



*The 12<sup>th</sup> International Scientific Conference*  
**“DEFENSE RESOURCES MANAGEMENT  
IN THE 21<sup>st</sup> CENTURY”**  
Braşov, November 9<sup>th</sup>-10<sup>th</sup> 2017



**A COMPARATIVE ANALYSIS OF THE PLANNING,  
PROGRAMMING, BUDGETING AND EVALUATION  
SYSTEM IN US / ROMANIA**

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**Abstract:**

The defense resources management emerged as a topic of interest for the defense sector, no more than five decades ago, when some western countries introduced this concept in addressing such issues as allocating financial and human resources. Moreover, this mechanism provides the necessary tools to plan, organize, lead and control those segments and activities of the defense organization and may contribute to maximising the operational performance of armed forces.

There is no universally agreed definition of defense management, but it simply encapsulates the idea that defense organisations need to turn the defense policies into practice, and in doing so, to develop appropriate and sustainable planning mechanisms, support systems and infrastructure.

Over time and in different nations, managerial systems were introduced and tested for their relevance in terms of planning, efficiency and accountability. Such a system, developed specifically for public sectors or borrowed from the business practices is Planning, Programming, Budgeting System (PPBS).

*Key words: Planning, Programming, Budgeting System, efficiency, defense, management*

**1. Introduction**

The Army, like any other organization, receives from society material, informational, human and financial resources, which are used and transformed in security, according to the objectives established by any country in the *national security strategy*. By its nature, the army doesn't produce goods, other resources or using a most common expression – the army is an inefficient producer of public goods. Having this in consideration we might think that the outcome of resources transformation in the military system is not measurable.

To have measurable outcomes, the equation **objectives-resources** needs another element – **instrument**. The resources are limited and the idea of efficiency is based on the proper use of resources in order to get the best results, in a struggle of endurance and sustainability specific to a military system.

The defense resources management emerged as a topic of interest for the defense sector, no more than five decades ago, when some western countries introduced this concept in addressing such issues as allocating financial and human resources. Moreover, this mechanism provides the necessary tools to plan, organize, lead and control those segments and activities of the defense organization and may contribute to maximising the operational performance of armed forces.

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This resource management system was applied for the first time in US Army in 1963, in order to get an answer to a very complex question: **How much is enough?** The reason was not only to increase the civilian control over the military but to provide a more transparent and rational way to allocate defense resources.

PPBS was designed to create a clear image of allocating resources by establishing a long-range planning objectives, derived from national security strategy and in the same time to link those resources with the missions. Being transparent in relation with the civil society, the PPBS was expected to solve a dilemma like “guns or butter” which can be translated in a rational balance between opportunity costs of defense and public goods in terms of optimal allocation of national resources.

Whenever the public domain is involved and especially in security and defense sectors, clear-cut legal provisions and limited and transparent budget give a sense of protection against abuses and corruption but also assign responsibility to both military and civilian leaders for their decisions and actions.

Like anything new, resistance to change in a fully bureaucratic and rigid system, as the military system is, was quite strong. The step of implementation of PPBS in the military system was a long and difficult process but in the end the principles embedded in the system took control over minds, policies and all the assets involved, creating the proper environment for taking the best decisions on long-term and shaping the defense programs.

## **2.Planning, programming and Budgeting System (PPBS) in USA**

What is the planning-programming-budgeting system? There is no universal accepted definition. The concept can not be standardized because is very complex, covers a wide range of aspects and is also different from one country to another, from one institution to another. In spite of its first implementation in USA, the system was adopted by other countries but it was also adapted to the specificity of the social, economic, politic and military environment.

PPBS has created right from the beginning a controversy. Many questions emerged. What it is? Is it good or bad? What it will do? What it will not do? What are the consequences of the implementation? Even nowadays, after decades from its implementation there are voices which consider that this system is a relic of the Cold War and as an instrument is now outdated.

Despite the common view that PPBS reflects an out-dated management approach, senior officials throughout the federal government in agencies other than DoD, and from executive branch offices having multidepartmental responsibility, almost universally perceived PPBS to be superior to any other resource allocation process in the executive branch.

### **2.1. The concept of PPBS**

PPBS is an instrument for the defense resources management, is a system, a succession of phases and processes, a package of technics and methods which are designed to support the decision making process in order to reach the goals and objectives established by an organization.

It can also be defined as an philosophy which develops a new way of thinking in terms of making decisions and long-term planning, in order to use the resources in an

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efficient way and transparent. According to this philosophy PPBS can be identified through a few key elements:

- Clear objectives established on a long, medium and short term, systematic analyze and permanent revaluation;
- Major programs and subprograms;
- Cost-efficiency analyze;
- CBP – capability based planning;
- Budgeting based on programs and capabilities.

Basic to the PPBS is the development of very specific objectives for the organization and the structuring of programs to meet the objectives. This is accompanied by the development of analytical studies to identify alternative means of reaching objectives, their cost versus their benefits, and the development of a management information system that will assist program administrators in determining how well they are doing what they set out to do.

**Given the objectives, the programs and the analyses development, those responsible for resource allocation will be able to take the right decision and the resources available in the organization will be more efficiently used.**

## **2.2. The backgrounds of PPBS**

Program budgeting, as we know it today, gained popularity as a distinct budgeting innovation in 1960s under the name of PPBS, when Robert McNamara, as secretary of defense, brought this system with him from the Ford Motor Company, where, as company president, he had introduced the system to significantly improve the company's performance.

In his role of Kennedy and Johnson administration Secretary McNamara used PPBS to help settle the competition among the various armed services for costly missile defense systems, extended range bombers, nuclear programs and upgraded conventional forces. In the middle of the Cold War with Soviet Union, the huge challenge for McNamara was to manage the escalating and competing demand for more military weaponry by each of the separate services. The massive size of the Department of Defense budget and the contrasting cultures of the different services challenged any attempt to bring order to the department's budget. Also the big ego and pride of the different forces categories and the strong current of using resources as a power tool made the mission of McNamara more difficult.

Moreover, the budget was structured around intermediate activities such as maintenance and supply, generally around code line-items and functions but not around final objectives, goals and outcomes. There was no way to identify and contain duplicative and unnecessary programs and terminating ineffective program was very difficult. To counteract all these issues and to identify priorities and best allocate resources, McNamara needed a strategic plan. Such a plan would clarify department needs and priorities and it would provide a rational basis for decision making.

Plans and planning are the core of program budgeting. Budgets may carry a budget program label, but unless there is a concrete plan that connects program expenditures to a set of objectives, which are connected to a goal, a true program budget does not exist. That was the problem McNamara's PPBS system was intended to solve: the need to budget to a plan and then to link the plan to programs through planning, programming and budgeting phases.

McNamara directed Charles J. Hitch (US Department of Defence comptroller) to analyze defense requirements systematically and produce a long-term, program-oriented

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defense budget. PPBS evolved to become the heart of the McNamara management program.

Leading the systematic analysis and the actions directed by the Secretary fell to Charles J. Hitch who actually is regarded as the “father” of PPBS. He viewed his key responsibility as a developer of management techniques, which would then empower the Secretary, by providing the unbiased management data to enable him to actively lead the department. Creating this tool does not result from luck. A complex organization like the military system needs to establish a process, a systematic series of actions, facts, principles and doctrines directed to a clear objective.

McNamara stated in April of 1963 “You cannot make decisions simply by asking yourself whether something might be nice to have. You have to make a judgment on how much is enough”. This simple question *How much is enough?* means efficiency or in other words getting the best results with minimum of resources.

PPBS brought a new vision in terms of resources allocation. Before PPBS, the decision of sharing the financial resources among the force categories was based on subjective criteria. Moreover the plans developed by the army, the navy and the air force were not connected in terms of contingency or joint effort. That led to a waste of resources and missing those objective which implies a common effort and not individual.

PPBS brought the idea of prioritization and long term planning. Prior to PPBS, the budgeting had been done yearly basis, with no vision about the future costs and this was the cause of many bad decisions which implied lost of resources.

In this uncertain and inefficient environment of budget planning, PPBS was established in six months, implemented starting with the FY 1962 and had six important principles:

- Decisions should be based on explicit criteria of national interest, not on compromises among institutional forces;
- Needs and costs must be considered simultaneously;
- Major decisions should be made by choices among explicit, balanced, feasible alternatives;
- The Secretary should have an active analytic staff to provide him with relevant data and unbiased perspectives;
- Open and explicit analysis, available to all parties, must form the basis for major decisions;

A multiyear force and financial plan is required to project the consequences of present decisions into the future.

### **2.3. Transition from PPBS to PPBES**

In 1961, Robert McNamara sought a more active role in managing the Department of Defense (DoD) by exercising to a greater extent the statutory authorities available to him as the Secretary of Defense. Secretary McNamara wanted to achieve the following two key strategic management challenges:

- integrate and balance foreign policy, military strategy, force requirements, and the defense budget;
- approach all defense programs in a rational and analytical way and base resolutions on national interest.

The Secretary faced a difficult task as his desire was going against the current Defense Department’s management culture. Prior to 1961, legal authorities existed that placed the role of the Secretary of Defense as the operating head of DoD, but they were not exercised. Each Service focused on its own priorities, which was considered detrimental to joint missions and resulted in effectively unbalanced and not joint military forces.

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With no real independent and integrated staff support, the DoD lacked central leadership in their interaction with the Services. The Defense Secretaries played more as a judge or referee versus a leader. Secretary McNamara changed that by taking two important and interrelated actions. First he directed a systematic analysis of all DoD requirements and incorporated these requirements into a five-year, program-oriented defense budget. Then, he directed actions which resulted in formation of a rational resource allocation system that was later called the Planning, Programming and Budgeting System (PPBS), the precursor to the Planning, Programming, Budgeting and Execution (PPBE) process.

Two key decision and management products developed were: the Five-Year Force Structure and Financial Plan, now called the **Five-Year Defense Plan (FYDP)**, and the **Draft Presidential Memorandum (DPM)**. The FYDP projected forces, manpower, and costs into the future. Composed of program elements (PEs), the FYDP aggregated the costs and benefits of complementary and substitutable entities into mutually exclusive and collectively exhaustive **Major Force Programs (MFPs)**, which represented the capabilities that are the outputs of the defense program. The FYDP provided an official set of planning assumptions for use throughout the Department. It served as an authoritative record of the Secretary of Defense's force and financial planning decisions and forecasts that then became a common reference point for any future changes. The DPM structured the process so that it kept to the basic issues, afforded opportunity for comments by all interested parties, and offered an impartial report of alternatives to the Secretary.

Over the last four decades, the original PPBS process has undergone numerous modifications or adjustments, but they were mainly evolutionary in nature. The evolution of the PPBS can be traced to the management styles Secretaries of Defense (SecDefs) used in resolving the issues they faced as well as the challenges. The actions taken by presidential administrations highlight how the PPBS evolved.

The first major and most enduring change in the PPBS occurred during President Nixon's administration. The engine of this change was the decreasing of the defense budget with 12% and as a consequence the level of ambition had been modified from "two major conflicts" to "one plus". Secretary of Defense Melvin Laird, made a fundamental change in that the Office of the Secretary of Defense (OSD) no longer centrally directed detailed program proposals. Instead, the Secretary favored a participatory management style and therefore eliminated DPM and created a guidance process.

Based on the objectives and multi-annual financial limits prior established, the Joint Chiefs and every Service were responsible for identifying requirements, planning force and developing MFPs. The role of OSD was only to centralize the informations and to review and evaluate the programs.

The Services were each issued fiscal guidance, often referred to as the topline, and programmatic objectives. **Fiscal Guidance** defined the resources available to the Services, and **Defense Strategy Guidance** prescribed the capabilities the Services were to provide in their Program Objectives Memorandums (POMs). OSD reviewed the POMs, identified issues for consideration by the Secretary, and prepared papers delineating those issues. The Secretary's decisions on the issues, were codified in a Program Decision Memorandum (PDM), and incorporated into the FYDP. In general terms, this approach stills exist today. Over the next forty years, the defense program was affected by four trends; first, increased congressional involvement in the decision making process of financing defense program, which brought more transparency; second, continual advances in the analytic capabilities within each of the services by the accent upon analyzes of costs and efficiency; third, increase OSD interest in sub elements of the defense program; and finally, increasing joint

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staff and combatant commander involvement in shaping the defense program, especially during Reagan's administration.

With the changes resulting from the management and leadership styles resident in the nine administrations spanning the last 45 years, and the changes resulting from acceptance of recommendations from credentialed analytic groups, the PPBS has certainly evolved. There are instances in which ideas seemed reasonable and workable, for example incorporate practices from private industry into the PPBS process. A key issue to appreciate when analyzing reports is that the DoD is different from private corporations in some significant ways, and what works in the business world faces constraints on implementation and may not work in the DoD.

Starting with 1986, programs and budgets were formulated in the first year of each biennial segment, the budget covered a 2-year time span, and the program encompassed an additional 4 years. During the second year of each biennial segment, programs and budgets were updated with necessary fact-of-life and policy changes. The PPBE process facilitated execution reviews of past decisions and actions. The reviews assessed the actual performance of programs individually and collectively relative to goals and targets.

Donald H. Rumsfeld, who was sworn in as the 21st Secretary of Defense in 2001, made clear his intention to change the way the Department planned, programmed, and budgeted. When commenting on agility of this management system to respond to quickly changing threats, then Secretary Rumsfeld identified that it needed overhaul because: "It's really a relic of the Cold War... PPBS is, I suppose, one of the last vestiges of central planning on Earth."

Starting with 2003, during Rumsfeld's mandate as the Secretary of Defense, the **Defence Planning Guidance** was replaced with **SecDef Strategic Planning Guidance (SPG)** and **SecDef Joint Programming Guidance (JPG)**. The changes implemented during the Bush Administration by Secretary Rumsfeld transformed PPBS into the process known now as PPBE.

The PPBS transformed, not only in its acronym metamorphosis into the PPBE process in 2003, but there were other evolutionary enhancements to place more emphasis on planning, gain more input from the Combatant Commanders and focus on capabilities. The transformation was quite impressive. Words like "joint" and "capabilities" became key terms of PPBE system, which actually define the core of the process.

This new process has four major elements: strategy, enhanced planning, resourcing, and execution and accountability. These elements differ from the processes they replaced in four key ways. **First**, Combatant Commanders have an enhanced role in shaping the defense strategy articulated in SPG. **Second**, the Enhanced Planning Process supports assessment of capabilities to meet joint needs. **Third**, the JPG reflects the decisions made in the Enhanced Planning Process and provides fiscally executable guidance for the development of the Components' programs. **Finally**, the new process focuses on performance assessment and is organized around the capabilities categories and objectives outlined in the SPG and addressed in the JPG. The SPG and JPG, along with the decision making bodies that develop them, are more fully covered later for they are at the heart of this new process.

During Secretary Gates mandate (2008), SPG was replaced with new planning documents: **Guidance for the Development of Forces (GDF)** and **Guidance for Employment of Forces (GEF)**. In 2010 Secretary Gates established one single joint document – **Defense Planning and Programming Guidance (DPPG)**, as the capstone of creating POMs, whose horizon was decreased from 6 to 5 years. In the same time, the biennial process of budgeting transformed in one year budget process with early development of the programs.

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As a conclusion, the PPBS had been in place for numerous years, and though administrations made changes mainly based on management and leadership styles, review of the actual process was not on an established time schedule and seemed to occur at the point when disconnects were apparent.

Although modified frequently, PPBS evolved into PPBE and exists today because PPBS was never meant to be a closed, rigid or perfected management system. As examined PPBS/PPBE is more a philosophy of management to guide DoD leaders along a more rational and objective approach than would otherwise be undertaken.

### **2.4. Planning, Programming, Budgeting and Execution System (PPBES) in USA**

PPBES encompasses different levels of decision makers: politic, strategic and goes all the way down to the Combatant Commanders. It starts from the political level according to top-down planning approach. At the highest level – **presidential**, it is elaborated the **National Security Strategy (NSS)**.

Based on this document, OSD in conjunction with Joint Chiefs and Services issues the **Quadrennial Defense Review Report** which contains the results of security environment evaluation, defense strategies and alternatives. This report is presented to the Congress as a great picture of the dimension of armed forces and basically justifies the level of resources requested.

Simultaneously, J5 creates **Joint Strategic Review (JSR)**. This document establishes a base for forward strategies development, including mission and capabilities analysis and the risks attached. The analysis provides all the elements needed for developing the **Joint Vision**.

Having all this information **National Military Strategy (NMS)** is issued by the Chairman of the Joint Chiefs of Staff as a deliverable to the Secretary of Defense briefly outlining the strategic aims of the armed services. All the goals being established it comes **Integrated Priority List (IPL)** which encompasses the most important priorities of the **Unified Combatant Command (UCC)**. The financial resources are not unlimited and in order to be efficient and accomplish the goals is very important to prioritise. IPL identifies the gaps between the requirements and the existing assets and inventory.

Based on this list **Joint Planning Document (JPD)** and **Chairman's Program Recommendations (CPR)**. Everything is designed to identify the critical zones, performance indicators and to evaluate the acceptable level of risk. This analysis and based on the documents already presented **Defence Planning Guidance (DPG)** is issued.

This document, issued by the Secretary of Defense, provides firm guidance in the form of goals, priorities, and objectives, including fiscal constraints, for the development of the Program Objective Memorandums by the Military Departments and Defense agencies. Now PPBES goes on stage (figure 1).

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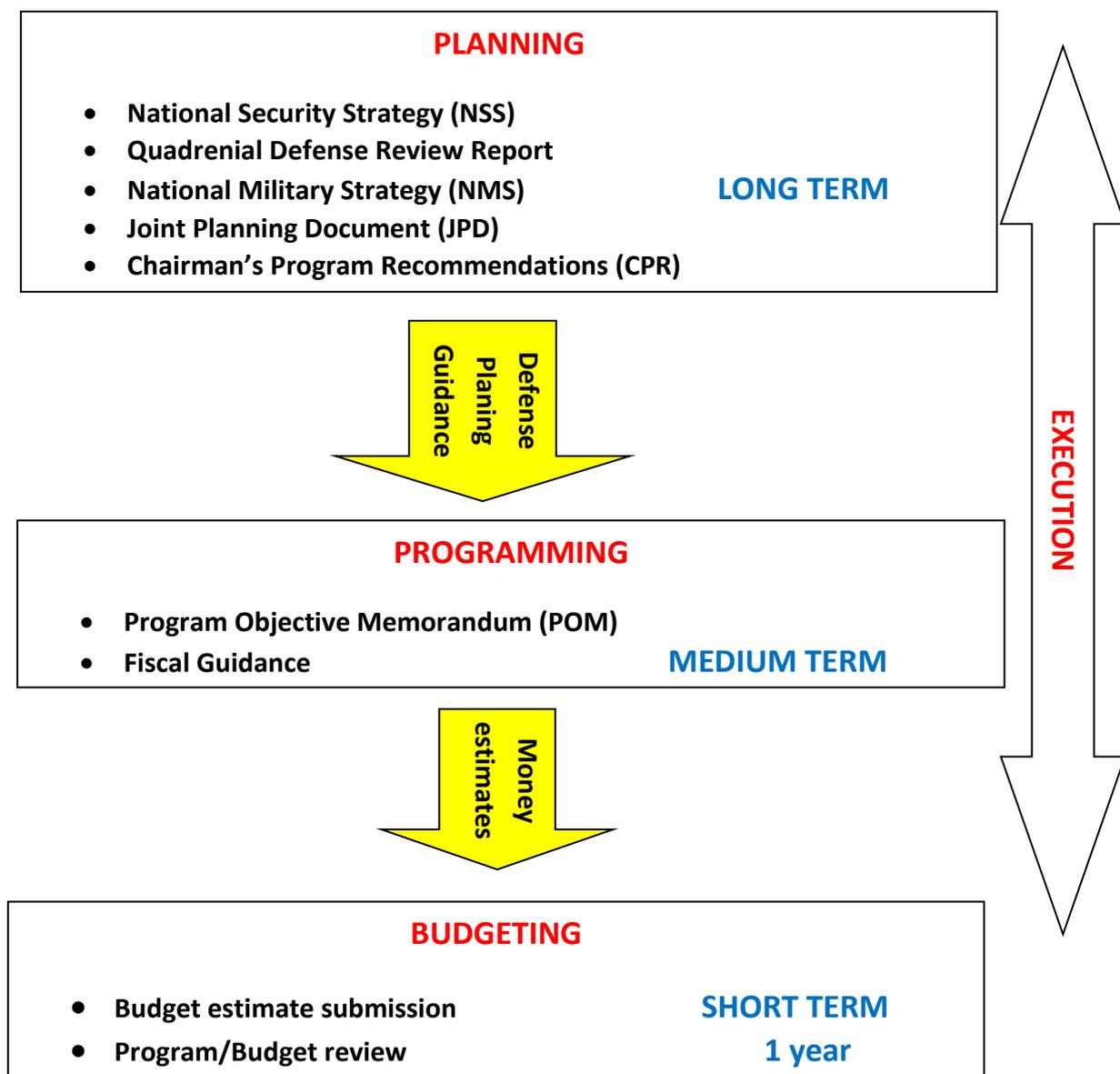


Fig.1

DPG includes the structure of the major programs (11 MPs) with the subprograms and all the elements connected (almost 5000):

1. Strategic forces
2. General purpose forces
3. Communications, intelligence and space
4. Mobility (airlift and sealift)
5. Guard and reserve forces

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6. Research and development
7. Central supply and maintenance
8. Training, health and other personnel activities
9. Administration and associated activities
10. Support of other nations
11. Special operations forces

Separately, OSD issues the **Fiscal Guidance** towards all the Services and defense agencies with the financial limits for the next five years of programming (FYDP). Now planning phase is complete.

**Planning** is the first phase of PPBES and includes the definition and examination of alternative strategies, the analysis of changing conditions and trends, threat, technology, and economic assessments in conjunction with efforts to understand both change and the long-term implications of current choices. Basically, it is a process for determining requirements.

**Programming** is the next step and includes the definition and analysis of alternative force structures, weapon systems, and support systems together with their multi-year resource implications and the evaluation of various tradeoff options. Basically, it is a process for balancing and integrating resources among the various programs according to certain priorities.

In this phase every Service and defense agency develops **Programs Objective Memorandum (POM)**. These documents comprise the objectives of all Services regarding the level and structure of forces, armament systems and the logistic support according to the level of financial resources approved.

All the other documents like **Chairman's Program assessment (CPA)**, **Joint Planning Document (JPD)**, **Chairman's Program Recommendations (CPR)** and **Defense Resource Board (DRB)** summarize the entire phase of Programming and the outcome is **Program Decision Memorandum (PDM)**, which represents the approval of Defense Secretary over the programs.

The third phase of PPBES is **Budgeting**. Budgeting includes formulation, justification, execution, and control of the budget. Basically, it is a process for convincing OSD and Congress to provide the necessary resources and then balancing the checkbook to ensure that resources are spent in accordance with the law. All the Services and defense agencies issue the budget drafts named **Budget Estimate Submissions (BES)** to the OSD in order to be verified regarding the integration within the financial limits.

Once this processed is finalized, **Program Budget Decisions (PBD)** will be drafted and it will be the final decision regarding the budget. Then it will be integrated in the **President's Budget**. This step marks the end of Budgeting's phase.

The last phase is the **Execution**. Before 1981, the Army's managers of the then PPBS focused their attention on the planning, programming, and budgeting elements of the system as if they fully identified all the essential ingredients of the complete system. There was a major deficiency, however, as they tended to leave out the real world aspect of the process—the execution of the programs and budgets in the field. There was a compelling need to acknowledge the requirement to capture execution as a critical element of the process.

The Execution phase responds to this question: did we get the results we expected and for which we paid? With other words means feed-back and continuously evaluation. This phase offers performance indicators in order to be compared with the initial goals. This process provides the means and tools to ask for review in order to get back on the right way.

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The last 45 years of various changes of the PPBES, proved that the system is flexible, can be adapted in order to be more efficient and has already proved it, like Charles Hitch said "...the programming system can be adapted without too much difficulty to almost any style of leadership...Every Secretary will have his own style, his own manner of approaching and making decisions and management techniques must be adapted to the Secretary..."

In a few words, PPBES was adopted as a tool to allocate the resources, in the most efficient way, to those capabilities established like being crucial by the Defense Department, in order to fulfil the goals and objectives.

## **3.Planning, Programming, Budgeting and Evaluation System (PPBES) in Romania**

PPBES was implemented in Romanian MOD starting with year 1999 and it became operational starting with the year 2000. Main goal of the implementation was to integrate the efforts of MoD structures of effectively using available resources for the achievement of planned military capabilities.

We need to take into consideration that the PPBES used in USA right now is not identical with the running system in Romania and actually with those utilized in Bulgaria, Canada or Great Britain. The economical, social, political and security environments are different in each country and PPBES must be adapted according to the strategy and the goals of every entity no matter is a country or an individual organization within a specific country.

In order to be implemented in the most efficient way it is needed to identify the advantages and the weak point of the system. In the same time it is needed also to adapt the legislation and the procedures in order to benefit of the full advantage of the system. Basically the adaptation process goes in both ways. Otherwise you have at the disposal a tool which can not provide any outcome.

### **3.1. Legal Provisions on organization of National Defense**

After 1989, Romania fundamentally shifted its defense policy to a western-like model to respond to democracy values and market economy as well as to its pro-NATO option.

Firstly, the basis of security defense mechanism had to be modified "on the run", facing difficult social and economic transition at the same time. Secondly, it was very difficult to harmonize all the different opinions on this matter of national security. In the third place, the flow of certain documents through the legitimate institutions for approval and endorsement was very slow because of other priorities. Forth, some of the methods to reorganize the military system proved not to be the best.

At that time we didn't know too well how to plan efficiently our defense and security and how to use the human resources, material assets and finances in order to reach our goals.

These are just a few reasons illuminating the difficulties we faced in designing a transparent Romanian system of planning, programming, budgeting and evaluating the forces, activities and resources in the defense area.

After many years of legislative disputes and creating procedures, tools to manage the defense resources, in August 1998, the Romanian Government issued Ordinance no.52 on the national defense planning, modified later by Law no.63/2000, which can be considered as the basic document legally regulating national defense planning. This law

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established the concrete tasks and terms for the main state-bodies in charge of national defense and security planning, and the main documents which have to be prepared on this purpose.

According to the law, the basic document to plan national defense and security is the **National Security Strategy**. It defines status of security, estimating international security environment, identifying domestic and foreign sources of insecurity, establishing guidance and resources to defend major national interests. The National Security Strategy determines developments in mid-term (four years) and long-term.

Law no.63/2000 on National Defense Planning also stipulates that in order to implement the Strategy on National Security of Romania and the **Governing Programme**, the Government presents **National Security and Defense White Paper**.

Based on the departmental strategies, approved by the Government, the Minister of National Defense, the minister of internal affairs and the heads of other public bodies in charge with defense issue their own strategic planning guidance or orders.

Having the strategic framework established, specialised structures in the ministries and the relevant bodies plan the structure and capacity of the component forces, allocate resources, devise policies and sector specific programmes.

### **3.2. The establishment of civil-military relations**

The Romanian society has experienced a dramatic pace of transformation and change after 1989, at all levels of society. Before 1989 Romania was a Communist country, a member of the Warsaw Pact, which experienced one of the fiercest dictatorial regimes, having a well defined defense doctrine, a mass army of about 300.000 soldiers and a well developed national defense industry. Today, Romania is both a NATO and EU member, with an active contribution to the international security, whose peacekeeping troops are spread from Iraq and Afghanistan to the Balkans, possesses volunteer army with a flexible force of 75,000 soldiers and 15,000 civilians and its security sector experiences a profound transformation.

The substantiation of the civilian control over the Armed Forces as a framework for “democratic soldier” has its origins in the Romanian Constitution, adopted in 1991, that was a product of a long debated constitutional process.

Although that Constitution was modified, in 2003, the basic provisions and its philosophy, regarding the separation of powers and the roles of the military remained basically the same. Thus, Romania was set up as a semi-presidential republic, where the President is the commander in chief of armed forces and the president of the Supreme Council for National Defense-SCND (Constitution, 1991, art 92/1), while the Parliament is in charge with declaring the status of war, reviewing the reports of SCND, issuing laws, asking questions the Government or individual ministers. According with its Article 117, the armed forces are “exclusively subordinated to the people’s will in order to guarantee the country’s sovereignty, independence, territorial integrity and constitutional democracy” (Constitution, 1991).

According to the Constitution, all three public powers, executive, legislative and judiciary, have responsibilities in the monitoring and oversight of the military. Among all the forms of democratic control, the Parliament’s oversight role is the most complex one. The oversight process refers to the crucial role of the Legislative to monitor and review the activities of the Executive.

The Parliament issues laws on national defense, approves the deployments abroad and grants the over fly rights to the friendly airplanes. The Parliament exerts its authority by receiving reports on the military’s programs and activities and through the mediation of its commissions for defense, public order and national safety. The role of the commissions

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is very important in promoting laws on national defense and security, and also in the approval of the defense budget.

The President of the country represents the Romanian State and is the guarantor of the country's independence, unity and territorial integrity. He is the Supreme Commander and president of the Supreme Council of National Defense (SCND), a position that confers upon him a major influence over issues of national security, such as the declaration of the state of mobilization, emergency or siege. In the case of aggression the President has the responsibility to repel it.

The Judiciary has an important role in the control of the military. The Constitutional Court is an institution that guarantees the supremacy of the Constitution and treats the army as any other institution, verifying the constitutionality of the normative documents related to defense. The Accounting Court is responsible for controlling the spending of public money and the Ombudsman has an important role in defending the citizens' rights and liberties. An intensely debated issue at the beginning of the 1990s was whether to maintain the military courts and military prosecutors, finalized by the decision to keep these institutions.

As a conclusion, this is the legal framework for democratic soldier and the specific institutions involved in civilian control over the military system. But, the most important mechanism of control is the control of budgetary allocations and the system of planning, budgeting, and acquisition (before 1989, the military budget was a "state secret").

### **3.3. The cycle of PPBES in Romania**

Starting with 1998 and implemented by 2001, a new system of planning, programming, and budgeting (PPBES) has been implemented. The Emergency Ordinance no. 52/1998 regarding the defense planning defined the basic documents of strategic planning as: **National Security Strategy, Government's White Paper and National Military Strategy**.

The Ordinance was approved by the Law on Romanian National Defense Planning no.63/2000 that detailed the role of each institution in defense policy. The core of this new system was an integrated conception of human, material and financial resources planning and management, which will improve the capability of the Armed Forces to fulfill its operational criteria.

The implementation of PPBES in Romania is based on the following principles:

- Any activity has to be included shall correspond to a mission;
- No activity is initiated unless the necessary funds are available (or expected);
- All activities displayed by the structures of the relevant ministry will be included in the *Programmes for modernising and training the Armed Forces of Romania*;
- Highest efficiency in using human, material and financial resources;
- Resources will be scheduled according to planned goals.

The new system is compatible with similar systems of NATO member states. It provides high degree of transparency of defense planning through presentation of goals, projected performance and efficiency figures and allows to administer resources in an integrated manner. Moreover, all this information is public.

The main difference between PPBES in USA and Romania is the major programs' structure. In USA the system is based on missions/capabilities while in Romania the PPBES follows the force structure. Therefore, the main defense programs in Romania are:

- Land Forces
- Air Forces

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- Naval Forces
- Logistic support
- General Staff/Strategic Command
- Central Administration
- Defense Intelligence
- International Representation

Planning, programming, budgeting and evaluation process in Romania is organized on 4 phases, interconnected and successively. The process starts with the **Planning** phase, in which the main goals, objectives, programs structure, financial limits allocated for the next 6 years and the priorities are established, based on the defense planning documents I have already mentioned above.

The priorities for resource allocation are:

1. Contributions and quotas to NATO
2. Force Goals implementation
3. Personnel expenses
4. Credit reimbursements, interests and commission
5. Utilities and administrative expenses
6. Participation/support to international operations
7. Operating and maintenance expenses
8. Infrastructure and modernization investments

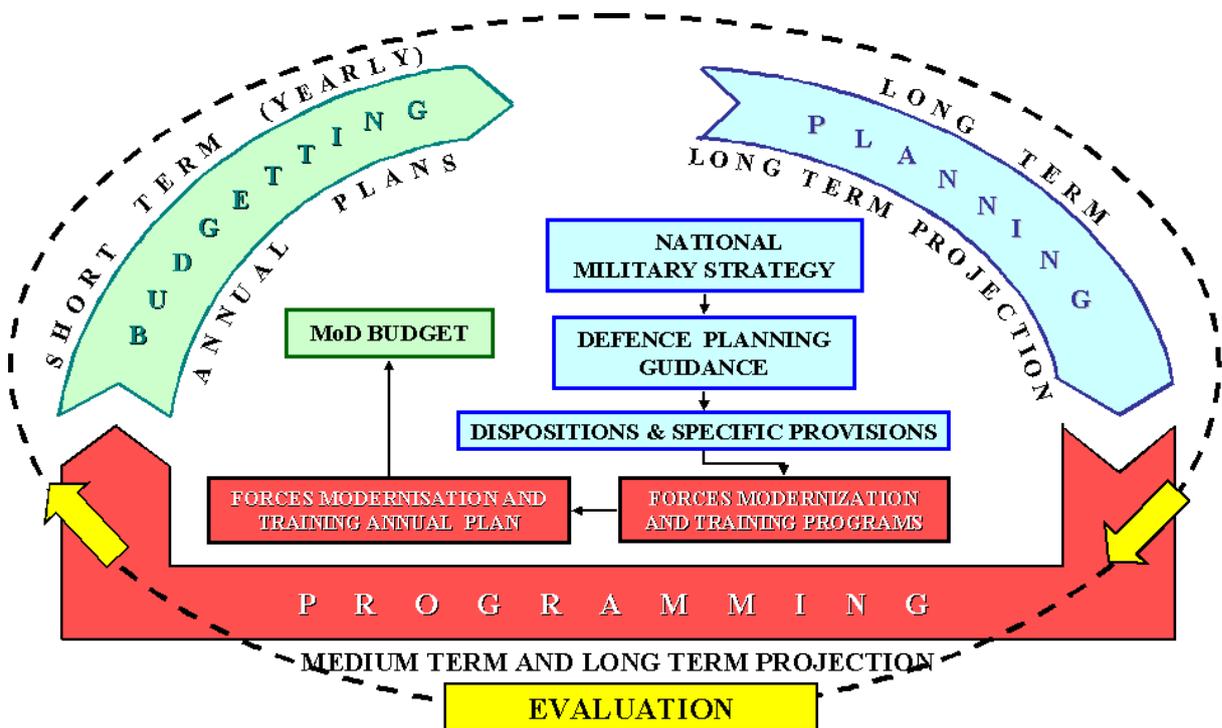


Fig.2

The second phase of PPBES is **Programming**, which establishes the requirements for resources in order to provide the capabilities. For every objective there will be identified a few CoA and the optimal one will be chosen based on cost-efficiency analysis, in order to accomplish the goals with minimum of resources. All the alternatives identified will create the base for the major programs' developing, along with the expected resources

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for the next 6 years. Then the costs will be transformed in expenses and included in the budget project.

In the **Budgeting** phase all the drafts will be embedded in the MoD budget project and will follow the approval procedure. Considering the analysis was made based on projected financial limits, the budget of MoD should be approved with minimum reviews.

Once the budget is approved, **Evaluation** phase will provide the feedback on two levels:

- Monitoring the budget in terms of execution, the way how the financial resources are used;
- Monitoring the programming based on performance indicators, which shows the level of accomplishing the objectives.

Basically, the last phase encircles the entire process. It provides the necessary indicators and follows the footprint of financial resources. Based on these indicators the process can be adjusted in order to gain efficiency and to meet the goals.

### **4. The comparative analysis of PPBES in USA vs. Romania**

As I have already mentioned, PPBES was implemented in Romania, based on the USA model. In the same time it was adapted to our country because of the social, politic and security environment. The system is not rigid, even in USA it was modified and improved many times. The flexibility of a system allows you find the best solution and combination of tools to achieve the objectives, for which the system was built.

Right from the beginning one difference emerges regarding the name: Planning, Programming, Budgeting and **Execution** System (USA) vs. Planning, Programming, Budgeting and **Evaluation** System (Romania). Both terms have the same meaning and provide feedback and indicators to evaluate the performance and efficiency. The term adopted by Romania (evaluation) was chosen in order to avoid any confusion with the execution part of the budget, which comes after planning and in the military system planning and execution are different sections.

The main difference between the two systems is the programs structure approach. A program is a plan to integrate types of defense resources (personnel, equipment and facilities) into military units and supporting elements needed to achieve a specified capability. In USA the programs are designed based on missions or capabilities while in Romania the design is related with the forces categories/services.

What is a military capability? Is the ability to provide an operational effect required by the operational standards specific to an environment, in a specified time and to sustain that effect for a specified period of time; it is provided by a system consisting of Doctrine, Organization, Training, Material, Leadership development, Personnel, Facilities, Interoperability, Readiness, and Deployability. That brings us to the **JOINT** term.

According to the National Military Strategy of USA, Joint forces must be fully integrated and adaptable to anticipate and counter the most dangerous threats. They will also require expeditionary capabilities with highly mobile forces skilled in flexible, adaptive planning and decentralized execution even when operating from widely dispersed locations. A joint force, possessing the attributes described and comprised of highly motivated professionals, will produce creative solutions to the most difficult problems. Capabilities that allow the Joint Force to perform these functions result from combinations of joint doctrine, organization, training programs, materiel solutions, leadership, personnel and facilities.

The advantages of PPBES based on capabilities are obvious. First of all, the Services have a common goal and this can be measured and monitored all the way from planning to evaluation. The outcome can be measured in terms of efficiency. Starting from

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the idea that the military system doesn't produce anything, using capabilities we can say that actually it produces something measurable, not only an idea. According to US DoD 2005 Dictionary of Military and Associated Terms, military capability is the ability to achieve a specified military objective (winning a battle, destroying a target etc) and it has 4 major components:

- Force Structure
- Modernization
- Unit readiness
- Sustainability

Following these components we can trace the outcome. If planned by forces, you might lose the meaning of initial goal. In terms of financial resources it will be a waste of money. Every program receives a budget, spent it in an individual way and do not care about joint forces and interoperability. Moreover, the procurement is done in a de-centralized manner. The programs start to exchange financial resources, because of the procurement authority and responsibility, and at the end of the year you lose the footprint of investment. Something was bought (ammo, tanks, planes, etc), it is measurable, but has the main goal achieved, for instance the security goal? How can be this objective measurable in terms of efficiency? No capability has been produced. It is unknown if the resources were allocated and spent with efficiency, which means to get the best results with minimum of resources.

This efficiency is provided by capabilities. The planning based on forces categories/services seems to be more easier at first sight, because every service has its own budget and has control over it. But the main disadvantage is that this encourages the competition between structures to get more funds in order to fulfil its own objectives, forgetting about the main goal and common objectives.

There is no success recipe in applying PPBES, but if adapt this system in your country than some adjustments must be done. If the system is efficient than you have to modify the legislation, strategic documents, programs structure, even the way of thinking in order to harmonize the system with the environment.

### **5. Conclusions**

The main advantage of using capabilities is that you can plan based on clear and common goals at every level, starting with the political/strategical level. The approach should be top-down capabilities based. Programming becomes more clear and provides joint performance. The way of allocating resources might seem a little bit complicated but if a centralized procurement system is used, than you get the capability, joint and interoperable forces.

In other words, the amount of threats and vulnerabilities to national security determines the risks to be identified and develops capabilities to prevent the likelihood of significant damage occurs to the interests, values and national security objectives. The formula is  $T+V=R-C$ , where:

T – threats

V – vulnerabilities

R – risks;

C – capabilities

If you create a major program, this must follow a clear and simple objective. For instance, if you create a major program named "Theater of operation", than it will be in charge with everything connected with all the military missions abroad – forces, assets, personel, modernization, maintenance and sustainability. It is no use to have a unit, let's say well equipped and trained, but not capable of sustainability, which is provided by other

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programs. No exchange of resources among different services' programs, based on what category of forces will go on mission, will be required. The allocation of resources will be under unique control. At the end of the fiscal year you can measure what you spent and what you accomplished. The common goal is achieved.

PPBES was created for this purpose – achieve the capabilities and cost-efficiency analysis. Every system provides good results if applied well.

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