“First regional meeting of heads of procurement departments”
SSR-12-M

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Abstract The idea of organising an event like this had been in the air for almost two months in discussions between Regional Cooperation Council (RCC), RACVIAC – CSC, Montenegro as current SEECP chairing country and NATO – Defence Policy and Planning Division. It is a well-known fact that the co-operation over defence procurement issues between SEE countries has been in place for some time now. However, that collaboration was bilateral and did not go beyond two-country affairs. Therefore, it seemed natural to try to bring together a somewhat wider group of countries whose representatives would address procurement issues during an event aimed at further building of confidence and providing a broader picture of needs and providers as well as more information on current acquisition priorities in each of the participating countries. The first of the benefits accrued from this meeting in Budva proved to be the clearly expressed willingness of the participating countries to collaborate on specific defence procurement projects, including training and maintenance needs. The second benefit is the deliberation of the countries represented at the meeting to make efforts to obtain national support in producing a preliminary list of their actual procurement interests and needs which could be executed within the region. If more SEE countries had been represented at the meeting, its overall success would have been even greater.
Activity Background

The co-operation in defence procurement area in SEE region is an ongoing process, yet of a smaller scale and without the general approach which would ensure the access to relevant information to all parties that may possibly find interest in the subject matter. Several bilateral projects had previously been executed and the idea of bringing all interested parties together was subsequently raised between the four facilitators of this „First Regional Meeting of Heads of Defence Procurement Departments“.

Activity Facilitators

This „First Regional Meeting of Heads of Defence Procurement Departments“ was planned, organised and executed by RACVIAC - Centre for Security Cooperation, Montenegrin Ministry of Defence, Regional Cooperation Council (RCC) and NATO Defence Policy and Planning Division.

Activity Venue, Duration and Participation

The meeting was conducted in the hotel Maestral, Budva-Przno, Montenegro. The participants were representatives of Albania, Bosnia and Herzegovina, Croatia, Former Yugoslav Republic of Macedonia¹, and Montenegro. The working sessions were moderated by Mr Efrem Radev, Head of Security Co-operation Unit, Regional Co-operation Council (RCC) and Mr Frank Boland, Director of Planning, NATO Defence Policy and Planning Division.

Activity Description and Contents

The meeting was comprised of countries’ presentations and individual elaborations of the procurement status in participating countries.

The working part of the meeting started with the opening addresses given by Mr Rifet Kosovac, Deputy Minister for Material Resources of the Montenegrin MoD, H.E. Ambassador Nikola Todorcevski, Director of RACVIAC – CSC and Mr Frank Boland, Director of Planning, NATO.

Mr Efrem Radev, Head of Security Co-operation Unit, Regional Co-operation Council (RCC) delivered an introductory speech to the working sessions. Mr Radev pointed out that, in order to achieve possibly stronger regional procurement activities, national interests, implementation constraints, interoperability and the control over military assets should have a common denominator, i.e. co-operation.

The morning session, moderated by Mr Radev, was focused on identifying procurement needs, priorities and difficulties, while the afternoon session addressed possible obstacles in the execution of multinational procurement projects such as national regulations,
financial difficulties, training needs and maintenance of out-of-date equipment.

Countries' presentations reflected different national situations and priorities in terms of defence procurement.

Mr Jorgo Mino, Procurement Department Chief (AL), stated that his department had the authority to purchase from NATO member states and that they were definitely given a green light regarding possible regional defence procurement projects.

Col Josip Pikaus, Supply Department Chief (BA), stated that B&H's current priorities were destruction of ammunition and other surpluses of military materials. He also pointed out the restrictions on procurement issues imposed by the current national purchasing regulations.

1 Turkey recognizes the Republic of Macedonia with its constitutional name.

BGen Milan Knezevic, Director of Department for Development, Equipping and Modernisation (HR), presented current Croatian capabilities within the area of defence industry and procurement, expressing Croatia's readiness to share information on weak points and obstacles while running a specific project, in this case an off-set arrangement.

Mr. Drasko Jovanovic, Deputy Minister for Defence Policy (ME), stressed the need for designating a mechanism for SEE multinational defence co-operation, suggesting that an expert group could serve that purpose.

Lt Col Sasho Meshkov, Deputy Head of Logistic Sector (MK), delivered a presentation on the current status of Macedonian regulations and procedures in the area of defence procurement, pointing out that there were no legal obstacles for regional co-operation in procurement issues.

The morning session was concluded by Mr. Boland's remarks regarding the possibility of establishing a co-operation process in terms of long-term multinational procurement projects. He drew attention to the fact that the concept of "confidential acquisition" could serve as fertile ground for corruption. He also pointed out that the "confidential acquisition" concept suffered definition ambiguities since it was not clear whether purchasing helicopter spare parts could be regarded a military acquisition or not. Furthermore, Mr. Boland proposed to representatives of PFP and MAP countries to include some projects on this subject matter in PFP or MAP plans for the future.

The afternoon session saw discussions reflecting the actual status of national procurement issues.

Mr. Jovanovic (ME) pointed out obstacles in legal procedures and raised the question whether it was possible to share procurement information on a long-term basis by means of an expert group that would have RACVIAC - CSC as the place for meeting and information-sharing. He also emphasized that the sharing of information and lessons learnt should reflect national experience in executing acquisition projects, including information on the parties to those projects that deliver material and provide services.
Col Pikaus (BA) suggested harmonisation of legal experiences with companies that had already been engaged in regional defence procurement projects.

BGen Knezevic (HR) stated that the meeting was to identify projects and needs and not to serve as a binding event. Mr. Jovanovic (ME) further explained the sole technical focus of the idea of multilateral cooperation in procurement issues, without entering the policy area in any way. This was the point when the consensus was reached. Basically, the idea is to see why private companies want certain clauses of the contract or project elements to be made confidential.

As to the policy perspective, it is worth mentioning here that Mr. Boland (NATO) expressed his opinion that running the defence system should be in harmony with the country’s capabilities and that the way of executing procurement projects should be done in a rational and economic way, using the most affordable partners – which in this case comes down to regional, bilateral or multilateral cooperation in defence procurement issues. Mr. Cutic (HR) remarked that it would be good if NATO could send a strong and clear message to countries not to neglect their existing national capabilities because participation in Peace Support Operations (PSO) is not the single scope of operations and activities of national defence systems. Col Kosovac (ME) suggested that it would be helpful if procurement departments could have relevant information in terms of what is available for acquisition in each of the countries, i.e. who is producing what or which projects could start at once?

The last segment of the session was a discussion on how to engage the policymakers into supporting regional procurement co-operation initiated during this meeting.
forum for further developments in the field of defence procurement issues in SEE countries.

Finally, some other concrete topics were also addressed:
- exchanging national issues on helicopters, training and maintenance and taking into consideration the establishment of a virtual store for old equipment spare parts (trucks);
- making this regional procurement initiative public through a coordinated press release.

A preliminary expression of interests regarding projects which could be jointly realised through regional, bilateral or multilateral collaboration in procurement issues serves as the greatest achievement of this meeting.

The general idea behind this meeting has been fully realised and the good will regarding operational collaboration in procurement issues between the countries of the region has been clearly expressed. What remains is to obtain political support on the national level and prepare a list of potential joint projects for bilateral or multilateral collaboration with focus on specific procurement issues.

The main purpose of the meeting, bringing together Heads of Defence Procurement Departments within Ministries of Defence of the countries of South Eastern Europe to exchange current information on procurement issues in their respective countries, was fully achieved.

The meeting confirmed the willingness of participating countries to continue with collaboration in defence procurement projects in a more concrete way in the near future.

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