



Ministerie van Financiën



Spending Reviews on Defence

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IMF mission Slovak

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IRF



- IBO Weaponsystems (2015)
- IBO military readiness (2017)



- After Cold War: armed forces lost scale
- Budget halved as % GDP vs. NATO norm
- National debate: armed forces now too small?
- After Cold War: threats more diverse
- Recently perception of security threat changed again
- Rapid technological change



Challenge for Dutch MoD

- To cope with more diverse threats and rapidly changing weapon technology with half the budgets
- Still plethora of weapon systems in Europe
 - Cost of non-Europe in Defence: 10-40% (\$ 30-120 billion)
 - Example: tanker fleet US versus Europe
 - Europe: 42 tankers and 10 types
 - US: 550 tankers and 3 types

Logical response: recreate economies of scale and learning effects

Through cooperation and integrated contracts

Two roads

- Joint procurement of new weapon systems
- Bottom up cooperation with existing weapon systems



Analysis cost drivers weapon systems

Helicopters: 6% investment in maintenance budget could improve readiness with 15-44%



Key findings:

- Factors facilitating and complicating effective cooperation
- Current policy on cooperation based on past experience is right, but no proven benefits
- Potential value for money in investment program

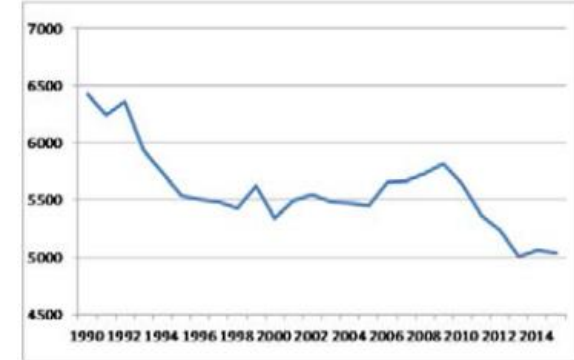
What to do to catch potential?

- Cost benefit framework integrated in Defence acquisition process
- Identify next logical steps
- Identify short term benefits
 - analyse existing weapon systems on low cost possibilities to improve readiness and rank them
 - Take this ranking into account when allocating new budgets
- More checks and balances (challengers)



2016: why this spending review? Why now?

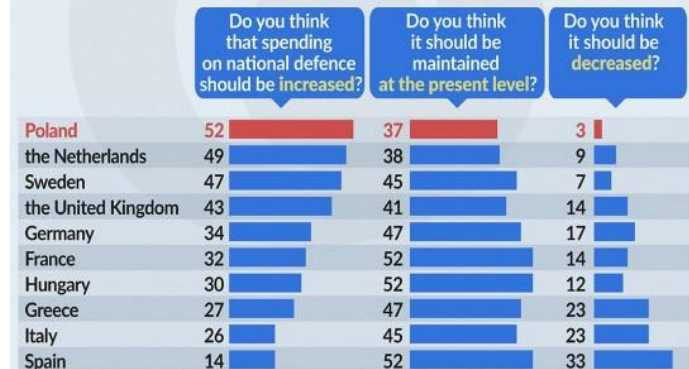
	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016
Inzetbaarheidsdoelstelling 1	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
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Inzetbaarheidsdoelstelling 4	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●



Can do mentality

Coalition agreement 2017:
1.5 Bn Defence budget increase
'Cost-to-readiness'?

Public opinion on military spending



The research was performed in the form of phone and face-to-face interviews on representative national samples of respondents under the direction of TNS BMRP and Princeton Research Associates International.

Source: Spring 2016 Global Attitudes Survey, Pew Research Center.



4 Case studies

C130



13 Airborne



44 Mechanised



LPD



Operational readiness = PR + MR + Proficiency (+ Commander's assessment)

Process disruptions:

- Too few enablers (pooling)
- Spares management
- Mission creep/indirect effects (e.g. Patriot mission Turkey)
- Readiness process: specific modules teams vs standard teams



Military readiness

Recommendations (highlights)

- Build 'standard' ready teams and ringfence
- Derive reporting standards and measure readiness in a SMART and consistent way (including commander's assessment)
- Optimise procurement to prevent obsolescence
- Include indirect effects of deployment in the decision process and decide who bears the cost (educate the Foreign Office)
- Build a strategic view on safety together with the Cabinet Office, Treasury, DoJ and FO ('SDSR')
- And translate this strategic view into mission profiles, ready units and capital assets
- Thus creating trust and transparency among decision makers