



PERSPECTIVES

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IDF Budget Uncertainty and the Momentum Plan

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EXECUTIVE SUMMARY: Momentum, the IDF's ambitious new multi-year force build-up program, will require a long-term budget framework if it is to achieve its goals—but clouds of uncertainty have gathered around it in the shadow of a massive government deficit.

The Israeli defense establishment is preparing for an attempt to secure a suitable defense budget as well as a government commitment to underwrite Momentum, its new multi-year program.

Even before the onset of the coronavirus pandemic, the defense budget was facing hurdles due to the lengthy paralysis that had gripped the Israeli political system.

A shaky unity government is now in place, and preparations are underway to try to pass a state budget. But the economic fallout created by the pandemic could pose a very significant challenge to the scope of the defense budget the IDF was originally hoping for.

Defense budgets are always heavily influenced by the state of the national economy, GDP growth, and social trends. Currently, all those indicators are working to the detriment of a higher defense budget. According to a Bank of Israel assessment, Israel's GDP is expected to shrink by 4.5% in 2020.

Thus, when representatives from the ministries of Defense and Finance finally meet to begin negotiations, defense officials could be at a disadvantage.

PM Netanyahu has, for his part, announced his intention to add 3.3 billion shekels to the defense budget, naming projects such as the Gaza border security barrier, ongoing security operations, and other critical areas as requiring extra funding. Still, the ability of the current government to agree

on an annual budget, let alone commit to a multi-year budget framework for the IDF, remains unproven.

With 15-20% unemployment levels and the government racking up an increasing deficit as it attempts to rescue civilians and the private sector from the fallout of the pandemic, battles between ministries for state funds may be more savage than ever. Ministries such as Health and Welfare, as well as Education, will have a strong case for their own budgetary increases.

Should the defense budget fall short of what is needed to fully implement the Momentum plan, the IDF will struggle to maintain high readiness while at the same time embarking on such an ambitious force build-up program. Under that scenario, the IDF would likely have to prioritize readiness over developing long-term future capabilities, which would mean cutting back on some of the acquisitions it had planned on.

Last year, a tug of war was reported between Netanyahu and IDF Chief of Staff Lt. Gen. Aviv Kochavi over how the IDF should build up its forces. Points at issue were investing in missiles at the expense of ground forces, submarines versus the air force, and drones versus fighter jets.

The IDF's access to \$3.8 billion of annual US defense assistance remains unchanged.

The Gideon multi-year plan launched in 2015 by former Chief of Staff Lt. Gen. Gadi Eisenkot prioritized combat readiness over all other objectives. It succeeded in bringing up the IDF's ground force readiness to a higher level than what it was before, though its full extent is in dispute.

The Gideon plan aimed at strengthening the ability of ground forces to conduct rapid maneuvers into enemy territory while also making massive investments in the Israeli Air Force and intelligence capabilities.

With Momentum, Kochavi seeks to stand on the shoulders of the Gideon program to create a network-centered war machine that is adapted to the combat arenas of the 21st century Middle East, with longer-term force build-up ambitions.

To achieve this, Momentum will require a multi-year government commitment.

Before the pandemic, the IDF prepared several versions of multi-year budgets to present to the government. Each contained a definition of what can and cannot be obtained within the scope of the budget in question.

For this year, the defense establishment's initial hope was to receive a 2 billion shekel increase from 2019's defense budget of 63 billion shekels.

In order for Momentum to be fully realized, the defense establishment would need sufficient funds to leapfrog over the capabilities of Israel's adversaries. Its object is to produce a military that can destroy more enemy capabilities in less time and at less cost in both human and economic terms.

But military budgeting must take many additional requirements into consideration. The IDF already knows how many soldiers it will have to absorb in a decade's time, and is keen to begin planning infrastructure for that future now. This is because such infrastructure cannot be built in a year, or even three. Only a commitment to a multi-year budget can enable the IDF to begin installing its long-term infrastructure in time to meet anticipated challenges.

It appears as if some in the IDF have already concluded that the goal of fully realizing the Momentum program is probably not in reach in the age of the coronavirus pandemic.

In an essay recently posted on the IDF's official website, Lt. Col. Rom Liraz, Commander of the Learning and Development Center at the IDF Military Colleges, cited 2011, when the defense budget faced uncertainty during widespread popular protests against the high cost of living.

Liraz recalled how, as the IDF was planning its multi-year program, protest tents were flooding Tel Aviv. As he pointed out, the program "was not implemented due to the change in the government's priorities."

But Momentum is vital to the IDF's ability to keep up with its rapidly changing strategic environment. Kochavi has warned of major long-term harm to national security if too much of the program remains on paper.

Kochavi has described the plan as an insurance policy for future generations—a kind of vaccine to protect Israel's future security and society—and has warned against a false sense of security stemming from the current relative calm in the region. At a ceremony marking the IDF's role in the fight against the coronavirus in early June, Kochavi said:

This is the "security paradox." So long as there is quiet and stability on security, we are inclined to forget how complicated it is to achieve...As long as there is security stability, a misleading feeling develops that the threats have diminished. And when there is quiet, a feeling develops that we can reduce what is required for our security needs. This is a grave mistake for which militaries and countries throughout history,

including Israel, have paid a heavy price. Only by maintaining the muscles of the army can we fight and win when called upon.

In June 2019, when the national budget was stalled due to ongoing political paralysis, Brig. Gen. (res.) Dr. Sasson Hadad, a senior research fellow at the Institute for National Security Studies (INSS) and previous financial advisor to the IDF Chief of Staff, warned about the effects of disruptions to multi-year programs. “The IDF does not work without a multi-year program,” he cautioned. “Most of its projects are lengthy and are set ahead of time.” Without a coordinated plan, the IDF’s force build-up would resemble “an orchestra” in which “everyone does what they want, and the noise is terrible.”

Hadad’s warnings are even more relevant today. “In the first year, we should be running at full speed [to implement the multi-year program],” he said. “From my experience, the most important thing is that there will be a clear budget framework. Otherwise, there will be endless arguments. Both ministries [Defense and Finance] know how to fight with one another very well. We should set up the budget context and move forward. This is what we tried to do with Gideon, and it worked fairly well.”

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