

III. Transparency in government reporting on military expenditure in South East Asia

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Government transparency in military expenditure is a key element of good governance, adequate management and government accountability. Transparency can help to avoid excessive and wasteful spending, assuring efficient and effective use of public resources. Moreover, it is crucial for open and democratic debate about government budget priorities and for the work of the oversight institutions that are responsible for holding governments and military institutions accountable for their use of public resources.

Most countries included in the SIPRI Military Expenditure Database provide data on military spending in official government reports. In the case of South East Asia, all but two states do so. Nonetheless, information is sometimes difficult to access and the reporting in government publications varies widely in comprehensiveness, disaggregation and other aspects of transparency.

This section assesses the degree of transparency in government reporting on military expenditure in the 11 countries of South East Asia. It follows previous SIPRI studies on transparency in Africa and Latin America.¹ The section continues by elaborating on important indicators of transparency beyond data availability. It then assesses these for each of the countries of South East Asia: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Timor-Leste and Viet Nam. It goes on to discuss whether the quality of democratic institutions plays a role in explaining differing degrees of transparency across these countries.²

Indicators of transparency

Five indicators in addition to availability of data can be used to assess transparency: the stages of the budgeting process at which reporting takes place, comprehensiveness, disaggregation, classification and accessibility.

There are three main stages in the budgeting process at which figures for military expenditure may change. The first is the initial budget, which is adopted prior to the start of a new financial year. The second stage is during

¹ Tian, N., Wezeman, P. and Yun, Y., *Military Expenditure Transparency in Sub-Saharan Africa*, SIPRI Policy Paper no. 48 (SIPRI: Stockholm, Nov. 2018); Bromley, M. and Solmirano, C., *Transparency in Military Expenditure and Arms Acquisition in Latin America and the Caribbean*, SIPRI Policy Paper no. 31 (SIPRI: Stockholm, Jan. 2012); and Omitoogun, W. and Hutchful, E. (eds), *SIPRI, Budgeting for the Military Sector in Africa: The Processes and Mechanism of Control* (Oxford University Press: Oxford, 2006).

² On developments in transparency at the international level in 2020 see chapter 13, section VI, in this volume.

the course of the year, when these figures may be revised to better adapt to current financial constraints or other unforeseen events. Finally, accounts of actual military expenditure show what has actually been spent on the military during the previous year. For the sake of transparency, governments should provide information at all stages of this process, and in particular figures on actual expenditure.³

The comprehensiveness of figures may differ depending on whether they reflect all the costs incurred by military activities. The existence of off-budget mechanisms is a particular problem in this regard. For example, official figures may understate overall military expenditure if off-budget mechanisms are used to fund the military.⁴ Furthermore, sources of funding for the military may appear under different headings of the state budget (e.g. loans and ad hoc allocations), making them difficult to identify.

Total military expenditure can be disaggregated into various budget categories. Most commonly these categories are personnel, operations and maintenance, procurement, construction, and research and development. Aggregate estimates of military spending obscure the specific uses of funds, and so omit relevant information about budgetary allocations.⁵ A related issue is when broader budget categories are aggregated together, such as 'defence and security', making it impossible to ascertain how much is devoted to military activities and how much to internal security.

Expenditure can be classified either by institution or function. An institutional classification covers the expenses of the defence ministry or the analogous state institution. A functional classification identifies expenses by purpose instead of by government unit, and thus includes information related to military expenditure outside the institutional scope of the defence ministry.⁶ Preferably, both types of classification should be given.

Finally, accessibility is an important aspect of transparency in military expenditure. Public provision of budgets and related documents in a single official platform, with a user-friendly and easy to navigate interface, significantly improves access to information. Ease of access facilitates oversight of the management of military spending and also disseminates information on military spending to a wider audience, both nationally and internationally.

³ Organisation for Economic Co-operation and Development (OECD), *Budget Transparency Toolkit: Practical Steps to Support Openness, Integrity and Accountability in Public Financial Management* (OECD: Paris, 2019).

⁴ Perlo-Freeman, S., 'Transparency and accountability in military expenditure', SIPRI Commentary, 3 Aug. 2016; Tian, N. and Lopes da Silva, D., 'Improving South American military expenditure data', SIPRI Topical Backgrounder, 4 Sep. 2017; and Lopes da Silva, D. and Tian, N., 'Ending off-budget military funding: Lessons from Chile', SIPRI Topical Backgrounder, 16 Dec. 2019.

⁵ Omitoogun and Hutchful, eds (note 1).

⁶ International Monetary Fund (IMF), *Government Finance Statistics Manual 2014* (IMF: Washington, DC, 2014), pp. 4, 19.

Assessing transparency in South East Asia

Based on a combined assessment of the five criteria for transparency in government reporting, South East Asian countries can be grouped according to their degrees of transparency in military expenditure: limited to no transparency; partial transparency; and transparent (see table 8.6, below).

Three countries have limited to no transparency: Brunei Darussalam, Laos and Viet Nam. Brunei Darussalam presents a 'briefing' with a proposed budget for the Ministry of Defence (MOD), but it does not always provide any spending figures. Some Bruneian media outlets report the briefing with an overall budget figure for the MOD. Moreover, it is unclear whether the Gurkha Reserve Unit, a special elite guard force, is included in the MOD budget. The Laotian Ministry of Finance provides a state budget document, but it does not include any figures for military expenditure. Similarly, Viet Nam's state budget does not give information broken down by either ministry or function.⁷ The Vietnamese Government released limited information on its military expenditure in a footnote in its 2019 Defence White Paper.⁸ This was expressed as a share of gross domestic product (GDP), but only for the years 2010–18 and with no indication as to which data was used for the GDP figures.

Three countries have partial transparency: Cambodia, Myanmar and Singapore. All three provide relatively easily accessible information on military expenditure on official websites. However, the reliability of the data is questionable, and the level of detail remains fairly limited. In Cambodia, there are indications that some arms deals have been partially financed with off-budget funds. For example, the US\$20 million used for the acquisition of military vehicles from China in 2020 was, according to the Prime Minister, Hun Sen, from private donations.⁹ In Myanmar, off-budget funding for the military is well documented.¹⁰ Singapore provides a formal but limited breakdown of its military expenditure. The category 'operating expenditure' accounts for 96 per cent of the total. Without further disaggregation, it is not possible to determine how much Singapore spends on, for example, arms procurement.

⁷ Vietnamese Ministry of Finance, 'Ngân sách Nhà nước: Công khai theo quy định của Luật NSNN' [State budget: Disclosure according to the State Budget Law], [n.d.].

⁸ Vietnamese Ministry of National Defence, *2019 Viet Nam National Defence* (National Political Publishing House: Hanoi, Oct. 2019), p. 38.

⁹ Hutt, D., 'Who actually funds the Cambodian military?', *Asia Times*, 23 June 2020. See also Sokhean, B., 'Very successful drive: PM held fundraiser to buy Chinese military trucks', *Khmer Times*, 19 June 2020.

¹⁰ Wezeman, P. D. and Wezeman, S. T., 'Transparency in military expenditure', *SIPRI Yearbook 2020*, pp. 267–70; and United Nations, General Assembly, Human Rights Council, Independent International Fact-Finding Mission on Myanmar, 'The economic interests of the Myanmar military', 5 Aug. 2019, A/HRC/42/CRP.3.

Five countries in South East Asia can be classified as transparent: Indonesia, Malaysia, Philippines, Thailand and Timor-Leste. These states all provide easy-to-access and comprehensive data, including detailed disaggregation of spending by either category or programme. Some publish a 'people's budget' or 'citizen's budget', with information on public spending accessible for the layperson. For example, the Philippines and Timor-Leste provide such documents in the several languages spoken in the country, contributing to wider public access.¹¹

Explaining the different degrees of transparency in government reporting: Democratic accountability

A possible factor influencing the different degrees of transparency is the quality of democratic institutions.¹² Democracies have mechanisms for political accountability that largely rely on transparency for their effectiveness. Constituents, state institutions such as the legislature and judiciary, and public audit offices need information to hold the executive accountable for its management of resources.¹³ The secrecy that often surrounds military expenditure under the label 'national security' creates an environment particularly conducive to corruption.¹⁴ A strong system of checks and balances can help to prevent this. In many countries, the defence minister is required to present a report to the legislature detailing military expenditure. Another form of accountability is the need for the legislature to approve allocations to the military, thereby limiting the discretionary powers of the executive.

This seems to be true in the South East Asian case. The most transparent countries are also among those that rank highest in terms of the quality of their democratic institutions, with the exception of Thailand. Viet Nam, Laos, Cambodia and Brunei Darussalam, which rank the lowest in the subregion, are also among the least transparent when it comes to military expenditure.¹⁵ Singapore's partially transparent military expenditure also

¹¹ E.g. Timor-Leste makes budget and execution documents available through the Timor-Leste Budget Transparency Portal in English, <<http://budgettransparency.gov.tl/public/index?&lang=en>>, Portuguese, <<http://budgettransparency.gov.tl/public/index?&lang=pt>>, and Tetum, <<http://budgettransparency.gov.tl/public/index?&lang=tl>>. While Myanmar also publishes a citizen's budget, its off-budget mechanisms mean that its official figure is likely to be understated.

¹² Hollyer, J. R., Rosendorff, B. P. and Vreeland, J. R., 'Democracy and transparency', *Journal of Politics*, vol. 73, no. 4 (Oct. 2011); Wezeman and Wezeman (note 10), p. 267; and Gurriá, A., OECD Secretary-General, 'Openness and transparency—Pillars for democracy, trust and progress', Organisation for Economic Co-operation and Development (OECD), 20 Sep. 2011.

¹³ O'Donnell, G. A., 'Horizontal accountability in new democracies', *Journal of Democracy*, vol. 9, no. 3 (July 1998); and Przeworski, A., Stokes, S. C. and Manin, B., *Democracy, Accountability, and Representation* (Cambridge University Press: Cambridge, 1999).

¹⁴ Perlo-Freeman (note 4).

¹⁵ Varieties of Democracy (V-Dem), *Autocratization Surges—Resistance Grows: Democracy Report 2020* (University of Gothenburg, V-Dem Institute: Gothenburg, Mar. 2020).

aligns with what has been called a ‘carefully managed democracy’, where freedom of expression and political participation are limited.¹⁶

Thailand is transparent but ranks poorly as a democracy. In this particular case, another explanation could play a role: the nature of the bureaucracy within the state. The Thai Budget Bureau, which is responsible for the budgetary process and reporting, has been described as a powerful institution, capable in the past of resisting strong political pressure.¹⁷ It describes its mission as ‘allocating a limited national budget in the best interests of the people and the nation’ and ‘ensuring that the expenditure of the national budget is as efficient as possible so that it will not be leaked or wasted’.¹⁸ This indicates the institution’s attachment to transparency and accountability, and it seems to have been capable of preserving high levels of transparency under military rule between 2014 and 2019 and the military-led government in place since 2019.

Conclusions

This survey shows that transparency in government reporting in South East Asia is fairly good, with 9 of the 11 states providing official information on their military expenditure. There is still room for progress, in particular in those states where off-budget mechanisms are thought to persist. Eight of the states grant access to budgetary information—either partially or fully disaggregated—to their citizens via easy to navigate government websites. The most transparent countries were also those with better democratic institutions. This suggests that mechanisms of political accountability may be associated with transparency in government reporting on military expenditure.

The classification of countries according to their different degrees of transparency was primarily based on scrutiny of official government reports. Figures were deemed to be comprehensive if there was no evident reason to think otherwise. However, other sources of funding, unaccounted for in official reports, could be revealed by a more in-depth analysis. Future research should expand the scope of sources to better qualify the comprehensiveness of official figures. Notwithstanding this shortcoming, the classification provided here is able to identify significant differences in transparency across South East Asia and to indicate future avenues of research.

¹⁶ Han, K., ‘Opposition victories force a crack in Singapore’s carefully managed democracy’, *Foreign Policy*, 14 July 2020; and Freedom House, ‘Freedom in the World 2020: Singapore’, 2020.

¹⁷ Pungprawat, K., ‘Thaksin and budget allocation: A study in political compromise’, *Asian and African Area Studies*, vol. 11, no. 2 (Mar. 2012); and Dixon, G., ‘Thailand’s hurdle approach to budget reform’, PREM Notes no. 73, World Bank, Aug. 2002.

¹⁸ Thai Budget Bureau, [History and background], 25 Oct. 2017 (in Thai, author translation).

Table 8.6. Transparency in government reporting on military expenditure in South East Asia, 2020

Country	Military expenditure, 2020 (US\$ m.)	LDI rank ^a	Indicators of transparency				Overall degree of transparency
			Budgeting stage of reporting	Comprehensiveness ^b	Disaggregation	Classification	
Brunei Darussalam	437	..	Budget	Uncertain	No disaggregation	Institutional	Limited
Cambodia	647	161	Budget	Off-budget undisclosed	Limited disaggregation	Institutional	Limited
Indonesia	9 396	65	Budget; revised; actual	Comprehensive	Detailed disaggregation by programme	Institutional and functional	Good access, easy-to-navigate website
Laos	..	157	..	..	..	..	..
Malaysia	3 808	98	Budget; revised; actual	Comprehensive	Detailed disaggregation by programme	Institutional and functional	Good access, easy-to-navigate website
Myanmar	2 446	119	Budget; revised	Off-budget undisclosed	Limited disaggregation	Institutional	Good access, easy-to-navigate website
Philippines	3 733	110	Budget; revised; actual	Comprehensive	Detailed disaggregation by programme	Institutional and functional	Good access, easy-to-navigate website
Singapore	10 856	92	Budget; revised; actual	Comprehensive	Limited disaggregation	Institutional	Good access, easy-to-navigate website
Thailand	7 340	139	Budget	Comprehensive	Detailed disaggregation by service and category	Institutional and functional	Good access, easy-to-navigate website
Timor-Leste	38.5	58	Budget	Comprehensive	Detailed disaggregation by programme	Institutional and functional	Good access, easy-to-navigate website
Viet Nam	..	146	..	..	..	..	..
							Limited to no transparency

.. = unknown value or not applicable; LDI = Liberal Democracy Index.

^a The V-Dem Institute's LDI measures the extent to which the ideal of liberal democracy has been achieved. According to V-Dem, 'the liberal principle of democracy embodies the importance of protecting individual and minority rights against both the tyranny of the state and the tyranny of the majority. ... This is achieved by strong rule of law and constitutionally protected civil liberties, independent judiciary and strong parliament that are able to hold the executive to account and limit its power'. See Varieties of Democracy (V-Dem), *Autocratization Surges—Resistance Grows: Democracy Report 2020* (University of Gothenburg, V-Dem Institute: Gothenburg, Mar. 2020), p. 34.

^b Figures are deemed comprehensive if there is no evident reason to think otherwise.

Sources: Official budget documentation; SIPRI Military Expenditure Database, Apr. 2021; and Varieties of Democracy (note a), table 4, pp. 30–31.