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**THE DEFENCE RESOURCES MANAGEMENT POLICY IN
THE MINISTRY OF DEFENCE OF GEORGIA**

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Abstract:

The main task of Defence Resource Management System (DRMS) is to further institutionalize the efficient and transparent Resource Management System at the Ministry of Defense of Georgia. The paper describes the main principles of DRMS policy, planning processes, purpose and responsibilities, also basic stages of budget development, as well as basic and supportive structural subdivisions, roles of Management Team (MT) and their functions and obligations in the process of elaboration and execution of the budget.

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

1. Introduction

The Ministry of Defence of Georgia plays a significant role in national security policy determination and participation in the process of national security planning and developing strategic documents ("National Security Concept of Georgia", "Threat Assessment Document"). For the effective and transparent distribution of resources in state institutions the new Budget Code was adopted at the legislative level. The Government of Georgia started to elaborate budget project at the program format from 2012. Coordinate processes related to the development of the program budget Provides the Ministry of Finance .

The reforms carried out in recent years in Georgia and the active involvement of civil society in this process has significantly changed the attitude of the citizens of the country towards state expenditure - the main source of which is a tax payer's money. There is a growing demand related to this information in the society. This is the purpose of the reform of the state internal control system, the main aim of which is transparent, economical and effective spending of public resources. One of the reforms is the introduction of financial management and control system, the Ministry of Defence of Georgia actively participates in the pilot program.

All of them are related to improve decision making processes and make everything transparent. Due to, DRMS within the Ministry of Defence of Georgia is based on five major principles: Effectiveness - to achieve maximum productivity with minimum spending of Defence Resources; 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; Accountability- responsible to the parliament about resource expenses; Flexibility- resource management program based on the budget; Purposefulness - the rational distribution of material and financial resources. (see figure 1)

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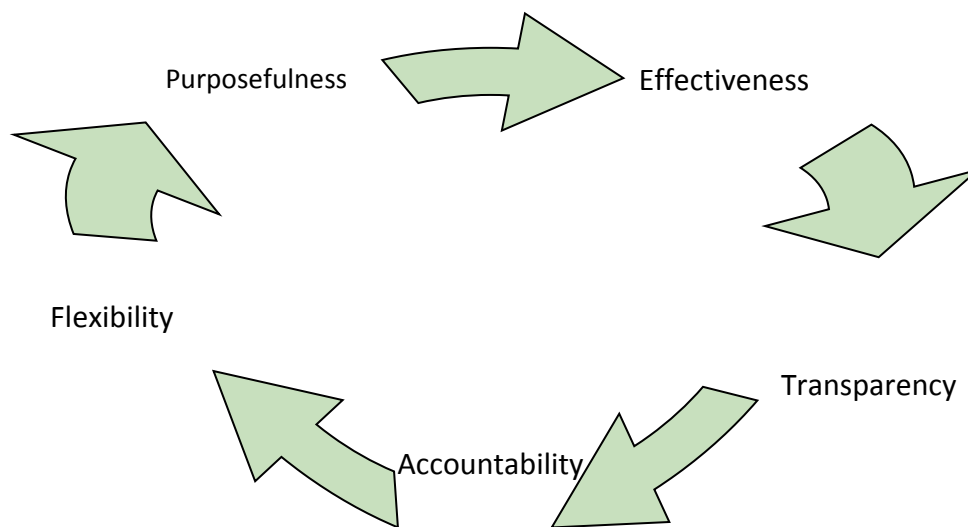


Fig. 1 Five Major Principles

In order to improve the defence management system in the Ministry of Defence of Georgia there was created, the Decision-Making Board, Management Team and five permanent Working Groups. (see figure 2)

Transparent, Accountable and Affective public spending process in the Ministry will support development of defence capabilities. This processes is one of the essential and facilitates Georgia for future relationship with NATO.

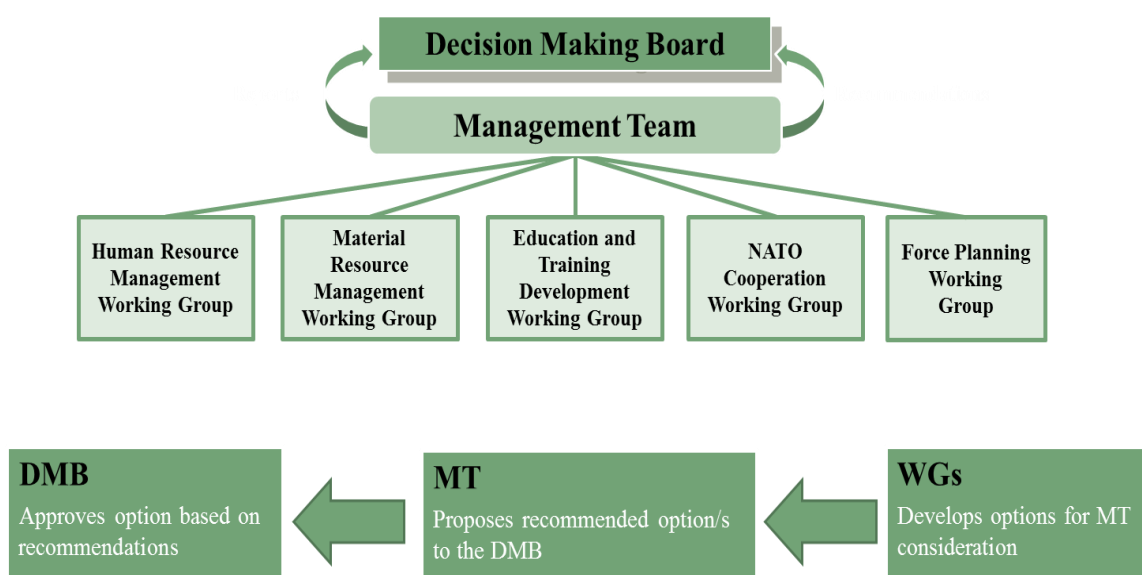


Fig. 2 Decision Management Framework

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2. Defence Resource Management System

Defence Resource Planning is based on analysis of strategic and internal documents. The Defence Ministry of Georgia develops armed forces in accordance with the changes in security environment reflected in the strategic documents. It is important to have adequate armed forces to reflect anticipated danger.

In the Ministry of Defense of Georgia the management of the resources is carried out in several stages. The first stage is - defense resource planning, during which the analysis of strategic and internal documents is underway. The second stage involves elaboration of defense programs and their budget based on analysis. The third stage begins after the Parliament approves the budget and starts execution of budget and its control.

Recourse Management process is controlled by Program Managers, Program Coordinators and Budget Holders who are appointed by the Defence Minister of Georgia. It is noteworthy, that this type of programs will be implemented in the Ministry of Defense for the first time from 2018 and represents one of the demands of Financial Management and Control Systems. It should be noted, that until 2018 in the ministry had only Program Coordinators and Sub-Program Managers.

Order of Minister of Defense of Georgia represents duties and responsibilities of the persons involved in this process. The main responsible persons are: 1) Program manager - Is the person responsible for the planning and implementation of the program envisaged by the program budget of the spending institution; 2) Program Coordinator - Head of the Ministry of Defence or the Structural Subdivision of the General Staff responsible for coordinating the development and reporting of subprograms included in the program; 3) Budget holder - Dispose of the funds provided for achieving the program / sub-program goals and defines the measures required to achieve the program / sub-program goals within its competence;

Defence Resource Management System is based on four different but mutual phases – Planning, Programming, Budgeting, Execution (PPBS) and this process supports the overall DRMS policy.

2.1 Planning Phase

The Constitution and legislation of Georgia represents the foundation for Defence System Management and determine the key principles and mechanisms for defence planning. According to the law, national security policy planning is implemented by means of national and agency-level conceptual and organizational documents.

National strategic planning documents:

- An agency-level concepts
- The threat assessment document of Georgia
- National security strategies

Agency-level conceptual documents:

- An agency-level concepts
- An agency-level strategy
- A doctrine
- A programmes

National level documents are:

- National Security Concept - Defines national values and interests;

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- Threats Assessment Document – Identifies threats and risks;
- National Military Strategy – Sets military tasks and objectives;
- Strategic Defence Review – Provides recommendations for MOD and GAF development;

Agency level documents:

- White Book – Defines MOD's strategic directions
- Defence Program Guidance – Defines directions and recommendations for budget elaboration process;

Effective defence planning should be based on the "Total Defence" approach, which means to defend territory with full national effort using military and civilian resources. Therefore, defence planning aim is to develop the armed forces in accordance with the priorities of defence policy .

Law on Defence Planning which is approved by parliament provides the framework for defence planning by identifying requirements and responsibilities. It defines periodic review and development of strategic documents as well as the preparation of internal guidance and planning documents in Ministry of Defence of Georgia.

Georgia's main goal is to have well trained and adequate armed forces to reflect anticipated danger. Regarding to this issue, Defence Resource Planning is based on analysis of strategic and internal documents. The Defence Ministry of Georgia develops armed forces in accordance with the changes in security environment reflected in the strategic documents.

In the Ministry of Defence of Georgia the main document of resource planning is „Defence Program Guidance” which is based on internal documents like „Strategic Defence Review” „White Book” „Minister's Directives” . DPG is issued annually, reviewed during the year and updated annually. It provides experience in the past years and includes then updated programs for the budget and the next 3 year. DPG established the priority directions and financial ceiling. It also contains budgeting of previous year's economic and financial analyses.

MOD's Defence Policy and Development Department is responsible for developing this document and is accountable for its actual production. However, structural subdivisions of the MoD and Armed Forces are actively involved in developing the document. At the stage of planning, the process of determining the requirements of logistical needs of the Armed Forces is undertaken by the J-4 Logistics Planning Department of the General Staff.

In the course of the planning process, the Program Managers determine main objectives of the program, which are based on the analysis of the previous years' experience of the program coordinators and budget holders. Discussion and approval of these objectives shall be carried out at the working group established within the framework of the country's Basic Data and Directions Document.

2.2 Programming Phase

Programming phase starts as soon as planning phase ends. Based on the priority directions defined at this stage and the development of programs based on the analysis of the structure of the forces, their equipping and supporting systems programs are being developed in accordance with the appendix approved by the Basic data and directions of the country.

The development of defense programs (1 + 3) is the essence of the programming phase, whose resources are provided by the expected financing. Programs have been

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developed based on support requests for developing capacities over four years. Prioritization of the requirements will be made according to the Defence Programs Guidance.

The final outcome of the programming phase is the Defense Program (current and future three years) in accordance with the Appendix of the Basic Data and Directions Document of the country. This represents the justification of the budget of the Ministry of Defense for the Government of Georgia

The aim of the Defense Program Budget is to successfully implement the goals, set in the Defense Planning Phase. It means to develop integrated program, which helps Georgian Armed Forces to achieve maximum capability with limited resources.

In the process of elaboration of program budget main responsible parties are Program Managers and Budget Holders. On the other hand, the main function is to elaborate programs within financial ceiling, Defence Policy and Development Department is responsible of coordinating defence programs and to ensure compliance with the priorities and the Financial Management Department conducts a detailed budget-making process and provides information to the parties involved in the of process of making budget.

2.3 Budgeting Phase

Budgeting phase is the process of allocating expected funds depending of priorities programs. The budget development process is underway with Finances Management Department and J-4 Logistics Planning Departments and coordination of the Defence Policy and Development Department.

The module of the DRMS is governed by the Georgian Ministry of Finance Law and Regulations. Its actions are controlled through the use of a specific timeline that defines documentation that is due in specific format and specific dates.

During the summer, budget expenditures are being implemented by the active involvement of program coordinators. Final projects together with program leaders will be discussed at the Working Group. The budget will be considered at the meeting, as well as the risks that may arise in regard to financing requirements. After consideration within the group, the final project will be submitted to the Decision Making Board. In case of adoption of the draft budget by the "Decision-Making Board", the budget of the Ministry of Defence shall be sent to the Ministry of Finance. After this, Ministry of finance makes Budget revision procedures and sends it to the parliament for approval.

2.4 Execution and Control Phase

After the approval of budget, Ministry of Defence of Georgia starts execution of budget. Budget enforcement control is carried out in accordance with budget execution reports. Reports about the implemented budgeted programs are carried out monthly, quarterly and annually. FMD is responsible to monitor it daily. Each reports are collected by Budget Holders and will present to Program Coordinators.

These reports are also considered by the Defence Policy and Development Department of the Ministry and analyses the submitted report on defence priorities and The Financial Management Department checks the compliance of the programs with the approved budget of the Ministry.

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3. Conclusion

It is essential to have between MOD and General staff close coordination to the successful conduct of the numerous processes that make up this system. Final result of activities making up the Defence Resource Management is mission capable force supporting the goals of the Government of Georgia .

Program Based Budget and Defence Resource Management is the good tool for defence system transformation to be better and transparent decision making process, accountability and democratic control over the armed forces. Annually Ministry of Defence of Georgia develops each steps to make processes more flexible and accountable. Also, three level managements system which will be from 2018 helps MOD to reach the goal affectively.

The benefits of an efficient and effective security sector are to have peace and stability, combined with political and economic freedom.

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