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Defending the Indefensible? Namibian Defence Expenditure Since 1990

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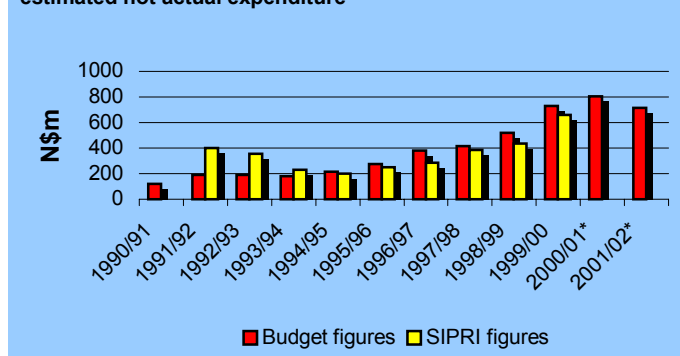
Defence expenditure in Namibia has come under increasing scrutiny since the entry of the Namibian armed forces on the side of the Allies in the war in the DRC in August 1998. This IPPR Briefing Paper presents trends in defence expenditure since Independence and compares Namibian defence expenditure with that of a selection of other countries around the world. It finds that defence expenditure has risen significantly. In proportion to the size of its economy, Namibia now spends more than most of its major donor countries. A comparison with other countries is less clear.

Defence expenditure in Namibia has risen significantly...

Expenditure on Ministry of Defence

in current prices

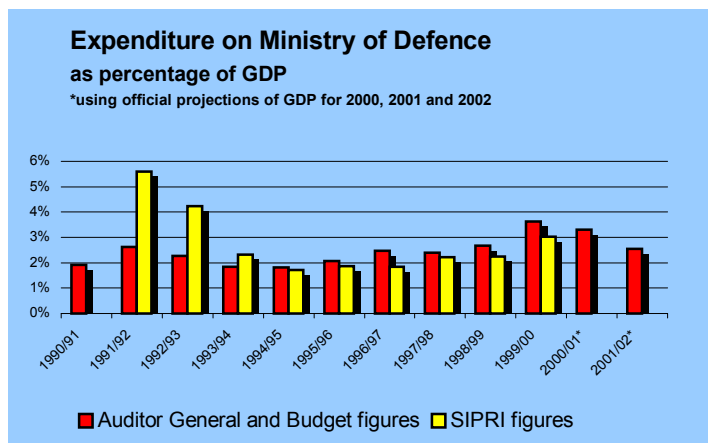
*estimated not actual expenditure



Defence expenditure is notoriously difficult to pin down the world over. For the purposes of this paper, defence expenditure in Namibia is taken to be expenditure on the Ministry of Defence (MoD). The chart on the left shows *actual* as opposed to authorised expenditures on the MoD taken as far as possible from the Auditor General's Annual Reports from 1990/91 to 1997/98 and thereafter from Budget and Additional Budget estimates (Government of the Republic of Namibia a & b 1990-2002, c & d 1990-1998). It shows that expenditure has risen from N\$119m in 1990/91 to an estimated N\$713m in 2001/02. Because the main budget

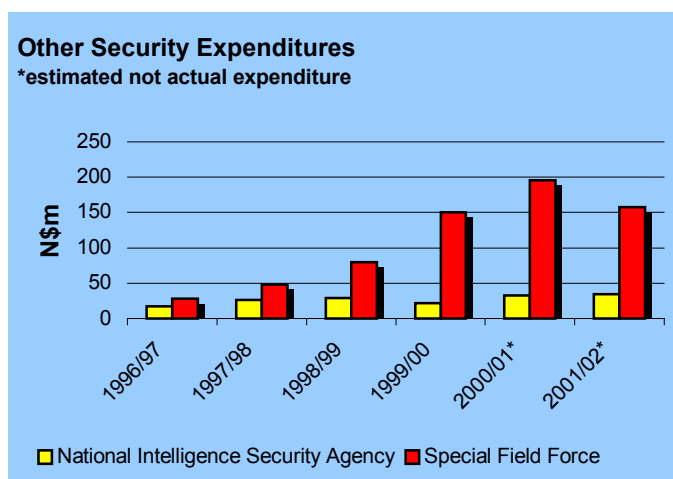
in Namibia is consistently subject to significant revisions later in the year, the latest realistic figure is probably the expenditure of N\$804m in 2000/01. This is equivalent to N\$415 per person per year. Over the ten year period 1990/91 to 2000/01 this represents an increase of some 670% equivalent to an average annual rate of increase of 21% - a significant *real* rise in resources. The 2000/01 Additional Budget shows that the MoD is now the fourth largest spending vote after Basic Education and Culture, Health and Social Services, and Finance accounting for 9.2% of central government expenditure up from 7.2% in 1997/98.

This picture is supported by figures produced by the Stockholm International Peace Research Institute (SIPRI) also shown on the chart (SIPRI, 2001). SIPRI's information is collected from an annual questionnaire of all states using its own definition of defence expenditure. It is interesting to note the large discrepancies during the first two years after Independence which SIPRI puts down to "defence construction" which they estimate at N\$184m and N\$178m for the years 1991/92 and 1992/93 respectively. Since Independence, significant public expenditures have taken place outside the budget.



The chart on the left shows defence expenditure as a percentage of the size of the economy as measured by Gross Domestic Product (GDP) from official sources and from SIPRI. A steady increase in defence expenditure has clearly taken place since the all-time low in 1993/94. The last two financial years have seen this ratio decline but it is important to remember that these years are based on uncertain expenditure estimates and GDP projections rather than actual expenditures and actual GDP.

MoD budget figures exclude expenditures on the Special Field Force and the National Intelligence Security Agency as well as extra-budgetary expenditures. In terms of the system of allocating funds through the state budget, these expenditures reside under the Police (Vote 06 Main Division 04) and the Office of the President (Vote 1 Main Division 02). The chart on the right shows these expenditures since 1996/97. It is clear that expenditure on the Special Field Force has risen almost seven-fold from N\$28.2 in 1996/97 to N\$195.6m in 2000/01. Expenditure on the National Intelligence Security Agency has nearly doubled from N\$17.5m to N\$32.2m in the same period.



Defence expenditure is high compared to that of donor countries...

International comparisons help place Namibian defence expenditure in context. The easiest way to compare expenditures is to compare the resources allocated as a percentage of the size of the economy since absolute figures take no account for the size of the country or its ability to finance defence expenditure. The only readily available source of international data is taken from the World

Bank's World Development Indicators publication, which draws on data published by the US Department of State's Bureau of Arms Control (World Bank, 2000).

The chart to the left shows how Namibia compares to a selection of countries that provide significant amounts of development assistance to it. It suggests that Namibia now spends proportionately more on defence than most and approximately the same as the US spent in 1997 – around 3.3% of GNP.

But a comparison with other countries is less clear...

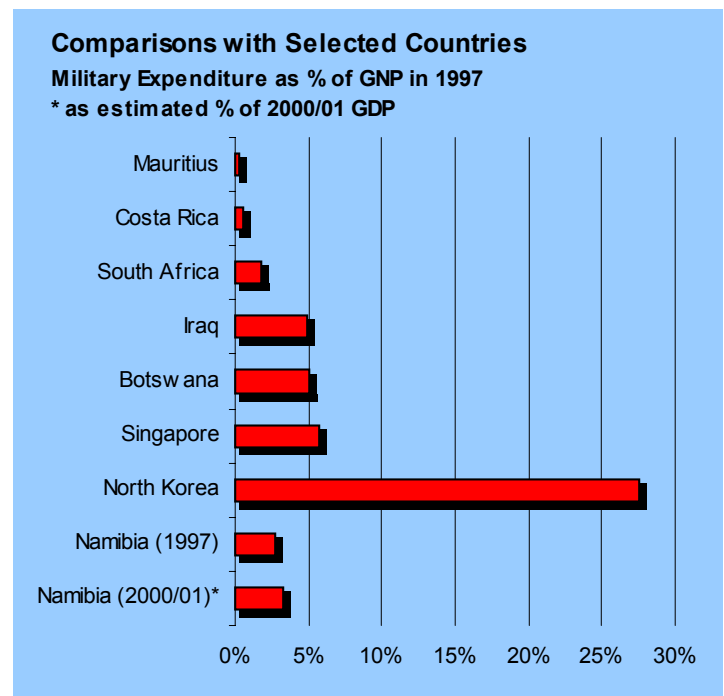
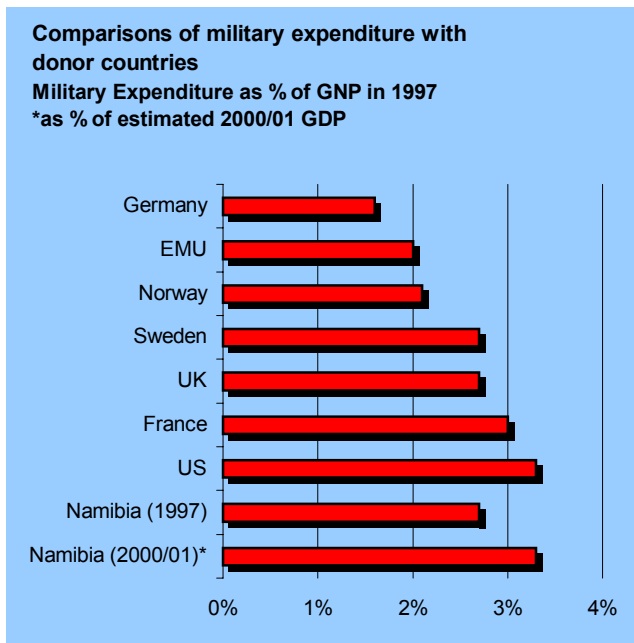
A similar comparison with a selection of other countries reveals a less clear picture. Certain states such as the Democratic Republic of Korea or Iraq spend disproportionately more than all other countries on defence. Others, including economically successful states such as Singapore and Botswana spend significantly more than

Namibia. However, countries such as South Africa, Costa Rica and the island state of Mauritius spend significantly less. These numbers apply to 1997 before the impact of South Africa's R43bn arms procurement programme came into effect.

The reasons for the increase in defence expenditure seem evident...

Namibia is a large country with long borders and a small population in an unstable region. There may therefore be grounds to expect that defence spending is proportionately greater than many other countries. The rise in Namibian defence expenditure appears to have three main causes:

- The first is the implementation of the 1993 Defence White Paper, which envisaged the creation of Air and Maritime Wings, which at the time did not exist as well as the renovation, and upgrading of military bases throughout the country.



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- The second is the Cabinet directive of 1998 which, according to the publication “Namibia: A Decade of Peace, Democracy and Prosperity” published by the Office of the Prime Minister led to the employment of more than 2,000 ex-PLAN fighters in the Namibian Defence Force (NDF). An unknown number of ex-fighters were also employed in the Special Field Force.
 - The third is the need to finance the deployment of NDF troops in the DRC.

In the absence of more detailed information, it is impossible to separate these expenditures and identify the exact cost of each cause. The Minister of Finance did give some additional information during the 2000/01 Additional Budget speech stating that of the N\$231m allocated to “Special Authorisations”, N\$100m was approved to pay for allowances for NDF soldiers in the DRC and that a further N\$41m had been allocated to the MoD for the purchase of military equipment.

This Briefing Paper has looked simply at the level of defence expenditure in Namibia and compared them with that of other countries. Official figures suggest that defence expenditure has risen significantly in the last five years and Namibia now finds itself at the higher end of the international spectrum of defence spenders. In the absence a domestic defence industry, the usual arguments about possible economic spin-offs from defence spending are not applicable. In purely economic terms, defence expenditure is represents a direct drain on resources that could be directed to more productive ends. Whether such levels of defence expenditure are necessary to achieve regional or domestic peace and how effective this expenditure is in achieving these aims are essentially political and military questions which require further analysis.

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