MINISTRY OF DEFENCE
REPUBLIC OF MACEDONIA

Strategic Defence Review 2018 of the Republic of Macedonia

Towards NATO Membership and Future Force 2028

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Foreword by the Deputy Prime Minister and Minister of Defence – Ms Radmila Shekerinska-Jankovska

NATO membership is the paramount defence and foreign policy goal of the Government of the Republic of Macedonia. Our citizens gave us a clear mandate to achieve this goal. It requires building a society of inclusiveness and tolerance, rule of law and respect of the European values of freedom and equality and human rights. The values of the Alliance also require strong internal cohesion and good neighbourly relations. Defence reform forms an important part of this process.

The NATO invitation at the upcoming Brussels Summit is invigorating and restores our enthusiasm in creating an efficient and appropriate defence system, an investment in our own and regional security.

A democratic, secure and prosperous Macedonia, with friendly and constructive relations with its neighbours and an active participant in regional and international economic, political and security fora, is vital to peace and stability in Southeast Europe. In this context, our commitment to the North Atlantic Treaty Organization (NATO) is unwavering, both as a partner and future member. We have been consistent in implementing all activities and obligations undertaken on our path to full-fledged NATO membership and we expect that our ultimate goal will be reached in the near future. Our defence development and modernization plans will be designed to ensure a full contribution to the basic values of the Alliance and contribution in the area of security and collective defence.

Macedonia has been consistent in its reforms and in meeting the criteria for NATO membership. In less than a year, we have managed to deliver the key document, the Strategic Defence Review, This document practically lays out the entire defence reform agenda, which is a precondition for NATO membership, but it also implies modernization of the defence of a country. We shall begin forthwith the implementation of all reforms outlined in the SDR. For Macedonian defence, it will primarily bring about modernization of the armed forces, optimization of the resources and improved working conditions.

The defence budget will increase. As the other small nations within NATO, we will try to provide the necessary capabilities to undertake our defence missions and contribute to NATO in accordance with our possibilities. Our real strength will be based upon high-quality personal and professional values and skills for performing duties and work alongside our partners and future allies.

The Republic of Macedonia is determined to become the 30th NATO member state.

Executive Summary

This Strategic Defence Review (SDR) provides guidance for the future development and continued transformation of Defence, with the goal of establishing a modern and flexible Army of the Republic of Macedonia (ARM) that can undertake mandated defence missions and make a positive contribution to NATO. It also determines the future size and shape of the Ministry of Defence. Our goal is a capable, affordable and sustainable Defence Sector that supports Macedonian efforts to help build a more secure and stable world.

The global security environment is unpredictable. Security challenges, risks and threats continue to evolve and increasingly involve those of an asymmetric, hybrid and cyber nature. No country can effectively deal with them in isolation, so cooperation to address these common issues is essential, as is the related work towards a collective response.

With regard to national and regional security, the main concerns of the Republic of Macedonia are those relating to economic and political issues; organized crime; the activities of hostile foreign intelligence services; terrorism and violent extremism and radicalism; illegal migration; cyber-attacks and information security; and natural disasters. We believe that the best means to further improve and consolidate security in the Western Balkans and beyond is through the development of national capabilities and the full Euro-Atlantic integration of all Balkan countries.

Membership of NATO and the European Union (EU) remain the primary foreign and defence policy goals of the Republic of Macedonia. The development of our defence capabilities will be based upon the principles of cooperative and collective defence and enhanced interoperability and standardization with NATO. We will continue to explore options for further cooperation with our neighbours, regional states and other partners and will develop annual Defence Staff consultations with key bilateral partners. In 2019, we will send officers and officials to fill priority positions, including Defence Attaché posts and staff officer positions at NATO headquarters and commands.

The Republic of Macedonia makes an active contribution to the maintenance of international peace and security by taking part in international peace support operations, especially those led by the United Nations (UN), NATO and the EU, as well as other regional initiatives. Over 4,000 Macedonian personnel have served within international peace support operations. The ARM contribution to international missions will remain a top priority.

Specific elements of the ARM have been declared available for use with NATO and EU forces and will form the focus of our modernization efforts. They include a Light Infantry Battalion Group, transport helicopters, Special Forces; engineers and de-miners, military police and a deployable medical treatment facility[1]. NATO Operational Capabilities Concept evaluations have determined that most of these forces are “combat ready”.

[1] A Ranger company is also currently available but will be re-rolled in the future in order to create the new ISTAR battalion.

We will modernize the ARM and improve its capabilities, so that it can make an enhanced contribution to domestic, regional and global security and stability, and assume the responsibilities required of a NATO member state. Our force modernisation goals, based upon the need for an appropriately-sized, flexible and highly professional ARM, will be fulfilled through the development of the Future Force 2028 concept.

Under Future Force 2028 the new army structure has been designed to have fewer personnel; to consolidate and reduce the number of commands and headquarters; clearly define levels of responsibility (strategic, operational, tactical); facilitate the delegation of authority to the most appropriate level; optimize the size and manning of units; reduce costs; enable the implementation of high priority development objectives; establish new capabilities and capacities across the land, air and cyber domains; enhance interoperability with NATO and between national elements; and to develop capabilities in line with NATO standards.

The current authorized manning figure[2] will be reduced from 8,167 to around 6,800 active personnel. We will strengthen the analytical and planning capacities within the General Staff. A reduced Operations Command will provide command and control of all ARM combat and supporting assets, including for operations in the Republic of Macedonia and abroad. Each unit will have organic logistics support.

A single Motorised Infantry Brigade will provide the primary combat and manoeuvre element of the ARM. A single active company will be retained for armour, artillery and air defence. The Brigade will form the focus of our equipment modernization plan and will provide an effective, mobile and flexible force that is interoperable with NATO, including the Light Infantry Battalion Group that provides the core of our contribution to the Alliance.

Air assets will include transport and attack helicopters in the short-term, but the latter capability will be discarded once the helicopters reach the end of their life. We will improve our air surveillance capacities. Enhanced capabilities for the ARM will also include a new Intelligence, Surveillance, Target Acquisition and Reconnaissance (ISTAR) battalion as well as improved cyber defence. We will develop a new reserve concept and initiate a pilot project as part of the creation of a small, active reserve.

The MOD will be restructured, in order to reduce numbers and rationalize the existing sectors and departments. Personnel numbers will fall from over 1,000 to between 650-700 staff, comprising a mixture of civilian and military employees. The number of State Adviser posts will be reduced from an authorized figure of 16 to 6. Those filling these posts will each assume coordinating authority for a cluster of MOD sectors and departments and will provide an intermediate level of management that is currently lacking. In addition, high level governance of the MOD will be improved. We will also modernize business processes and practices within the MOD, with a focus on decentralization and more collaborative working.

Defence has suffered from inadequate funding during the last 10 years. This has had a cumulative impact on ARM capabilities, and obsolescent equipment remains in service. We are committed to increase Defence funding. The 2018 budget is 14% larger than

[2] Current manning 6.811

that of the preceding year. For the next three fiscal years (2019, 2020 and 2021), the defence budget will increase by 0.2% of GDP, with the objective of meeting the NATO target of 2% by 2024. We will reduce personnel costs, while increasing expenditure on operations, maintenance and training; and equipment and modernization.

We will introduce a Planning, Programming, and Budgeting Execution process across Defence that will become the main tool for resource management. We will also continue to harmonize our national defence planning system with the NATO Defence Planning Process (NDPP) and will implement associated procedures, standards and doctrine. We will pay special attention to enhancing efficiency in the management of defence resources, including the cost-effective, efficient and rational use of available resources, and building integrity (BI) in accordance with NATO BI Programme trends of work, with a focus on accountability, transparency and zero tolerance of corruption.

New equipment will be acquired in accordance with a sequenced acquisition programme that will result in enhanced interoperability with national government departments/agencies, and NATO. Priorities include infantry fighting vehicles/APCs'; tactical communications systems; engineer equipment; improved cyber-defence capabilities; military transport vehicles; an enhanced indirect fire capability; individual and collective chemical, biological, radiological and nuclear (CBRN) and ballistic protection equipment, equipment for the integration of communication core network and services, and new ISTAR capabilities. The highest priority will be accorded to those units and capabilities declared available for NATO. Equipment that is no longer required will be disposed of – and may be sold, donated or destroyed.

We will rationalize defence infrastructure to create a cost-effective solution that is in line with future needs, consider the consolidation of ARM units into fewer sites, and dispose of excess facilities and property. A new logistics concept will account for the introduction of organic support for all ARM units. An updated acquisition process will be introduced and a Logistics Information System developed. We will continue to develop Communications and Information Systems and will enhance interoperability with Ministry of the Interior elements and NATO. Crypto-protection will be improved and a Strategy for Cyber Defence prepared.

Updated personnel policies will be prepared and implemented which will address long-term needs and the current imbalance in the ‘personnel pyramid’, with an excess of senior officers and a lack of junior officers and NCOs. A new human resources strategy will be developed, that covers future personnel needs, recruitment and retention, career management and the outflow of Defence personnel. While the representation of smaller ethnic communities has improved significantly, more remain to be done. The promotion of gender equality will remain an important issue for Macedonian Defence, although the percentage of women in the ARM is in line with average figures for NATO states.

To modernize Defence and build related capabilities, we will undertake a series of measures that will be encapsulated within an SDR Implementation Plan. A new Long Term Defence Development Plan (LTDDP) 2019-28 will be prepared to support ARM modernization.

Introduction

This Strategic Defence Review (SDR) provides guidance for the future development of the Defence sector of the Republic of Macedonia. It marks the latest step in the continued transformation of Defence[3], with the goal of establishing a modern and flexible Army of the Republic of Macedonia (ARM) that can undertake mandated defence missions and make a positive contribution to NATO. It also determines the future size and structure of the Ministry of Defence. Our goal is a capable, affordable and sustainable Defence Sector that supports Macedonian efforts to help build a more secure and stable world.

We have taken a comprehensive and inclusive, cross-government approach to the SDR which has involved important contributions not just from the Ministry of Defence, General Staff and ARM units, but also other government departments and agencies with an interest in defence issues, including the Ministry of the Interior, Ministry of Foreign Affairs, Ministry of Justice, Ministry of Finance, Ministry of Information Society and Administration and others including the Crisis Management Centre. Important input has also been provided by the Office of the President, in line with his position as Commander-in-Chief of the ARM. An earlier draft of the SDR was widely shared during a consultation process and this paper accounts for feedback received. It has also benefited from advice and assistance from the NATO Liaison Office and individual NATO member countries.

In-depth analysis has been conducted by dedicated expert working groups and within a wide-ranging series of workshops that have considered the broad spectrum of defence issues. We have reviewed and updated our defence interests, planning assumptions and supporting objectives, missions and tasks; have revised our assessment of the contemporary international security environment; have developed associated scenarios and considered current and future defence capabilities, gaps, needs and priorities; and undertaken a thorough functional analysis[4] of each sector and department within the MOD, and each command, unit and sub-unit within the ARM. SDR findings and conclusions are based upon firm evidence and the consideration of multiple options. SDR outcomes offer clear guidance for the future development of Macedonian Defence and further defence reform.

In parallel with ARM modernisation, we will further develop the MOD to ensure that it provides the necessary level of support to fulfil its constitutional roles, which include the preparation of national policy and strategy; the assessment of possible threats and risks; and overall management of the defence system, including the training and equipping, readiness and development of the ARM and management of the defence budget. Future Macedonian Defence will be capable, flexible, affordable and sustainable.

[3] 'Defence' is used throughout this paper to refer to the organisation and assets of the Ministry of Defence and the Army of the Republic of Macedonia.

[4] The aim has been to identify what functions are being performed and how; whether they should continue, be removed or transferred; and how they might be undertaken more efficiently.

PART ONE: CONTEMPORARY MACEDONIAN DEFENCE

This chapter gives an overview of the current situation in the national, regional, and global security environment, and the threat, risk and challenge assessment. In addition, part one lists the defence interests and planning assumptions, as well as the defence goals, missions and tasks, which constitute the foundation for analyzing and planning the future capabilities and resources.

1. The International Security Environment

The Republic of Macedonia sees full membership of all Balkan countries in NATO and/or the EU as the best means to further improve and consolidate security in the Western Balkans and beyond. We will maintain our active contribution to collective efforts to deal with contemporary threats, risks and challenges and will continue to invest in Euro-Atlantic security and stability.

We have completed an updated analysis of the international security environment, as a necessary precursor for the development of national solutions, including the future configuration and roles of Macedonian Defence. Our findings are summarized below:

1.1 Republic of Macedonia

The security environment of the Republic of Macedonia has significantly improved during recent years. We enjoy good relations with our neighbours, most of whom are now members of NATO and/or the EU (Albania, Bulgaria and Greece). Kosovo has a Euro – Atlantic agenda, while Serbia maintains a constructive relationship with both organisations. The Republic of Macedonia's geo-strategic location and geo-political position are of interest to – and influenced by – important economic and political actors. This has a corresponding impact on our national security. Conflicts in the Middle East (Iraq, Syria), South Asia (Afghanistan) and North Africa (Libya) have also affected our security situation through the arrival and transit of migrants, radical extremists and battlefield returnees.

The threat of military aggression by another state against the Republic of Macedonia in the short, medium and long term is considered highly unlikely. The most significant risks we face are from asymmetric, hybrid and cyber threats and other non - military threats including those posed by non-state actors. Natural disasters, man-made disasters, epidemics and the impact of climate change remain additional risks for the Republic of Macedonia, the region and the wider world. No country is immune, as these issues do not recognize political borders.

1.2 South Eastern Europe

The states of South Eastern Europe (SEE) face the same threats to peace and security as other countries on the continent. Turbulence and the potential for spill-over from and into neighbouring regions may also affect the overall political, economic and security situation. The security environment is further complicated by the presence of large

quantities of illegal weapons as a consequence of previous conflicts. An influx of migrants and refugees also offers the potential for destabilizing the countries in the region.

The region continues to be affected by its history and faces issues that may lead to instability. But regional cooperation and good neighbourly relations have had a positive impact on security in the region. Regional states are aware that cooperation and good-neighbourliness are a prerequisite for building mutual trust, integrating into European and Euro-Atlantic structures, and improving regional security, stability and economic growth.

Enhanced defence cooperation between countries within the region has contributed to closer relationships and confidence building measures. We believe that with full integration of aspirant countries into Euro-Atlantic structures, we can truly embrace the vision of those who created NATO and the EU - of a Europe whole, free, democratic and at peace.

1.3 The Global Security Environment

The contemporary global security environment may be best characterized as unpredictable. Rapid, complex, and dynamic social, political, economic and technological developments and associated changes in the balance of power have had a major impact on the security challenges, risks and threats that we face. The notion of security now includes not only threats to the national security of states, but also an increased threat to the people within them.

Globalization and demographic change have had both positive and negative impacts. Modern states may continue to face traditional military threats, but are now more vulnerable to non-military, asymmetric, hybrid and cyber threats; threats from non-state actors; and the influence of the Internet and social media - for good or ill. Cyberspace has a significant impact on the security of people and states. Although global access, information sharing and the use of the internet for business and social purposes has seen enormous benefits, it also represents a contemporary threat given the increased vulnerability of our societies to cyber-attacks. Technological development has allowed wider access to modern, dual-use technology, which can be used to endanger security and stability.

No country can deal effectively with these issues in isolation. Therefore, we must cooperate to address these common security threats, risks and challenges, and work towards a collective response.

2. Threats, risks and Challenges

Relations within the Balkans continue to be sensitive and differences of a national, ethnic, religious and cultural character, and conflicting goals and interests within the

region have the potential to challenge the security and stability of the Republic of Macedonia.

We do not anticipate armed aggression from a neighbouring country as a direct threat to the sovereignty and territorial integrity of the Republic of Macedonia. Experience from the past two decades suggests that indirect threats are a more realistic concern. The non-state actors (criminal groups, foreign funded extremists, foreign fighters, returnees and terrorists) who originate from within the region represent the most serious threat and most likely destabilizing factor.

Malign activities undertaken by such non-state actors will be unpredictable, uncertain, rapid and dynamic. Although they would be of an asymmetric, hybrid or low-intensity nature, the real danger is possible escalation and spillover in the region. Such groups may use the territory of neighbouring countries as a base to infiltrate and challenge the sovereignty and territorial integrity of the Republic of Macedonia.

Another serious threat to the national security of the Republic of Macedonia is a combination of unconventional ways and means with political, economic, psychological and cyber interference in order to create a perception of uncertainty and insecurity. The intention of such subversive activities is to undermine public trust and confidence in democratic institutions and core government policies.

2.1 Threats, Risks and Challenges – Primary Concerns

Threats, risks and challenges to the national security of the Republic of Macedonia are mutually overlapping, and complementary. Although they differ in the complexity of their detection and prevention, the degree of danger and the severity of their consequences, each can affect the national security of the Republic of Macedonia. We must develop appropriate policies and related capacities and capabilities to deal with them. We identify the following issues as the main concerns for us:

- *Economic - political issues* remain a serious challenge for the Republic of Macedonia and the main generator of instability in the form of social challenges. They include slow economic growth, corruption, organized crime, insufficiently developed institutions, unemployment, weakness within the judicial system and the politicisation of democratic institutions. These issues are being addressed. Energy security is a further concern, given our reliance on external sources, especially for oil and gas. The disruption of energy supplies, whether due to instability in related countries or malign intent, could have a serious impact on national stability.

- *Organized crime* in the Republic of Macedonia is manifested primarily through illegal trafficking of commodities including narcotics and people. Security in the region is further jeopardized by the presence of illegal weapons and ammunition that are available to criminal and extremist groups.

- *Hostile Foreign intelligence services* and their covert operations are a threat to the security of the Republic of Macedonia. Their aim is to frustrate or terminate our efforts to integrate within the Euro-Atlantic community, especially with regard to membership of NATO and the EU. Their actions are intended to weaken the political, economic and security commitments of the state, to erode the capacities of our defence system and to undermine public confidence in government policy.

- *Violent extremism and radicalism* in all its forms (national, political and religious) originates in some cases from historical circumstances and disagreements, and is fuelled by the slow social and economic development of the region. Foreign funded non-state actors can exploit these weaknesses to cause internal, inter-ethnic disagreements and conflict.

- *Terrorism* also remains a current threat to the security of the Republic of Macedonia. Modern terrorism is characterized by a close connection with violent extremism, especially religious extremism. Although the Republic of Macedonia is vulnerable to terrorist attacks, we assess that it is more likely that the country will be used as a corridor for the infiltration of terrorists to Western Europe.

- *Illegal Migration,* which is primarily a result of the conflicts in the Middle East and North Africa, but also of the search for improved economic conditions, is not a direct threat to the national security of the Republic of Macedonia, but it can seriously burden a range of state institutions in the medium and long term. The nature of this risk will depend on future migration patterns and the consolidated international response.

- *Cyber-attacks and information security* is a current and growing challenge to global security. The most serious potential consequences of cyber-attacks are threats to the functioning of critical infrastructure elements, including the defence and security systems of the Republic of Macedonia.

- *Natural and man-made disasters, epidemics and climate change* are indirect threats that are difficult to predict, but which may cause a significant burden to security and other state institutions.

- *Degradation and destruction of the natural environment* are closely related to climate change and global warming. This could be a significant problem and security risk for the Republic of Macedonia in the long run that may indirectly affect the defence system.

Table One: Threats, Risks and Challenges

THREATS, RISKS AND CHALLENGES	LIKELIHOOD		
	Short term *(up to 1 year)*	Medium term *(up to 5 years)*	Long term *(up to 10 years)*
Direct threat to sovereignty and territorial integrity / armed aggression	LOW	LOW	LOW
Terrorism	LOW	MEDIUM	MEDIUM
Violent extremism and radicalism	MEDIUM	MEDIUM	HIGH
Organized crime	HIGH	HIGH	MEDIUM
Illegal migration	MEDIUM	MEDIUM	MEDIUM
Cyber attacks and information security	MEDIUM	HIGH	HIGH
Hostile Foreign Intelligence Services	HIGH	HIGH	MEDIUM
Economical-political	MEDIUM	MEDIUM	MEDIUM
Natural and technological disasters, epidemics, climate change	MEDIUM	MEDIUM	HIGH
Degradation and pollution	MEDIUM	MEDIUM	MEDIUM

Table One above, which was put together on the basis of a comprehensive cross-government process, provides our assessment of the likelihood of these threats, risks and challenges during the short, medium and long terms.

2.2 Threat and Risk Assessment

The likelihood of a direct, armed **threat to the sovereignty and territorial integrity of the Republic of Macedonia** is considered low. But as in other independent states, the armed forces serve as the ultimate guarantee of our sovereignty. While low in the short term, **terrorism** is considered a medium level threat in the medium and longer terms. This takes account of our intention to continue to participate in international operations and future membership of NATO and the EU. This is also relevant to our assessment of the medium and high level threats posed by **violent extremism and radicalism,**

although this growing threat is part of a global trend. **Organised crime** will remain a high level threat in the short and medium terms, but we consider it likely that national and regional efforts to tackle this issue will reduce the long term impact. 'Push and pull' factors of which Europe is well aware, will ensure that **illegal migration** continues to offer a medium-level challenge.
Cyber-attacks are likely to pose an increasing threat, in-line with both the proliferation of technological 'know-how' and the upsurge of associated state-sponsored activities. The operations of hostile **foreign intelligence agencies** will continue to pose a high threat in the short to medium terms, which is in part related to the Republic of Macedonia's Euro-Atlantic aspirations, so will reduce once those aspirations are realized. **Economic and political challenges** will continue until ongoing reforms are completed and greater stability and prosperity are supported by those same Euro-Atlantic objectives. **Natural and technological disasters, epidemics and climate change** are risks common to all, but the Republic of Macedonia is particularly prone to flooding and forest fires and lies in an earthquake zone. The current medium level risk is assessed as high in the longer term. Environmental **degradation and pollution** will remain medium level risks and have regional as well as domestic causes and consequences.

3. Defence Interests and Planning Assumptions

Our defence interests are determined by the Constitution of the Republic of Macedonia, the National Security and Defence Concept and the values we share with Euro-Atlantic partners. Successful achievement of those interests forms the basis of our defence and security policies and supporting plans, which we pursue in line with NATO standards. Our defence objectives and missions are based upon our defence interests and related Defence Planning Assumptions.

Defence Planning Assumptions (DPA) provide guidelines for the preparation of planning scenarios and the development of defence capabilities over the medium to long term. They determine the type of operations that the ARM should be capable of undertaking and the requirements needed for them to do so. DPA require regular review to ensure that they reflect changes in the wider security environment and account for the political and military factors upon which the development of the Defence System is based.

These guidelines also enable a coherent approach to defence and security across Government. This allows us to match commitments to available resources and helps to shape the future structure of the Defence System[5], including both the MOD and ARM, to ensure that it is appropriately configured to deliver agreed defence missions and tasks, and to address contemporary challenges.

[5] The Defence System comprises the whole defence potential of the country. Its components are: citizens, state authorities and the ARM. Local government, public institutions and services and enterprises of special significance for Defence may also play a supporting role.

The Republic of Macedonia has developed DPAs on the basis of an inclusive, cross-government approach that included input from the Ministry of Defence, Ministry of Finance, Ministry of Foreign Affairs, Ministry of the Interior, the intelligence agencies, and others.

Key Strategic-level DPA's for the Republic of Macedonia are as follows:

- Membership of NATO and the EU will remain the primary foreign and defence policy goals of the Republic of Macedonia.
- The Republic of Macedonia will continue the development and transformation of the Defence System. The development of defence capabilities will be synchronised with the NDPP to achieve enhanced interoperability and standardization with NATO and support the principles of cooperative and collective defence.
- The Republic of Macedonia will continue to contribute to international peace-support operations.
- Macedonia's strategic security environment will not change significantly within the next 5-10 years. A direct conventional threat to independence and territorial integrity is unlikely.
- Economic growth and the projected levels of GDP growth will continue at about 3% a year.
- The Defence budget will grow by 0.2% of GDP for at least the next three years - with the goal of achieving 2% of GDP, in line with the NATO Defence Investment Pledge.
- The ARM will be of an appropriate size and configuration to undertake allocated defence missions while remaining affordable and sustainable.

4. Defence Objectives, Missions and Tasks

The Republic of Macedonia has determined specific defence objectives, missions and tasks in pursuit of Defence Interests and foreign policy goals, based upon defined threats, risks and challenges to security and political priorities.

4.1 Defence Objectives

We have six primary defence objectives, which provide the basis for Defence Planning and are as follows:

- *Defending the independence and territorial integrity of the Republic of Macedonia*. To accomplish this objective, the Republic of Macedonia will employ all the capacities of our defence system through a coordinated defence plan.
- *Maintaining the high readiness of defence capacities and capabilities*. We will enable and sustain readiness to effectively deal with risks, threats and challenges, through the prompt and coordinated use of our capacities and capabilities in all domains, including cyberspace.

- *Strengthening regional security and stability and membership of Euro-Atlantic collective security systems*. We will create new partnerships, strengthen existing partnerships and implement burden-sharing as part of cooperative defence. On attaining full membership of NATO and the EU we will participate fully in their collective defence and security policies.
- *Participating in international efforts to build and preserve peace*. We will develop forces and capabilities in accordance with our national security interests and international commitments.
- *Dealing effectively with the consequences of natural and man-made disasters*. We will plan for and provide a tailored Defence response to national crises and their consequences in support of the lead civilian authority.
- *Increasing the awareness of society regarding the role and significance of the defence system*. We will support a whole of government effort to promote understanding of Defence objectives, missions and activities, including their contribution to national cohesion, to maintain public support for Defence and enhance interest in joining the ARM.

Table Two: Defence Objectives and Missions

4.2 Defence Missions and Tasks

The Republic of Macedonia has three Defence Missions:

Defence Mission One: Defending the independence and territorial integrity of the Republic of Macedonia

The deterrence and defence from military aggression against the Republic of Macedonia is the top priority mission which requires preparation for armed conflict. This

mission also includes collective security obligations ensuing from membership of international organizations. Specific related Defence Tasks are as follows:

- Organizing, preparing and training for the conduct of combat and other actions in defence of the Republic of Macedonia.
- Defending the land, air space and territorial waters of the Republic of Macedonia.
- Monitoring and assessing security threats and risks on a permanent basis.
- Organizing, preparing and training to contribute to cooperative and collective defence and security.

Defence Mission Two: Enhancing regional and global security and stability

This mission concerns bilateral and multilateral defence cooperation with international partners and allies, including participation in international peace support operations and missions, humanitarian operations and crisis response operations, in line with national security interests and accepted international arrangements. This mission includes participation in exercises and other forms of cooperation, as well as the development of defence diplomacy capacities to fulfil the broader interests of the Republic of Macedonia. Specific related Defence Tasks are as follows:

- Organizing, preparing and training for participation in peace support, conflict prevention and humanitarian operations.
- Achieving interoperability with NATO and EU forces.
- Developing defence - diplomatic support and cooperation.
- Participating in exercises, conferences, meetings and other forms of cooperation, as well as other bilateral and international arrangements for the promotion of regional and global peace and stability.
- Participating in the implementation of international conventions and agreements for arms control, the non-proliferation of Weapons of Mass Destruction and associated delivery systems and confidence and security building measures.

Defence Mission Three: Supporting civilian authorities[6] and citizens

This mission concerns support for Ministry of the Interior (MOI) forces in dealing with security threats and risks, as well as support for other national and local authorities and citizens, when dealing with crises such as natural disasters, technical-technological disasters, large-scale epidemics, the consequences of climate change and other circumstances that disrupt internal stability. This mission also includes efforts to promote the positive reputation of the defence sector among the citizens of the Republic of Macedonia by explaining the role of defence system stakeholders and engaging citizens with the defence sector. Specific Defence Tasks are as follows:

- Supporting MOI forces in dealing with threats and risks to the security of the Republic of Macedonia.

[6]The term civilian authorities refers to state administration (central government departments and agencies) and the local government units.

- Supporting other civilian authorities and citizens during circumstances when the security of the Republic of Macedonia is threatened.
- Improving and further developing civilian - military understanding and cooperation.

5. International Defence Cooperation

International Defence Cooperation is of vital importance to the Republic of Macedonia, especially where it concerns the pursuit of our Euro-Atlantic objectives. Macedonian Defence works with a range of international partners on a bilateral and multilateral basis in support of common goals, interests, and values. We will continue to explore options for further cooperation with our neighbours, regional states and other partners.

5.1 Bilateral Cooperation

The MOD has bilateral relationships with 35 countries. We enjoy a particularly close relationship with the United States of America, which remains our most important strategic partner. This relationship includes regular dialogue and cooperation on security issues and is underwritten by the presence of a United States 'Office of Defence Cooperation' that sits within the MOD. Other close partners in the defence field include Bulgaria, Croatia, Germany, Italy, Norway, Slovenia, and Turkey, with whom we have ongoing or planned defence cooperation activities that includes regular consultation, education and training and joint exercises and operations. The United Kingdom also supports our defence reform efforts, including through the Building Integrity initiative, while defence cooperation with France continues to develop. Other NATO partners also provide very useful support to Macedonian defence, for which we remain most grateful.

Minister of Defence Shekerinska meets US Secretary of Defence Mattis in Washington DC, April 2018

5.2 Multi-lateral Cooperation

The Republic of Macedonia continues to fulfil the obligations ensuing from its membership of the UN and other multilateral organizations, including the Organisation for Security and Cooperation (OSCE), NATO and the EU; each of which maintains a permanent presence in Skopje. This support includes international efforts related to conflict and crisis prevention, security sector reform, and the implementation of international conventions concerning arms control and the non-proliferation of weapons of mass destruction and associated delivery systems. We also work closely on defence and security sector reform issues with the Geneva Centre for the Democratic Control of the Armed Forces.

The Republic of Macedonia makes an active contribution to the maintenance of international peace and security by taking part in international peace support operations, especially those led by the UN, NATO and the EU, as well as other regional initiatives.

5.3 International Operations and Activities

Over 4,000 Macedonian personnel have participated in ongoing or completed operations and activities, which include the following:

NATO, Afghanistan. Macedonian forces were first deployed to Afghanistan in 2002, in support of the International Security Assistance Force (ISAF), and over 2,700 Macedonian personnel provided support before the ISAF mission ended on 31 December 2014. Our contribution included a mechanized infantry company, staff officers, mentors, trainers, medics, rangers, military police and special forces. Our engagement has continued since this time and from 2015, Macedonian personnel have served within the Resolute Support Mission. We increased the size of our contingent by 20% in 2018. Support for ISAF has represented our main effort for external operations and we were the fourth biggest contributor in terms of our *per capita* military contribution in relation to the size of our population.

ARM soldiers on patrol in Kabul

NATO, KFOR. In 2007, the Republic of Macedonia established the 'Host Nation Support Coordination Centre' for the NATO Kosovo Force (KFOR), in close cooperation with NATO. Based in Skopje, this provides logistics support for KFOR. In 2018, we plan to send an officer and NCO to join KFOR HQ in Prishtina.

European Union. The Republic of Macedonia has participated in the EU-led Operation ALTHEA in Bosnia and Herzegovina since 2006. In total, more than 280 military personnel have deployed to Bosnia and Herzegovina during this period, as well as a detachment of utility helicopters.

United Nations. Macedonian staff officers have participated in the United Nations Interim Force in Lebanon (UNIFIL) since June 2008. We plan to increase the Macedonian contribution during 2018.

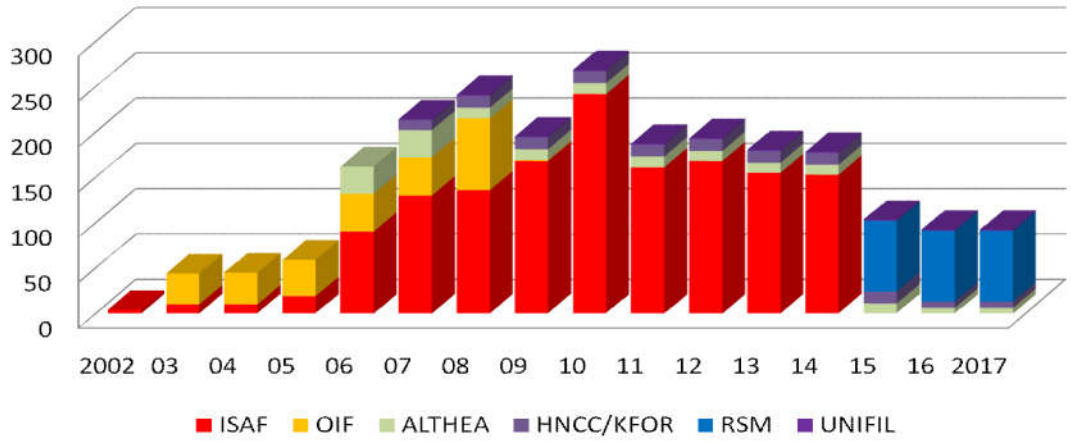


Table Three: ARM Contribution to International Operations 2002-2017

South-Eastern Europe Brigade (SEEBRIG). SEEBRIG was established on 31 August 1999, as the military element of the South Eastern Europe Defence Ministerial (SEEDM) process. Participating nations are the Republic of Macedonia, Albania, Bulgaria, Greece, Romania and Turkey. Bosnia and Herzegovina, Croatia, Slovenia, Serbia, Ukraine and the United States enjoy observer status. As well as contributing to regional stability and security, it is designed to be available for possible employment in UN or OSCE-mandated conflict prevention or peace support missions, led by NATO or the EU. The Macedonian contingent comprises a mechanized infantry company, an engineer platoon, and combat service support and staff elements. SEEBRIG HQ will be located in the Republic of Macedonia during the period 2020-2026.

US-Adriatic Charter. The US-Adriatic Charter is an association created in 2003 that now includes the Republic of Macedonia, Albania, Bosnia and Herzegovina, Croatia, Montenegro and the United States, with Serbia, Slovenia and Kosovo as observers. It was designed to support the aspirations for NATO membership of Western Balkans states. The Republic of Macedonia was chair of the Adriatic Charter during 2017 and

hosted meetings of Policy Directors, Chiefs of General Staffs and Defence Ministers as well as Exercise Joint Reaction. At the Defence Ministerial meeting in 2017, Defence Minister of the Republic of Macedonia proposed the creation of a Working Group on Gender Perspectives, to be led initially by Macedonia.

Balkan Medical Task Force. Skopje has hosted the headquarters of the Balkan Medical Task Force (BMTF) since October 2016. Member states are the Republic of Macedonia, Serbia, Albania, Montenegro, Bosnia and Herzegovina and Slovenia. Norway and the USA are partner countries. The BMTF was created in the spirit of NATO's 'Smart Defence' concept, and is designed to provide a joint response to natural disasters within the region and to support international crisis response operations. The Republic of Macedonia will be the framework nation during the period 2020-2021.

SEEDM Defence Ministers agree that The Republic of Macedonia will host SEEBRIG HQ

Balkan Regional Approach to Air Defence. Together with Albania, Bosnia and Herzegovina and Montenegro, the Republic of Macedonia participates in the Balkan Regional Approach to Air Defence (BRAAD), which is a multi-lateral initiative involving NATO and partner nations. Started in 2010, the aim of the initiative is to enhance air surveillance and air defence capabilities within the region. The lead nation is Croatia.

Operation Iraqi Freedom. During the period 2003 to 2008, members of the ARM participated in the Operation Iraqi Freedom mission in Iraq. Some 490 ARM military personnel were deployed during this period, including staff officers, mechanized infantry and special forces.

6. The Republic of Macedonia and NATO

The goal of full NATO membership remains a political and strategic priority for the Republic of Macedonia – as it has been since 1993. The 2008 NATO Summit confirmed the readiness of the Republic of Macedonia to join NATO as soon as a mutually

acceptable solution to the 'name issue' is reached, within the framework of the UN. The Alliance has expressed concern with respect to the political situation in the Republic of Macedonia at the 2016 NATO Warsaw Summit, related to the elections, media freedom, rule of law and judicial independence.

In the past year, the Republic of Macedonia demonstrated a strong reform capacity and visible results in these critical areas.

> **"We have been impressed by what we have seen since then. The progress you have made. And I want to praise the progress you have all made together in creating a new, more open, more inclusive political culture. In forging a new national spirit. Forward looking, optimistic and resilient."**
>
> NATO Secretary General, Jens Stoltenberg
>
> Address in the Assembly of the Republic of Macedonia, 18 January 2018

Membership of NATO and the EU has cross-political party support in the Republic of Macedonia and previous participation in NATO and EU missions has been unanimously approved within the Assembly of the Republic of Macedonia. Public support for NATO accession remains stable at about 70%, but this figure has declined from over 90% in 2008/9, in the wake of widespread disappointment that accession has not taken place.

> ***"NATO membership is the highest foreign policy priority of the Republic of Macedonia. We are determined to become the 30th member of the Alliance and will resolutely do everything in our power to achieve this goal"***
>
> Prime Minister Zoran Zaev.
>
> Foreword to 2017-18 Annual National Programme for NATO Membership

We have provided consistent support for NATO operations and undertaken defence reform based upon the achievement of increased synchronization and interoperability with NATO, doctrine and standards. We have participated in a range of training events, including joint exercises, while Macedonian officers have been educated at the NATO Defence College and NATO School. Our goal is to make the most effective contribution we can to cooperative and collective defence.

The Republic of Macedonia joined the NATO 'Partnership for Peace' (PfP) programme in 1995; entered the Euro-Atlantic Partnership Council (EAPC) in 1997; opened Liaison Offices in NATO HQ in Brussels and Supreme Headquarters Allied Powers Europe (SHAPE) in Mons in 1996; and hosted our first PfP exercise the same year. In 1999, we entered the NATO Membership Action Plan (MAP) and the PfP Planning and Review Process (PARP) and are currently within our 18th MAP cycle. To date, the Republic of Macedonia has completed a total of 19 partnership goals.

Conference on the Republic of Macedonia in NATO

A NATO Liaison Office with an integral Advisory Team remains in place, hosted within the MOD.

Since 2009, Skopje has also hosted the Public Affairs Regional Centre (PARC) which is a Partnership Training and Education Centre (PTEC) approved by the North Atlantic Council. The PARC is the only PTEC that focuses exclusively on public affairs and has trained over 1500 personnel from 33 NATO and partner countries.

7. The Republic of Macedonia and the EU

Membership of the European Union remains a political and strategic priority for the Republic of Macedonia. A close, strategic partnership is already in place and the EU has provided great assistance to ongoing reform efforts. The Government remains committed to implementation of the Przino agreement and the delivery of Urgent

Reform Priorities including judicial independence, reform of the intelligence services and the development of a professional and merit based public administration. In addition, the Republic of Macedonia will continue to fully comply with its obligations under the Stabilization and Association Agreement, and will further harmonize with the body of European Law through the implementation of measures and activities foreseen under the National Programme for the Adoption of the EU *Acquis*.

The Republic of Macedonia will continue with the implementation of reforms aimed at fulfilling standards required for EU accession, while actively promoting good-neighbourly relations and regional cooperation. The Republic of Macedonia looks forward to the start of accession negotiations, in line with the recommendation within the European Commission's 'Enlargement Package' of 17 April 2018.

The Government is also committed to supporting the EU's Common Foreign and Security Policy (CSFP) and will continue to make a contribution to civilian and military operations within the framework of the Common Security and Defence Policy. Macedonian troops have constituted part of EU Battle Groups on two separate occasions, during the second half of 2012 (EUBG 2012-2) and the last 6 months of 2014 (EUBG 2014-2). Within the EU Battle Groups, the Macedonian contribution consisted of about 150 military personnel on both occasions. The Government is considering options for further contributions as well as cooperation with the European Defence Agency. Once areas of future cooperation have been agreed, an Administrative Arrangement will be concluded to promote interoperability with EU member states.

The Republic of Macedonia has declared that specific elements of the ARM are available for EU-led operations, with the exact size of the force elements dependent upon the requirements of specific missions. These 'declared forces' comprise:

- One Light Infantry Company
- One MP platoon
- Medical Team (Role 1)

8. Defence Resources

The SDR has highlighted a number of important findings. Many were already well known to us, while other issues are now better understood. Some of the most important are summarized below. The related challenges will be addressed in part II :

8.1 Human Resources

People are our most important asset. The goal of the Human Resources Management System is to provide the MOD and ARM with well qualified civilian and military personnel, who are able to undertake all required duties in pursuit of our defence interests and to deal with contemporary and future security challenges. Our people must

be able to fulfil mandated defence objectives, missions and tasks on the basis of interoperability with our partners.

A functional analysis had identified the existence of some overlap of functions within the MOD and between the MOD and ARM General Staff. There are surplus personnel in some areas while deficiencies exist in others, including a shortage of qualified medical and appropriately trained CIMIC personnel, and personnel with technical skills in a variety of areas. Overall, the MOD has more employees than are required to undertake its current roles, following a very significant expansion during previous years that had a limited operational justification.

The personnel structure within the ARM is out of balance and not sustainable for the future. There is an excess of senior officers, especially in the ranks of Colonel and Lieutenant Colonel, and a shortage of junior officers and junior non-commissioned officers (NCOs). No new NCOs have been appointed from the ranks since 2009. Career development concepts exist for officers and NCOs but have not been fully implemented. Procedures and evaluation criteria for determining promotion, appointments, and training and education opportunities are imperfect and lack a uniform approach. The human resources management system includes responsibility for the provision of support to ARM personnel who are leaving the armed forces and returning to civilian life.

With regard to training and education, the Military Academy "General Mihailo Apostolski" provides a range of accredited courses for ARM officers (and those from abroad), including a 4-year initial officer training programme. A cooperative programme with the NATO Defence Education Enhancement Programme (DEEP) is underway to provide support that includes faculty and curriculum development. Over 5% of officers have graduated from national defence colleges abroad, while over 30% have studied at national and external staff colleges. The Training and Doctrine Command (TRADOC) provides training for NCOs and enlisted personnel and also offers a range of courses. In the absence of newly promoted junior NCOs there has been no initial training course for NCOs since 2009, although advanced courses for existing NCOs continue. The provision of training and education is largely based upon long-standing practice and is not always linked to clear direction from the ARM General Staff or to the requirements of individual personnel being posted to specific areas. This will change.

Interest in joining the ARM has dropped significantly during recent years. In 2012, there were about 10 applicants for each new position, a figure that dropped to just over 3 applicants in 2016. Since 2012, more officers and enlisted soldiers[7] have left the ARM than joined it, a situation that is clearly not sustainable in the longer term. The current system of salaries and allowances, which is complicated and treats some categories of personnel far more favourably than others, bears some responsibility for this situation, as do living and working conditions within the Ministry and ARM and competition from the private sector. We must review the policies and programmes related to the recruitment and retention of high quality ARM personnel.

[7] Enlisted personnel are those soldiers who do not hold NCO or officer rank.

The representation of smaller ethnic communities has improved significantly since the 2004 SDR. Targets set at that time have been largely achieved in support of the principles of the Ohrid Framework Agreement, but more remains to be done. About 20% of officers, some 27% of NCOs and more than 30% of enlisted personnel[8] are drawn from smaller ethnic communities. The Deputy Minister of Defence and Deputy Chief of the General Staff positions are both currently occupied by individuals from such groups.

The promotion of gender equality is an important issue for Macedonian Defence and the percentage of women in the ARM is in line with average figures for NATO states. About 12% of officers and NCOs in the ARM are female. Among MOD civil servants, the figure rises to over 35% and includes senior leadership positions. The number of female officers appointed to command and staff positions has increased. In May 2018, a female officer took command of an infantry company, which is the first time a female has commanded a combat unit within the ARM.

First female commander of a combat unit within the ARM

[8] We will consider how to re-balance representation from smaller ethnic communities in the units where they are currently under-represented. Within several units, smaller ethnic communities are currently over-represented.

The 2004 SDR was followed by significant out-sourcing and divestment of functions, but it is apparent that there are additional opportunities for the outsourcing of activities currently undertaken by Defence personnel. These include the guarding of military sites, which at present is performed by ARM personnel, and does not represent the best use of trained soldiers.

8.2 Material Resources

Much ARM **e*quipment*** was inherited from former Yugoslavia or donated by partners. As a result, there is much obsolescent equipment that is incompatible with NATO and requires modernization. The extensive range of combat – and especially non-combat vehicles – within the Defence inventory is impractical, especially for the purposes of maintenance, and the acquisition and storage of spare parts. As a result of the reduction in the size of the ARM following earlier reforms, including the transition to an all-volunteer military, there are significant quantities of small arms and ammunition in storage that are surplus to ARM requirements.

Our existing Defence ***infrastructure*** is also a legacy of the past - and was designed for a different time, when the Armed Forces were much larger and had a very different operational concept, that included the need for a military presence throughout the territory of the Republic of Macedonia[9]. Our extensive infrastructure is used for a variety of functions and includes garrisons with troop accommodation and working areas, and sites and facilities for training, storage, maintenance, border protection and a variety of other tasks. Some of the locations that are still managed by Defence are no longer required for defence purposes. Although surplus, they remain a burden on limited defence resources – in part due to legal restrictions on divesting them, although much infrastructure was handed over to local authorities in the years following independence, with no related compensation received by the MOD. Other facilities, including barracks, accommodation and working areas are outdated and require refurbishment.

Although a **l*ogistics*** concept is in place, which clearly defines the responsibilities of related entities within the MOD and ARM, it is not fulfilling current needs. This is largely due to the extensive equipment inventory that presents serious challenges for the provision of integrated logistics support, including appropriate life-cycle management. But a lack of resources over an extended period has further aggravated this situation. The legally restrictive, highly centralized, complicated and short-term nature of the defence procurement process, presents further difficulties for the day to day support of ARM units. While we have well qualified personnel in place, they are stretched, and attracting high quality medics, engineers and air maintenance specialists may pose a challenge during coming years.

In general, logistics support for ARM missions abroad is conducted according to NATO policies and principles, with no significant difficulties encountered. ARM logisticians continue to train and exercise with NATO counterparts and have sound experience of

[9]To take one example, the Ilinden Barracks in Skopje was designed to accommodate 12,000 troops.

logistics support in a multinational environment. But further effort will be required to establish conditions where the ARM is able to offer short notice, independent support for national forces participating in crisis response or collective defence operations abroad.

8.3 Financial Resources

The Defence budget has been relatively stable for the last 10 years, at about 100 million Euros a year, which roughly equates to 1% of GDP. This figure has fallen from 2.15% of GDP in 2007, for a number of reasons, including the global financial crisis. Funding over recent years has been barely sufficient to *maintain* current defence assets but not to *develop* them as planned. The current status of the ARM reflects a lengthy period of under-investment.

The structure of Defence costs is accounted for in accordance with NATO methodology. The latest figures show that personnel costs are close to 69% of the overall budget, while operations, maintenance and training costs account for about 20%. Equipment and modernisation spending is about 11%. This breakdown is not compatible with our intention to modernise the force and will change in the future.

The budget process has provided an additional handicap for Defence, since the formal requirement of the Ministry of Finance is for a defence budget plan that looks only one year ahead. The overall government budget for the year ahead must be approved by the Macedonian Assembly, as must initiatives for new capital investment. The budget that is allocated to each government department can be 'rebalanced' during the year of budget execution. In past years, the MOD has found it difficult to spend all allocated funds in-year (as is the formal requirement), and as a consequence, money has been reallocated to other government departments. A further constraint is offered by the Public Procurement Law, which does not take account of the unique needs of Defence, and especially longer-term procurement programmes. Although exemptions - and multi-year contracts - are possible, in practice they have proved difficult for the MOD to implement.

The Minister of Defence can delegate some financial authority, but the process remains centralised in line with the law. ARM unit commanders have only a small discretionary budget. Defence spends considerable resources for the benefit of other government departments, without receiving any compensation. This includes the training of pilots for the Ministry of the Interior at the Pilot Training Centre; a 4-year education course at the Military Academy for cadets who have subsequently joined other government departments; and the use of MOD assets to support other government departments and agencies who have the lead for crisis support and crisis management. This often results in the ARM supporting tasks such as fire-fighting. Officially the 'second responder', the ARM too frequently is acting as a 'first responder'.

9. ARM Capabilities and National Coordination

9.1 ARM Capabilities

The ARM currently maintains a range of capabilities which allow it to fulfil its mandated defence missions, including the ability to contribute to external peace support operations. But overall capacity is limited and requires further development, especially to fulfil our goal of full interoperable contribution to NATO and EU.

The ARM as a whole demonstrates both strengths and areas for further development. Unit manning levels, combat readiness and interoperability with NATO vary considerably across the force, as does firepower, mobility and protection. Logistics problems exist throughout the ARM and relate not only to a lack of available resources, but also to the highly centralised procurement system. Cyber defence and night-vision capabilities are limited and require further development, as do Intelligence, Surveillance, Target Acquisition and Reconnaissance (ISTAR) capabilities.

The most proficient unit is the Special Operations Regiment, which has the highest manning and readiness levels within the ARM, the most modern equipment and the most demanding selection criteria and training requirements. The four infantry battalions which form the heart of the Mechanized Infantry Brigade have an authorized strength of 530 personnel, which is smaller than the NATO standard. They are experienced and well trained but operate different types of combat vehicle, many of which are old and require refurbishment or replacement. They have a range of weapons and equipment, which is functional but dated. The same is true for the equipment operated by the Signals and Chemical, Biological, Radiological and Nuclear (CBRN) companies.

ARM soldiers on a parade

With regard to combat support elements, the existing air defence battalion has limited assets and capabilities and lacks the 3-dimensional radar necessary for effective air surveillance. The artillery battalion has obsolescent 105mm howitzers, old 120mm mortars and an operating Multiple Launch Rocket System (MLRS) battery. Both battalions maintain a regular training cycle. The armour battalion has a full complement of T-72 tanks, most of which remain operational but they are nearly 40 years old. The Engineer battalion has ageing equipment, which needs to be replaced or repaired. The MP Battalion has a range of equipment, including modern assets, while that operated by the Signals Battalion is more dated but sufficient for purpose.

Air assets are dated and the core of the existing Air Brigade is based upon a small number of Mi-8/17 utility helicopters and Mi-24 attack helicopters. Two of the latter have been recently refurbished in Ukraine. All Mi-8/17 are currently operational, but less than 50% of the Mi-24. Pilots do not currently achieve sufficient flying hours to fully meet exacting NATO standards. Helicopter medical evacuation (MEDEVAC) capabilities are limited.

The Reserve Concept agreed several years ago has not been implemented due to a lack of resources. There is no active reserve in place beyond a skeleton command structure. The MOD continues to manage the records of retired military personnel and fully-staffed structures remain in place to support the mobilization of the general reserve should it be required.

9.2 ARM Enablers

Command and Control (C2). High-level C2 is currently divided between the General Staff and the Joint Operations Command. The former has direct command over the Special Operations Regiment, TRADOC, the Electronic Surveillance Centre and Honour Battalion, while the latter exercises day to day authority over remaining ARM units. The Military Service for Security and Intelligence (MSSI) and the Military Academy, form part of the Ministry of Defence and so are not directed by the ARM, although they maintain close links. There is an overlap of responsibilities between the General Staff and JOC, particularly regarding operational level issues, with limited effort expended on issues relating to research and future force development.

Training and education. Training and education is generally good and is undertaken in line with NATO standards. Individual and collective training also benefits from NATO support and guidance and includes training courses and exercises offered by both NATO HQ and individual NATO countries. NATO evaluations have determined that most of the forces that are declared available to NATO are “combat ready”. We have adopted NATO doctrine but serious obstacles remain in place, primarily associated with ageing and non-compatible equipment, although we continue to successfully serve alongside NATO forces on NATO-led operations.

ARM Special Forces Training

Planning, Programming, Budgeting and Execution (PPBE). A PPBE system was introduced several years ago, but has ceased to function across Defence, with a negative impact on defence planning processes. The SDR has also highlighted the difficulties of determining exact costs for some areas of Defence, where money is provided from different funding lines within the defence budget.

Intelligence. The MSSI is responsible for planning, organizing and conducting intelligence, counter-intelligence and security support to Defence. It works closely with the two other national intelligence/security organisations, namely the National Intelligence Agency and the Office for Security and Counter-intelligence, which belong to the Ministry of Interior, in order to provide timely and accurate information to decision-makers.

Within Defence, the MSSI and J2 (intelligence and security) branch within the General Staff deal with strategic level issues, including monitoring the international situation and the provision of support for strategic-level operations and the exchange of information with national and partner agencies. Operational level intelligence is the responsibility of the J2 branch within the Joint Operational Command, which supports operational level planning and execution. Tactical level intelligence is provided by J2 cells embedded within ARM units and is responsible for Intelligence Preparation of the Battlefield and support for combat activities, exercises and training.

The MSSI has implemented several reforms since its creation in 1992, including steps to strengthen military and national security and to achieve greater interoperability with

NATO, regarding the development of ISTAR and Human Intelligence (HUMINT) capabilities.

Communications and Information Systems (CIS). CIS support for Defence forms part of a Global Communication and Information System (GCIS) that comprises a communication system, information system, information assurance, cyber defence and a system for crypto-protection. Despite some shortcomings, this system provides sufficient support for the management and command and control of the MOD and ARM. Defence is working with the Ministry of Interior and the Ministry of Information, Society and Administration to develop a National Strategy for Cyber Security.

A secure, static CIS infrastructure provides secure voice and data connections across Defence, including fibre-optic cabling for some garrisons. The information system comprises classified and unclassified networks, but both hardware and software are dated. A system of crypto-protection is in place. Tactical radio communications systems meet NATO standards and ARM declared units are equipped with them along with satellite communications. Air-ground-air and air-to-air radio communications are functional but obsolescent, while the integration of mobile CIS (including Unmanned Aerial Vehicle transmissions) with the GCIS is limited.

9.3 Coordination with other Government Departments and Agencies

Cooperation between the MOD and other departments and agencies is generally good, particularly with the Ministry of the Interior (MOI) as well as the two non-Defence Intelligence entities. The ARM also works closely with the Crisis Management Centre (CMC) and Protection and Rescue Directorate (PRD), (which have limited capabilities), but respective roles and responsibilities remain unclear in circumstances where a formal crisis has not been declared, since they are defined by law. This means that the ARM continues to act as "first responder". Coordination may be improved in some areas, including tactical communication, which proved difficult during the migration crisis of 2015, when ARM troops and MOI forces were using different and incompatible radios. Joint training and exercises do take place, but on an infrequent basis.

PART TWO: FUTURE MACEDONIAN DEFENCE

Part two of the SDR defines the goals and principles in creating the vision for the MoD and ARM structure in accordance to the available resources. This part provides more specific information on the future structure of the ARM General Staff and its subordinate commands and units, and the elements that affect the defence planning.

10. Aims and principles

We will modernize the ARM and improve its capabilities, so that it can make an enhanced contribution to domestic, regional and global security and stability, and assume the responsibilities required of a NATO member state. Our force modernisation goals, based upon the need for an appropriately-sized, flexible and highly professional ARM, will be fulfilled through the development of the **Future Force 2028** concept. In parallel, we will further reorganise and rationalise the structures of the MOD to ensure that it can better fulfil its constitutional roles, which include the preparation of national policy and strategy, the assessment of possible threats and risks, and the overall policy framework for the defence system, including the training and equipping, readiness and development of the ARM and management of the defence budget. Future Macedonian Defence will be capable, flexible, affordable and sustainable.

The new army structure has been designed to have fewer personnel; to consolidate and reduce the number of commands and headquarters; clearly define levels of responsibility (strategic, operational, tactical); facilitate the delegation of authority to the most appropriate level; optimize the size and manning of units; reduce costs; enable the implementation of high priority development objectives; establish new capabilities and capacities across the land, air and cyber domains; enhance interoperability with NATO and national elements; and to develop in line with NATO standards. Enhanced capabilities for the ARM will include a new ISTAR battalion as well as improved cyber defence.

Modernization efforts will ensure the gradual and progressive improvement of ARM capabilities, based upon defined levels of ambition and readiness; the requirement for concurrent operations; and the need for deployability and sustainability. ARM forces will be capable of undertaking operations by day or night in a range of climatic and topographic conditions. They will have the required levels of firepower, mobility, force protection, deployability and support, including effective command and control, logistics, intelligence, and communications and information systems. ARM forces will train to fight - and fight to win.

11. Future Structure of Defence

11.1 Future Structure of the MOD

In line with the outcomes of our functional analysis and future needs, we will restructure the MOD in order to reduce personnel numbers, rationalize the existing sectors and

departments, and introduce a new and more effective level of management. The new MOD structure is shown at Annex A.

The streamlined MOD will reduce in size from over 1,000 personnel to between 650-700 staff, and will comprise a mixture of civilian and military employees. The number of State Adviser posts will be reduced from an authorized figure of 16 to 5, with each State Adviser assuming a coordinating function for two of the sectors within the MOD and their subordinate departments. This will provide an intermediate level of management that is currently lacking. In addition, high level governance of the MOD will be considered. We will also modernize business processes and practices within the MOD, with a focus on decentralization and more collaborative working. Several of the functions currently performed by the MOD will be transferred to the General Staff, including the coordination of Special Forces operations and arms control and verification activities.

Further studies will be undertaken to consider the future of MOD offices (and supporting roles) that currently exist in the 34 district defence offices; and options for the future outsourcing of services currently undertaken by defence employees, which may include the provision of catering and accommodation, infrastructure maintenance and cleaning, and the protection of some Defence facilities, will also be developed. There may be further reductions in personnel, depending on the outcome of these reviews.

MOD hosts a meeting to discuss the Balkan Regional Approach to Air Defence

11.2 Future Structure of the ARM

The structure of the ARM will be amended in line with the conclusions of SDR analysis in order to support the creation of the Future Force 2028. There will be a clear distinction of responsibilities between the strategic, operational and tactical levels.

Where applicable, command responsibilities will be delegated to the most appropriate level. We will reduce the current authorized manning figure from 8,167 to around 6,800 active personnel. The organisation of Future Force 2028 is shown at Annex B. Further details follow:

General Staff. Reporting to the Ministry of Defence and President, the General Staff will remain the highest-level ARM authority and provide overall command, administration and management of the ARM. It will execute the policies established by the MOD. In line with the findings of SDR functional analysis, the number of personnel will increase a little, in order to optimize its performance and to strengthen its current analytical and planning capacities, especially for the medium and long term force development of the ARM and its constituent arms and services. It will operate at the strategic level only and delegate operational level tasks to subordinate commands and units. The exact configuration of the General Staff (and the remainder of the ARM) will be determined by the end of 2018. The Chief of the General Staff, who is the senior officer within the ARM, will be supported by a single Deputy Chief of the General Staff and the Director of the General Staff, who will direct and coordinate the day-to-day work of General Staff branches. Directly subordinate to the General Staff, will be the Operations Command, Training and Doctrine Command, Logistics Base and Honour Guard.

Operations Command. The current Joint Operations Command will be replaced by a significantly smaller Operations Command, with the role of providing a single command for all ARM combat, combat support and combat service support assets. The Operations Command will include a 24-hour Operations Centre. The Operations Command will integrate ARM capabilities and will prepare for and provide command and control over all ARM operations in Macedonia and abroad. Directly subordinate to the Operations Command, will be the Motorised Infantry Brigade; Air Wing; Engineer Battalion; Military Police Battalion; Communications and Information Systems (CIS) Battalion; ISTAR Battalion; and Special Operations Battalion.

Training and Doctrine Command. Training and Doctrine Command (TRADOC) is responsible for the individual training and development of ARM NCOs and enlisted personnel and support for collective training, as well as the training of volunteers[10]. The volunteers undertake 3-month training programmes each year, on completion of which they join the personnel 'pool' from which the ARM and other government security forces recruit. TRADOC will train and develop ARM personnel; establish training standards; develop doctrine; and integrate lessons learned and training support across the ARM. It will work closely with the Military Academy, which provides training and education for officers and officer cadets and which is subordinate to the MOD. TRADOC comprises an Individual Training Centre; Cadets Training Centre; Foreign Languages Centre; Canine Training Centre; Training Support Centre; Doctrine Development and Lessons Learned Centre; a Simulation Centre; and a logistic company.

[10] The number of volunteers varies on a year by year basis, but the figure for 2018 is about 300.

Logistics Base. The existing Logistics Brigade will be eliminated. It will be replaced by a central Logistics Base that will provide Level 3[11] logistics support and medical support for all ARM units. It will also serve as a storage depot for equipment and spare parts, and have responsibility for maintenance, transport and medical support. The Logistics Base will comprise a Material Management Centre, Technical Overhaul Centre, Military Medical Centre, Centre for Supply and Transport and a General Staff and a Skopje Garrison Support Unit. Level 1 and 2 logistics support will be provided by new logistics elements that will be attached to combat and combat support units, thereby offering organic logistics support to unit commanders.

Honour Guard. The existing Honour Battalion will be replaced by a smaller Honour Guard that is responsible for protocol duties and a permanent presence at the Office of the President. The Honour Guard will comprise a headquarters, single company and Military Band.

Motorised Infantry Brigade. A Motorised Infantry Brigade of 4 Infantry battalions with integral combat support and combat service support, will provide the primary combat and manoeuvre element of the ARM. Only a single active company will be retained for armour and artillery. No further money will be invested in the tanks, other than that required for basic maintenance The Brigade will comprise a headquarters company; four motorised infantry battalions; an artillery battalion (to offer indirect fire-support) with one active and one reserve battery[12]; and an armoured battalion with one active company of tanks and two reserve companies; a signals company, and a CBRN company. Each unit will have organic logistics support, with mobile and static elements. The Motorised Infantry Brigade will form the focus of our equipment modernization plan in order to provide an effective, mobile, flexible and interoperable force that can be made available to NATO. It will provide the basis for the Light Infantry Battalion Group (LIBG) that provides the core of our contribution to the Alliance.

Air Wing. The existing Air Brigade will be transformed into an Air Wing that will include all air and air defence assets, including logistics support. The Air Wing will comprise a headquarters; a transport helicopter squadron, an attack helicopter squadron, a single active air defence battery (with a reserve element); the Air Surveillance battalion (ASbn); an aircraft maintenance squadron and logistics support unit; and a training flight. Mi-8/17 transport/utility helicopters will form the core of the future Air Wing. The recently refurbished Mi-24 attack helicopters will remain within the ARM inventory until the end of their life, but no further money will be invested in them prior to their retirement and withdrawal from service, other than that required for basic maintenance. The future of the Pilot Training Centre (and pilot training) is the subject of a continuing review. Another issue that is still being considered is the potential for the integrated management of all transport helicopters belonging to the ARM and Ministry of the

[11] Level 1 maintenance equates to basic procedures such as the replacement of spare parts. Level 2, involves simple interventions, while Level 3 maintenance relates to more complex procedures requiring specialist expertise.

[12] The 'Reserve' companies within the armour, artillery and air defence battalions will have only a skeleton staff sufficient to sustain capabilities, but will be augmented and activated as required with additional personnel, within an integrated command structure.

Interior. We will allocate the resources required to increase annual flying hours for ARM pilots, bringing them closer to NATO standards.

Engineer Battalion. The Engineer Battalion will provide support to ARM units and will also offer assistance to civil authorities and citizens as required. The primary military functions include the facilitation of ARM movement and the maintenance of lines of communication; support for building works and force protection; dealing with improvised explosive devices; environmental protection and military search. Peacetime tasks may also include support for local authorities, including flood control. In addition to the headquarters platoon, the battalion will comprise two engineer companies, and a logistic platoon.

Military Police Battalion. The Military Police Battalion will perform all required policing tasks, including law enforcement and crime prevention within the ARM and the provision of tactical military police (MP) support to ARM operations at home and abroad. In addition to the headquarters platoon, the battalion will comprise three MP Companies and a logistics platoon.

Communications and Information Systems (CIS) Battalion. The CIS Battalion is responsible for the installation, maintenance and operation of communication and information systems to support command and control at the strategic and operational levels across the full spectrum of ARM operations. It is also responsible for the coordination of ARM communications and information systems, communications research and future development. It will have capabilities for cyber defence and the continuous management of ARM CIS including the maintenance of static systems. The CIS Battalion will focus development efforts on achieving interoperability with NATO and with other domestic security entities, including elements subordinate to the Ministry of Interior and the Crisis Management Centre. In addition to the headquarters, the CIS Battalion will comprise three CIS companies and a logistics platoon.

Intelligence, Surveillance, Target Acquisition and Reconnaissance (ISTAR) Battalion. A new Intelligence, Surveillance, Target Acquisition and Reconnaissance battalion will be created, which will provide the ARM with the capability to integrate the collection and processing of information to provide intelligence that will enhance situational awareness and inform decision-making for military operations. The ISTAR Battalion will comprise a command element, a reconnaissance company (in the form of the Ranger unit that currently sits within the Special Operations Regiment), an electronic warfare company (based on the current Centre for Electronic Reconnaissance), joint analysis platoon, and support company with logistics support elements.

Special Forces Battalion. The Special Operations Regiment will become a Special Forces Battalion that will be subordinate to the Operations Command rather than the General Staff. The Special Forces Battalion will undertake Special Forces missions in line with NATO doctrine and practice. In addition to the headquarters, the battalion will comprise two Special Forces companies (each divided into specialist teams) and a logistics platoon.

Reserve Forces. We will develop a new reserve concept and intend to initiate a pilot project as part of the creation of a small, active reserve. Our initial focus will be personnel for the Role 2 Basic Land Medical Treatment Facility (LMTF) and specialists in civil-military cooperation (CIMIC). We will give further consideration to the Concept for the General Reserve. Any future development of reserve forces will follow the same guidelines that apply to the regular armed forces: they will be designed to fulfil defence missions and tasks in an efficient and cost-effective manner; will be in line with identified threats, risks and challenges to security; and will operate according to NATO standards and doctrine.

ARM troops: 'fast-rope' extraction from helicopter

12. The Republic of Macedonia and NATO: Future Relationship

12.1 Future Relationship

The aspiration for full membership of NATO lies at the heart of our reform efforts. The new force structure for the ARM and a restructured MOD will create a more efficient and capable defence sector that will enable the Republic of Macedonia to better fulfil defined defence interests, missions and objectives. The new force structure will also enhance the operational capability of our contribution to NATO. By June 2019, we will fill allocated staff positions within NATO, which include those within the Partnership Staff Elements in NATO Headquarters and Commands, and Supreme Headquarters Allied Powers Europe (SHAPE).

In line with available resources, we will also increase our participation within international exercises and NATO-led missions and initiate military consultations in the NATO Military Committee (MC) +1 format on an annual level. We will consider further options to apply the NATO concept of 'smart defence', including future participation within an integrated air defence network, as well as engagement with NATO agencies such as the NATO Support and Procurement Agency (NSPA). The training and education offered by NATO and individual allies remains of enormous value.

ARM troops parade before departure to Afghanistan

12.2 'Declared forces' for NATO

The Republic of Macedonia has declared that specific elements of the ARM are available for NATO-led operations, most of which have met related NATO evaluation criteria and are considered 'combat ready'. This contribution will be maintained and further details are provided below:

- One Light Infantry Battalion Group (LIBG) (1,000 personnel);
- Two transport/utility helicopters Mi-8/17 (22 personnel);
- One Ranger (light infantry) company (90 personnel);
- Two Special Operations Force teams (12 personnel in each);
- One Engineer platoon (25 personnel, part of the LIBG);
- One De-mining team (10 civilian personnel, who are drawn from the Protection and Rescue Directorate);
- One Military Police company (110 personnel); and
- One Role 2 Basic Land Medical Treatment Facility (50 personnel)

12.3 Partnership Goals

As part of the Planning and Review Process, the Republic of Macedonia and NATO have recently agreed updated Partnership Goals for 2018. More than 30 Partnership Goals address a wide spectrum of issues including gender perspectives; personnel management; training and education; integrity development; CIMIC capabilities; language requirements; public affairs capacity building for operations; strategic movement and national support for deployed forces; the development of HUMINT capabilities; in theatre-aviation support; supply chain management; medical support; communications and information systems; and CBRN and cyber defence - as well as further goals relating to the development of land and air forces, which include the enhancement of our ISTAR capabilities.

Macedonian soldier is awarded the NATO medal

We will fulfill these Partnership Goals within mutually agreed timeframes, to further develop Defence capabilities in accordance with NATO standards and to make further progress with regard to interoperability with NATO, especially for ARM 'declared forces'. This process is facilitated by the regular participation of ARM forces in training, exercises and operations at home and abroad with our NATO partners. Our defence reform plans take full account of the Partnership Goals. We will continue to harmonise national defence planning with NATO defence planning and expect that our Partnership Goals will soon become Capability Targets in the context of full membership of NATO.

While the Republic of Macedonia remains a partner rather than member of NATO, we will retain some of the current capabilities that we consider necessary, while we remain wholly responsible for our own defence. In the event of early entry to NATO and the collective defence provisions that would ensue, the retention of certain national capabilities would be reconsidered.

PART THREE: SDR IMPLEMENTATION AND DEFENCE

The information presented in this part focuses on the projected future steps in the development of the Long-Term Defence Development Plan and the Implementation Plan. These steps will help overcome the challenges outlined in part one.

13. Next Steps

In order to achieve the outcomes outlined above and to build related capabilities, we will undertake a series of measures across Defence, the most important of which are summarized below. An SDR Implementation Plan will provide further details of specific measures, related tasks, timelines and associated leads, together with guidance on overall governance, including the presentation of regular status reports. A new Long Term Defence Development Plan (LTDDP) 2019-28 will be prepared to support ARM modernization.

We are also reviewing required amendments to primary and secondary legislation, in order to support SDR implementation and the better functioning of Defence. This includes proposed revisions of the Defence Law, Army Service Law, Procurement Law and MOD and ARM regulations. A consolidated list of required changes is being developed and will be in place by the end of September 2018.

13.1 Human Resources

The recruitment and retention of high quality and motivated personnel with appropriate terms and conditions of service, and who are provided with the necessary training and equipment, remains an essential requirement for establishing and maintaining modern and capable armed forces. We recognize the current shortcomings in this area and consider personnel reform to be a top priority. We will develop better personnel policies and will address the current imbalance in the 'personnel pyramid', with an excess of senior officers and a lack of junior officers and NCOs. Our intention is to raise standards within the MOD and ARM. To address these issues, and based upon functional analysis, we will undertake the following measures:

- By the end of July 2018, the MOD Human Resources Sector will prepare a detailed plan for personnel numbers and roles within the restructured MOD.
- By the end of July 2018, the General Staff will prepare a detailed plan for personnel numbers and roles within the restructured ARM.
- By the end of September 2018 plans will be developed by the MOD and ARM to realize the future personnel establishment, based upon the reassignment of excess staff to alternative duties; contractual release from duty, natural outflow (with regular or early retirement); and out-sourcing of some services.
- We will prepare new regulations to ensure that any future changes to personnel numbers and roles within the MOD and ARM must follow a formal and politically neutral process, approved at a high level.

- By the end of 2018 we will propose required amendments to the laws and regulations that affect the Human Resources Management System across Defence, including the ARM Service Law and Administrative Servants Law.
- We will review the salaries and allowances provided to ARM personnel in order to simplify the system and to reduce current variability.
- By the end of 2018, we will also consider how to introduce a single personnel management system for all officers and NCOs, regardless of whether they work in the MOD or at an ARM unit, and seek to introduce a policy of rotation whereby personnel are posted into appointments with a fixed rather than indefinite duration, in the best interests of their own career development and Defence needs[13].
- There will be a review of personnel evaluation mechanisms in both the MOD and ARM, including selection for training and education, promotion and future posts.
- We will review morale and welfare for ARM personnel and their families and the issues that affect it, including living and working conditions. We will also consider the development of a formal process for the continuous assessment of the levels of morale and satisfaction across Defence.
- By the end of 2018 we will fully implement the existing electronic Personnel Management Information System.
- We will consider opportunities for additional outsourcing of services across Defence, including the guarding of sites.
- By the end of June 2019, we will prepare a new human resources strategy that will take account of a number of areas and the conclusions of reviews into the following issues:
    - Personnel needs of the future MOD and ARM including numbers in each grade and rank and related job descriptions.
    - The recruitment and retention of MOD and ARM personnel with the required experience and skills. A Working Group has already been established to develop and establish appropriate models for attracting military and civilian personnel. This will include an evaluation of the current system of recruiting ARM personnel from a pool of volunteers who have completed basic military training.
    - The career management of MOD and ARM personnel, including updated career development concepts for officers and NCOs and the introduction of uniform, fair and transparent processes for the annual evaluation of Defence personnel; their selection for specific posts, training and education courses; and promotion, based on merit.
    - The outflow of Defence personnel, including early retirement and the transition of departing ARM personnel back to the civilian world under Project LEPEZA.

Personnel cuts across Defence will be applied over a period of several years. There will be no compulsory redundancies among civil servants and military personnel who have not reached retirement age. Reductions will be made on the basis of retirement or

[13] Qualified ARM personnel should also rotate between and within the MOD and ARM during the course of their career.

transfer to other MOD departments, ARM units or other government departments and agencies. We will continue to implement our current policies in support of an equitable gender and ethnic balance, whereby females and members of smaller ethnic communities will be given preference for appointments in which they meet the same standards as other candidates.

Soldiers celebrate the 25th anniversary of the ARM

13.2 Education and Training

The Republic of Macedonia has recently become part of the NATO Defence Education Enhancement Programme (DEEP), which will help to improve the quality of our defence education institutions, particularly the Military Academy. To address extant training and education issues, we will undertake the following measures:

- We will undertake a comprehensive Training Needs Analysis (TNA) that includes all aspects of training and education provided for ARM officers, NCOs and enlisted personnel. This will include a review of the structure, courses and curricula of the Military Academy and TRADOC and their relevance to the current and future needs of Defence and the future structure of the ARM. Our target date for completion is June 2019.
- Following completion of the TNA, we will develop a new Training and Education Strategy.

- By the end of 2018, we will complete a review of pilot training for the ARM, including the future of the Pilot Training Centre, based on projected needs and the outcome of current contract discussions.
- We will review and amend regulations and procedures regarding the selection of personnel for training and education courses at home and abroad, to ensure that they are based upon merit and ARM needs.
- We will improve the integration of training and education across Defence and develop closer links between all associated entities within the MOD and ARM.
- We will produce a Training and Education Catalogue that contains details of all courses available to Defence personnel.

Lieutenant Milosh Trendevski receives the International Sword of Honour for 'Best Foreign Cadet' from Prince Harry at the Royal Military Academy, Sandhurst, United Kingdom

13.3 Equipment

The ARM requires much new equipment, but resource constraints dictate that the replacement of current equipment must take place over a period of time, in accordance with a sequenced acquisition programme based on clear priorities. As noted previously, priority will be accorded to those units and capabilities declared available for NATO.

Our most immediate priorities are as follows, although others will be developed, based upon a new Single Integrated Capability Priorities List:

- Infantry Fighting Vehicles/Armoured Personnel Carriers (modular platforms allowing future upgrades), some with an anti-tank capability and the remainder for roles including troop transport, command, reconnaissance, recovery and medical.
- Tactical communications systems
- Engineer equipment
- Improved Cyber-Defence capabilities
- Military transport vehicles
- An enhanced indirect fire capability
- Individual and collective CBRN and ballistic protection equipment
- ISTAR capabilities
- Equipment for the integration of communication core network and services.

Exercise at Krivolak Training Area

By the end of September 2018, the General Staff will complete and submit to the MOD, a proposal for the future material needs of the ARM, and their related priority. This will include an analysis of the current equipment inventory (including weapons and ammunition), and will consider status, life cycles and future needs. The outcome of the review will determine what equipment will continue to be used and for how long, and what needs replacing. Equipment that is no longer required will be disposed of – and may be sold, donated or destroyed. A related plan will be prepared. We will also reduce the range of vehicle types that are currently used by the ARM and will prepare a related plan.

Exact numbers and types of new equipment will be determined by the LTDDP and will be based upon requirements and affordable options. Ongoing modernization

programmes will continue in cooperation with partners, including the conversion of infantry weapons and the provision of CIS.

13.4 Infrastructure

As has been previously noted, Defence infrastructure remains extensive and is in excess of current requirements. In order to remedy this situation and to create a cost-effective solution that is in line with future needs, by June 2019, we will undertake an in-depth review of all existing infrastructure that will take account of location, requirement, role, responsibilities, use, management, current condition and refurbishment needs. The review will include recommendations for the retention of infrastructure; the possible consolidation of ARM units into fewer sites and the disposal of excess facilities and property. In addition, Defence will contribute to the compilation of a list of Critical National Infrastructure.

13.5 Logistics

Logistics reform is another priority. In line with the new force structure, a new logistics concept will be prepared by the middle of 2019 that accounts for the introduction of organic logistics support for all ARM units. In addition, we will undertake the following measures:

- By the end of 2018, we will identify required amendments to the Public Procurement Law and complete a review of the current system of Defence acquisition. We will then introduce a new process that provides greater authority to unit commanders with new internal procedures for urgent purchases. The intent is to determine how best to delegate responsibilities for logistics support to the appropriate (lower) level.
- By the end of 2018 we will complete an updated Acquisition Rulebook.
- We will continue to develop a Logistics Information System (LIS) with U.S. partners and will resolve software deficiencies by the end of 2018.
- By the end of 2018 we will determine how the ARM Role 2 Basic Land Medical Treatment Facility can be created through a regional approach and an active reserve pilot project.
- A new Medical Support Concept will be prepared for the ARM.
- We will consider options for the recruitment and retention of qualified technical personnel including medics, engineers and air maintenance specialists.
- In line with the revised Logistics Concept, we will consider improved mechanisms for the provision of national support for ARM forces on operations abroad.

13.6 Communications and Information Systems

We will continue to develop CIS and will implement a number of projects to upgrade and modernize the Defence Global Communication and Information System (GCIS), including the provision of secure connections between static and mobile CIS elements;

mobile CIS for declared units that are interoperable with NATO; capabilities to exchange a common operational picture with NATO; and enhanced cyber-defence and information assurance for static and mobile CIS in accordance with national regulations and NATO policy. We will also establish a Computer Incidents Response Centre to provide continuous supervision of the GCIS. Specific measures are as follows[14]:

- By the end of March 2019 we will develop a Strategy for the Development of the GCIS of the MOD and ARM.
- We will continue our participation in the development and implementation of a National Strategy for Cyber Security and based upon its principles, will develop a Strategy for Cyber Defence by the end of March 2019.
- By the end of 2018 we will prepare a plan for the education of Defence employees to enhance understanding of cyber security and related responsibilities.
- By the end of 2018 we will develop a plan for the modernization of crypto-protection across Defence.
- By the end of 2018 we will prepare a plan to develop and test CIS devices and systems and provide IT training to Defence personnel.
- By the end of 2018 we will develop a plan to improve interoperability between Defence and the other government elements with which it works, to improve communications and enhance interoperability. Further evaluation of this interoperability will be undertaken from 2020.
- By the end of 2018 we will develop a plan for equipping the ARM with TETRA radios and enable their connection to the TETRA system of the Ministry of Interior.

13.7 Budget and Finance

Defence has suffered from insufficient funding over the course of the last 10 years. This has had a cumulative impact on ARM capabilities, especially since obsolescent equipment remains in service and has not been replaced. We are committed to increase funding for Defence and recognize that a realistic and stable budget is a necessary pre-requisite for effective defence planning (including research and development) and force modernization.

The 2018 budget marks an increase of 14% from the previous year. The Prime Minister and Defence Minister have announced that for the next three fiscal years (2019, 2020 and 2021), the defence budget will increase by 0.2% of GDP, with the objective of meeting the NATO Defence Investment Pledge of 2%, (agreed at the Wales Summit in 2014) by 2024. GDP within the Republic of Macedonia is forecast to grow at about 3% a year. This additional funding will allow for the acquisition of further equipment – the details of which will be determined by the Long Term Defence Development Plan 2019-2028.

[14] Additional measures are outlined in the relevant Partnership Goals package 2018.

We will endeavour to rebalance the current allocations within the Defence budget with the goal of reducing personnel costs to 50%; increasing spending on operations, maintenance and training to 30%; and increasing the budget allocation for equipment and modernisation to 20%. This will be achieved through a combination of reductions in personnel, the introduction of more cost efficient management processes, and additional funding.

We will also work to improve internal processes to ensure that in future, the MOD is able to spend its budget allocation in-year and does not suffer the negative consequences of smaller, rebalanced budgets. This may include greater reliance on multi-year contracts. We will also implement solutions that enable ARM commands and units to authorize the expenditure of funds necessary to deal with urgent requirements. The issues of lead agency responsibility and roles, 'second responder' costs and related compensation will be raised with the appropriate authorities, and a way forward agreed.

13.8 Defence Planning

The highest priority for future defence planning, is the reintroduction of a Planning, Programming, and Budgeting Execution (PPBE) process across Defence and to provide related training to all those who require it, including senior leaders within the MOD and ARM. PPBE will become the main tool for resource management.

The PPBE process will allow the MOD to effectively allocate its resources. It will provide a mechanism by which the MOD (and ARM) can align the allocated defence budget to national strategic guidance and Defence policy, strategy and goals. The PPBE process will integrate plans and programmes and address existing and emergent requirements within a disciplined review and approval process. The goal is to achieve the best mix of forces, manpower, material, and support in accordance with fiscal constraints.

The overall objective of the rationalisation and strengthening of the national defence planning system is to ensure the required synchronisation with the NATO Defence Planning Process.

13.9 International Defence Cooperation and Defence Diplomacy

By the end of 2018 we will revise the existing Defence Diplomacy Strategy and the Rulebook on the Selection, Recruitment and Training of Defence and Diplomatic Personnel. In this context we will also propose amendments to relevant laws and regulations (primarily the Law on Foreign Affairs) to define the status and treatment of Defence personnel. Our intended outcome is to revise the current process, in order to facilitate the appointment of Defence personnel to diplomatic posts. Once achieved, we will select and deploy well qualified officers and officials to fill priority positions, including Defence Attachés and staff officer posts at NATO headquarters and commands. Our target date is June 2019.

We will maintain our focus on further enhancing international defence cooperation and will develop annual Defence Staff consultations with key bilateral partners. We will continue to invite bilateral and multilateral partners to join our training and education courses and use our facilities, including the extensive Krivolak Training area. The ARM contribution to international missions will remain a priority.

ARM Medics deployed to EU-led Operation ALTEA in Bosnia and Herzegovina

13.10 Inter-Agency Coordination

In order to improve inter-agency coordination, we will seek to harmonise our procurement plans with other government departments and agencies where appropriate. This will include the acquisition of identical or compatible systems in the future, especially radios. We will work with the MOI, CMC and PRD to clarify respective crisis management roles and responsibilities and introduce mechanisms to improve coordination. We will also seek to enhance the current levels of cooperation, including joint training and exercises, and develop common Standard Operating Procedures (SOPs) in areas of mutual interest. A review of current coordination and future needs may be appropriate.

Conclusion

A democratic, secure and prosperous Macedonia, enjoying good relations with its neighbours, and participating actively in regional and international economic, political and security fora, is vital to peace and stability in Southeast Europe. Our future commitment is unwavering, as are our aspirations for full integration into the Euro-Atlantic Community. Invitation to join NATO at the Brussels summit is bringing back the energy and enthusiasm in creating an efficient defence system, which would be an investment in our national and regional security.

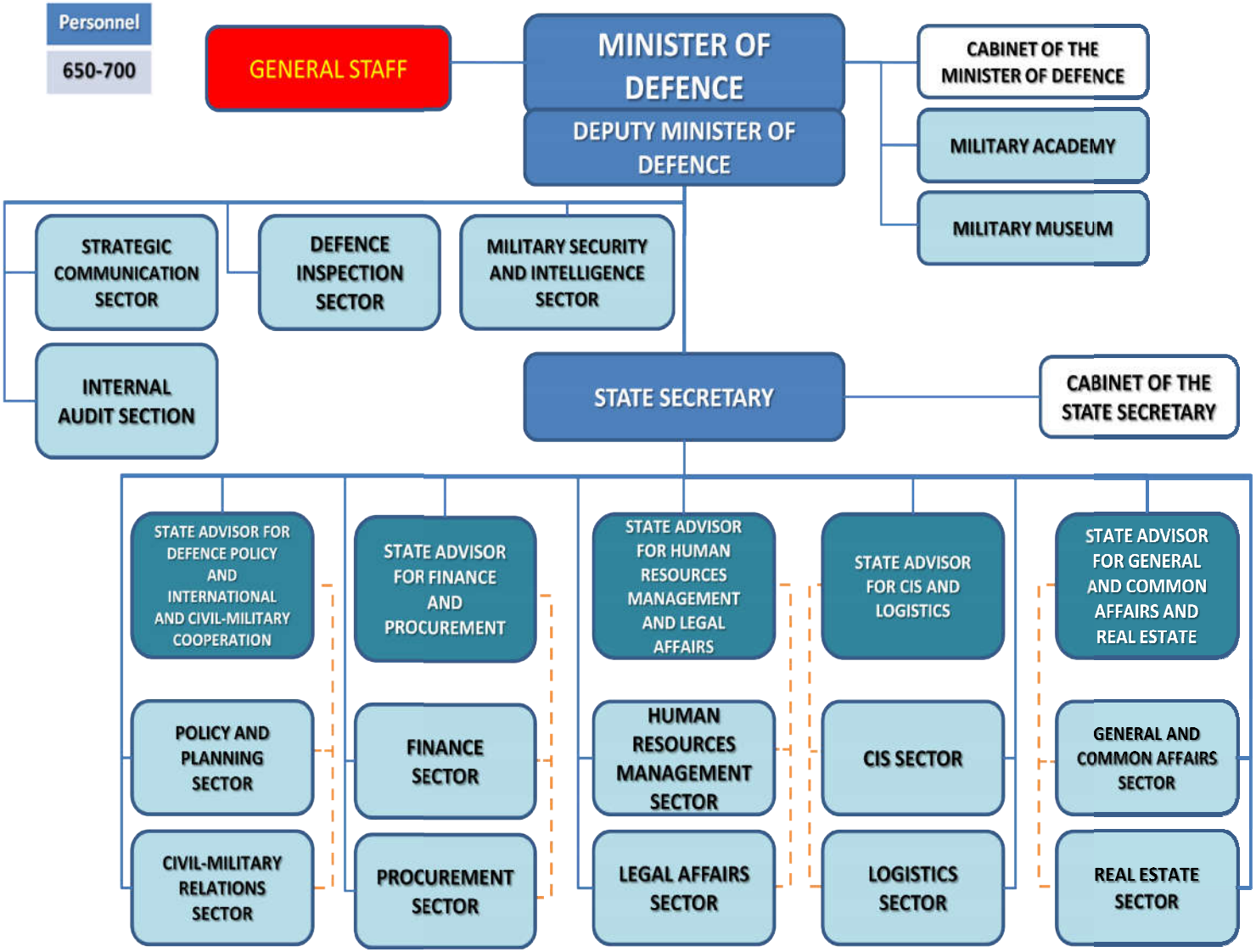
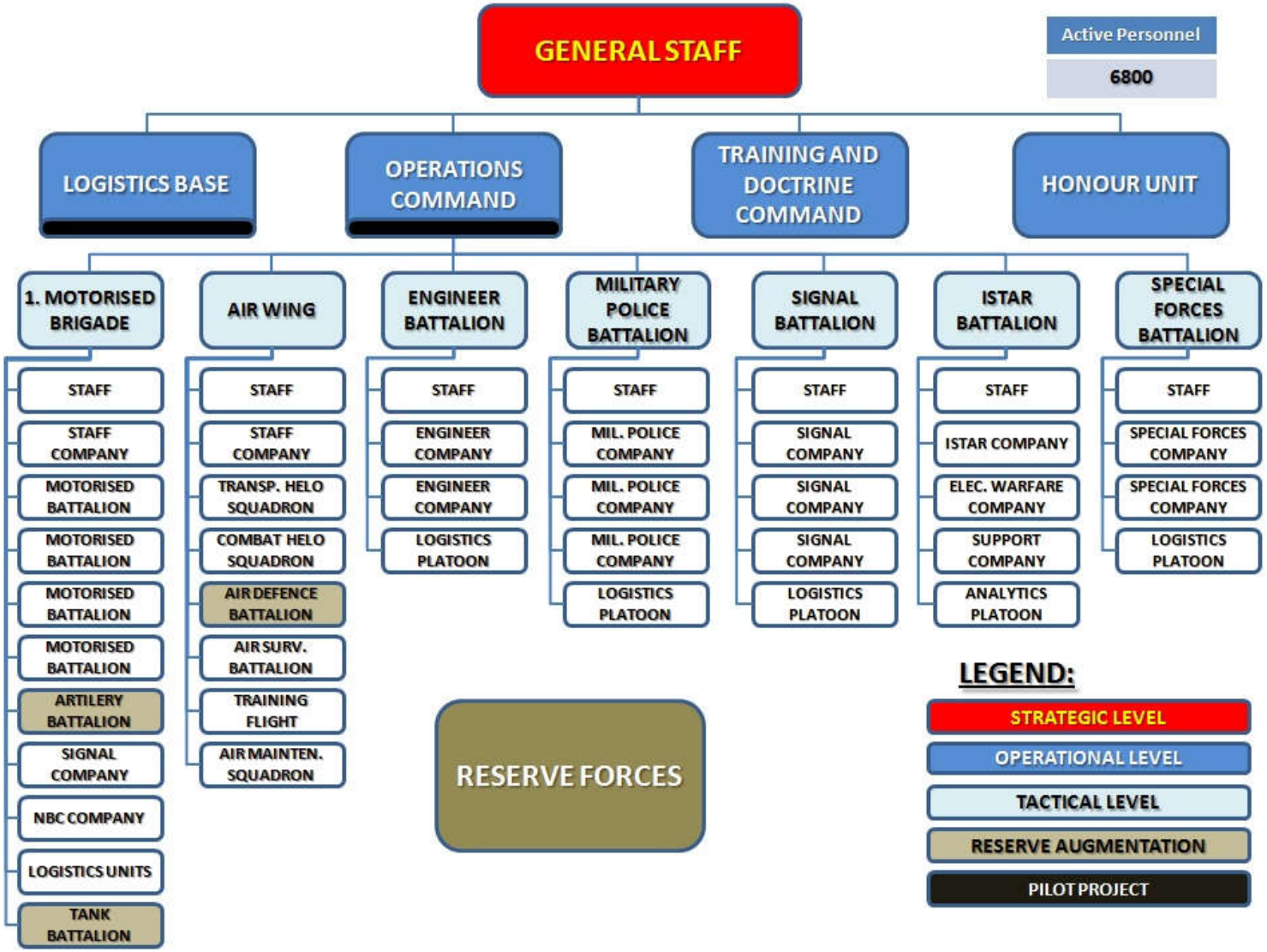
To modernize the National Defence and build related required capabilities, we will undertake a series of measures that will be encapsulated within an SDR Implementation Plan. A new Long Term Defence Development Plan (LTDDP) 2019-28 will be prepared to support ARM modernization. The whole modernisation process will be supported by a rationalisation of the national capability planning system to ensure the appropriate synchronisation with the NATO Defence Planning Process.

The continued transformation of Defence will see a smaller, consolidated and efficient MOD, providing civilian leadership and democratic oversight over a modern ARM that will fulfill the long-term defence and security needs of the Republic of Macedonia. Our Armed Forces will be flexible, deployable, well-trained and effective. The new force structure for the ARM and restructuring of the MOD will create a more efficient and capable defence sector and will also enhance our operational capability.

The Republic of Macedonia will continue to contribute to international operations led by the UN, NATO and EU. Our Future Force 2028 modernization efforts will focus on the 'declared forces', and our top priority is the development of the Light Infantry Battalion Group, in accordance with NATO standards. Our Defence transformation plans will ensure that we will make a full contribution to NATO as we transition from cooperative security to collective defence.

The Republic of Macedonia is determined to become the 30th member of the Alliance.

Annex A: Future Structure of the Ministry of Defence



Annex B: Future Structure of the Army of the Republic of Macedonia