

expenditure in resource allocation. According to available statistics, Ethiopia has the highest defence expenditure of the countries under consideration. Between 1985 and 1992, Ethiopia's expenditure on defence increased by over 80 per cent (Table 3). In 1993, Ethiopia was the highest recipient of official development assistance in the region (Table 1). Assuming that the end of the civil war has led to a decline in military expenditure, we may expect development to receive a higher share of aid. Programs of demobilization and reintegration of ex-combatants have been established.²² This reduction in military personnel can be a definite step towards reduction of military expenditure.

In Uganda, defence expenditure increased by almost 300 per cent between 1985 and 1992. This increase in defence expenditure is partly explained by the rebellions that the Museveni government had to deal with after Museveni took power in January 1986. In 1986, defence expenditure had the single highest budgetary allocation (representing about 26 per cent of the total), followed by general public services (21 per cent), while education represented 15 per cent and health a mere 2 per cent. Expenditure on defence was far higher than that for health and education combined, and reveals an imbalance in resource allocation between defence and development. In a recent report (reference), donors expressed concern over Uganda's defence expenditure. They contend that defence spending has risen by 11.9 per cent, one year after the World Bank-sponsored demobilization and re-integration program. The report claims that demobilized soldiers are being recruited again into the army. If these claims are true, then the full benefit of Uganda's rising economic performance could be diverted to defence spending.

Sudan's defence expenditure rose by over 100 per cent between 1985 and 1992. In 1990, Sudan was the IMF's largest debtor; Sudan's arrears to the Fund (US\$1,700 million) were deemed to be the highest ever in the Fund's history. With continuing civil war, pitting the government against the South, it is unlikely that defence spending will decline.

²²IRG, *Report of the IRG Workshop on Demobilization in the Horn of Africa: Lessons from experiences in Sub-Saharan Africa, Addis Ababa, 4-7 December 1994* (Waterloo, ON: Project Ploughshares). The report discusses the nature, challenges and lessons from these programs.