

**NATO's INTEGRATED DEFENSE RESOURCE
MANAGEMENT
FUNDING MILITARY OPERATIONS**

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Abstract

Currently we go through a period of transition towards a technological supercivilization, the globalization making its presence felt through an accelerated and continuous process in all areas. Nations interconnect their national economies to global and regional systems, this resulting in a change in the perception of the security need at the political level. "Because the global international system is not dominated order but anarchy, and the states must rely on their own forces for self-protection, national security becomes a high priority. The evolution of contemporary military phenomenon reveals that, in general, a country's defense is no longer exclusively based only on the strength of the military, playing the crucial role it economic potential, the economic resources available and not least the national economic resources, representing potential material naturally available financial and human. " In order to ensure the needs of defense, and redeem a nation mobilizes the full set of material and human resources. Adapting to global trends, the Romanian Army has created a system of integrated management of resources for defense, and introduced multi-annual planning, programming and budgeting system, compatible and interoperable with existing NATO members. The current defense resource management system is based on a system reform integrated into the overall management system of the military, making public the activities performed, the objectives, and the integrated management method of the defense resources.

1. Without appropriate resources tailored to its missions, a military force cannot function and an integrated defense resources management system, implementing a planning, programming and budgeting system fully compatible and interoperable with NATO, is trying to give an appropriate solution to the problem. During the time, military expenditures have been permanent and interconnected sources of worry within the NATO and within the political systems of its members. Defense ministers oftentimes at least silently agree that their governments are not spending adequately on national and collective defense, but they have the benefit of only limited power to squeeze out more resources from their national budgets.

For sure, national welfare is not only calculated in security terms and security itself is not simply a military concept. As political leaders straighten out competing demands for defense, diplomacy, intelligence, pensions, health, education, environmental protection, tax reductions and other claims on public funds, resources accessible for military organization become even scarcer. Everywhere in the world, insufficiency is the effective circumstance under which defense planners work. Properly run of the military facilities must count on functioning with the resources that their leaders are possible to allocate them, than the resources that they would ideally want to have in hand. Defense planning and budgeting is therefore a highly complex and challenging exercise in matching the size and the capabilities of national militaries to the resources that are, or realistically will be, made available to purchase these capabilities and to the missions that military leaders will be asked to undertake.[2]

2. Several NATO countries are dealing with important political troubles in setting up defense priorities nowadays that will figure the strategic setting over the next years. “The United Kingdom, for example, is committed to retaining a nuclear deterrent after the current Trident system grows obsolete. The initial costs of doing so are estimated to be £20 billion, but those costs could well double over the lifetime of the system (Ian Sample). Moreover, rising equipment

and personnel costs in the UK, as elsewhere, have to be funded from very tight defense budgets that are unlikely to rise substantially and could eventually begin to fall, given new demands on public resources that demographic trends will only intensify (Hartley). The British are also looking to purchase a range of other expensive systems including the Typhoon, the Joint Strike Fighter, two new aircraft carriers, etc. For its part, the French Defense Ministry is pushing for the construction of a second new aircraft carrier, although some political analysts suggest that there is not sufficient political will to sustain such a costly project (Tran). In the United States, a number of huge American defense systems currently on the drawing board are now considered vulnerable because of inexorably mounting fiscal pressures, sharply rising costs and the prodigious outlays linked to American deployments in Iraq and Afghanistan.”[2]

Certainly, what make the current budget environment so frightening, are the rapidly evolving strategic environment and the doubts that this has inserted into the defense resource management and planning processes. Even though during the Cold War have been seen all kind of tensions occurring out of defense spending matters, the planning process was filled with a certain degree of predictability due to the relative stasis of the strategic environment. Not unpredictably, some of the greatest budgetary pressures started in the producing of major doctrinal changes, as happened when NATO “moved from a strategy premised on mutually assured destruction (MAD) to one based on flexible response in the 1960s.”[4] In that case, Alliance’s new position resulted in a new weight on costly conventional forces needed to reduce dependence on a nuclear power, no longer fully credible. That new position, nevertheless, settled free new worry within the NATO as some member nations struggled to match their structure of the conventional forces to the new policy - a costly intention that many politicians were reluctant to endorse. Today, the strategic environment is shifting at a far faster rate, the Cold War ended in Europe, aggressive conflicts in South-eastern Europe, the 9/11 attacks and the increase of terrorist threats,

and the Middle East and Afghanistan wars, have each contributed not only to a changing of national defense necessities, but of allied requirements as a whole.

3. In 1999, a new Strategic Concept was developed and already, nowadays, many military and political analysts feel the need of a new one. Changes in the strategic environment are so deep and accelerated, national and NATO planners are extremely hard-pressed to maintain pace, particularly because defense budgets are so stretched for so many reasons. These budgetary pressures are going to place an ever-growing premium on laying out priorities and developing efficiencies in the defense sector so that acceptable levels of security can be achieved in the face of potentially declining, or at least static, resources. It is worth underlining out here that military alliances can radically boost cost-effectiveness simply by spreading the security burden. “The cost-reducing potential of Alliance membership, for example, is increasingly discussed among traditionally neutral countries that are finding it difficult to muster resources for their own national defense. The irony is that NATO members themselves are still not fully exploiting their Alliance's potential to foster multinational resource efficiencies. NATO, for example, has never managed to standardize equipment in ways that would yield far greater procurement savings as well as improved military effectiveness.”[3]

4. NATO nations and military partners are in the middle of “dumping” old-fashioned force structures that were at first displayed to prevent a land-based incursion from Eastern Europe to structures that accentuate deployable, light, mobile, expeditionary and sustainable forces with a reach that goes well beyond Europe. NATO has created a new command, Allied Command Transformation, to encourage military innovation among NATO members and partners that might facilitate this broad reconfiguration of forces. NATO transformation would be financially scary enough were forces not on active deployment in conflict-ridden regions. NATO member forces today are deployed on an array of missions under national, NATO, EU and UN flags, all these missions are huge

“resource consumers”, some of which might otherwise be used to finance Alliance’s transformation. NATO Secretary General Jaap de Hoop Scheffer noted that In Afghanistan or Iraq, forces are deployed on highly costly military operations that are piling on enormous budgetary burden, although, in most cases, countries have appropriated extra funds specifically to cover these mission costs. Repairing or replacing damaged equipment, responding to unanticipated equipment requirements, and higher than anticipated fuel and payroll bills are nonetheless stretching already tight defense budgets. For newer NATO members, as Romania, all these deployments have been particularly difficult. “They have exposed capabilities shortcomings while seriously straining already taut national defense budgets. The SFOR, KFOR and ISAF missions, however, have effectively served as a training laboratory for new members on resource management in deployment conditions. The lessons have been hard earned but extraordinarily valuable.” [3]

5. In NATO, nations are contributing in different ways to the three NATO run budgets: the military budget, the civil budget and the NATO Security Investment Program. Each of these is endorsed by individual contributions from each nation, on before decided ratios related to per capita GDP, national economy’s size and some other factors. The military budget covers the operational costs, and a range of NATO commands in Europe and North America and is NATO's largest. The NATO civil budget covers the running costs of the NATO Secretariat, including staff and administrative costs and also it underwrites the Partnership for Peace, the Euro-Atlantic Partnership Council, the Mediterranean Dialogue and a range of other programs. NATO Security Investment Programme assists selected military installations and construction projects.

Mission funding has been a growing source of tensions within NATO in recent years. In 2005 NATO revised its approach to funding non-article 5 NATO led operations. It provided a set of principles that would inform funding

for any given mission, although the primary mechanism remains the "costs lies where costs fall" rule. "This also applies to partner countries participating in these missions, although it does not rule out the possibility of bilateral or multilateral aid for these countries. Costs not attributed to specific national militaries can be funded out of the NATO budget. The new concept also covers theatre level enabling capabilities that were once funded nationally. These costs are borne by the military budget and the Security Investment Programme, cover all manner of engineering support, fuel storage and other infrastructure costs, and are shared by all member states under standard cost sharing formula." [2] Unnecessary to say, NATO budgets themselves are not characteristically the most relevant source of allied financial burden sharing worries, merely because these do not involve large amount of money. National defense spending priorities, capabilities issues and the enthusiasm to deploy and sustain forces in the field are the real source of tension among NATO nations. As a level of irregularity has emerged in force deployments, with certain allied countries taking on the dangerous missions and others generally refraining from doing so - a course that is politically unsustainable and one that seriously jeopardizes NATO's cohesion.

In the future, NATO's members will obviously have to create new efficiencies to guarantee transformation costs. Common funding, shared purchasing, mission specialization, open and visible defense markets and a state of the art procurement planning co-ordination are vectors through which NATO might be able to take on these costs without posing enormous burdens on national budgets. Common equipment procurement, for example, would allow governments to benefit from scale economies that would help decrease costs. Mission specialization allows smaller countries, not to develop a broad range of capabilities which they can't have the funds for and which do not necessarily boost their security or that of the Alliance. Ideal for NATO would be a central procurement organization based on a common budget, competing in a fully

integrated pan-NATO market. Supplementary and expensive research and redundant manufacturing would be removed, costs would be cut off and interoperability improved. Moreover, NATO nations would take on a scale of specialization as smaller countries, particularly, would feel sufficiently confident in their allies not to duplicate the full range of capabilities of their far larger partners. Furthermore, members would focus in those military capabilities in which they might have an advantage and offer those military services in trade for different allies' specialized military services.

6. Certain general activities can serve as laboratories through which deeper collaboration might be attempted. A milestone in NATO's transformation was that the NATO Response Force (NRF) had become operational. But how it will be funded poses a set of problems which illustrate impasses that both Europe and North America tackle. At present if a country's forces are serving a rotation on the NRF when it is called upon for deployment, the costs will fall only on those countries that are on rotation. Countries that deploy troops on risky missions will thus not only stand the real risks to those soldiers; they will also bear deployment costs, sustaining soldiers in the field, and the costs of replacing damaged and destroyed equipment. This matter could put allied cohesion at risk. "If the NRF is deployed, only those nations who are in the force at the time of its deployment have to pay. [...] If you are not in the NRF at that time, you don't pay. You're lucky. To me, this is almost a lottery, not a funding arrangement for an Alliance built on solidarity" (Jaap de Hoop Scheffer). The Secretary General has proposed developing a common funding mechanism for a trial period for short-term NRF deployments in order to assess the potential positive effects on the force generation process. It is meaning noting here that NATO, EU, UN, and peacekeeping operations are funded in diverse ways.

„For nearly 50 years, the Alliance never deployed forces on active combat or peacekeeping/enforcement missions. The past decade, however, has

represented a sea change. With NATO forces actively deployed in several regions and with NATO members engaged in other military operations including those in Iraq, budgetary stresses have increased significantly. The American budgetary dilemmas, as a result of the Iraq conflict described above, reveal the financial difficulties these stresses can potentially inflict on long-term military investment. But all NATO governments are confronting very serious budgetary tensions today (Darling). We are not living in an epoch of peace and global harmony, although the promises of such a world seemed very real a decade ago. Our militaries should be prepared to take on the real threats to our national and collective security.”[2]

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