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**THE DEFENCE RESOURCES MANAGEMENT SYSTEM IN
THE GEORGIAN MINISTRY OF DEFENCE**

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Abstract:

Defence Resource Management System (DRMS) represents the tool to establish and develop short and mid-term planning within the Defence system in Georgia. The paper describes general overview of DRMS process and its principles, authority, purpose, organization and responsibilities. This paper explains phases of PPBS – planning, programming, budgeting and execution by defining steps, responsible office, and guideline documents and explicates roles of Management Team (MT) and their functions in defence resource management process.

Key words: Defence Planning Process, Defence Resources Management, Planning, Programming and Budgeting System. .

1. Introduction

The democratic reforms and the transition to the market economy have changed the culture and understanding of the Georgian society related to the public spending - main source of which is a tax payer's money. The whole society as long as is more mature, including governmental and non-governmental institutions within their increased capacity are requiring more accurate and accessible information and are demanding to hold every governmental institution responsible for the public spending.

The Government's intention related to the transparent, accountable and effective allocation of the tax payer's money will serve as the guiding principles for the Defence Resource Policy within the Georgian Ministry of Defence. As long as a demand from the society to allocate tax payer's money, more to social, healthcare and education priorities and less on defence of the country puts more responsibility on the Ministry of Defence.

To allocate scarce resources in a more transparent and effective way the DRMS within the Ministry of Defence will be based on the five major principles: 1) **Effectiveness** - effectively and rationally allocate all defence resources, including material, financial and human; 2) **Efficiency** - to achieve maximum productivity with minimum spending of Defence Resources; 3) **Transparency** - accessibility of the information related to spending of tax payer's money for broad public sector and build mutual trust for internal and external groups; 4) **Accountability** - responsibility before the parliament and other agencies like General Audit Office for public spending and material resources; 5) **Flexibility** - to allocate

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adequate resources and ability to manage defence resources through the program-based budget structure¹.

Effective and accountable public spending process within the Ministry of Defence of Georgia will support rational allocation of Defence resources and development of defence capabilities. Concurrently, this process will facilitate the Georgia's compliance with internationally accepted norms and standards that is critical for NATO membership aspiring country.

2. Defence Resources Management System

In an uncertain security environment where the threats have multidimensional character, it is critical that other governmental agencies alongside the MoD should be actively involved in managing the security risks of the state². In order to support effective and transparent public resource allocation throughout the government institutions of the state, on regional and local levels, the Government of Georgia introduced the amendments into the budget legislature³ which reflected the Government's obligation for transition from traditional - organization to program based budget structure.

The Ministry of Defence's existing system is compartmentalized and has been in an extensive state of development for several years. It has been the subject of a variety of efforts to transform it to a western style system that is NATO compatible and complies with Georgia's system of laws and regulations.

DRMS is based on four distinct but mutually supporting phases. Each phase is supported with procedures that support the overall DRMS Policy. Outputs and outcomes from these modules are expected to meet end user needs in terms of providing operating guidance, data that compares operational results to plans, cause and effect summations that influence future actions, predictive analysis for long range planning, and documented rationale to assist the senior leader decision making process. These modules are listed and defined in the following paragraphs.

2.1 Planning Phase

Planning Phase provides MoD and GAF personnel with a directive that defines specified and implied tasks consistent with their mission statements. The procedural document is called the Defence Planning Guidance (DPG). DPG is issued annually, reviewed throughout the year and updated annually. It provides directives in the form of priorities to resource the current force in the annual budget and to build a future force extending for three future years. Annual results from current force operations will influence future force structure and expected capabilities. MoD's Defence Policy and Planning Department (DPPD) is responsible for developing and maintaining this document and is accountable for its actual production and distribution.

2.2 Programming Phase

Programming Phase consists of actions that result in a force capable of carrying out Defence's plans. The output from this module is a collection of capabilities considered

¹ Defence Resources Management Concept 2013

² National Security Concept of Georgia 2011

³ Amendments to Budget Code of 2009

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necessary to respond to expected external and internal threats and challenges. This collection of capabilities is called the Georgian Defence Program and provides Georgia with as many military capabilities as necessary, subject to expected resource constraints. Building a Defence program is a complex process and must follow specific rules related to structure, priorities for requirements, and predictive analysis of capabilities associated with risk of mission failure. The Defence Program is based on assumptions related to expected threats and available resources. The Defence Policy and Planning Department (DPPD) is responsible for developing and maintaining the MoD's Defence Program and accountable for its actual production and distribution.

2.3 Budgeting Phase

Budgeting Phase is the process of allocating expected funds to sustain the current force for the next fiscal (calendar) year. This module of the DRMS is governed by the Georgian Ministry of Finance laws and regulations. Its' actions are controlled through the use of a specific timeline that defines documentation that is due in a specific format and on specific dates. The Financial Management Department (FMD) is responsible and accountable for the Defence Budget's preparation and submission but requires full participation by all MoD and General Staff principles. The Defence Budget must maximize current force capabilities subject to expected funding. It must also address risk to mission accomplishment related to non-funded requirements. The approval authority for the annual budget is the Minister of Defence. Approval is supported by recommendations made by the MoD's Management Team (MT) that are documented based on its own operating procedures.

2.4 Execution Phase

Budget Execution represents the final process in the overall DRMS and is the result of the combined efforts of Defence Planners, Programmers, and Budget Personnel to field as mission capable force as possible given approved funding. Execution is monitored on a daily basis by FMD and reported on quarterly with full reviews and analyses of results of operations taking place at the half year mark and at year end. Results from these operational and financial reviews and analyses are used to confirm actions performed are consistent with plans and that funds spent meet all government legal and regulatory requirements. Operational results assist Defence Planners to revise and update the next year's DPG. Financial results provide feedback on the accuracy of performance factors used in the cost estimation process. Annual operational and financial results are publicized in the MoD's annual report to provide transparency to the Georgian People that the MoD is a responsible user of public funds.

3. Conclusion

The end result of the activities making up the DRMS is a mission capable force supporting the goals and objectives of the Government of Georgia⁴. Close staff coordination between MoD and General Staff offices is essential to the successful conduct of these numerous processes that make up this system. Some activities, that are part of the resource management process, are best performed by civilian staff while others require the expertise of uniformed personnel. Because of this, mission and functions statements defining staff responsibilities and individual position descriptions that define resource management responsibilities are essential for this system to work.

⁴ Planning, Programming and Budgeting System Guidance 2009

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Program-based Defence resource management is a highly efficient tool for managing Defence transformation while providing for transparency of decision - making, democratic control of the armed forces, and accountability of elected officials. It is one of the few available tools that enable planners to effectively implement capabilities-based planning and to assess the implementation of plans, programs, and budgets.

The benefits of an efficient and effective security sector are to have peace and stability, combined with political and economic freedom, attracts foreign investment, boosting economic growth & development.

References:

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