The IDF Multiyear Plan: Dilemmas and Responses

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In the IDF it is customary to distinguish between two concepts: the use of force and force buildup. The first refers to operational activity and assumes that the necessary military capability is a given. The second includes the activity required in order to improve (or at times merely to preserve) the army's capability.

Obviously this is a rough distinction. The decision where to set up an ambush on the Lebanese border only involves use of force, while the plan to produce advanced satellites is a clear example of force buildup. However, between these extremes there are many actions that incorporate elements of both force buildup and use of force. Nonetheless, the distinction is at once apt and convenient, and also makes it easer to define authority within the army. The Ground Forces Command, for example, is responsible only for force buildup on the ground, while the use of ground forces is determined by the chain of command starting from the General Staff through the levels of regional commands to the divisions, brigades, and so forth.

Force buildup takes place year round, but important decisions affecting it are usually made once a year as the annual work plan is approved, and to a greater extent once every five years (or four) when the multiyear plan is authorized. This essay deals with the multiyear plan, focusing on the upcoming plan for 2012-2016.

The Difficulties in Preparing a Multiyear Plan

Those in charge of the process of preparing a multiyear plan – specifically, the Deputy Chief of Staff and the IDF's Planning Branch – face three objective difficulties. The first difficulty is that the task calls for preparing a five-year program, when it is eminently clear that reality during that future period may be subject to very different fundamental assumptions than those that prevailed when the five-year plan was drafted.

Second, budgetary flexibility is limited. The decision makers seemingly have at their disposal approximately 250 billion NIS (the total defense budget, including foreign currency, which represents more than 50 billion NIS a year). In practice, however, the major share of the budget is already accounted for in one way or another. Thus, tension is generated between the need to adapt the plan to new assessments and needs, and the desire to avoid the cost involved in canceling or curtailing projects that are already underway.

The greatest difficulty is determining proper methodology. In its final form the multiyear plan tries to optimize an equation that comprises dozens – perhaps even hundreds – of variables, and to do so under conditions of great uncertainty. To attempt a task of this magnitude and input all the knowledge, constraints, and conflicting needs into a single summarizing document and extract one clear result is a daunting challenge.

Approving the Multiyear Plan

Although there is no mandatory way or established documented methodology for producing a multiyear plan, over the years a general understanding has emerged about the proper way to undertake the process. This involves four stages.

The first stage is a situation assessment, which begins with an intelligence assessment. Military intelligence tries to describe what is expected in the next few years with an emphasis (there are those who would say this emphasis is exaggerated) on expected threats. After this, a discussion led by the Planning Branch is held to agree on the "threat reference." The threat reference is approved by the Chief of Staff (the contention that this should, as in many other countries, be approved by the Cabinet is beyond the scope of this essay). The threat reference thus entails a "command

determination" (to some, this determination is arbitrary) that defines the threats the army must prepare for, as distinguished from those it need not prepare for.

The threat reference focuses on three parameters: the probability that a certain threat will be realized; the severity of the threat (i.e., the damage liable to be incurred should the threat be realized); and the cost of the response. While the first two parameters are self-evident (the product of the two equals the measure of damage), the third requires some explanation. Let us assume there are two threats, A and B, of equal probability and severity; however, formulating an appropriate response to A costs 10 million NIS while an appropriate response to B requires an outlay of at least 1 billion NIS (i.e., 100 times that of A). In this case, it is reasonable to assume that A will become part of the threat reference whereas B will not, for the simple reason that the cost of providing a response to B is too high. The money that would be allocated to it would empty available coffers for one purpose and leave other pressing matters unattended.

The second stage involves a series of preliminary discussions. There are two types of preliminary discussions. The first deals with various operational scenarios. Using simulations or war games, participants try to describe what future military confrontations might look like. Later on these meetings help to define the necessary (and possible) achievements in each arena. In addition, they help sharpen identification of existing gaps (and no less importantly, the reverse, i.e., the IDF's relative advantages). The second type of preliminary discussion is generally devoted to force buildup. In these discussions, a new issue is raised each time (e.g., how many satellites are required and of what quality, what is the required mix of unmanned aerial vehicles, how many and what kind of active defense systems are required, how many divisions are required, what is the correct number of combat days for which the army must prepare, and so on).

The number of important issues is large, their scope is immense, and every area can be analyzed from a number of different angles. The way to cope with such a complex mass of material is by holding a series of discussions at the level of the Deputy Chief of Staff. Every discussion deals with one topic for which usually a number of alternatives are presented, with each alternative showing a different result in terms of cost

(resources) versus (operational) benefit. These discussions do not end with a decision, because it would be incorrect to make decisions with budgetary ramifications before the general picture is clear. Nonetheless, creating a cost-benefit graph for each separate issue helps determine the optimal point later on. Obviously, these discussions, held over the course of several months, are the culmination of intense staff work that occurs over many months. A good deal of staff work is performed by ad hoc committees, located in and directed by the Planning Branch.

The third stage is the General Staff workshop. The approval of the multiyear plan culminates with the concluding deliberations led by the Chief of Staff. The discussion actually takes the form of a workshop lasting two or three days, at the end of which the Chief of Staff makes the important decisions. The workshop may be compared to a situation in which someone wants to pack items weighing 50 kg into a suitcase whose total weight must not exceed 20 kg. Clearly, any item packed in the suitcase comes at the expense of another. Equally clearly, the higher the weight of an item, the expense to other items increases. The Chief of Staff's decision aims to maximize the future operational benefit with a given set of resources (usually the budget and regular army manpower).

The fourth stage involves the final input. After the workshop is over and once the dust has settled, the Planning Branch translates the Chief of Staff's decisions into a document called "Planning Guidelines," which also includes "Unit Guidelines." On the basis of this document, the various entities – in this case, branches of the armed service, regional commands, and the General Staff's various divisions – present their detailed plans for the Chief of Staff's approval. The Chief of Staff's conclusions from the workshop and the unit plan approvals are fused in a single document: the multiyear plan.

The 2012-2016 Multiyear Plan

At the time of this writing, it is still unclear what the central decisions will be in the forthcoming multiyear plan. The concluding General Staff workshop is scheduled for August 2011, and even once it is over it is clear that most of the decisions will remain classified. Nonetheless, one may make some educated guesses about the primary dilemmas the decision

makers will have to face. More specifically, as the Chief of Staff devises the 2012-2016 multiyear plan he will have to weigh six dilemmas. The responses to these six dilemmas will define the IDF force buildup and military power in the coming years.

The first dilemma relates to Egypt. Since the peace treaty was signed in 1979, Egypt has been defined as a risk but not a threat. The difference between the two refers to the lack of an Egyptian intention to initiate a military action against Israel. Moreover, for over 30 years Israel was able to assume that even were there to be a military confrontation with other elements in the region, Egypt would decide not to get involved. Thus, Israel was able to conduct two wars in Lebanon and undertake extensive operations in Judea and Samaria (Defensive Shield) and the Gaza Strip (Cast Lead) without any major concern that Egypt would join in the hostile action. In terms of force buildup, the peace treaty with Egypt has had even greater significance: since the treaty was signed (or more precisely, since 1985), the IDF's order of battle grew smaller, especially on the ground.

This reduction in size (and concomitant increase in quality) allowed Israel to maintain a more or less steady defense budget in real terms. Because the GNP grew, the relative portion of defense spending in the GNP gradually dropped from 30 percent in 1974 to about 7 percent in 2011. The primary factor that enabled this no-growth defense budget was the peace treaty with Egypt. Consequently, Israel was able to reduce its force size, and even more importantly, the stockpiles of spare parts and ammunition. Over the years, the repeated mantra was that Israel would uphold this policy of risk vis-à-vis Egypt until "a strategic change" emerged.

The dilemma facing the General Staff today is: does the change that has taken place in Egypt require a change in the basic working assumption about Egypt, and if so – to what extent? One may assume that as far as securing the border with Egypt and paying more extensive attention to intelligence gathering goes, the answer is yes, but that is "small change" relative to the more fundamental question: the effect on the order of battle (at sea, on land, and in the air) and especially on the stockpiles. With regard to those, the answers may be more difficult.

The second dilemma concerns reliance on the air force. Since the early 1960s, the Israeli Air Force has enjoyed clear preferential status in terms of

resource allocation. The power of the air force represented the IDF's clearest relative advantage over enemy armies. The range of tasks undertaken by the IAF has steadily increased and includes not just defending the nation's skies but also attaining aerial superiority in enemy territory (including destroying its surface-to-air missiles), attacking strategic enemy targets, destroying its surface-to-surface missiles, and providing massive assistance to both the ground and naval forces.

Two recent threats, however, are liable to serve as a formidable challenge for the IAF to attain all of its objectives. The first is the improved capabilities of enemy anti-aircraft missiles, reminiscent of the challenge posed by the Syrian and Egyptian anti-aircraft systems in 1973. The second and more significant threat is the enemy's rocket and missile arsenal. This major development, which has occurred over the last decade, also threatens Israel's airfields. To what extent can this threat damage the effectiveness of the air force? The greater the assessment that the effectiveness of the air force might be compromised (even if only temporarily and to a limited extent), the more appropriate it becomes to shift capabilities onto ground forces and also (perhaps even primarily) the navy, thereby diffusing the risk and varying the response capabilities.

The third dilemma concerns the F-35 fighter jet. The F-35 is the best – and most expensive – fighter jet there is. Beyond its other advantages, this plane enjoys a low RCS (radar cross section, i.e., it is "invisible" to radar), a feature that dramatically increases its survivability. Many would say that it is the last manned fighter jet, because the capabilities of developing unmanned aerial vehicles have improved so markedly as to render pilots superfluous. According to this opinion, in another ten years no manned aircraft will participate in military operations. At first glance, one would think that this does not represent a dilemma since the decision to buy one squadron of F-35s was already taken.

However, the dilemma still exists, in two respects. First, would it be right to allocate money for the purchase of another squadron in the next multiyear plan? Such a decision would mean exhausting most of the foreign currency defense budget. On the other hand, there are those who say that one squadron alone does not constitute the critical mass of high quality

stealth planes, which is particularly essential with regard to operations in the "third circle" (Iran).

The second issue is more fundamental and relates to the ratio between manned and unmanned aerial vehicles that must be decided already in the next five-year period. Generally, UAVs should be preferred for every task they can handle, not only in order to reduce risks to pilots (and the ability to take greater risk in choosing the profile of the task) but also because the total cost of operating UAVs is lower. On the other hand, relying on UAVs in a growing range of tasks requires taking many technological and operational risks. The alternative at this stage (to investing in UAVs) could be to bet on the sure thing: because of the long waiting time on the F-35, perhaps it would be wiser to buy more F-15s or F-16s or, at no small expense, upgrade some of their capabilities (such as radar). These two considerations relating to the F-35 thus demand difficult decisions.

The fourth dilemma concerns active defenses. The operational success of the Iron Dome system, as demonstrated in early 2011, boosted the desire to equip the army with additional batteries and a larger number of missiles. The investment is enormous and many have argued that Israel must not defend itself to death, i.e., invest too much in defense at the expense of offense capabilities. Those same sources claim that by equipping itself with massive defensive systems Israel is acceding to enemy dictates. This is similar to the constraint Israel imposed on the Egyptian and Syrian armed forces, which were incapable of dealing with Israel's air force and were then compelled to invest enormous budgets in anti-aircraft defenses, thereby perpetuating the weaknesses of their own air forces.

The advantages of anti-missile defense systems lie not only in the protection they afford (and the reduction in the anticipated resulting damages) but also in two other respects. An effective defense system may reduce the enemy's motivation to attack. In addition, effective defense systems provide more freedom of action in terms of any offensive operation. In principle, Israel's decision to arm itself with a multi-layered defense system (Arrow-2, Arrow-3, Magic Wand, and Iron Dome) was already made. In this context, what is most important is the ratio of the different systems in the mix and the investment in this area, which of course comes at the expense of other areas.

A second issue that has confronted the defense establishment for a decade relates to the use of laser (the Nautilus system). The advantage of laser is threefold: it is capable of damaging high trajectory fire even when fired from a short range (mortar bombs); it can destroy several targets simultaneously; and above all, the cost of destroying a rocket or surface-to-surface missile is much lower. In other words, assuming that Israel would in the future have to intercept thousands of missiles, rockets, shells, and even UAVs, the laser system is preferable from an economic perspective if one takes a very long term view. On the other hand, developing the laser is liable to take a long time, development costs are high, and the first versions of the system will apparently be able to defend only a small area (compared even to Iron Dome). Moreover, it is unclear whether it is wise to invest in laser technology following the decision to invest in Iron Dome, i.e., to invest in both. Complicating the deliberation is yet another question: does it make sense to invest in the existing laser technology, or would it be better to develop solid state laser technology that significantly increases the effective range but entails other complications? Thus as part of the multiyear plan, a decision will have to be made whether to invest in laser technology, and if so, how much and in what type.

The fifth dilemma concerns maneuvering. The Second Lebanon War revealed a weakness in the ground forces' maneuvering capabilities, especially with regard to operating large forces. This was one of the lapses handled more quickly out of a sense of its high priority. Tackling this issue involved not only placing greater emphasis on training but also greater investment in equipment, both of platforms such as the Namer (Israel's armored personnel carrier built on the Merkava tank chassis) and other systems including the Trophy, a system that protects tanks and APCs.

The need to improve maneuvering capabilities is directly connected to the question of how to attain victory both in the Syrian and Lebanese arenas. Opinions differ. Some think that no decision can ever be reached in those arenas without using ground forces deep in enemy territory. Others think that the importance of such an effort is secondary, because the desired goal may be reached by destroying targets – including national infrastructures – with standoff fire, thereby bringing the other side to the realization that it is preferable to stop the battle.

To the extent that the first approach is adopted, high budgets must be allocated for land capabilities – e.g., the Trophy system. There is no doubt that in a battlefield crowded with advanced anti-tank weapons, there is a supreme need to provide this type of protection to most of the IDF's armored combat vehicles. On the other hand, those who feel that the ground maneuver of large forces in the depth of enemy territory is a less acute issue will content themselves with a much smaller number of defense systems of this type, because for ongoing security against the Gaza Strip and even Hizbollah it is possible to make do with less. The difference between the first and second approaches can amount to billions of shekels (not just because of the cost of protecting armored combat vehicles but also because of related needs, such as the need to improve engineering capabilities, increase the artillery's precision and range, and more).

The sixth dilemma involves command and control. One of the prominent advantages of a modern military such as the IDF is the existence of very high command and control capabilities at sea, in the air, and in recent years, also on land. Alongside the advantages of advanced command and control are three major disadvantages. One, the technology is constantly being renewed, so that in general one can say that by the time the equipment reaches the user it is already obsolete. Two, it is hard to make do with half the job: there is a high price tag for a situation in which only some of the forces have new communications infrastructures while others do not. Three, the utility of advanced command and control is indirect and not always proven. The fact that the President of the United States could observe the elimination of Bin Laden in real time is more a mildly interesting tidbit than it is proof that it contributed anything towards the quality of the operation.

In recent years, the IDF has invested a great deal in hardware, applications (software), and communications infrastructures. It now must address the question of whether it needs to be at the forefront of technology all the time and equip itself with new systems (for example, LTE communications infrastructures that allow the transfer of massive quantities of video photography at very high speed) or make do with a less advanced generation. Command and control is a good – though not the

sole – example of a situation in which it is possible to take a technological leap without necessarily gaining operational benefits that justify the cost.

The field of command and control and computers has in recent years created a growing awareness of the vulnerability of the IDF (and other national organizations and institutions) to cyber attacks. The capabilities of the enemy (whether an enemy state or a hostile organization) to attack and disrupt critical systems by a hostile penetration of computer systems has grown exponentially in recent years, necessitating growing investments in blocking this new type of threat.

The discussion about these and other dilemmas will characterize the procedure for formulating the multiyear plan, assuming that until the approval of the threat reference nothing drastic will happen to change the picture. The chance of a third intifada erupting sometime towards the end of 2011 is not negligible. Should this occur, the IDF will have to make significant changes to the plan, because the immediate always trumps the important. The legitimate pressure that will be applied by the public and the political establishment to invest in force operations in Judea and Samaria and the need to improve the defense of both military and civilian installations will cause a considerable diversion of budget funds.

If this is the case, however, why are these missions not carried out now? Why is the IDF not investing more in preparing for the possibility of the next intifada? The answer to this challenge is that the army is operating properly by not diverting massive budgets in favor of ongoing security at present, for two reasons: one, the IDF's ability to shift quickly is high. It would be wrong to waste resources now if it is possible to make the same change in the future on a tight schedule. There is no doubt that in the last seven years the IDF has taken advantage of the relative calm; it was able to save many resources and divert them to long term buildup. In addition, investing in ongoing security does not serve other scenarios, while a significant portion of the investment in other areas may also benefit ongoing security.

The Budget

When he served as Chief of Staff, Ehud Barak said – and rightly so – that the limitations on improving the power of the IDF are not technological in

nature but budgetary. This essay has emphasized that the challenge to the IDF in formulating its multiyear plan is determining how to get the most operational bang out of the budgetary buck. But is the budget in fact a static given? Is it possible to find other sources of financing, either internal (i.e., from within the defense budget) or external?

The Brodet Commission, established a number of years ago to investigate the defense budget, came to two major conclusions: one, it is necessary to increase the defense budget moderately and gradually; two, the army must be required to become more efficient and save NIS 30 billion over one decade.

The Ministry of Defense and the IDF submitted the budget to McKinsey & Company for review and for suggestions on ways to improve efficiency. After about two years of work, the McKinsey team submitted its recommendations to the Director General of the Ministry of Defense and the Chief of Staff. It seemed that the team had come up with an impressive program for increasing efficiency and savings and it was even adopted by the Ministry of Defense. In practice, very little has happened – not because of a weakening of resolve (which often happens in Israel) but mostly because the work that McKinsey & Company did was fundamentally flawed.

Efficiency can be measured in two ways: achieving an increase in output per given budget (i.e., identical expenses), or achieving the same output with fewer expenses. Because the Brodet Commission already made it clear there would be no cut to the defense budget, the only way left to measure increased efficiency was by the first possibility – increasing output with the same budget. However, how do you measure increased operational output? This is far more complicated than examining the output of a commercial enterprise where there is a much simpler index of output, e.g., the total number of sales.

It would be more appropriate to undertake the assessment according to the following model. At the first stage, operational output should be defined as "muscle mass." It is necessary to tally up all the variables that produce "muscle mass" – such as how many operational battalions there are in the regular army, how many in the reserves, how many airplanes there are and of what kind, how many ships the navy has and what kind, how many

"fighting days" (in terms of munitions and spare parts) the army is set up for, and so forth. At the second stage, it is necessary to assess the cost of each component of this "muscle mass." At the third stage, it is necessary to prepare a program whereby the total "muscle" mass will increase to an equivalent cost of 30 billion NIS over one decade, and all this without increasing the defense budget (or only moderately, as suggested by the Brodet Commission). The result would be increased efficiency because it would clearly result in operational output without increasing expenditure. Because this has not been done, one could say that no real increase in efficiency has been achieved and apparently will not be achieved in the five years of the next multiyear plan.

Furthermore, internal sources of financing that could only be created as the result of major organizational changes in the IDF (and even more so, in the Ministry of Defense) will in all likelihood not be found. On the other hand, additional external sources, i.e., increases to the defense budget, are a possibility. Prime Minister Benjamin Netanyahu hinted as much in a speech he gave in April this year.

When preparing a multiyear plan one must estimate what the defense budget will be in the next five-year term. The persistent tendency of the army is to adopt optimistic estimates, prepare an expansive plan, and then struggle to make it happen. This familiar pattern will likely be repeated in the forthcoming multiyear plan.

Conclusion

The defense budget is the largest of all the government budgets. It is both natural and correct that the primary discussion of the multiyear plan take place in the Cabinet (which would dedicate several full days to the topic). Since this is not the case in Israel, a tremendous responsibility is placed on the army (the Chief of Staff) and the Minister of Defense to determine the IDF's force buildup for the next few years. An example of the importance of the decisions of this kind is Ehud Barak's decision twenty years ago as Chief of Staff to place major emphasis on precision guided munitions, a decision that made it possible for the IDF to significantly increase its operational capabilities within a given budget.

In hindsight, the army's decisions are not always correct. At times in retrospect it becomes clear that the decision should have been different (e.g., the over-emphasis placed on command and control for ground forces at the expense of maneuvering capabilities, protection systems, and night vision equipment in the period leading up to the Second Lebanon War). Nonetheless, it appears possible to rely on the army with regard to two crucial dimensions. First, the procedure of constructing the multiyear plan is undertaken with greater thoroughness and seriousness than what characterize the procedures attending decision making on other budgetary matters. Second, the process is matter-of-fact and virtually free of extraneous considerations (though egos hold some sway), and to the extent that the process takes place within the army, is also carried out with maximum transparency.