carried by all ministries from year to year in the form of unpaid bills. For instance, by 2001 the MOD had outstanding utility bills of 26.8 billion cedis (\$3.6 million), leading to threats to cut supply and an ongoing dispute between the MOD and the MOF as to who was going to settle these bills. There was also another ‘off-budget’ outstanding bill of 94.87 billion cedis (\$12.9 million) made up of both local claims and foreign contractual obligations,<sup>53</sup> which the MOF had allegedly agreed to settle. The local claims included unpaid bills to food contractors and other suppliers; the MOD usually deals with this situation by simply moving on to new local suppliers. According to the MOD, total GAF indebtedness to the Tema Oil Refinery amounted to over 60 billion cedis (\$6.7 million) in late 2004, attracting annual interest at a rate of 45 per cent.<sup>54</sup>

The MTEF’s requirement for quarterly expenditure reports by MDAs is often not observed. Evaluations of ‘outputs’ are supposed to be carried out by the MDAs themselves, rather than by an independent agency. These reports have

<sup>51</sup> As the officer in charge of orchestrating the military budget complained, ‘the MOF comes up with figures totally unrelated’ to the budgetary needs and submissions of the GAF, even though the military deliberately ‘aims at the barest minimum [required] to keep afloat’. Abdulai, A. K. (Brig.), Director-General for Plans and Development, Interview with the author, General Headquarters, Burma Camp, Accra, 10 Jan. 2003.

<sup>52</sup> Interview with the author, Ministry of Defence, Accra, 30 Nov. 2004.

<sup>53</sup> Parliamentary Committee on Defence and Interior, ‘Report from the Select Committee on Defence on the 2001 draft annual estimates for the Ministry of Defence’, Accra, Mar. 2001.

<sup>54</sup> Interview with the author, Ministry of Defence, Accra, 30 Nov. 2004.

tended to receive little attention and are in any case difficult in the current situation of unpredictable resource flows.

Interviews by the author with budget officials in the MOD and elsewhere suggest some disillusionment with the MTEF. There is a widely held opinion that the MTEF has failed to transform the financial environment for, and the basic approach to, budgeting. In particular, persistent revenue instabilities and budget cuts have undermined the predictability and 'strategic vision' supposedly associated with the MTEF. Budgetary allocations and adherence to the budget continue (as in the past) to hinge on resource availability. Thus, the budgetary process continues to be very much input-driven; in this sense, the power and intrusiveness of the MOF have in no way diminished.

All MDAs have responded by retreating into old and familiar budgetary habits, such as 'incremental budgeting'. According to the former Chief Director of the MOD who was responsible for implementing the MTEF in the ministry, the budgetary process in the MOD is 'no different from the past': 'we are still doing the [same] old thing'.<sup>55</sup> In his view, the MTEF is 'meaningless'. Figures are frequently arrived at by guesswork and are not based on any realistic projections. Budgeting has come to be seen as a 'mere academic exercise' and budget estimates thus have no sense of priorities. The MOF does not query this situation and fails to exercise appropriate controls because the MOF itself lacks commitment to the process.

The notion of 'strategic planning' has never been taken very seriously in the MOD. The MOD's statement of 'objectives' does not appear to be supported by any of the basic elements of strategic planning, such as a threat assessment; the identification of strategic options; and decisions regarding force structure, training and weaponry. This is not surprising given that there is still no defence policy on which to base the statement.

In the absence of a defence policy and strategic framework to guide the planning process, the CDS issues an OpTraLog (Operational, Training and Logistics) statement, which incorporates the GHQ's Policy Guidelines and Strategic Aims and addresses the roles of its departments. This has grown from the one- or two-page annual 'Strategic Letter' or 'Defence Directives' issued by previous CDSs to a 39-page document in its 2002–2003 version. However, the OpTraLog statement is still focused almost entirely on internal security threats; with the exception of peacekeeping and ECOWAS commitments, there is little discussion of an external role.

The output-oriented MTEF poses particular problems for the MOD. The type of outputs contemplated by the MTEF are not easily quantified in the case of an institution such as the MOD. How can 'security' be measured? When are people more, or less, secure? The problem is exacerbated by the marginal role played by the Governance and Public Safety Sector in the Poverty Reduction Strategy, which now forms the framework for evaluation of outputs.

<sup>55</sup> Saaka, S. S., former Chief Director of the MOD, Interview with the author, Accra, July 2002.

### Extra-budgetary expenditure

Although its magnitude is hard to determine, there is no doubt that the use of extra-budgetary sources to offset the decline in military expenditure since the 1980s has become an important feature of military spending on new equipment and contingency expenses, particularly in meeting the needs of the air force and the navy. Indeed, a former CDS describes the military as 'notorious in extra-budgetary expenditures'.<sup>56</sup> This resort to off-budget spending, and the fact that for much of the 1980s defence expenditure was excluded from the official budget, presents a challenge to obtaining a true picture of Ghana's military spending.<sup>57</sup> This is particularly the case since the funds for most major acquisitions and refits do not necessarily come from the formal military budget approved by Parliament but are more likely to come from extra-budgetary sources: from Ghana's external peacekeeping accounts in particular and, in one recent instance, from a commercial loan. On the other hand, it is worth remembering that major military acquisitions of any kind have been few and far between.

There are several sources of extra-budgetary revenue. The first is the New York-based accounts of the Ghanaian United Nations peacekeeping forces. There are apparently several of these accounts; the exact number could not be established. The conduct of these accounts is characterized by lack of transparency. What seems clear is that the accounts have been a crucial, but not necessarily large, source of funding for military purchases. According to senior military and civilian officials in the MOD, most of the capital expenditure of the military is from these accounts.<sup>58</sup> However, these accounts cover not only capital spending: in one year the military withdrew about \$500 000 to meet its food bill arrears.<sup>59</sup> Such expenditure appears to have been authorized directly by the President and is not reflected in the annual military budgets.<sup>60</sup> In addition to their use for military procurement, past governments have apparently also dipped into these accounts for a variety of undisclosed purposes, such as down-payment for the lease of a presidential jet.

<sup>56</sup> Dumashie, H. K. (Air Marshal), former Chief of Defence Staff, Written communication with the author, Aug. 2002.

<sup>57</sup> Both the International Monetary Fund and the Ghanaian MOF admitted in the mid-1990s that it was difficult to determine with any accuracy the actual levels of military expenditure. For this reason, this chapter refrains from alluding to any hard figures and from trying to reconcile the different data sources. For a relevant discussion see Omitoogun, W., 'Ghana', *Military Expenditure Data in Africa: A Survey of Cameroon, Ethiopia, Ghana, Kenya, Nigeria and Uganda*, SIPRI Research Report no. 17 (Oxford University Press: Oxford, 2003), pp. 49–62.

<sup>58</sup> Hence, purchases of new equipment do not appear in the published military budgets. Donkoh (note 46); and Dumashie (note 56).

<sup>59</sup> Donkoh (note 46).

<sup>60</sup> The accounts are controlled directly by the Office of the President and administered by the Controller and Accountant-General. Applications for withdrawals go directly to the Office of the President, which authorizes the Controller and Accountant-General, who in turn notifies the Chief Treasury Officer in New York. Since 1998, however, the MOF has been responsible for transfers into (and out of) the accounts. Parliament, which urged an audit of the accounts in 2001, does not appear to have any control.

The size of these offshore accounts directly reflects the scale of Ghana's peacekeeping activities, which, as one of the largest troop-contributing countries to the United Nations, are extensive. Such activities are increasingly regarded by the GAF, like many other countries' armed forces, as a form of 'commercial' investment.<sup>61</sup> In recognition of this, in 2002 the MOD proposed, and Parliament approved, a loan of \$55 million from Barclays Bank to procure equipment (including four transport helicopters) to support Ghana's peacekeeping efforts. Similarly, after many years of almost uninterrupted degradation in force levels—currently less than a third of approved maximum force levels—the government has decided to recruit an additional 4000 troops specifically to boost peacekeeping capability. In addition to helping subsidize military spending at a time of severely contracted military budgets, peacekeeping missions have served as an important, and much prized, source of official patronage, allowing troops to supplement their meagre wages and to acquire a variety of goods not available to them in Ghana.<sup>62</sup>

A second source of 'under the table' expenditure is from contingency funds from elsewhere in the governmental machinery, provided to respond to crises such as natural disasters and the conflicts in the Northern Region.

A third source of extra-budgetary revenue is the military's own services and economic operations, such as the Military Hospital in Accra and the now-ceased Airlink domestic flight operations. Like the peacekeeping funds, this revenue is termed 'internally generated funds'; the Ministry of Finance allows MDAs to draw on a certain proportion of such funds to support their expenditure. Here again, the problem is that of transparency: the exact scale of the revenue from these internal sources is unknown—even to the civil wing of the MOD—and this information has been jealously protected by the military.<sup>63</sup> However, this lack of transparency is being gradually eroded. General Headquarters is now required by the MOD to submit monthly returns of revenue from its internal operations, although the returns are not yet monitored, and there is some scepticism within the ministry as to their comprehensiveness.

### **Parliamentary oversight of the budgetary process<sup>64</sup>**

Parliamentary oversight of the military budget, such as it was, resumed in 1993 when the legislature reconvened after some 11 years of military rule. The frequent interruptions of constitutional rule by military coups since independence

<sup>61</sup> Adu-Amanfo, F. (Brig.), Director of Defence Intelligence (and an expert on peacekeeping), Presentation to Parliamentary seminar, GAF Command and Staff College, Accra, 24 July 2004.

<sup>62</sup> Erskine, E., *Mission with UNIFIL: An African Soldier's Reflections* (Hurst and Company: London, 1989), p. 156.

<sup>63</sup> Past and current Chief Directors of the MOD have spoken about the difficulty of obtaining data on this income from the armed forces. A long-serving Chief Director claims that he did manage to get such information from the Chief of Staff in GHQ, but purely as a 'personal favour'. Saaka (note 55).

<sup>64</sup> This section draws heavily on Hutchful, E., 'Parliamentary oversight of the security sector', Paper presented at a workshop on Security Sector Reform and Democratization in Africa: Comparative Perspectives organized by African Security Dialogue and Research, Accra, Feb. 2002.

had made it difficult for Parliament to build consistent traditions of reviewing military spending or to benefit from a learning curve.

The work of the Parliamentary Committee on Defence and Interior started in earnest in 1994 with visits to military installations. The 'awful conditions' encountered by the committee,<sup>65</sup> in barracks, hospitals and operational facilities, resulted in the committee becoming, in its own words, 'sympathetic to the cause of the military' and a cornerstone of support for increased military spending.<sup>66</sup> Since then, in its recommendations to the House, the committee has been consistent in its demands for greater budgetary support for the armed forces. For example, in 2000 the committee reported that 'over the years the Ministry of Defence has been under financed resulting in deterioration and in many cases total run-down of logistic facilities and welfare infrastructure. The Military has had to always employ her professional competence, discipline and loyalty to accomplish its mission in the face of acute deficiencies.'<sup>67</sup>

The committee has tried to make the MOF pick up the massive deficits which the MOD, like other ministries, has been forced to carry from year to year as a result of inadequate budgets. It has also tried to secure subsidies for the defence budget by advocating that the cost of certain expenditure and investment be borne by other government or public agencies, including local governments.

However, the committee's sympathy for the military should not disguise the difficulties that it has encountered in trying to execute its functions of evaluating spending proposals from the armed forces. The committee has no permanent or specialized staff and thus has limited expertise for analysing the budget. Its first chairman, retired Lieutenant Colonel Ebenezer Anku-Tsede, was dependent on the assistance of the military command when preparing reports to Parliament. Because the committee had no office of its own, instead of the military coming to Parliament, budget meetings have sometimes been held in military camps. This psychological atmosphere has not been conducive to the work of the committee.<sup>68</sup> The committee has often found that it lacks data critical for making a proper evaluation of the defence estimates. On the other hand, Parliament and the committee have not consistently pressed for expanded or independent access to data, on the assumption that this will not be forthcoming.<sup>69</sup> This relates to a broader problem: a tradition of self-censorship within Parliament. Parliament has never fully resolved the issue of how far it can or should go in considering the military budget, nor whether it has the right

<sup>65</sup> Anku-Tsede, E. (Lt Col. (rtd)), former chairman of the Parliamentary Committee on Defence and Interior, Interview with the author, Accra, July 1996.

<sup>66</sup> 'Report of the Committee on Defence and Interior on the Working Visit to the Air Force Stations in Takoradi and Tamale on 11th and 18th July 1994, Second Session of the First Parliament of the Fourth Republic', Parliament of Ghana, Accra.

<sup>67</sup> 'Report to the House on the Armed Forces Estimates for 2000', Parliament of Ghana, Accra, p. 8.

<sup>68</sup> Ackah, J., ranking member (and former Chair) of the Parliamentary Committee on Defence and Interior, Interview with the author, Accra, Feb. 2002.

<sup>69</sup> Ackah (note 68). According to Ackah, the intelligence estimates (presented to the Finance Committee as part of the budget of the Office of the President) represented an even greater challenge from the point of view of transparency.

to debate it openly or on the floor of the House.<sup>70</sup> Oversight of procurement has been equally limited: during the presidency of Jerry Rawlings, the committee seemed aware that arms and equipment (such as the G3 rifle and armoured vehicles) were being procured ‘under the table’, but took no action.<sup>71</sup> Equally, there has been no parliamentary oversight of the peacekeeping account held in New York, a source of extra-budgetary funds of some significance, even though the Auditor-General was asked to audit this account in 2001.

The lack of a formal defence policy means that there is no framework within which to discuss and evaluate issues of defence and defence budgeting. The work of the Parliamentary Committee in this area, and of Parliament generally, has thus been lacking in policy content and debate. As suggested above, the introduction of the MTEF has not resolved this problem. Like the Ministry of Defence itself, the committee has focused overwhelmingly on welfare issues as they affect soldiers, and these issues have formed the core of discussions of the budget with the minister and the MOD.

However, Parliament has begun to investigate this absence of a defence policy. For example, in a debate on the annual estimates of the MOD for 1997, J. H. Mensah, the parliamentary leader of the then-opposition New Patriotic Party (NPP), demanded that the MOD ‘furnishes the House with a Defence White Paper against which we might be able to consider its budget in subsequent periods. . . . it certainly does not seem to me a very effective way of doing our job as a democratic Parliament to vote appropriations for a Ministry without any idea whatsoever about the policy that is to be implemented with those appropriations’.<sup>72</sup>

Two other controversial issues that Parliament has sought to tackle—although not particularly forcefully or successfully—are the auditing of military weaponry and the off-budget spending of the armed forces. In the first case, the refusal of the military to give the Auditor-General access to military stores was brought to the attention of the Public Accounts Committee and debated in Parliament.<sup>73</sup> The armed forces were urged to discuss the issue with the National Security Council and the government and to present Parliament with proposals as to how far auditing of military stores should go. However, it is not certain that even this permissive posture has produced any positive results.<sup>74</sup>

Regarding the issue of off-budget military revenue and expenditure, Parliament has complained about the secrecy surrounding the peacekeeping account. The response has been that, since every member of the armed forces knows how the peacekeeping funds are spent, there is no ‘secrecy’ about it within the

<sup>70</sup> *Parliamentary Debates* (Accra), 14 Aug. 1981, columns 1797–99.

<sup>71</sup> Anku-Tsede (note 65).

<sup>72</sup> Mensah, J. H., *Parliamentary Debates* (Accra), 19 Mar. 1997, column 2205.

<sup>73</sup> Mensah, J. H., *Parliamentary Debates* (Accra), 24 Mar. 2000, column 4189.

<sup>74</sup> See also the discussion on auditing below.



military itself.<sup>75</sup> This hardly addressed the question and again demonstrates the limited influence of the legislature when it comes to issues of defence spending.

Nevertheless, the Parliamentary Committee has enjoyed a good working relationship with the military high command. It is not always clear, however, that the positive sentiments expressed by Parliament are reciprocated. Senior MOD officials see the MOF, not Parliament, as the real powerhouse. It has become obvious to the MOD that Parliament and the Parliamentary Committee on Defence and Interior have no real impact on the defence estimates. A senior official of the MOD described discussions with the Parliamentary Committee as a ‘sheer waste of time’, complaining that it ‘cannot add a pesewa’ to the defence estimates.<sup>76</sup>

Parliament is not the only institution with an interest or role in the oversight of military expenditure. Non-governmental organizations (NGOs) and the Ghanaian media have shown increasing interest in the national budgetary process and increasing sophistication in engaging with it and with a range of public policy issues, particularly those connected with the Poverty Reduction Strategy. The opportunity for this increased engagement has been created by the growing transparency of the budgetary process, by the increasing receptiveness of parliamentarians themselves and by various projects—including one funded by the US Agency for International Development, USAID<sup>77</sup>—designed to build bridges between Parliament and NGOs. However, this interest has yet to extend to the military budgetary process itself, although both NGOs and the media maintain a sharp, but not always sympathetic or well-informed, vigilance on military expenditure and procurement,<sup>78</sup> and they thus play a potentially important oversight role.

A small number of NGOs—African Security Dialogue and Research, the Ghana Centre for Democratic Development, and the Foundation for Security and Democracy in Africa—have been working closely to broaden the capacity of the Parliamentary Committee to deal with military and security issues, as well as facilitating dialogue and interactions between the security and civil sectors, a situation unimaginable only a few years ago.

### **Auditing and financial control**

Probably the most contentious issue to arise in recent years with regard to military expenditure is whether the Auditor-General’s Department has the right to audit the accounts of the Ministry of Defence, as it does for other ministries and public agencies. In fact, the debate has been less about auditing the financial accounts—which has been done routinely—than the right to audit so-called

<sup>75</sup> Donkoh, E. K. T. (Lt Col.), responding to Mensah (note 73), *Parliamentary Debates* (Accra), 24 Mar. 2000, column 4189.

<sup>76</sup> Saaka (note 55). A ‘pesewa’ is figuratively a ‘penny’ or a ‘cent’.

<sup>77</sup> This is USAID’s Democratic Governance Program; see URL <<http://www.usaid.gov/missions/gh/democracy/background/>>.

<sup>78</sup> See Aning (note 45).

‘warlike stores’. The 1999 Auditor-General’s Report complained that the team that audited the MOD had been denied access to certain stores that included such items as arms, ammunition and aircraft on grounds of ‘security’.<sup>79</sup> The military has reiterated this position in various forums.<sup>80</sup> Although this resistance to audit has officially been justified on the basis of ‘national security’, it could equally be related to the corruption that has sometimes characterized the procurement process. It is not clear whether this deadlock has been resolved.<sup>81</sup>

The issue of overall financial control also remains unclear. As indicated above, the Armed Forces Regulations, which date back to 1970, had made the Defence Financial Comptroller responsible for all matters relating to finance in the MOD as well as financial adviser to both the CDS and the Chief Director. The DFC was also responsible for internal auditing of the armed forces since the office responsible for this function, the Internal Audit Department, fell under his establishment. However, following the reorganizations introduced by the 1993 Civil Service Law, a new Division of Finance and Administration was created in the Office of the Chief Director, responsible for all financial matters relating to the MOD. The exact demarcation of power and responsibilities between the (civilian) Director of Finance and Administration and the DFC—who continues to be the chief disbursing and accounting officer for the armed forces and, to all intents and purposes, for the ministry as well—remains to be clarified. Underlying this issue is the deeper, and even more vexed, question of the relationship between the CDS and the Chief Director. Acknowledging the civilian Director of Finance and Administration as the ultimate financial authority in the ministry implies that the CDS would have to report the financial business of the armed forces to this officer, thus subordinating the CDS indirectly to the Chief Director. Hence, there have been suggestions that the civilian director should be responsible only for the civil branch of the ministry.

## VI. Conclusions

Military budgeting in Ghana has many historical weaknesses, but there have also been some recent improvements, both in terms of the size of the budget and in terms of the budgetary process. The budgetary process has traditionally been driven by financial imperatives, and hence by the Ministry of Finance, rather than by strategy or doctrine. This is true for the public sector as a whole, the MTEF notwithstanding. While the extent to which the presence of a strategic policy framework would have alleviated these financial constraints is debatable, its absence has aggravated the problem and inhibited better management of scarce resources.

<sup>79</sup> *Parliamentary Debates* (Accra), 24 Mar. 2000, column 4041.

<sup>80</sup> For instance, the Director of Defence Intelligence, Brig. Adu-Amanfo, repeated this argument at the Ghana–South Africa Roundtable on Security Sector Reform and Democratization sponsored by African Security Dialogue and Research, Ministry of Defence, Accra, 8 June 2000.

<sup>81</sup> See the discussion on Parliament above.

There have been efforts to correct the most egregious shortcomings of the budgetary process. The most notable recent developments are the introduction of the MTEF and the reintroduction of parliamentary oversight—one the result of and the other incidental to democratization. However, within the armed forces there have also been modest changes. In place of a defence policy, the CDS issues an OpTraLog statement. The GAF have also adopted a long-term equipment rehabilitation and replacement programme, although it is not clear what this is based on, in the absence of threat analysis.

Another quiet but significant development is the key role assumed since 1997 by GHQ's Department of Plans and Development in coordinating the military budget, having orchestrated the introduction of the MTEF, and providing some semblance of a planning process

A more questionable development, given this context, is the extension of the armed forces' mission, both imposed and self-assigned. The 'mission creep' into civil and development areas is reflected in the rather vague and self-serving phrases in the MOD's recently revised mission statement, in particular, new references to the 'protection of the vulnerable and excluded'. The focus on poverty reduction has meant that the military has extended its objectives to include socio-economic goals, such as disaster management, extension of health services to civilians and the opening up of the Afram Plains to development, as core rather than secondary goals. However, lack of funding has not permitted even these modest developmental goals to be accomplished.<sup>82</sup>

The return to a parliamentary regime has also had a positive, if marginal, impact on the military budgetary process in several ways. For example, parliamentary oversight has resulted in somewhat greater transparency with regard to the armed forces. Having been unavailable for years, relatively detailed armed forces estimates are once again available to the public through the records of the parliamentary debates.<sup>83</sup> The need for ministers to respond to questions in Parliament on the budget has also helped to some degree to consolidate ministerial authority in the MOD. The introduction of the MTEF has facilitated this process in a variety of ways, one being to integrate military budgeting more closely into the overall public expenditure management system. Equally, the many problems in the execution of the MTEF have placed real limitations on the ability of the political authorities, and Parliament in particular, to carry out the policy and oversight functions associated with this new public expenditure management tool.

A major question remains the capacity of civilian policy, planning and oversight institutions in general and the MOD in particular to execute their assigned

<sup>82</sup> For instance, as its contribution to 'poverty alleviation' in 2002, the GAF were asked to pick 3 districts from the 3 most deprived regions for extension of health services. The selection was made, but the funding to execute the project never materialized.

<sup>83</sup> The defence estimates for 1995 and 1996 were formally published in separate documents, a practice that was not continued. Republic of Ghana, *Annual Estimates for 1995*, vol. 21, *Defence* (Ghana Statistical Service: Accra, 1995); and Republic of Ghana, *Annual Estimates for 1996*, vol. 21, *Defence* (Ghana Statistical Service: Accra, 1996).

roles. The MOD has still not been able to develop a defence policy framework, and thus exercises little policy direction over the military; ‘policy initiatives’ at the ministry continue to involve approving policies and programmes originating from GHQ, leading to a tendency to see the MOD as an appendage to the armed forces rather than the driving force.<sup>84</sup> Even though there is a Planning, Budgeting, Coordinating, Monitoring and Evaluation Division in the MOD, it does not have the capacity to function properly. A key problem is the unsatisfactory personnel situation in the MOD: the ministry has few senior or trained civilian cadres. Of the four directors mandated by the 1993 Civil Service Law, only one has so far been appointed. Until recently there was frequent rotation of senior personnel—essentially civil servants transferred, often unwillingly, from other ministries, in most cases moving on after only three or four years. There are no professional career lines and few of the training programmes and incentives that are available elsewhere in the civil service.

The Performance Improvement Programme (PIP), supported by the British Government and its Defence Advisory Team, aims to enhance the performance of the MOD by improving its organizational and management structure and human resource capability; establishing a management information system; and relocating the ministry from Burma Camp, the main military barracks in the capital. The PIP has moved very slowly, however, and appears to lack the necessary political commitment.<sup>85</sup>

The ultimate, but rarely stated, purpose of the PIP is to rebalance the relationship between the MOD on the one hand and GHQ and the GAF on the other by shifting powers and functions from the latter to the former. The MOD’s Beneficiary Survey of April 2000 put the issue fairly bluntly, arguing that ‘The supremacy of MOD over GAF would need to be put beyond any shadow of doubt particularly with the return of the country to Constitutional rule’.<sup>86</sup> Given the present level of complacency within the MOD, this is unlikely to happen soon.

<sup>84</sup> Beneficiary Survey (note 25), p. 21.

<sup>85</sup> The PIP commenced as part of the Civil Service Performance Improvement Programme, which ran from 1997 to 2001. However, the programme in the MOD showed little progress until an agreement was negotiated for British support in 2001. Support from the Defence Advisory Team runs until 2006.

<sup>86</sup> Beneficiary Survey (note 25), p. 3.