

# Promoting financial oversight: An essential element to democratic governance of the security sector in the Sahel

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## 1. Introduction

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In the Sahel as in other parts of Africa and the world, financial oversight of the defense and security sector is a sensitive and often opaque topic. Oversight is constrained by both the desire for autonomy of financial operations and the need to protect information that could undermine national security. *The Transparency International Defense & Security Index 2021* reveals that 62% of states' defense and security sectors, including those in the G5 Sahel, present a high risk of corruption. The financial oversight "ecosystem" faces significant challenges in governing this sector more efficiently.

In risk prone regions such as the Sahel, reform of the security sector based on the values of accountability and transparency, as well as organizational efficiency and effectiveness, is one of the solutions towards better performance and a means to more legitimate armies and states. While these issues have long been ignored, they're increasingly recognized as key factors in establishing stable, democratic governance geared toward public and national interest.

Within this context, the DCAF supports national and regional institutional debates, deliberations, and actions to detect shortcomings, identify challenges, and share financial oversight good practices in the defense and security sector.

This note briefly presents the state of play of financial oversight in the Sahel and analyzes the effects of financial and procurement reforms in the security sector. This note also touches on national defense secrecy from the same perspective, namely for better security sector governance.

## 2. The security sector's democratic oversight: parliaments, supreme audit institutions, civil society, and engaged media

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The priority of financial oversight of the security sector figured prominently in the Summit of G5 Sahel Heads of State and Government held in Ndjamena on 16 February, 2021.

Point 15 of the *final communiqué* states that: "*The G5 Sahel heads of state committed to **strengthening and modernizing their defense equipment, through security sector governance reforms to improve human resource management, increase transparency, including financial transparency, and by providing resources adapted to the encountered threats. They reiterated their commitment to ensuring that defense and security forces respect international human rights and international humanitarian law (IHL) standards and committed to implementing effective accountability mechanisms***".

This political commitment results from the investment of parliaments, supreme audit institutions, civil society organizations, and the media to first put the issue on the reform agenda and then to follow up with action and lobbying.

In fact, despite relatively limited knowledge<sup>1</sup> and significantly differences regarding the specificities<sup>2</sup> of defense and security sector finances from one country to another, **the institutions in charge of administrative, jurisdictional, parliamentary, and citizen oversight are increasing their interrogations, hearings, investigations, indictments, and reform proposals to improve transparency and accountability in this sector.**

For example, in Burkina Faso, following a complaint from the National Anti-Corruption Network for “offense of appearance and illicit enrichment”, the Public Prosecutor’s Office of Ouagadougou initiated the prosecution for “forgery and use of forgeries, money laundering and offense of appearance” against the former Minister of Defense, Jean-Claude Bouda, who was incarcerated on 26 May, 2020<sup>3</sup> and provisionally released on 22 October, 2020<sup>4</sup>.

In Mali, a case related to the purchase of military equipment, dismissed in 2018, was the subject of a new judicial investigation in April 2020 following the 2019 report from the Office of the Auditor-General, which “noted severe breaches of financial and accounting orthodoxy”<sup>5</sup>.

In Niger, parliamentarians from the Defense and Security Committee of the National Assembly, supported by DCAF, conducted an oversight and accountability mission in the Dosso region (Dosso, Doutchi and Loga, 8-11 December, 2021). A few months earlier, civil society<sup>6</sup> and the national press<sup>7</sup> had revealed and mobilized public opinion on the misappropriation of funds in the Ministry of Defense, which had been the subject of a report from the General Inspectorate of the Armed Forces.

In Mauritania, the National Anti-Corruption Alliance (ANLC) is building a network of institutional and civil society actors to support advocacy for the defense and security sector’s financial oversight, highlighting military and security services’ performance and legitimacy.

In the G5 Sahel states, Burkina Faso, Mali, and Chad have been in military transition since 2020<sup>8</sup>, and defense and security budgets have increased significantly<sup>9</sup>. Defense spending is among the largest items in state expenditure. This increase is relative, however; in 2018, for example, military spending represented around US\$239 per person worldwide, but only US\$35 in Mauritania, US\$26 in Mali, US\$16 in Burkina Faso, US\$15 in Chad, and US\$10 in Niger. It nonetheless represents 12-20% of state budgets<sup>10</sup>.

Given the size of the territories and the population, there’s still room for progress to consolidate the financial efforts made in the security sector as these states become

1. The results of questioning administered during training activities organized in 2021 in Burkina Faso, Mali, Mauritania, and Niger for the benefit of elected officials, SDF personnel, journalists, and civil society activists in the context of this theme show that most participants (nearly 60%) do not know the principles of Security Sector Governance and Reform (SSG/R).

2. The specificities of defense and security finance differ from one country to another and are determined by the submission of states to the rules and practices of public finance enacted and promoted in a regional grouping (WAEMU for Burkina Faso, Mali, and Niger and CEMAC for Chad); as well as by the level of democratization of these states and the links between the military institution and the political actors. The knowledge of the actors (identified above) of these specificities also varies from one country to another and varies between 25 to 50% of the respondents.

3. <https://www.jeuneafrique.com/988711/societe/burkina-lancien-ministre-jean-claude-bouda-incarcere-pour-enrichissement-illicite/> accessed on December 20, 2021.

4. <https://lefaso.net/spip.php?article100145> accessed on December 20, 2021.

5. <https://www.jeuneafrique.com/919889/societe/contrats-darmement-surfactures-au-mali-des-proches-dibk-dans-loeil-du-cyclone/>

6. The Network of Organizations for Transparency and Budget Analysis (ROTAB), Alternative Espaces Citoyens (AEC) and the section of Tournons La Page (TLP) filed a complaint against X in this case with the prosecutor’s office of the Niamey high court in December 2020.

7. Moussa Aksar, l’Évènement Niger, <https://levenementniger.com/niger-malversations-au-ministere-de-la-defense-718-milliards-de-fcfa-captés-par-des-seigneurs-du-faux/> accessed on December 20, 2021.

8. In Mali since the coups of August 18, 2020 and May 24, 2021; in Chad since the death of President Idriss Déby Itno on April 20, 2021 and the establishment of the transitional military government; and in Burkina Faso since the overthrow and forced resignation of President Kaboré on January 24, 2022 and the establishment of a military transition.

9. These budgets have doubled or tripled, depending on the country, over the last five years. See SIPRI military expenditure database [https://sipri.org/sites/default/files/SIPRI-Milex-data-1949-2020\\_0.xlsx](https://sipri.org/sites/default/files/SIPRI-Milex-data-1949-2020_0.xlsx)

10. SIPRI military expenditure data base and World Bank data <https://donnees.banquemondiale.org>

wealthier<sup>11</sup>, which is both a prerequisite and an end to its development. Furthermore, as bigger budgets do not automatically mean more security for the population, security sector oversight institutions are increasingly committed to good governance requirements regarding executive authorities and security providers. This helps to create the conditions for effective public spending on security.

These oversight institutions must set an example in implementing their legal mandate. **They must equip themselves with the analytical tools to interpret financial data and consolidate their credibility, essential to gaining complete trust from other key actors.**

### **3. Financial and procurement reforms and their knock-on effect on security sector governance**

In the Sahel, in the WAEMU zone (Burkina Faso, Mali, and Niger) and outside (Mauritania and Chad), the public finance reforms implemented progressively over the past ten years aim to **create a legal, accounting, and statistical structure for performance-based budgetary management**, including programme-budgets by sector, as well as **fairer and more inclusive forecasting, analysis and assessment tools at all stages of the budget cycle**. From preparing to assessing the State budget, from the initial finance law to the settlement law, the public finance reforms are put in place for better transparency, performance, and accountability. Directive N°01/2009/CM/UEMOA on the code of transparency in public finance management within WAEMU, a directive of 54 articles divided into 7 parts, enacts the principles that should guide public revenue and expenditure, emphasizing the legality and publicity of public financial operations, the integrity of actors, and the sincerity of budgetary provisions, among others.

Regarding inclusiveness and accountability, civil society organizations (especially non-profit organizations and trade unions) are increasingly invited to comment on the budget estimates in prior to and during parliamentary discussions.

The public procurement reform, part of the public finance reform, has the same objectives and involves setting up a legal framework and bodies to manage, oversee, and regulate state expenditures on goods, services, and public works.

The various accounting requirements introduced with the new public finance management frameworks have - or will have - a positive effect on the security sector's financial governance. In fact, armies and security services will have to present programme-budgets and keep accounts that provide regular information to supervisory bodies on the state's assets and property, including military assets. Preparing, voting on, and executing military programming laws in some countries, such as Mali and Burkina Faso, is already a step forward in the multi-annual planning effort. Similarly, the gradual opening, albeit still limited, of defense and security contracts that have no military nature or specificity (office supplies, furniture, etc.) to the general rules of public procurement to the impairment of derogatory regulations<sup>12</sup> which are not always justified and likely to generate situations and acts of corruption, represents significant progress. In this context, calls for tender are increasingly subject to the general rules of public procurement and encourage competition between suppliers and transparency in financial transactions.

The knock-on effect of these reforms on financial oversight in the security sector is therefore positive in that it allows rules and practices to progress towards greater transparency and efficiency with systematic and random audits and controls.

In the G5 Sahel states, the performance of administrative, parliamentary, jurisdictional, and civilian oversight in the security sector - in terms of resources, frequency, capacity to identify risks

<sup>11</sup>. The President of the Republic of Niger announced at the 7<sup>ème</sup> international forum in Dakar on peace and security in Africa, a quadrupling of the number of personnel - and therefore of the budget - of the Nigerien armed forces over the next five years.

<sup>12</sup>. In general, the derogations concern restrictions on advertising measures and favor restricted consultations or even direct negotiations.

and underline mismanagement to civil servants and political leaders who authorize or manage funds - is not identical from one country to another. For example, the annual renewal of the bureau of the Defense and Security Committee (and other standing committees) in the National Assembly of the Islamic Republic of Mauritania does not allow this committee to properly play its oversight role on behalf of the parliamentary institution. By contrast, its counterpart in Niger can establish a work program for the duration of the council with more structured interventions.

Currently, oversight and audit mechanisms within the armed forces and security services exist, even though they are partnered with crucial external controls and audits. These controls are still minimal, mainly because of the almost systematic plea of “defense secrecy” and because it’s difficult for institutions to access information. In addition to the operational management of public security entities, these mechanisms also serve to build and preserve trust within institutions and between them and the general public.

#### 4. Framing national defense secrecy and the challenge of transparency

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“Defense secrecy” or “national defense secrecy” is a protection mechanism that defines access to certain government or military documents restricted by law or regulation to a specific group of people for national security reasons.

In the Sahelian and other states, the absence of legal precision and an organized system means that notion of “national defense secrecy” is invoked in a broad way<sup>13</sup> so the control from all executives, defense, and security forces can be removed.

The Sahelian states do not have specific legislation to frame national defense secrecy. However, there is no legal void. The concept is addressed in the laws that govern the armed and security forces, indicating the obligations to which

agents are subject in relation to the information to which they have access.

It is dealt within the public procurement codes, which remove defense and security contracts from the general regime and provide for derogatory authorities in terms of procedures.

Finally, defense secrecy is also addressed in criminal laws that punish the disclosure, undue access to, and exploitation of information that could harm the state’s strategic interests and national security.

Therefore, the legal framework remains incomplete because the classification levels, the information and eligible documents for classification, the criteria for authorizing persons to produce and access this type of information, the procedures for authorization and declassification, etc. remain largely under-regulated, and this hinders the regulation of the bodies invested in this prerogative.

**Without access to information, oversight and transparency are compromised. So too is democracy, as checks and balances cannot function effectively, and trust between institutions and the public is impaired.**

This trust is essential for the defense and security forces' legitimacy and operational effectiveness.

#### 5. Conclusion and recommendations

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Ex-ante and ex-post financial oversight in executing public security expenditure is a major challenge in the democratic governance of the Sahelian security sector. Progress in this area is and will be fundamental to the transparency, credibility, effectiveness, and accountability of democratic government in the Sahel and beyond.

In light of the above-mentioned shortcomings, the actors in the expenditure and control chain can invest in the following recommendations:

<sup>13</sup> The abusive nature of this is due to its almost systematic invocation during controls, as expressed by most of the participants in the various training activities carried out by DCAF from the control institutions and claimed or even justified by certain senior officers of the SDF.

1. The prevention of fraud and other financial offenses by strengthening hierarchical control, the careful selection and training of managers, and the identification of risky operations on which it's necessary to carry out systematic, multi-level cross-checks.
2. The development and allocation of appropriate and sufficient human and material resources to the armed forces' internal and external control bodies and security services.
3. The reinforcement of inspections for local control and applying sanctioning mechanisms to reduce the scope of impunity.
4. The organization of national defense secrecy through appropriate legislation facilitates control from institutions outside the defense and security forces and executive levels.

However, applying these recommendations depends on the leaders' political will of elected officials, and senior civil servants, and their ability to put the reform initiative on the agenda and to carry a shared vision of the public defense and security service compatible with the principles of the rule of law and democracy.

## The author

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