NATO - RACVIAC Conference on Better Management of Defence Resources  
30 June - 01 July 2010  
Pula, Croatia  
SSR-06-W/2010  
- Co-organized with NATO Defence and Security Economics Directorate -  
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Abstract  In the period of 30 June to 02 July 2010, RACVIAC- Centre for Security Cooperation and NATO Defence and Security Economics Directorate co-organized the Conference on Better Management of Defence Resources Management under title "The Global Financial and Economic Crisis: its Impact on the Management of Defence Resources, Defence procurement Systems and their Transparency" in town of Pula, Croatia. All Conference subjects were selected based on the context in which defence resources management systems are facing significant limitations due to the latest global financial crisis and continuation of transition processes. Thus the Conference primarily discussed these extreme terms of operations; development of relevant mechanisms of budgeting, control of expenditures and procurement; requirements of continuous improvements and innovations in the field of management, including process of integrity building within the security institutions. The emphasis was put on the procurement systems as the key element when it comes to immanent armed force modernization and defence expenditures transparency requirements - establishment of permanent and efficient balance between the armed force capability building and democratic control mechanisms.

Activity Background  
This Conference was a direct result of the successful sustainment of the partnership that was established between NATO Defence and Security Economics Directorate (hereafter NATO DSED) and RACVIAC - Centre for Security Cooperation (hereafter RACVIAC) almost two years ago. Both sides agreed to continue with what was evaluated as a highly successful cooperation series and this year brought together the third NATO-RACVIAC Conference on some even more specific subjects, especially if we look at them in the light of the latest financial trends and security integration efforts of the SEE Region.  
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Activity Facilitators

Academic and organizational elements were respectfully divided between RACVIAC and NATO DSED. Due to fact that RACVIAC was traditionally hosting the event, organizational support was its responsibility, while development of agenda and invitation of speakers was equally shared.

As stated, both partner organizations were engaged in development of required activity programme within the previously established main objectives. Thus, the speakers were respectfully provided by NATO and RACVIAC. NATO covered Europe mainland, while RACVIAC introduced speakers from the Region.

The Conference itself was designed around four panel sessions chaired in turns between two partner organizations.

Activity Description and Contents

Conference was designed with the goal to establish a common platform for mutual exchange of views and experiences on major aspects in the area of defence resources management within the context of building integrity in defence institutions, primarily from the perspective of several NATO member and partner countries in Europe, including SEE region.

The joint work started with the Conference opening during which welcome address were provided by Ambassador Nikola Todorčevski, Director of RACVIAC and Mr Adrian Kendry, Senior Economist and high representative of NATO DSED.

Introduction Session also included keynote presentation given by Mr Davor Ćutić, Head of the International Defence Cooperation Department of the Ministry of Defence of the

Activity Venue, Duration and Participation

NATO-RACVIAC Conference on Better Resources Management titled "The Global Financial and Economic Crisis: its Impact on the Management of Defence Resources, Defence Procurement Systems and their Transparency" was the fourth SSR activity in 2010. It was originally planned by RACVIAC to be executed in May, but due to unresolvable timetable discrepancies it was delayed for the end of June. Due to this fact and the fact that the venue was outside RACVIAC HQ, the event itself was highly demanding in terms of its execution.

There was total of 29 participants from Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia¹, Moldova, Montenegro, Turkey and United Kingdom,

¹ Turkey recognizes Republic of Macedonia with its constitutional name.
Republic of Croatia. He stressed the issue of MoD budgeting in time of recession, its adjustment in accordance with the changing budget estimates and redefined priorities of capital investments and projects.

The first Conference day included presentations by the eminent experts in the field of defence resources management including relevant transparency issues. Mr. Neil Davies, PhD, Chief Economist and Director of Defence Analytical Services and Advice (DASA) in the Ministry of Defence of the United Kingdom, gave presentation on the UK perspective of managing defence resources in time of financial crisis. The main conclusions of this expose go for the continuous reform of the procurement arrangements and contracting (including outsourcing of non-core services as a part of the solution).

He was followed by Rear Admiral (retired) Hugh Edleston, senior defence consultant in Transparency International UK, who concluded the first conference working day. Admiral Edleston talked about various form of corruption in defence procurement and what are the methods to counter them.

The second working day was opened by Mr. Adrian Kendry who thoroughly outlined the implications of the ongoing financial and economic crisis on defence expenditures, providing an insight to possible way ahead.

Next to talk about the specific elements of democratic control over the security sector, including defence procurement was Mr Jan Dirk Blaauw, expert associate of CESS and distinguished former high official in several Netherlands and European parliamentary bodies. The same topic of corruption prevention in terms of legal aspects was successfully discussed by Mr Virgil Ivan-Cucu, Head of Justice and Home Affairs Office in Regional Cooperation Council Secretariat.

Ms Lidija Levkovska from Booz-Allen-Hamilton concluded the second session with the presentation on prospective of joint procurement programmes in SEE as one of the possible solution for significant rationalization of this highly demanding process, especially in the context of NATO accession aspirations of the Region.

Each exposition was followed by intensive discussions, which presents the real value of this conference.

The continuation of the Conference, addressed regional development issues in Defence Resources Management sector with the latest cross-section of the current challenges and possible solutions in the area of defence procurement.

This preview included majority of the RACVIAC’s core member countries that were represented by the national subject matter experts. Speakers were as follows:

Ms Elma Vejsiu, Specialist, Sector of Contract Management, Modernization Department of Albanian MoD;
LtCol Taib Karaica, Section Chief, Logistic Department of the Joint Staff of the Armed Forces of Bosnia and Herzegovina;
Major Roman Mikulić, Senior Adviser, Budget Department, Finance and Budget Directorate of Croatian MoD;
2nd Lieutenant Todor Goranović, Financial Operations Analyst in Montenegrin MoD;
Mr Anatolie Coguteac, Head of Acquisition Department in Moldovan MoD; and
Ms Zorica Stojkova, Advisor for Public Procurement in Macedonian MoD.
Conclusions and Recommendations

Entire event was unanimously marked as a successful one. It primarily succeeded in being current with the corresponding questions and coping with the latest and most critical challenges in the area of defence resources management. The main reason for this can be found in the fact that it managed again to involve exceptional forum of experts, enabling unique opportunity for all of them to directly exchange latest experiences and questions in this significant field of interest. In this way, NATO and RACVIAC continue to successfully mediate the creation of personal and professional connections - an expert network that should produce significant long-term results. This is especially valuable for the SEE region and its European security integration efforts. In addition, the Conference enabled perfect benchmark for the up to date evaluation of the regional defence resources management systems by their own proponents, some senior NATO members and supporting non-governmental organizations.

We can conclude that after the third joint event addressing the same core topic of better management of defence resources, NATO DSED and RACVIAC fully managed to establish permanent and regular expertise platform, including possible development of regionally owned joint projects in the near future.

This event primarily elaborated the importance of delicate equilibrium between the processes of building the defence forces’ capabilities and democratic control over the armed forces itself, all within the complex environment of global financial crisis. It was discussed through the example of modern defence procurement systems and necessity of their transparency, as one of the topics from the entire set of critical issues that was established by the participants during the previous conference held at RACVIAC in September 2009. This set remains to be a primary source of contemporary subjects equally available for future conferences. They are as follows: aspects of armed force modernization and downsizing, offset programmes, joint procurement projects (regional cooperation), workforce development (human capital development), etc. Again, all of these subjects are to be observed through the prism of individual security sector reform objectives and existing limitations. Thus, the issue of continuous development and modernization of defence resources management systems remains one of the key RACVIAC programme areas for the next mid-term period as the crucial element in mentioned security sector reform processes already initiated in the entire SEE region.

RACVIAC together with NATO DSED should continue to support this notion with their best.