



# **Role, Powers and Practices of Parliamentary Oversight of Defence Production, Sales and Procurement – International Best Practices**

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# Event

- Security Sector Governance: Defence Production, Sales and Acquisitions
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- Series: Monitoring Ukraine's Security Governance Challenges
- Session Two: National System for Governance and Oversight of Defence Production, Sales and Procurement, 1 February 2017

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# Outline

- General roles of parliaments
- Oversight of defence procurement
- Oversight of defence production
- Oversight of arms and related exports

# Sources

- Willem van Eekelen, *The Parliamentary Dimension of Defence Procurement* (DCAF, 2013), <http://dcaf.ch/Publications/The-Parliamentary-Dimension-of-Defence-Procurement2>, available also in Ukrainian
- Hans Born, Philipp Fluri, Anders Johnsson, eds., *Parliamentary Oversight of the Security Sector* (DCAF & IPU, 2003), <http://dcaf.ch/Publications/Parliamentary-Oversight-of-the-Security-Sector>, available also in Ukrainian
- Plamen Pantev, Valeri Ratchev, Todor Tagarev, and Viara Zaprianova, *Civil-Military Relations and Democratic Control of the Security Sector* (Procon, 2005), <http://dcaf.ch/Publications/Civil-Military-Relations-and-Democratic-Control-of-the-Security-Sector>, available also in Ukrainian

# General roles and tools of parliaments

- “Power of the purse”
- Oversight of policy implementation (e.g. discussion on reports)
- Hold the executive powers responsible for adherence to norms, effectiveness, and efficiency
- Questions; hearings; visits
- Special investigations, ...
- See: Van Eekelen, Annex VI “What you can do as parliamentarian”

# Defence procurement process

- Policy/ capability – oriented
- Structured
- Transparent
  - From mission needs to capability requirements to product
  - With account of all capability components
  - With account with the life cycle cost
- Appropriate assignment of decision-making responsibilities, e.g. “project owner – user – manager”
- Effective project management

# Example: UK MOD Acquisition Lifecycle

C A D M I D

ACQUISITION  
LIFECYCLE  
PHASES



Initial  
Gate



Main  
Gate



Acceptance

Business case required for investment approval



# Example: NOR Approval process and levels

Cost [mil. NOK]	Approval authority	Remark
Cost < 75	Head of Finance and Management department within MoD	
$75 \leq \text{Cost} < 500$	The Defence Minister	
Cost $\geq 500$	The Parliament	Propositions to the Parliament twice a year

# “Acquisition plan”

- Realistic OR clearly prioritized
- Specific oversight role of Parliament:
  - Approve “the plan” as part of the budgeting process (in countries with instituted program-based budgeting)
  - Approve and oversee “big-ticket” procurement cases

# Oversight of arms production

- Most defence companies in Europe and North America are private (“the market regulates”)
- Among state-owned companies, defence companies and their oversight might be specific in terms of:
  - Urgent security and defence requirements
  - Control over the distribution of their products (e.g. arms exports)

## Example: External audit, NOR

- It is obligatory to use an external auditor for all projects with a value of more than 750 mill NOK (approx. 80 mill. €)
- Mandatory
- Governed by the ministry of Finance, which selects 4 – 5 consultant companies to perform the audit.
- The auditor goes through all the decision documents and comment on all aspects of the document
- They have a special focus on the cost estimates, the identified risks and governance issues, and recommend the different cost buffers

# Arms export

- A number of international norms, codes of conduct, and non-proliferation regimes
- The oversight of arms exports is largely in the hands of the *Executive*
- Typically that involves:
  - Licensing the organisations trading in armaments, military equipment and dual use technologies and products
  - Sanctioning each individual deal

# Specific roles of parliament

- Legislating the enforcement of international norms
- Defining responsibilities and procedures for licensing manufacturing, storing, transit, import and export of arms, as well as recording and reporting requirements
- Request reports, e.g. annually, by the executive
- Make the respective information public

# Conclusion

- Sensitive area, ...
- involving large amounts of public funds
- Important oversight role for Parliament
  
- Questions?