

# Lower Oil Prices Mean Less Money for African Armies... Probably

*A recent report by the Stockholm International Peace Research Institute (SIPRI) found that military spending is down across Africa, likely because lower oil prices are putting the squeeze on government budgets. However, with a lack of transparency in military spending, no one can be entirely certain exactly how much money African governments are dedicating to their militaries.*

Over the past decade Africa has been on a military buying spree, with government expenditures on national militaries up 48% between 2007 and 2016. Numbers released in April by the Swedish non-governmental organization Stockholm International Peace Research Institute (SIPRI) showed that much of the increase has been driven by the continent's oil exporting countries, who took advantage of historically high oil prices to expand and modernize their militaries. Not coincidentally, major oil producing countries like Algeria and Angola have the continent's largest armies. However, SIPRI data suggests that the downturn in oil prices over the last couple of years has begun to take a bite out of military spending, with potential implications for both regional and national stability.

Angola showed the most dramatic swing in overall spending. The country still boasts the continent's second largest army, but with a slimmed down national budget Luanda has had significantly less money to dedicate to military matters. According to SIPRI, Angola spent a hefty \$6.1 billion on defense back in the salad days of 2013, before oil prices crashed. By 2016 the country's military budget had shrunk to a much more modest \$3.2 billion. The amount is still impressive for sub-Saharan Africa, and far outpaces the amount spent by its neighbors, but it also reveals just how much cheap oil has hurt the Angolan budget. Ultimately though, it seems unlikely that there will be much of a lasting security fallout from Angola's reduced defense spending. The amount the country spends is enough to both keep domestic separatist movements under control and maintain the country's role as an emerging regional power.

In Algeria, the stakes are significantly higher. The country arguably lives in Africa's toughest neighborhood, with various armed non-governmental movements threatening the stability of Algeria and several of its neighbors. The fall of the Qaddafi government in Libya unleashed a flood of small arms across the region, and ongoing instability in both Libya and northern Mali mean Algiers is keen to maintain defense spending at a high level. In fact, though military expenditures fell in Africa as a whole, in North Africa spending has continued to rise, albeit at a slower pace.

Total military spending in North Africa in 2016 was \$18.7 billion, an increase of 1.5% compared with 2015, and 145% higher than in 2007. Algeria remains both the region's and the continent's largest spender, bumping up its military expenditure by 2.3% between 2015 and 2016. However, despite continuing fears about home grown, Libyan, and Malian armed Islamist groups, Algeria's defense spending grew at a lower rate than any year since 2007. As in Angola, the sluggish growth is due to pressure on the overall budget caused by low oil prices. However, unlike Angola, Algeria is an important regional player in the ongoing war against Islamist militants. The country's international allies count on Algiers to act as a bulwark of stability in a troubled part

<b>NORTH AFRICA</b>
2016 military spending \$18.7 billion, 145% higher than 2007
<b>ALGERIA</b>
Continent's largest military spender
<b>SOUTH SUDAN</b>
Reduced 2016 military budget 54% due to slumping oil revenue
<b>ANGOLA</b>
2013 defense budget \$6.2 billion, 2016 defense budget \$3.2 billion
<b>MALI</b>
Boosted 2016 defense budget 18%
<b>NIGERIA</b>
Former national security advisor arrested in 2015 for \$2 billion in fraudulent arms deals

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of the continent, and will likely be happy to see the country dedicate more resources to defense as soon as it is able. While Mali boosted its own defense spending 18% in 2016 to help tamp down the potential of another Islamist insurgency in the Sahara, an increase in spending by Bamako is unlikely to sooth worried allies in Europe and North America like a fully funded Algerian military.

However, the international community is probably happy to see other countries' military budgets pressured by low oil prices. Only a few years ago South Sudan was East Africa's biggest spender on defense. Now the country is in the midst of an ugly and seemingly intractable civil war. As a response to war crimes perpetrated during the conflict, several countries have instituted targeted sanctions against individuals deemed responsible. The United States has even tried to rally support for an arms embargo against the belligerents, but with little success. However, slumping oil prices and a reduced oil output have helped reduce the country's access to arms even without an embargo. Juba was forced to cut its military budget by 54% last year, down to only \$525 million. While not the same as an arms embargo, the decrease has limited the amount of arms entering the country.

Reductions in spending by South Sudan and Angola helped drive the overall decrease in military spending across sub-Saharan Africa. Spending across the region dropped by a total of 3.6%, marking the second straight year spending decreased following more than a decade of rising military budgets. Of course, even after a couple of years of reduced spending on weapons, military expenditures are still 48% higher than they were in 2007. The rise is not only indicative of how

much high oil prices filled the coffers of some African states, but also anxiety over threats to stability. Interstate conflicts remain the exception; instead military spending, even in a reduced capacity, is driven by fear of instability at home.

For example, with South Sudan's military spending plummeting, Kenya has emerged as East Africa's new leader in the field of defense. Nairobi has been frustrated in both its attempts to bring order to neighboring Somalia and in stopping ethnic Somali militants from operating within Kenya. Concerns about security may have helped sink plans for an oil pipeline from Uganda to the Kenyan coast, meaning that Kenya's lack of security is costing the country money. Though Nairobi is far from flush, it does not yet rely on oil exports for the bulk of its revenue. As a result, the Kenyan budget has not been hit by falling oil prices, meaning military expenditures have remained relatively unchanged.

Of course, it is also important to recognize the limitations of the SIPRI data. The NGO's report does not include military expenditures for Somalia, whose government continues to rely on international help in its existential struggle with the Islamist militant group Al Shabaab. It also does not include spending data from Eritrea, where compulsory and open ended military service for citizens has created both a massive army and massive amounts of refugees fleeing military service. Finally, the data does not track spending that is affected by things that happen off the official books. Given how much oil money disappears in places like Nigeria and Angola, this could potentially be a significant amount. As an example, in 2015 Nigerian President Muhammadu Buhari ordered the arrest of the country's former national security advisor for secreting away nearly \$2 billion from fraudulent arms dealings.

Still, the report does provide a picture of Africa's military spending painted in broad brushstrokes, and low oil prices are definitely taking a bite out of military budgets. At this point there has been little tangible effect on the security situation, but if low prices continue, oil producers might find themselves making even tougher decisions about defense expenditures. **PA**

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