



Extract from the report to the
Public Accounts Committee on
the basis for a possible acquisition
of combat aircraft

March
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I. Introduction and main findings

1. This report is about how the Ministry of Defence and the Danish Defence prepare the basis for a possible decision to acquire new combat aircraft for the Danish Defence.

The Defence's current F-16 aircraft were mainly procured in the 1970s and need to be replaced by 2020, according to current planning by the Danish Defence. Three combat aircraft are competing to replace the F-16: The Swedish Gripen, the American Joint Strike Fighter and Super Hornet. Since 1997, Denmark has participated in an international cooperation to develop the Joint Strike Fighter.

2. The government is expected to present its basis for decision in the spring of 2009, so that the Folketing (parliament) can decide whether the Defence should acquire new combat aircraft and in the affirmative, which manufacturer the Defence should then primarily open contract negotiations with. The basis for decision will also include an analysis of the possibility to extend the life of the existing F-16s which would postpone the replacement of the F-16 fleet by up to six years.

The Defence Commission is expected to present its position on a possible replacement of the F-16 by the end of March 2009 - before the government presents its basis for a decision. The Commission is considering the possible replacement of the F-16 as part of its overall conclusions on the future development of the Defence. The Commission is expected to determine whether Denmark has a requirement for new combat aircraft, and which tasks such aircraft would be required to perform.

3. The Ministry of Defence has involved several other ministries in its preparations. The government has established a cross-ministerial working group to prepare the financial part of the basis for a decision. Besides the Ministry of Defence and the Defence, also the Ministry of Foreign Affairs and the Ministry of Economic and Business Affairs, represented by the Danish Enterprise and Construction Authority, participate in the work.

The Defence is heading the Danish combat aircraft competition and will provide its military recommendation as to which combat aircraft, the Defence considers to be the best replacement for the F-16, if a replacement is decided. The recommendation will conclude in a prioritised ranking of the three candidates.

4. At its meeting on 13 September 2007, the Public Accounts Committee requested Rigsrevisionen to consider how an examination of the potential acquisition of new combat aircraft could be organised. The Auditor General described the process in a memorandum to the Public Accounts Committee dated 2 November 2007. Subsequently, at its meeting on 28 November 2007, the Public Accounts Committee asked Rigsrevisionen to submit a report.

5. The purpose of this report is to evaluate the work performed so far by the Ministry of Defence and the Defence with respect to the elaboration of a basis for a decision. The report considers the following three questions:

F-16 is referred to as F-16 Fighting Falcon.

Gripen is referred to as Gripen Next Generation. The aircraft is developed from the original Gripen aircraft.

Joint Strike Fighter is referred to as F-135 Lightning II Joint Strike Fighter.

Super Hornet is referred to as F/A-18 E/F Super Hornet. The aircraft is developed from F/A-18 A/D Hornet.

The Danish Defence
The Defence is organized with the Ministry of Defence being responsible for the entire ministerial remit. The Defence is an umbrella term comprising Defence Command Denmark and underlying commands and authorities, like for instance the Tactical Air Command and functional services like the Danish Defence Acquisition and Logistics Organisation.

- How does the Defence determine its requirement for potential new combat aircraft?
- How does the Defence evaluate the combat aircraft candidates?
- How does the Defence estimate the cost of new combat aircraft?

The first question concerns how the Defence can perform its duties if F-16 is phased out by 2020. The two last questions are closely related to the Defence's evaluation of the three combat aircraft candidates that are competing to replace F-16.

6. The audit covers the period from the end of the 1990s to March 2009. The information has been gathered during the period November 2007 to mid March 2009. The timing of the report is such that Rigsrevisionen is reporting on the preparations made by the Ministry of Defence and the Defence before they have finished their work.

MAIN FINDINGS AND CONCLUSIONS

Rigsrevisionen assesses that the Defence's comparison of the three combat aircraft candidates will be made on a significantly better basis than what has been the case in relation to earlier defence acquisitions. The Ministry and the Defence has, particularly in the last phase of the project, ensured a framework that matches the complexity of the project. The Danish participation in the development of the Joint Strike Fighter has made the public doubt whether the decision to acquire this candidate has already been made. The Defence has carried out thorough analyses of all three candidates in order to eliminate this doubt.

Rigsrevisionen finds it a strong point that the financial part of the basis for a decision is being prepared by a cross-ministerial working group. It is also satisfactory that the Ministry of Defence has decided to use external consultants for the quality assurance of the entire basis for a decision.

The preparation of a basis for decision has until now taken place without a political mandate concerning the future requirement for combat aircraft. The Ministry of Defence expects to adjust the basis for decision in accordance with the Defence Commission's evaluation of the future requirement. The Ministry currently expects a prioritised ranking of the three candidates for new combat aircraft to provide the basis for a decision. In addition, the basis for a decision will include one proposal for an extension of the life-span of F-16 for a shorter period of time. Any other politically relevant possibilities for the F-16 fleet are not included at this point in time. Rigsrevisionen considers it essential that the Ministry of Defence evaluates and documents other possibilities for the F-16 fleet in the basis for a decision.

This overall assessment is based on the following:

The basis for a decision has until now been prepared without a political decision on the tasks which combat aircraft would be required to perform in the future. The Defence has evaluated the requirement for new combat aircraft based on the same level of tasks currently performed by the F-16. The Ministry of Defence has stated that it will adjust the basis for a decision after the Defence Commission has finished its evaluation of the requirement. The basis for decision is currently focused on an evaluation of the three combat aircraft competing to replace the F-16 fleet. The basis for decision will include one proposal for an extension of the life span of the F-16 for a shorter period of time, but for the time being any other analyses regarding the continued use of F-16 are not being conducted.

- As the future tasks of the combat aircraft are not politically determined, the Defence's work is based on the assumption that the tasks which are currently performed by the F-16 are to be performed at the same level in the future.
- Rigsrevisionen finds that the basis for a decision should be based on an agreement on the future tasks for combat aircraft. As an example, other capabilities will probably be required if combat aircraft are to be used in high-intensive international operations and not only for the enforcement of national sovereignty.
- The Defence Commission's report and subsequent political negotiations may result in further adjustments of the basis for a decision. As a first step, the Ministry of Defence will adjust the basis for a decision in accordance with the Commission's evaluation of the future requirement for combat aircraft.
- The Ministry of Defence and the Defence's analyses of the requirement for combat aircraft have led the Ministry to propose a choice between three new combat aircraft. The basis for a decision will also – on the condition that new combat aircraft are acquired later – include an extension of the life span of the F-16 for a shorter period beyond 2020.
- The analysis of the possibilities of extending the life span of the F-16 fleet is not yet complete. The Defence's work does not yet include an evaluation of the consequences of changing the tasks currently performed by the F-16. The Ministry will include an evaluation of how the life span of the F-16 fleet can be extended if the present number of flying hours is being reduced. The basis for a decision will not include other possibilities regarding a continuation of the F-16 structure like, for example acquisition of new or used F-16s or a phased acquisition of new combat aircraft.
- The Ministry of Defence assesses that there is no alternative to the acquisition of new combat aircraft, if Denmark is to maintain a combat aircraft capability in the long term. The basis for a decision is not expected to include the analyses upon which this assessment is based.

The Defence's military recommendation is designed to prioritize the three combat aircraft competitors. The Defence compares the significant characteristics of the candidates. But the Defence has not determined in advance how excellent qualities in one area should be compared with less excellent qualities in another area in order to make it clear how the Defence is ranking the candidates. This makes the evaluation of the candidates less transparent.

- The Defence has worked with the potential acquisition of new combat aircraft for several years, but the work did not assume its current shape till in the most recent phases. The Defence did not separate the Danish participation in the Joint Strike Fighter programme from the combat aircraft evaluation till the autumn of 2007. Rigsrevisionen finds this separation satisfactory and considers it a necessary condition to ensure a fair competition on equal terms.
- The Defence originally selected the candidates for the Danish combat aircraft competition on the basis of a few high-level requirements to ensure that the aircraft could be used in a NATO context over 30 years and would be affordable. The field of candidates was adjusted over time, mainly as a result of the manufacturers' indications as to whether they wished to participate in the competition or not.

- The Defence compares the combat aircraft candidates in several areas which in addition to traditional military and technical capabilities include project risk and life cycle costs. This means that the Defence evaluates not only how well the aircraft are performing, but also the risks related to the procurement and the cost of the aircraft. This is a significant improvement taking into consideration the Defence's experience with other major acquisitions.
- Rigsrevisionen finds it relevant that the Defence intends to base its evaluation on a comparison with the F-16, as this will provide the Defence with a known, well defined basis for the evaluation. Thereby the transparency of the assessment will be increased at a time when the future tasks of combat aircraft have not yet been determined.
- The Defence is working systematically to identify the risks associated with each candidate. The purpose of the Defence's risk analyses is to identify and follow up on risk factors recognised during the project.
- Rigsrevisionen finds that the Defence should have established the parameters which will be decisive for the evaluation in advance. The final ranking could be very sensitive to the qualities which the Defence considers to be the most important. For instance, it could be decisive for the ranking if price is valued over quality of task performance. In Rigsrevisionen's opinion, the transparency of the subsequent ranking is reduced because the Defence has not set these parameters in advance.
- The Defence should seek to counter the problems related to the fact that the parameters have not been set for the evaluation in advance. Rigsrevisionen recommends that the Ministry, in connection with the publication of the basis for a decision, should elaborate a clear and comprehensive description of the factors which have been decisive for each candidate, and make it clear that the ranking of the candidates has also been subjected to external quality assurance.
- The information provided by the manufacturers is not binding. However, the Defence has set requirements for the reliability of financial information and is testing the information in various manners. Rigsrevisionen recommends that the Defence, during the process leading to the possible signing of a contract, should ensure that the information provided on financial matters was indeed reliable. The Defence has stated that this recommendation will be included in the strategy governing the possible future contract negotiations.

A key point in the military recommendation is the calculation of the cost of acquiring and maintaining one of the three candidates, the so-called life-cycle cost. The Defence is facing considerable challenges in determining the life-cycle cost of the candidates, especially in relation to risk factors and uncertainties. Rigsrevisionen finds that the cross-ministerial working group's contribution to handle uncertainties and risks is a prerequisite for the elaboration of an adequate financial basis.

- The Defence estimates the cost of acquiring and using new combat aircraft over 30 years. This is a huge investment of several billion Danish kroner. Operation and maintenance costs are estimated to account for about 2/3 of the total life-cycle cost. In agreement with the Ministry of Defence, the preliminary figures on the life-cycle cost have been left out of this report to preserve the Defence's negotiating position.

- The Defence's estimate of life-cycle cost is based on general guidelines that are being used for the first time on this project, and which the Defence has had to elaborate. Rigsrevisionen finds that the Defence has been targeted in its efforts to make the financial information on the three candidates as complete as possible.
- The number of aircraft to be acquired has considerable impact on the level of the life-cycle cost. The Defence's calculation of the required number of aircraft is based on several underlying assumptions. Rigsrevisionen finds that these assumptions should be subjected to a critical evaluation to ensure transparency and reduce the total number of aircraft, if possible
- The cross-ministerial working group will evaluate the financial implications of reducing, keeping the same number or increasing the number of aircraft in relation to the present capability of the F-16 fleet. Rigsrevisionen agrees with this approach and recommends that the basis for a decision should include a clear description of the tasks which can be performed with a given number of aircraft.
- The figures for life-cycle cost for the Joint Strike Fighter presented by the Norwegian Ministry of Defence are at a significantly higher level than the cost currently estimated by the Defence. Rigsrevisionen finds that the Ministry of Defence should be able to explain the differences at an aggregate level. Rigsrevisionen recognises the difficulty of procuring comparable figures at a detailed level.
- The Defence intends to calculate the operation and maintenance cost of the present F-16 fleet. Rigsrevisionen finds this relevant to enable comparisons between the operating cost of the candidates and the F-16. It would also provide a good basis to determine the extent to which acquisition and operational cost can be financed within the existing budgets, and what the impact will be on other Defence acquisitions and activities.
- The life-cycle cost of the candidates calculated by the Defence includes risks, their probability of occurring and the financial consequences related to the occurrence of each individual risk. This is done to ensure that the life-cycle cost reflects the risks associated with each of the candidates. Rigsrevisionen recommends that the Defence should estimate the cost of all significant risks and include it in the life-cycle cost. The external quality assurance will address this part of the Defence's calculations.
- The cross-ministerial working group is determining how uncertainties and risks should be handled in the basis for a decision. This work is a prerequisite for the preparation of a financial basis which is as complete as possible. The work is not finished yet.
- The working group will also estimate how sensitive life-cycle cost are to changes in areas characterised by major uncertainty, such as currency rates and the price of fuel. Rigsrevisionen finds that the analyses should also disclose how cost fluctuations will affect the comparison of the candidates.
- The Defence's estimation of life-cycle cost has so far been based on unit costs for currency rates, fuel and real wages fixed by the Defence. The Ministry of Finance will determine the rates in the cross-ministerial working group. Rigsrevisionen agrees with this approach.

- Should the Folketing decide to acquire Gripen or Super Hornet, or extend the life span of the F-16, then the respective manufacturer will – in accordance with current Danish regulations – be under obligation to place orders with or establish an industrial co-operation with Danish firms. The industrial co-operation related to the Joint Strike Fighter are exempt from these regulations. The evaluation of the candidates should reflect the unequal terms.
- Rigsrevisionen finds that the analysis of the socioeconomic consequences of acquiring new combat aircraft should include an evaluation of core uncertainties. The Danish Enterprise and Construction Authority has provisionally pointed to uncertainties related to the future Danish industrial co-operation. It is essential that uncertainties are handled during the process and during the future potential contract negotiations.

II. Preface

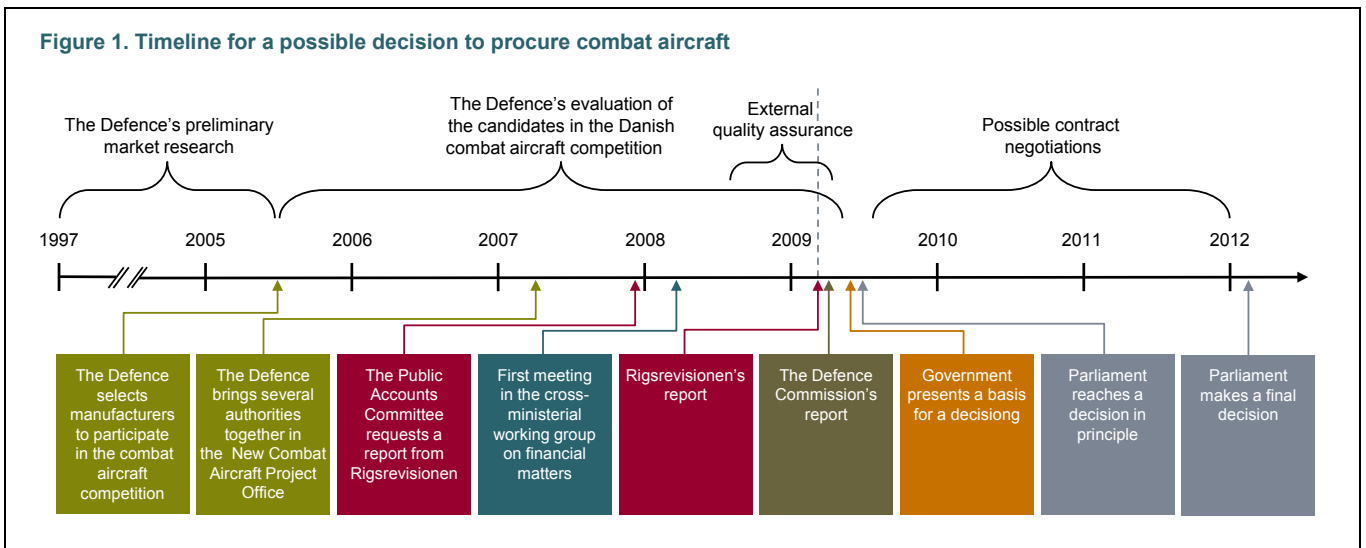
A. Background

7. This report is about how the Ministry of Defence Denmark and the Danish Defence prepare the basis for a possible decision to acquire new combat aircraft for the Danish Defence.

The Defence's F-16 aircraft were mainly procured in the 1970s and need to be replaced by 2020, according to current planning by the Defence. Three combat aircraft are competing to replace the F-16: The Swedish Gripen, the American Joint Strike Fighter and Super Hornet. Since 1997, Denmark has participated in an international cooperation to develop the Joint Strike Fighter.

8. Figure 1 shows some of the important steps in a decision to replace the F-16.

The Candidates
 Gripen is manufactured by Saab.
 Joint Strike Fighter is manufactured by Lockheed Martin. Lockheed Martin has also manufactured the Defence's F-16.
 Super Hornet is manufactured by Boeing.



9. Since the end of the 1990s, the Defence has carried out a number of activities related to the possible replacement of the F-16. These activities have been carried out concurrently with the Defence's participation in the Joint Strike Fighter programme. The Defence's preliminary market research was conducted up until 2005, when the Defence selected a number of manufacturers for participation in the Danish combat aircraft competition.

The Danish government is expected to present a basis for a decision in the spring of 2009. On the basis hereof, the Folketing will decide whether or not the Defence should procure new combat aircraft and, in the affirmative, which manufacturer the Defence should then

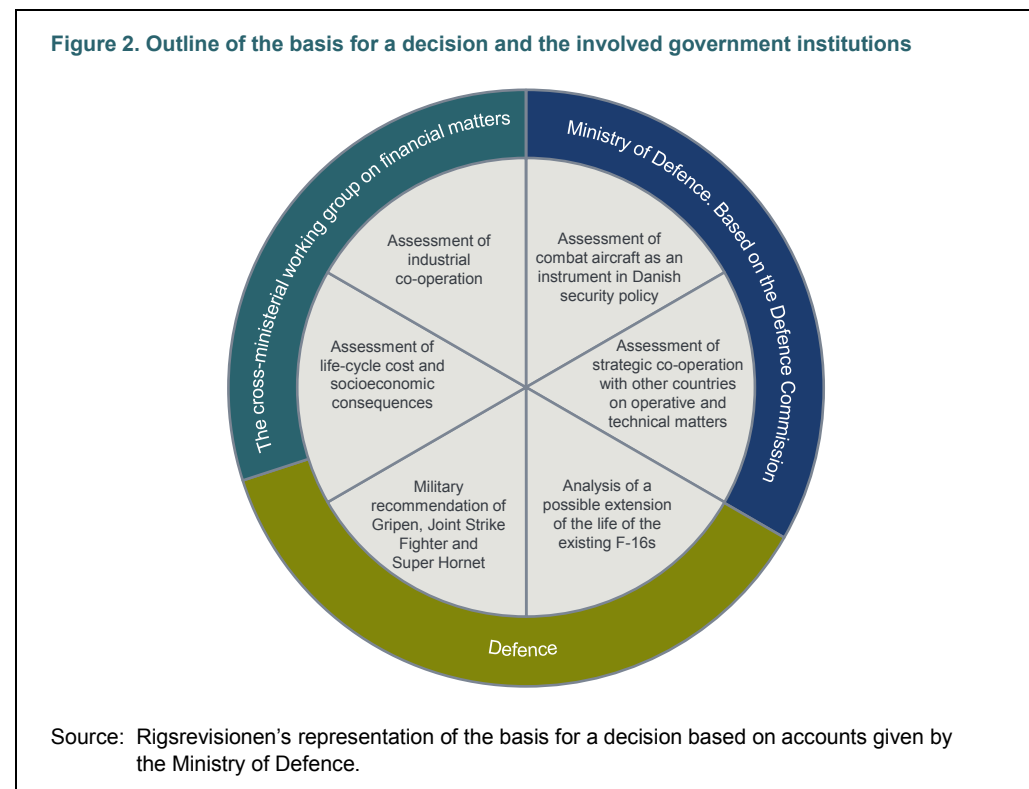
open contract negotiations with. The decision will be made in connection with the political negotiations about a future defence agreement. If the Defence is given the go-ahead, the Folketing has to make a final decision when the outcome of the Defence's negotiations with the preferred manufacturer is known – expectedly in 2012.

The basis for a decision will also include an analysis of the possibility to extend the life of the existing F-16s which would postpone the replacement of the F-16 fleet by up to six years.

The Defence Commission is expected to present its position on a possible replacement of the F-16 by the end of March 2009 – before the government presents its basis for a decision. The Commission is considering the possible replacement of the F-16 as part of its overall conclusions on the future development of the Defence. The Commission is expected to determine whether Denmark has a requirement for new combat aircraft, and which tasks such aircraft would be required to perform.

10. The Ministry of Defence is expected to prepare a basis for a decision comprising 6 parts. Figure 2 shows the expected content of the basis for a decision.

The Defence Commission of 2008
The Defence Commission was established in January 2008. The members of the Commission are politicians, experts and government officials. According to its terms of reference, the Commission has to consider the future development of the Defence. For instance, the Commission has to consider the possible replacement of the Defence's current F-16 aircraft.



The figure shows that several government institutions are involved in the elaboration of the basis for a decision.

The Ministry of Defence is going to assess both strategic issues and issues related to security policy. *Security policy issues* comprise an assessment of the combat aircraft as an instrument in Danish security policy. *Strategic issues* include an assessment of Denmark's future possibilities of co-operating with other countries about new combat aircraft. The Ministry expects to base these assessments on the work done by the Defence Commission.

The Defence is heading the Danish combat aircraft competition and will provide its *military recommendation* as to which combat aircraft, the Defence considers to be the best replacement for the F-16 aircraft. The recommendation will conclude in a prioritised ranking of the

three candidates and constitutes an independent part of the basis for a decision. The Defence is also analysing the possibility of *extending the life span* of the current F-16s.

To prepare the financial part, the government has established a cross-ministerial working group. The working group began its work in 2008 and is going to assess the *total life-cycle cost* and the *socioeconomic consequences* of procuring the combat aircraft and of extending the life of the F-16s. Besides the Ministry of Defence and the Defence, also the Ministry of Foreign Affairs and the Ministry of Economic and Business Affairs, represented by the Danish Enterprise and Construction Authority, participate in the work. The Defence's work with the military recommendation provides the basis for the work done in the working group. The Defence is estimating the life-cycle cost, but the working group provides input on how to handle, for instance risks and uncertainties. Thereby the analyses of the financial part of the procurement are both part of the military recommendation and constitute an independent part of the basis for a decision. The cross-ministerial working group will also assess the *industrial co-operation* related to the procurement of new combat aircraft and a possible extension of the life of the F-16s.

Terms of reference for the cross-ministerial working group

The purpose of the working group is to establish as adequate a financial basis as possible which will be incorporated in the basis for a decision to procure new combat aircraft.

11. At its meeting on 13 September 2007, the Public Accounts Committee requested Rigsrevisionen to consider how an examination of the potential acquisition of new combat aircraft could be organised. The Auditor General described the process in a memorandum dated 2 November 2007. Subsequently, at its meeting on 28 November 2007, the Public Accounts Committee asked Rigsrevisionen to submit a report.

Rigsrevisionen has been following the preparations of the basis for a decision since November 2008. Rigsrevisionen has in particular focused on the Defence's work with the military recommendation and the work performed by the cross-ministerial working group on financial matters.

B. The scope of Rigsrevisionen's audit

12. Normally, Rigsrevisionen's audits are conducted after a political decision has been made and implemented, and the purpose of the study performed by Rigsrevisionen is then to assess whether the objectives of a certain activity have been achieved in an efficient manner – a "value for money" study. In this case, however, no decision to acquire combat aircraft has yet been made, and Rigsrevisionen has therefore to some extent become part of the process preceding the political decision. It has been essential for Rigsrevisionen to safeguard its independent position, but also contribute to qualify the basis for a decision has been essential for Rigsrevisionen. Out of consideration for its independence of political deliberations, Rigsrevisionen has decided to publish its findings in this report before the process has been completed, i.e. before the Defence Commission has finalised its conclusions.

Overall, Rigsrevisionen has taken the position that the Defence should know the extent to which the procurement of new combat aircraft will burden the budgets both in relation to the procurement itself, but also in relation to the cost of operating and modernizing the aircraft over their life span. This should be the starting point because the Defence, after the procurement of the F-16s, had problems funding other procurements for a decade. This approach is also considered good practice in countries which Denmark normally compares itself to, although such calculations are performed very differently which makes it difficult to make comparisons between countries. Rigsrevisionen notes that governments are often reluctant to share information owing to commercial and political considerations and therefore the analyses performed by the Defence have to stand alone to some extent.

Naturally, Rigsrevisionen has also followed the public debate and some of the issues addressed in the report – which would in any circumstance be considered relevant – originate partly from the public debate. The Defence's assessment of alternatives to buying new combat aircraft and extending the life span of the F-16s falls in this category.

Rigsrevisionen is also of the opinion that the Defence should ensure the transparency of its recommendation as to which combat aircraft it considers to be the best candidate, in terms of tasks to be performed and the financial aspect. This is not an easy task for the Defence as the subject matter is not immediately understandable to a layman and moreover the Defence's recommendation will be widely based on estimates

13. The procurement of new combat aircraft can become the largest single investment made by the Defence ever and it will have considerable impact on the activities of the Defence for many years ahead. The investment will span 30 years and the total cost will probably swallow up a considerable part of the future defence budgets, depending on the number of aircraft to be acquired by the Defence and the size of future budgets.

Investments of this magnitude involve considerable uncertainties. No matter how the responsible authority proposes to handle these uncertainties in the basis for a decision, the time frame and scope of the investment will involve considerable uncertainty. And it will be impossible to uncover and predict the full consequences of these uncertainties. It is therefore essential, that the Ministry of Defence applies a so-called intelligent risk management strategy to ensure that risks are being evaluated continuously and project management is being adjusted should new risks arise. Future negotiations with a preferred manufacturer should contribute to minimise existing uncertainties and risks in the period leading to a final decision by the Folketing in 2012.

14. An evaluation of military equipment, like combat aircraft, is extensive and involves, for instance an evaluation of the technical and operative capabilities of the aircraft, e.g. the ability of the aircraft to perform and survive military operations. In the early phases of the study, Rigsrevisionen recommended that the Ministry of Defence should subject the entire process to external quality assurance, as Rigsrevisionen would otherwise be compelled to hire external assistance. The Ministry of Defence has subjected the entire basis for a decision to quality assurance by external consultants. The external quality assurance is very extensive and encompasses all parts of the basis for a decision. The quality assurance activities were initiated in the fall of 2008 and will continue until the basis for a decision is presented. Rigsrevisionen has in a number of cases abstained from assessing issues that are being dealt with in the external quality assurance. The results of the external quality assurance were not known to Rigsrevisionen when this report was concluded.

C. Purpose, delimitation and method

15. The purpose of this report is to evaluate the work performed so far by the Ministry of Defence and the Defence with respect to the elaboration of a basis for a decision. The report considers the following three questions:

- How does the Defence determine its requirement for potential new combat aircraft?
- How does the Defence evaluate the combat aircraft candidates?
- How does the Defence estimate the cost of new combat aircraft?

The first question concerns how the Defence can perform its duties if F-16 is phased out by 2020. The two last questions are closely related to the Defence's evaluation of the three combat aircraft candidates that are competing to replace F-16.

16. Rigsrevisionen has had unlimited access to documents and materiel from the Ministry of Defence and the Defence, but has not included military and commercially confidential information in the report. The financial aspect has been included in Rigsrevisionen's review, and Rigsrevisionen has continuously discussed the actual calculations of the life-cycle cost of the combat aircraft with the Ministry and the Defence. To safeguard the Defence's negotiating position, the Ministry of Defence found that actual figures should be left out of Rigsrevisionen's report. Rigsrevisionen has therefore in agreement with the Ministry refrained from publication of data on the cost of new combat aircraft.

The external quality assurance of the basis for a decision comprises the Ministry of Defence's strategy for the procurement and possible subsequent contract negotiations. The assurance also includes the organisation and the resources committed to the project. Furthermore, the consultants will assess the military recommendation and the basis for the financial calculations. Finally, the Defence's risk management of the entire project is being assessed.

Because of the timing of the report, the Ministry and the Defence had not completed their work when this report was concluded. Rigsrevisionen has only received parts of the basis for a decision in draft versions. Data and other information about the aircraft candidates may therefore be subject to change. Appendix 1 [not available in English] contains an overview of Rigsrevisionen's insight into the basis for a decision at the time when this report was submitted.

The audit covers the period from the end of the 1990s until March 2009. The Defence began to consider a replacement of the F-16s in the late 1990s. Rigsrevisionen has gathered the information during the period November 2007 until mid March 2009. Rigsrevisionen has made an effort to follow the developments in the basis for a decision up to the point of submission of the report, but editing was closed in the beginning of March.

Rigsrevisionen's activities to gather information for the study have included interviews and meetings with, for instance the Ministry of Defence, the New Combat Aircraft Project Office under Defence Command Denmark, the Tactical Air Command, the Danish Defence Acquisition and Logistics Organisation, the Ministry of Finance and the Danish Enterprise and Construction Authority. Furthermore, Rigsrevisionen has followed the work in the cross-ministerial working group on financial matters.

17. Rigsrevisionen has visited Boeing, Lockheed Martin and Saab in 2008. The purpose of the visits was to gather information about the combat aircraft. Furthermore, Rigsrevisionen has conducted meetings with the American, the Dutch and the Norwegian supreme audit institutions to exchange information. For instance, both the American and the Dutch supreme audit institutions have reviewed the Joint Strike Fighter programme. Finally Rigsrevisionen has conducted meetings with the Dutch Ministry of Economic Affairs and Ministry of Defence, the Norwegian Ministry of Finance and Ministry of Defence as well as the American Department of Defence. The purpose of these meetings has among other things been to gather information about similar defence acquisition processes in these countries.

18. The report has been presented in draft to the Ministry of Finance, the Ministry of Defence and the Ministry of Economic and Business Affairs, and their comments have been incorporated.