

# SMART DEFENSE

[ IN THE

# INFORMATION AGE

Bulgaria seeks to streamline  
military procurement ]

By Lt. Col. Sevdalin Stoykov | Bulgarian Armed Forces



Bulgarian soldiers march in central Sofia in May 2012 to celebrate the Army's Day of Bravery and St. George's Day. Bulgaria has transformed its military and is a major contributor to NATO and EU missions.

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**T**echnological developments have improved the quality of human life. Constant improvements in information, transportation, energy and other technologies make the exchange of goods and ideas increasingly fast. Information technology is the main engine for this progress and its potential seems unlimited.

New technologies, however, have also made our world more dangerous, as most security challenges, though not new, have been intensified by spectacular technological progress. New technologies not only leverage the potential of old threats, such as terrorism and organized crime, but have created new challenges, such as cyber security.

In addition, Europe was struck by a financial crisis that deeply affected defense budgets.<sup>1</sup> In the face of these challenges, Bulgaria is working to transform and restructure its armed forces. In the past 20 years, Bulgaria has transitioned from being a stalwart of the Soviet Bloc to a member of NATO. By joining NATO in 2004 and the European Union in 2007, Bulgaria achieved its strategic goal of becoming part of the Euro-Atlantic community as a foundation for its security and prosperity. The country is now focused on restructuring its armed forces so that sustainable development can continue within the defense budget during a challenging time when equipment needs to be upgraded.<sup>2</sup>



## BULGARIA AND SMART DEFENSE

In response to new security challenges, NATO introduced the “smart defense” initiative. But smart defense is not a strict dogma. As NATO Secretary-General Anders Fogh Rasmussen stated: “Smart defense is not about NATO imposing anything on nations. Ultimately, it is all about making it easier for nations to develop and acquire capabilities – alone, together as Allies, or even involving non-NATO countries, in NATO or in the EU.”<sup>3</sup>

Bulgaria is not an exception. Bulgaria’s NATO transformation has not always gone smoothly, as there have been allegations of corruption, lack of transparency and human rights violations. The Ministry of Defense was not untouched by these bad practices.<sup>4</sup> In 2009, a new government was elected with a clear mandate to fight corruption at all levels. And in 2010, the defense ministry published a white paper that laid out a new vision for national defense and established a solid base for the future development of the armed forces.<sup>5</sup>

This upgrade is required by the armed forces’ new missions.<sup>6</sup> Most current equipment was acquired in the late 1980s during the Cold War. The mission of Bulgaria’s military was different then, designed for full-scale war in open field operations, in contrast to today’s focus on urban-style warfare.

The second driving force for equipment upgrade is interoperability.<sup>7</sup> Most of the equipment on hand was not built to NATO standards and is usually not compatible. This is especially an issue in communications and if not properly addressed, can lead to failure of command and control systems, resulting in operational failure. Additionally, worldwide technological progress necessitates equipment modernization. It would be difficult to win 21st century wars with 20th century equipment. Today’s wars are conducted with high-tech equipment and weapons in a variety of environments: open fields, cities, underwater and cyber space, and are fought day and night. High-precision weapons minimize collateral damage, unmanned aerial vehicles conduct surveillance and robots deactivate improvised explosive devices.

Interoperability, technological progress and the requirements of new missions highlight serious security issues facing Bulgaria. The armed forces are in urgent need of technological upgrade, but this requires an improved weapons acquisition process. The problem can best be addressed by improved equipment upgrade requirements, better allocation of financial resources and stronger political will.

## DEFINING THE SCOPE

Defining the scope of required equipment upgrades is essential to obtaining the right mix of needed equipment. National security policies set national security goals, or doctrine, that defines the development of military power and capabilities and, therefore, directly affects the scope of equipment requirements. On the doctrinal level, Bulgaria has established a solid conceptual framework, including the “National Security Strategy of the Republic of Bulgaria,”<sup>8</sup> “National Defense Strategy”<sup>9</sup> and “White Paper on Defence

and the Armed Forces of the Republic of Bulgaria.”<sup>10</sup> Some key points in these documents are:

- Bulgaria accepts the principles of rule of law, democratic values, human and civil rights, and equal opportunity;
- Bulgaria has no aspirations to acquire other countries’ territory and does not recognize any aspirations that affect its territorial integrity;
- NATO and EU membership is key to protecting the sovereignty, security, territorial integrity and the independence of Bulgaria;
- Bulgaria is committed to international efforts to combat terrorism, deter proliferation of weapons of mass destruction, prevent conflicts and manage crises;
- Bulgaria will develop an effective and transparent defense management system.

The main goal, summarized in the foreword of the 2010 White Paper, is “development of a single set of forces balanced for all tasks, with a unified command and control system for peacetime and during crises, with organisation, equipment and combat training adequately corresponding to the tasks and backed with the required financial and material resources.”<sup>11</sup> This establishes a doctrinal framework aligned with NATO and EU partners and is a solid base for future development.

In recent years, Bulgaria has increased the pace of structural military transformation. Significant improvements were made in force restructuring, increased force training and legal development. Bulgaria remains highly committed to participation in NATO and EU missions and operations abroad, such as NATO’s International Security Assistance Force in Afghanistan and Operation Althea, the EU stabilization mission in Bosnia-Herzegovina. All of these clearly indicate significant progress in military reform.

One important consideration when planning defense equipment upgrades is the need to balance labor-intensive and capital-intensive armed forces. Labor-intensive armed forces – soldiers on the ground in combat and within peacekeeping and peace supporting operations – may seem cheaper but require close contact with the enemy, making soldiers more vulnerable. In contrast, capital-intensive armed forces rely more on network-centric operations and precision weapons that keep soldiers out of harm’s way, but they require expensive, advanced technology.

After goals are determined and defined in policy, strategic defense planning – as documented in “The Republic of Bulgaria’s Armed Forces’ Development Plan”<sup>12</sup> and “Annual Report on the Status of Defence and the Armed Forces of the Republic of Bulgaria”<sup>13</sup> – defines how strategic goals are to be met. The core program for equipment upgrade is the “Investment Plan-Programme of the Ministry of Defence – 2020.” The modernization of the military will be organized in 13 priority projects that will cost about 1 billion euros over 10 years. Final approval for the projects depends on each project’s cost.

In 2011, the ministry confirmed that, despite positive

signs, the financial crisis presented challenges in implementing modernization and equipment upgrade. Previous plans for modernization were considered too ambitious and impossible to achieve within national budgetary constraints, resulting in contract cancellations and project postponements.

Budgetary constraints are only part of the problem. A greater concern, perhaps, is the lack of an explicit connection between a defined capability and the corresponding organizational structure, financial parameters and needed equipment. Even if more money could be found, there is no guarantee that the stated goals would be achieved.

Furthermore, equipment should be considered in terms of total life-cycle costs, including acquisition, maintenance and disposal. A failure to connect defined capabilities and corresponding equipment in terms of life cycles is illustrated by the “Bulgarian Force Development Plan,” which ends with a list of needed capabilities but provides planning only to the projected year of accessibility. In addition, there is no explicit correspondence between the list of capabilities defined in the Force Development Plan and the 13 priority projects in the Investment Plan-Programme, though these two plans should be complementary. The development plans should include a vision for both the required equipment and possible future upgrades for all capabilities mentioned in the Force Development Plan. The establishment of clear connections between capabilities and equipment will better define the scope of equipment upgrade.

Bulgaria’s need for equipment upgrade is also defined by its membership in NATO and the EU. This means a commitment to force structure development, training, budgeting and weapons acquisition. Bulgaria has benefited as a result of its successful participation in international capability building within the framework of NATO and the EU. On the technical level, the NATO process of military standardization, certification and codification requires that future Bulgarian military equipment acquisitions meet NATO criteria.

Allied defense cooperation has helped Bulgaria access or obtain equipment that was unaffordable, as demonstrated by participation in the NATO Strategic Airlift Capability. And programs like the “Build-up a Battalion Battle Group within a Mechanized Brigade” project – funded through the U.S. Foreign Military Financing Program – allow Bulgaria to achieve better results through Allied cooperation with assets they can afford.

For smaller countries with limited economic potential, international cooperation is critical. To further improve results through Allied defense cooperation, Bulgaria must use a more focused approach. A deeper analysis of what Bulgaria needs and what Bulgaria can provide as an international partner is needed. Moreover, while technology is developing quickly, defense modernization requires long-term, resource-consuming projects. Bad decisions can have deeply negative impacts.



Bulgarian Chief of Defence Gen. Simeon Simeonov, right, meets with then Operation Althea Commander Austrian Maj. Gen. Robert Brieger, at EU Forces headquarters in Sarajevo in March 2012.

EUFOR

## ALLOCATING FINANCIAL RESOURCES

Allocation of financial resources for military equipment depends heavily on national fiscal policy. Since July 1997, when the currency board was established, Bulgaria has had a restrictive fiscal policy<sup>14</sup> that has brought needed discipline to the Bulgarian economy.<sup>15</sup> But the currency board limitation on government spending implies a severely restricted defense budget. Restrictive fiscal policy also makes it almost impossible to pay for defense modernization by tapping reserves in the national budget.

What part of the defense budget is available for equipment acquisition must be determined. According to the “Annual Report on Defense,”<sup>16</sup> defense spending in 2011 and 2012 was 1.4 percent of the gross domestic product (GDP), less than the 1.5 percent stipulated by the Investment Plan-Programme. The defense spending distribution ratio of 66:25:9 committed to personnel, maintenance and investment also failed to meet the numbers in the White Paper (60:25:15) in 2011. If this trend continues, the White Paper’s objectives will definitely be unrealizable.

The Ministry of Defense is responsible for defense budget management, an integral part of democratically elected, civilian-government control over defense.<sup>17</sup> The defense budget management system administers allocation of financial resources for weapons acquisition. Creation of the Integrated Defense Resource Management System (IDRMS) was a major step toward implementing a planning and budgeting system compatible with NATO practices.<sup>18</sup> The IDRMS is a multiyear, program-based and financially constrained system with well-developed features such as quantifiable target objectives, audit control and management of risks.

Equipment acquisition provides room for improvement. Two courses of change could accelerate the acquisition

process. First, financial resources used for military procurement should be identified, funding detailed for the 13 priority projects in the Investment Plan-Programme; and an outline made of where the 10 main programs from the “Annual Report on Defence” fit into the Investment Plan-Programme. Second, better structured and balanced program planning will improve the equipment modernization process.

International relationships also play an important role in the allocation of financial resources for equipment purchases such as the U.S. Foreign Military Sales program. Rather than direct financial transfers, Bulgaria receives military equipment. An example is the \$2.4 million contract awarded to Saab in May 2012 under the Foreign Military Fund to deliver the Deployable Instrumented Training System to the Bulgarian Army.<sup>19</sup> Another method is employment of the microeconomic principle of economies of scale, such as the Bulgarian proposal to buy fighter aircraft jointly with Croatia, Romania and Turkey,<sup>20</sup> though this has yet to achieve much support.

International cooperation can be further optimized to provide more than just considerable financial benefits. First, the principle of unity of effort must be more widely employed by better integrating programs for international cooperation into the defense planning and budgeting system. A Ministry of Defense program called “Membership in NATO and the EU and International Cooperation” could be used to create synergy and consolidate national and international financial resources. Second, international cooperation must have not only a political dimension, but also the quantifiable measurement of costs and benefits to protect the budget against temptations to spend precious resources on attractive but unrealistic ideas.

## STRONGER POLITICAL WILL

Political will is undoubtedly the main engine for defense acquisition. Bulgaria has seen ambitious plans for modernization lose political support and fail because of a shortage of financial resources. For example, former Prime Minister Sergei Stanishev's 800 million euro initiative to acquire four Gowind-200 class corvettes from France was later canceled when Prime Minister Boyko Borisov decided the project was too expensive.<sup>21</sup>

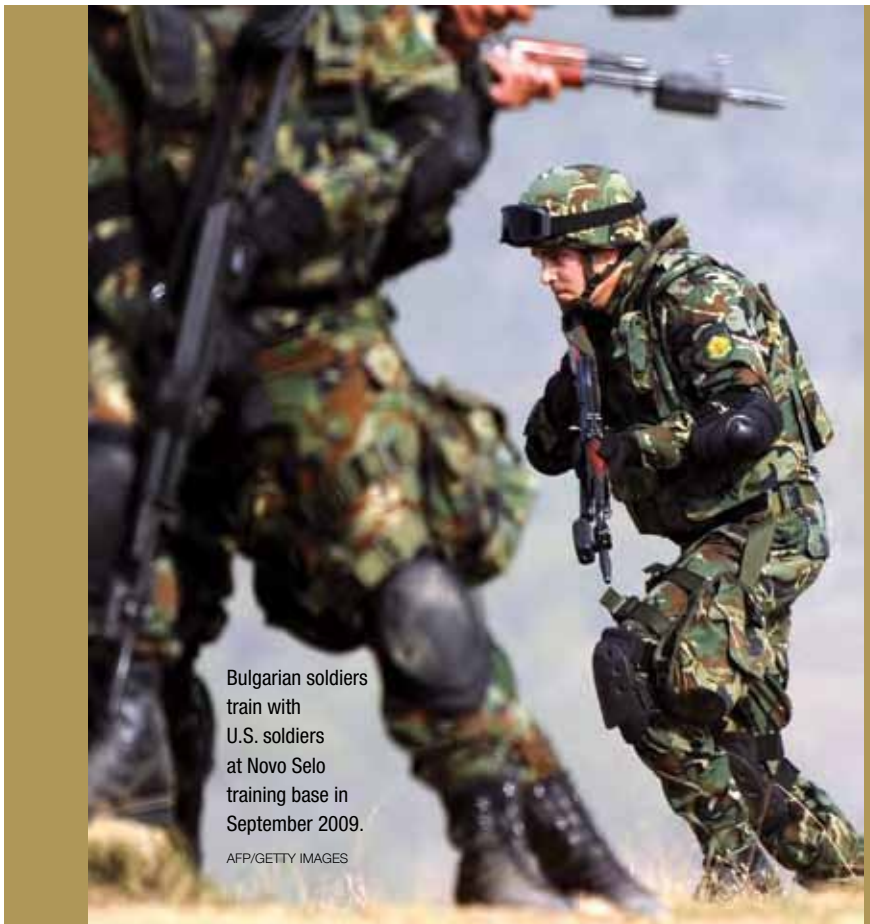
Bulgaria's long-standing need for equipment modernization has been supported by the military leadership since even before full NATO membership<sup>22</sup> and is well understood and politically supported. It is important that the investment plan is one package and that it is a product of a single concept of forces.

Shifting political winds could hurt the viability of the Investment Plan-Programme as defense investment projects are usually long term and require a considerable amount of financial resources. Changes in Parliament could cause approved investment projects to lose political support. Termination of a defense investment project can have significant negative consequences.

Projects should be separated into two groups, defined as long-term projects and mid-term projects, that can be accomplished within a government mandate. Long-term projects would require a broader political consensus in Parliament, which would minimize the possibility that the next government could cancel them. Cabinet approval would be sufficient for mid-term projects, easing interactions between the Minister of Defense and the Minister of Finance, and will guarantee that no unwanted obligations will be left for the next government.

A third group of short-term, relatively low-cost investment projects would be managed by the Ministry of Defense. This would allow the armed forces to acquire equipment that is already on the market, does not require long development, has a low associated risk and is highly useful on the ground. The U.S. Department of Defense commercial off-the-shelf program is an example. This will provide flexibility for quick reaction to a changing security situation. These three groups of investment projects must then be combined into a single government plan for defense modernization.

Finally, the political endorsement process must incorporate a reporting, evaluation and revision system that will protect defense acquisition processes involving the prolonged projects, even if they are politically supported. It would also facilitate adaptation of long-term investment projects to current defense challenges.



Bulgarian soldiers train with U.S. soldiers at Novo Selo training base in September 2009.

AFP/GETTY IMAGES

International cooperation is essential to acquiring technologically advanced defense equipment, including government-to-government and government-to-business relationships. Participation in NATO and EU operations requires a higher degree of interoperability. These are not staff exercises played on computers. These are real operations; real people in the field with real weapons. Therefore, a lack of interoperable equipment could put Allied forces in danger.

Undoubtedly, membership in the EU and NATO improves synergy between countries in terms of collective defense. NATO's smart defense initiative is intended to increase this synergy and prevent a decline of Allied defense capabilities in a time of declining defense budgets. Bulgaria has had a shrinking military budget as a percent of the GDP since 2005, so the question of how to do more with less is not new. Bulgaria sees smart defense as a solution not for a local problem, but a solution for a common concern that requires a united effort from the Allies. Through prioritization, cooperation and specialization, the Alliance could achieve genuine and trustworthy defense cooperation. Bulgaria's political elite must increase efforts to convince the electorate and taxpayers that joining NATO and the EU does not end the process of building national security. This is especially true in terms of defense equipment modernization, where political will remains vital.

## CONCLUSION

Equipment modernization for the Bulgarian Armed Forces is essential. Bulgaria has developed a well-functioning



Dr. Vladimir Getzov, a Bulgarian Armed Forces doctor, prepares a bandage for an injured child in Herat, Afghanistan. Bulgaria has contributed to NATO's Afghan mission since 2003.

TECH SGT. LAURA K. SMITH/U.S. AIR FORCE

planning and budgeting system compatible with NATO practices, but the weapons acquisition process can definitely be enhanced. The existing system has no need of major restructuring but needs to be employed better. This means better prioritization and financial allocation.

Second, there is a clear interconnection and interdependence among the elements of defining the scope of equipment upgrade, allocating financial resources and demonstrating political will. There is always a financial element when defense equipment is mentioned. And political will has a capabilities element and a corresponding equipment element. These three factors shape one another. Perhaps the key for successful equipment acquisition is the balance among the scope of equipment upgrade, financial resources and political will. Bulgaria has unfortunate experiences with failed projects that lacked either proper financial resources or political support. On the other hand, sometimes precious financial resources were wasted on unnecessary upgrades. A necessary balance and unity of effort could be achieved through a constant cycle of evaluation, planning, implementation and revision of the weapons acquisition process.

There is a saying "the devil is in the details." For Bulgaria, this means the active and purposeful implementation of the weapons acquisition process, because by implementation, intentions became actions. Implementation is how Bulgaria will build trust and continue to be a strong European partner in NATO. □

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