Does the high increase in government spending signify a correspondent increase in military expenditure? Is it a response to the growing need to deal domestically with the devastated humanitarian situation?

Some East African Community (EAC) partner states that recently hosted violence like South Sudan, the Democratic Republic of Congo (DRC) and Burundi increased their budgets by over 30%. The budget increases for South Sudan, DRC and Burundi are 33%, 46% and 65% respectively.

South Sudan, which primarily depends on crude oil sales for pretty much of its revenues, is still gradually emerging from the damages of the civil war (2013-2018).

The speculations are premised on the history of South Sudan, which is characterized with high military expenditure. In 2022, this young nation spent USD 0.379 bn compared to Rwanda and Burundi which spent USD 0.177 bn and USD 0.101bn in the same year according to Stockholm International Peace Research Institute (SIPRI).

“The maximum level was 2085 USD million and minimum was 174 USD million,” adds SIPRI.

South Sudan’s expenditure stands at 2.1 trillion South Sudanese pounds ($2.1 bn) year 2023/4.

Commenting on the budget, Finance Minister Dier Tong Ngor said: “Our economy continues to suffer from numerous external shocks and internal structural weaknesses, which have created acute macroeconomic instability and suffering to our people.”

DRC Finance Chief Boris Mbuku presented a budget of $16 billion indicating a 46% increase.

Last August, fighting between M23 rebels and Armed Forces of the Democratic Republic of the Congo (FARDC) erupted and to date no peace deal has satisfactorily been respected by warring parties.

The mineral-rich nation is Africa’s top producer of copper and world’s leading producer of cobalt. Its economy is expected to grow 6.3% compared to 6.6% in the previous year according to the International Monetary Fund.

Analysts in the region attribute the huge increase in public expenditure in the two nations, the latest entrants to the bloc to violence that reached worrying levels recently. Citizens of DRC ushered in 2023 experiencing war, and mediators have not made a tangible breakthrough despite peace deals after peace deals.

South Sudan accession to the EAC Treaty happened in 2011 while Kinshasa officially joined the EAC bloc in July 2022. DRC never complied with the EAC Treaty that obliges the Finance Ministers of the partner states to read their budgets simultaneously under a common theme. The mineral-rich, violence-ravaged African nation read its budget last December.

Economic recovery receives greater attention

All EAC states read their 2023/24 budgets precisely on June 15, 2023, which is a constitutional requirement. Since the novel Coronavirus pandemic broke out in late 2019, the EAC bloc has recorded poor performance in its seven economies.

Evidently, through the 2023/24 budgets, EAC member partners have demonstrated the political will to effect economic recovery by allocating staggering amounts of money to key sectors where multiplier effect is assured such as Agriculture and industrialization. Thus, increased investment in these sectors means a positive trend in job creation and tax base.

Most economies including Kenya, the biggest economy in this resilient bloc, are facing recurring economic issues such as public debt with growing debt distress blamed on persistent economic global shocks that have worsened liquidity ratios.

Notably, all budgets come against a backdrop of slowing economic activity reflected in persistently high costs of basic commodities including food, and a remarkably slower speed of revenue collection than predicted in the previous budgets.

For instance, in Kenya the depreciation of the Kenya shilling against major currencies coupled with the rise of interest rates inevitably elevated the cost of debt service.

“Further the depreciation of the currency has increased the size of the public debt stock as half of the public debt it actually denominated in foreign currency,” said Kenya’s budget statement.

Depreciation of local currency also cuts across the region and this partly explains the reason why public spending went up in all the partner states.

By and large, national government spending rose fiscal year 2023-24 with percentage changes oscillating between 5.5% and 9.6% for Kenya, Tanzania, Rwanda, and Uganda with the exception of South Sudan and DRC.

However, Kenya's budget stirred mixed reactions from Kenyan citizens with opposition politicians crying foul after underlining loopholes, calling the budget controversial. The government of United Democratic Alliance party coalition under Kenya Kwanza that brought President William Ruto to power last year doubled tax on petroleum products from 8% to 16%, introduced a new housing tax of 1.5% for every employee plus a tax on digital content creators.

On the new taxes, President Ruto maintains his government's ground of introducing fiscal discipline as one of the strategies to relieve the largest economy of the regional bloc of the current rapid accumulation of debt.

“This is the most controversial finance bill I have ever seen,” Junet Mohamed, the opposition chief whip in the national assembly told reporters.

Currently, Kenya's total public debt stands at 67% of GDP. The World Bank and the International Monetary Fund have described the situation as a high risk of distress.

Looking at the large picture, Kenya's and Rwanda's budgets allocated ample funds to mitigate effects of climate change. Kenya hosted a drought that led to famine while floods and landslides caused by heavy storms killed more than 100 residents early this year in Rwanda.

Since then, the GoR has been looking everywhere to mobilize resources to help victims catch up with the devastated situation by availing humanitarian assistance to them, as well as strengthening and empowering the Ministry in charge of Emergency Management (MINEMA) to prevent such natural calamities.

Rwanda allocated more than half of its budget to the Economic Transformation pillar citing increasing appetite “to accelerate inclusive economic growth and development founded on the Private Sector, knowledge based economy and Rwanda's Natural Resources. This pillar was allocated Frw 2,811.3 billion that makes 55.9 % of the total budget for 2023/2024.”

Increased investment in climate change, part of this pillar, was widely welcomed due to horrors the country has faced in recent days due to torrential rains especially in the Northern and Western Province.

In May 2023, at least 131 residents died following floods and landslides that swept through these high risk provinces, prune to natural calamities.

“Environmental protection and Natural resources will be developed through: Environment and Climate Change mitigation and adaptation measures will be strengthened – Restoration of degraded forests and catchments. Construction and landscaping works for wetlands rehabilitation,” said the budget statement.

“Increasing the land under biodiversity conservation. Operationalize IREME Invest and the NDC Facility to mobilize climate finance. Improving the quality of meteorological services. Forestry resources, water resources management will be enhanced and Meteorological services will be enhanced” it added.

The budget read by the Tanzanian Minister of Finance and Planning, Dr Mwigulu Nchemba, shows that government expenditure reached $19.23 billion (Tsh44.38 trillion) from Tsh41.48 trillion ($18 billion) representing a 7.0% increase. While his Kenyan counterpart, Njuguna Ndung’u, a former central bank governor, presented a Ksh3.6 trillion ($25.75 billion) budget for 2023/24, from the Ksh3.38 trillion ($24.18 billion) leading to a 6.5% rise.

Uganda’s Finance Minister Matia Kasaija presented a Ush52.74 trillion ($13.9 billion) budget up from Ush48.13 trillion ($13 billion) in 2022/2023. The landlocked nation whose shilling has recently been performing poorly against the dollar increased public spending by Ush4.606 trillion ($1.2 billion) indicating a 5.5% increase.

While the budget read by Dr. Uzziel Ndagijimana, Rwanda’s Minister of Finance and Economic Planning with a 5.6% rise in government expenditure from Rwf4.67 trillion ($4.1 billion) 2022-23 up to Rwf5.03 trillion ($4.4 billion).

Economic analysts are skeptical as to whether the increase in public spending will offset the adverse economic conditions, especially those linked to the Russia-Ukraine war. They contend that most countries, especially in the developing world still have tough days ahead because the war has not yet ended.

Much as the issue of accelerating economic growth cut across all the EAC countries, it’s noticeable that each allocated ample resources to address individual pressing economic concerns with bias on the strategic missions.