Trends in Resource Availability and Security Sector Spending

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Resource availability and security spending

Resource availability: GDP – monetary value of goods and services produced by a country in a given year -> total government revenue (tax, grants, transfers, aid, sale of goods, services and property)

Total government expenditure: function or administration -> security expenditure

Total government expenditure > total government revenue = deficit and financed through debt (national or international)

“balancing the needs of the country (i.e. priorities) with resource availability”

Trade-offs, competing needs and sometimes a zero-sum game
Trends in resource availability and military spending

Gross Domestic Product - sub-Saharan Africa 2000-2022
Trends in resource availability and military spending

Military Expenditure - sub-Saharan Africa 2000-2022
Trends in resource availability and military spending

- Military expenditure % GDP
  - Burden of the military on the economy
  - Downward trend from 2000, flattened out recent years.

- Military expenditure % government spending
  - Priorities of a country
  - Downward trend from 2000, flattened out recent years.
Trends in military expenditure in Africa

- Spending trends in the region linked to largest spenders
  - sub-Saharan Africa: South Africa, Nigeria, Angola, Kenya, Uganda
  - North Africa: Algeria and Morocco

- Military spending in the region is highly volatile
  - Countries that increase spending one year often decrease spending in the following year
  - 2019: Of the 19 countries that increased military spending, 8 had decreased spending 2018
  - 2019: 13 of the 23 countries that lowered spending had raised spending in 2018
  - Overall: 21 of the 42 countries in sub-Saharan Africa for which data is available, the trend in changes reversed between 2018 and 2019.

- Unique to Africa - Why?
  - Economic fluctuation (resource availability), political instability and armed conflict (persistent and new)
Drivers of military expenditure

- Defence policy and military expenditure driven by:
  - Political factors: role of government
    - Perception of threat, choice of allies, range of defence commitments and willingness to pay for defence – reflected in political determinants of military spending.
    - Conservative governments favoured increase in spending
    - Left-leaning governments favoured arms control, disarmament and more social welfare spending.
    - Generalisations of political factors are complicated by other influences
      - E.g. coinciding with economic shocks, e.g. South Africa – ANC, center-left party, cut military spending – due to economic crisis and reductions in spending in favour of more vital civil government areas.
Drivers of military expenditure

- Economic factors
  - Performance and prosperity of economy determine the resources available to pay for defence (i.e. ability to pay).
  - **Critics:** defence “crowds out” civil investment, lower spending on social welfare and is an opportunity cost such that too strong a defence weakens the economy it protecting.
  - **Supporters:** defence gives security, stability, protection that help investor confidence, economic performance, jobs, infrastructure and have technology and labour spinoffs.

- Strategic factors: armed conflict
  - Genuine threat to the country – interstate or intrastate conflict
  - The anticipation of conflict, drive spending upwards, higher spending during the conflict and military spending remaining high post-conflict.
Drivers of military expenditure

- Strategic factors: technology
  - Defence policy, defence posture, security through deterrence, active/forward defence, force structure etc.
  - Technical progress affects strategic factors – drive military spending
  - Technology affects equipment, force structure, capabilities, prices of military equipment and more.
  - Increase capability and costs, quality over quantity, shift in the dynamics of armed forces, less need for manpower, change in defence policy.
  - Technical progress of allies and rivals (arms race) – demand for multi-role capability systems that can be operational for 20—30 years. High costs that drive up procurement costs and military spending
Effective resource management of security sector in Africa

- National security strategy, military spending and resource availability - hand in hand.
  - Identify necessary security needs -> assess resource availability (ability to fund) -> allocate needed resources to the military.
  - Defence as an output is needed to address security challenges, military spending is an input to build defence capability.
  - But – questions arise: do traditional budgeting give enough information on outputs and objectives of defence planners and policymakers?
  - Military budgeting offer no information on output, only input

<table>
<thead>
<tr>
<th></th>
<th>GoU</th>
<th>External Fin.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>211 Wages and Salaries</td>
<td>618,241,306</td>
<td>199,066,843</td>
<td>817,308,149</td>
</tr>
<tr>
<td>212 Social Contributions</td>
<td>13,935,048</td>
<td>11,913,608</td>
<td>25,848,656</td>
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<tr>
<td>221 General Use of goods and services</td>
<td>148,230,883</td>
<td>13,411,985</td>
<td>161,642,868</td>
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</tbody>
</table>
Effective resource management of security sector in Africa

- Three problems arise with general defence budgeting
  - 1: Does not show output, 2: cannot relate input to output, 3: defence decisions only relate to one fiscal year

<table>
<thead>
<tr>
<th>Subvote</th>
<th>Description</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>312</td>
<td>Acquisition of Produced Assets</td>
<td>1,962,825,866</td>
<td>69,298,553</td>
<td>2,032,124,419</td>
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<tr>
<td>342</td>
<td>Acquisition of Non-Produced Assets</td>
<td>17,660,890</td>
<td>0</td>
<td>17,660,890</td>
</tr>
</tbody>
</table>

- How can decision makers relate expenditure to objectives set out in national security strategy?

- Programme budgeting linked to output
  - Move towards multi-year budgeting and planning and in programme form
Effective resource management of security sector in Africa

- Programme budgeting linked to output
  - Link the programme spending to national security strategy output or needs
  - Matching input to output

<table>
<thead>
<tr>
<th>Project 0023 Defence Equipment Project</th>
<th>Budget Output 460136 Combat readiness</th>
<th>Total Cost for Project 0023</th>
</tr>
</thead>
<tbody>
<tr>
<td>312211 Heavy Vehicles - Acquisition</td>
<td>4,177,020</td>
<td>1,980,826,446</td>
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<tr>
<td>312231 Office Equipment - Acquisition</td>
<td>798,087</td>
<td>798,087</td>
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<tr>
<td>312233 Medical, Laboratory and Research &amp; appliances - Acquisition</td>
<td>769,708</td>
<td>769,708</td>
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<tr>
<td>312311 Classified Assets - Acquisition</td>
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<td>1,928,780,654</td>
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<tr>
<td>342111 Land - Acquisition</td>
<td>17,660,890</td>
<td>17,660,890</td>
</tr>
<tr>
<td><strong>Total Cost of Budget Output 460136</strong></td>
<td><strong>1,980,826,446</strong></td>
<td><strong>1,980,826,446</strong></td>
</tr>
</tbody>
</table>

- Assess the programme spending with national security needs over time – determine of resources are allocated in a responsible, efficient manner that matches policy goals.

- Role of national security strategy in effective resource management - Aims, Costs, Performance or armed forces