



*The 17<sup>th</sup> International Scientific Conference*  
**“DEFENSE RESOURCES MANAGEMENT  
IN THE 21<sup>st</sup> CENTURY”**  
**Braşov, October 27<sup>th</sup>-28<sup>th</sup> 2022**



**THE PLACE AND ROLE OF NAVAL LOGISTICS BASE  
HEADQUARTER INTO PPBES PHASES**

**AVISALON Adrian**

Ministry of National Defence, Romania

**Abstract:**

Planning, programming, budgeting, and evaluation/execution are the result of the normal existence of economic phenomena and processes valid in any structure. In Romania, PPBES has been adopted and applied in order to be able to manage public money as efficiently as possible. This paper presents the policies, responsibilities, objectives, purpose and organization of the PPBE system, as a constituent part of the process of Planning, Programming, Budgeting and Evaluation (PPBE) of the defense resources of the Ministry of National Defense (MoND), by studying this process within the Naval Logistics Base Headquarter "Pontica"(NLBH). The main objectives of the annual PPBE process of the MoND are to establish, justify and procure the fiscal and labor resources necessary to fulfill and execute the missions assigned to the army and to give the combatant command the best mix of armed forces, equipment and labor, also obtaining the support of other indirect resources.

*Keywords: planning; programming; budgeting; evaluation; execution; PPBES.*

**1. Introduction**

The Planning, Programming, Budgeting and Evaluation System (PPBES) is a budgeting technique that underpins planning, programming and budgeting actions and integrates them into a coherent whole. It is presented as a systematic framework for articulating administrative tasks, in which strategy and tactics are closely linked to the budgetary decision-making process. The PPBES achieves an efficient functioning of the budget by accounting for expenditures not by means, but according to the general objectives that characterize the current national policy.

Like any other planning system in the world, planning, budgeting and reporting processes in Romania want to improve the performance of the Public Sector (PS) by: focusing institutions on achieving results, improving the internal decision-making process, encouraging internal and external accountability and improving the allocation of resources and ensuring the prioritization of objectives.

This paper presents the policies, responsibilities, objectives, purpose and organization of the PPBE system, as a constituent part of the process of Planning, Programming, Budgeting and Evaluation (PPBE) of the defense resources of the Ministry of National Defense (MoND), by studying this process within the Naval Logistics Base Headquarter "Pontica"(NLBH). The main objectives of the annual PPBE process of the MoND are to establish, justify and procure the fiscal and labor resources necessary to fulfill and execute the missions assigned to the army and to give the combatant command the best mix of armed forces, equipment and labor, also obtaining the support of other indirect resources.



*The 17<sup>th</sup> International Scientific Conference*  
**“DEFENSE RESOURCES MANAGEMENT  
IN THE 21<sup>st</sup> CENTURY”**  
**Braşov, October 27<sup>th</sup>-28<sup>th</sup> 2022**



Following the analysis and interpretation of the information presented in the activity of the NLBH and their comparison with data belonging to other authors, I identified some current and novelty issues related to the title of this paper. The logical interpretations are related to some aspects of strategic management that present the specifics of the field of defense in close connection with the human and financial resources that underlie the success of the missions entrusted and performed by the armed forces. The aspects analyzed in this paper are closely related to the development of the Romanian Army (RA) which has undergone multiple transformations since 1989, especially with the emergence of the need for the country's accession to the North Atlantic Treaty Organization (NATO) and the European Union (EU). Next, I will present the organization of the PPBE system within a military unit involved in an extensive process of repair and modernization of a military ship belonging to the Romanian Naval Forces (RNF).

## **2. General aspects regarding PPBES**

The origins of the resource planning, programming, and budgeting system have their origins in America in early 1961. In short, that year, President-elect John F. Kennedy offered the post of Secretary of Defense, Mr. Robert A. Lovett, who refused the offer, but proposed to Robert Strange McNamara. The latter was offered positions in the Central Treasury and in the Department of Defense, the latter offer being the one accepted by McNamara, holding the position of Secretary of Defense in the United States for the period 1961-1968, simultaneously with the presidency of the American corporation Ford Motor Company.

Although not a defense specialist, McNamara deepened the fiscal-budgetary field in the military field, learned quickly and soon began to apply a philosophy of "active role" management, in his own words "offering interrogation of aggressive leadership, suggesting alternatives, proposing objectives and stimulating progress". In this way, he succeeded in establishing the planning, programming and budgeting system (PPBES) of the US Department of Defense in 1962.

When McNamara became Secretary of Defense in 1962, he brought with him a team with expertise in how to control large organizations - the major principle being the need to plan and program to control change over several years, which it is meaning a multi-year programming. Its management approach required each department to document and schedule its resources multi-yearly in a single document called the five-year defense program.

The system as we know it today is dramatically different from the system of 1962. That is why in 2003, the United States Department of Defense (USA) changed its name from the Planning, Programming and Budgeting System (PPBS) to the Planning, Programming, Budgeting and Evaluation System (PPBES). Thus, the Government of Romania (GoR) and RA followed the example of the USA and replaced PPBS with PPBES.

The PPBES has evolved to its current state, currently the PPBE process including the full range of activities that support GoR and RA in making decisions on resource allocation.

Before beginning a detailed discussion of the topic addressed in this paper, I want to remind some generic definitions presented by McNamara for the understanding of the entire audience, definitions that will be explained in more detail later. Resources are the people, equipment, land, facilities and funding needed for support. Planning provides a list of approved requirements that require resources. Requirements are established needs that justify the timely allocation of resources to achieve a capacity to achieve approved military objectives, missions or tasks. Programming groups the requirements into sets of logical



*The 17<sup>th</sup> International Scientific Conference*  
**“DEFENSE RESOURCES MANAGEMENT  
IN THE 21<sup>st</sup> CENTURY”**  
**Braşov, October 27<sup>th</sup>-28<sup>th</sup> 2022**



decisions, allocates resources for a well-defined time between these sets, and selects those that fall within the limits of the allocated resources. The budgeting focuses on the first two years of the five-year program and rearranges the programs within the strategic management for the approval or resizing of budgetary and / or strategic planning.

## **1.2 Theoretical aspects regarding PPBES**

The main purpose of the PPBES developed by McNamara was to extend explicit criteria open to debate to all stakeholders, such as the US Secretary of Defense, the US President and the US Congress that could be used to measure the requirements and needs of defense programs. The aim was to link, integrate and bridge the gap between planning and budgeting, so that planning is fiscally informed and annual budgets take the place of management plans. [1]

There are six fundamental principles that have underpinned the PPBES. First, the decision must be based on explicit criteria of national interest in defense programs, without compromising relations between the entities associated with the MoND. Second, leaders must take into account the military needs and costs involved, as decisions on the use of armed forces and budgets cannot be made without taking the two into account. Third, high-ranking decision-makers must explicitly consider balanced and feasible alternatives that include costs, forces and strategies together in any alternatives. Fourth, leaders must have and actively use independent analytical staff at the top levels for policy making. Fifth, the outcome of this system must lead to the development of a multi-annual strength and financial plan that incorporates forces and costs and projects in the future to identify the foreseeable implications of current decisions. Finally, leaders need to conduct an open and explicit analysis that is made available to all stakeholders [2].

PPBES was also implemented in our country, after the revolution, when at the central level it was decided to revise the national legislation progressively, so that the multiannual planning system can be implemented and centralized, through major political, economic and social transformations, which fundamentally marked the destiny of our society. The best step taken in this regard was to join NATO, then join the EU and of course Romania's accession between democratic, European and prosperous countries worldwide. All these things involved efforts that were coordinated through confident strategies assumed by the country's leaders in order to offer a real chance to Romania in the process of Euro-Atlantic and European integration.

At national level, an essential element for the economic transition was the planning of the allocation of resources, then the establishment of national priorities. At this stage, both the private and public sectors of activity were included together with those within the Public Order, National Security, and Judicial Authority (PONSJA). Thus, Romania has been actively involved in projects to develop the process of formulating public policies at the level of central public administration, with the help of financial support provided by the EU [3]. Precisely for this reason, the legislation has been significantly adapted, an eloquent example being the revision of the legislation specific to the field of public finances, fact for which it was issued Public Finance Law no. 500/2002 focused on the elaboration of budget proposals and its approval. An interesting detail regarding the destination of budgetary resources is specified in art. 3 of the Public Finance Law which states that “revenues and expenditures of the budgetary system, cumulated at national level, make up the total budgetary revenues, respectively total budgetary expenditures which, after consolidation, by eliminating transfers



***The 17<sup>th</sup> International Scientific Conference  
“DEFENSE RESOURCES MANAGEMENT  
IN THE 21<sup>st</sup> CENTURY”  
Braşov, October 27<sup>th</sup>-28<sup>th</sup> 2022***



between budgets, will highlight the dimensions of public financial effort per year respectively, the state of equilibrium or imbalance, as the case may be”. At the same time, art. 28 of the same law on public finances refers to the draft budget of the primary credit holders, broken down by programs, as appropriate, developed on the basis of annual programs to finance actions that have precise objectives, efficiency and default results indicators.

By implementing PPBES in Romania, "the presentation of program expenditures can help focus public spending thinking in terms of objectives and outputs, provided that the budget formulation process encourages spending agencies to prioritize their programs correctly." [4]

### **3. Planning Programming Budgeting Evaluation System (PPBES) in Ministry of National Defense (MoND)**

#### **3.1 General data**

The introduction of the SPPBE ensures adequate funding for the objectives of military reorganization and accession to the NATO Alliance. The coordination and evaluation of the PPBES, implicitly for the programs of the force categories is ensured by the Department of Euro-Atlantic Integration and Defense Policy (DEAIDP). *"The defense budget, built on major programs, is approved by Parliament, thus ensuring direct control over how public money is spent."*[5]

The SPPBE comprises cyclical activities that combine the centralized development of the Defense Planning Directive (DPD) and evaluation, with the decentralized programming and management of programs. Decisions in defense planning are made within the Defense Planning Council (DPC), headed by the Minister of National Defense, and the system is managed by the Directorate of Integrated Defense Planning (DIDP) of the DEAIDP.[6]

PPBES, compatible with those existing in NATO member states, has been implemented by the MoND since 1999, in collaboration with American experts from the Institute for Defense Studies (IDS), after the publication of Ordinance no. 52/1998 *on the planning of Romania's national defense*. The implementation lasted until the beginning of 2002, when the system was theoretically operationalized, and in order to be able to implement this system from a legislative point of view, it was issued *Defense Planning Law no. 473/2004* [7] which established the defense planning process and its specific documents. Basically, starting with 2002, PPBES is the basis of the planning and budgeting process in the MoND. Subsequently, in order to complete the above-mentioned law, by Government Decision (GD) no. 677 of 17.08.2000, the main major programs of the MoND were approved, which were financed from the state budget for 2000.[8] In order to improve the transparency and establish the necessary coordinates for an integrated defense resources management system, priority is given to improving PPBES, already compatible with NATO procedures. At the same time, at the national level, the process of connecting to the NATO planning system was initiated, through the Defense Planning Questionnaire (DPQ). The optimization of PPBES in the MoND, as well as the computerization of the defense resources management system, is achieved through the central structures of the MoND responsible for this field and the interconnection of force categories, to a system that has an unique database, which also involves program-based resource planning.[9]

According to the Department of Defense Policy, Planning and International Relations (DDPPIR) *"major programs aim to generate and maintain the military capabilities*



***The 17<sup>th</sup> International Scientific Conference  
“DEFENSE RESOURCES MANAGEMENT  
IN THE 21<sup>st</sup> CENTURY”  
Braşov, October 27<sup>th</sup>-28<sup>th</sup> 2022***



*provided in the planning documents and aim to: continue the restructuring and modernization process; preparation of subordinate structures for the fulfillment of missions and participation in crisis response operations; structural and functional improvement of the operational management system of the army. The major programs of the MoND are:*

*"Land Forces";*

*"Air Force";*

*"Naval Forces";*

*"Logistic Support";*

*"General Staff of Defense / Strategic Management";*

*"Central Administration";*

*"Defense Information";*

*"International Representation".*

Major programs are managed by a program director, who is the head / commander of a structure, usually a secondary credit holder, who is responsible for setting up, developing and maintaining capabilities.”[10]

Based on the two legislative provisions previously stated, in the Romanian defense system, in order to be able to officially start the PPBES experimentation of the necessary expenditures for annual and multiannual programs, were issued the Order of the Minister of National Defense no. M 12/2000 *on the implementation of the planning, programming, budgeting and evaluation of the forces, activities and resources of the MoND* and the Order of the Minister of National Defense no. M 80 of 17.07.2000 *for the approval of the instructions regarding the planning, programming, budgeting and evaluation of the forces, activities and resources in the MoND*.

Once started this implementation in the defense system, having as basic principle the one applied by the USA, the Romanian Government elaborated and published by GD no. 10/2004 *White Paper on National Security and Defense*, published in the Official Monitor no. 540 of June 16, 2004, which was adopted by the Chamber of Deputies and the Romanian Senate in the joint sitting of May 13, 2004.[11] This GD requires starting with 2004 the introduction and improvement of the PPBES at national level to ensure adequate funding NATO. *“The coordination and evaluation of this system, including for the programs of the force categories is ensured by the DEAIDP. The defense budget, built on the basis of major programs, is approved by the Parliament, thus ensuring direct control over how public money is spent”*.[12]

The documents underlying the PPBES of forces, activities and resources in the MoND are:

- Romania's national security strategy, which substantiates the defense planning at national level, on medium and long term;

The Government's White Paper (GWP), which sets out, in the medium and long term, the main objectives and tasks of the institutions engaged in national security and defense, as well as the human, material, financial and other resources provided to them annually for this purpose.

The planning, programming and budgeting documents that are elaborated within the MoND are:[13]

- Romania's military strategy;
- Defense Planning Directive;
- Provisions and specifications of the chiefs / commanders;
- Programs for setting up, modernizing and preparing RA;



***The 17<sup>th</sup> International Scientific Conference***  
***“DEFENSE RESOURCES MANAGEMENT***  
***IN THE 21<sup>st</sup> CENTURY”***  
**Braşov, October 27<sup>th</sup>-28<sup>th</sup> 2022**



- Annual plan for the preparation and modernization of RA;
- The draft budget of the Ministry of National Defense.

### **3.2 Planning**

The planning of Romania's national defense is the activity that establishes the volume, structure and the way of allocating the natural, human, material and financial resources necessary for the materialization of the fundamental objectives of Romania's national security and armed defense.

*"National defense planning also includes the programs, actions and measures taken by Romania in the field of security and collective defense, by virtue of international cooperation and obligations to partner or allied states and to international bodies to which it belongs."*[14]

In the planning phase, at the level of the MoND, based on the documents that regulate the specific activities of the planning [15], the following documents are elaborated:

- **Military Strategy (MS):**
  - is elaborated by the General Staff (GS). After the endorsement by the DPC and the signing by the Minister of National Defense, the document is submitted for GR approval, within maximum 3 weeks from the publication of the GWP;
- **Defense Planning Directive (DPD):**
  - establishes the objectives and tasks and specifies the resources that belong to the main structures of the MoND regarding their constitution, modernization, preparation and capability, according to the provisions of the MS of Romania;
  - forms the basis for the elaboration of strategic and operational plans for the use of forces and of the Programs for the establishment, modernization and preparation of RA;
  - is elaborated by DIDP, in collaboration with the specialized structures;
  - the document is submitted for approval to the DPC and is signed by the Minister of National Defense, within maximum 30 days from the approval of the MS of Romania;
  - the validity period is the same as for the MS of Romania;
- **Defense White Paper (DWP) [16]:**
  - is the most recent document in the field of Romania's security and defense policy;
  - is structured in 9 chapters;
  - represents the most comprehensive frame of reference in the field of Romania's security and defense policy;
  - ensures coordination between policy and policies, objectives and plans, strategies and resources and creates an overview of the internal reform with its achievements and failures;
- **Provisions:**
  - are issued by the heads of the structures from the composition of the central structure of the MoND, based on DPD, which establish, for the subordinated structures, the objectives, the modalities of action and the resources available for their realization;
  - be issued no later than 30 days after the date of entry into force of the DPD and cover the period of validity of this Directive;
- **Specifications:**
  - are issued by the chiefs of staff of the army force categories and by the commanders of the army corps (similar), regarding the manner of fulfilling the provisions;



***The 17<sup>th</sup> International Scientific Conference***  
***“DEFENSE RESOURCES MANAGEMENT***  
***IN THE 21<sup>st</sup> CENTURY”***  
**Braşov, October 27<sup>th</sup>-28<sup>th</sup> 2022**



- shall be issued no later than 10 days from the date of receipt of the provisions and / or clarifications from the direct commanders / commanders.

The purpose of the DPD is to provide directions for the design of the most important major programs of the MoND, but also to provide the minimum and maximum funding thresholds for a maximum period of 10 years. It should be noted that the DPD is based on the DWP, the MS, the NATO Political Directive and the EU Security Strategy.

The DPD is prepared by the DIDP for a period of about 10 years (with the possibility of annual review), and after the document is consulted in the DPC is approved by the MoND.

### **3.3 Programming**

Programming is the stage in which concrete measures and actions are established to ensure the modeling of military structures in relation to the objectives, tasks and resources established by the DPD, the provisions and specifications of the chiefs / commanders.

The programming phase has as objective the elaboration of *the major programs* of the MoND, within the established financial limits, in order to fulfill the DPD objectives. *The major programs* include all the actions and activities necessary for the establishment, modernization, endowment, training, peacekeeping and crisis preparedness of all structures in the composition of the MoND.

*The major program* is the managerial tool for integrating activities, resources and objectives, structured so that the stage of achieving the planned objectives can be monitored and evaluated. The programming identifies the direct and indirect costs involved in implementing the *program / subprogram*, capitalizes all the information needed to calculate and recalculate the costs involved: the force structure, its perspective and mission, participation in missions, etc.

The most important documents, such as *annual plans* and *major programs*, are developed during the programming phase. Also in this phase, the alternatives for obtaining the capabilities included in the DPD are selected, simultaneously with their elaboration, taking into account the maximum and minimum limits of the pre-established financial funds. With the help of *the major program* document are materialized the capabilities provided in the DPD, objectives and priorities, thus being materialized in "implementation plans." *The major program* document facilitates decision-makers and chooses the best alternative in order to achieve the objectives and is the basis for achieving the budget.

Mandatory conditions, which are taken into account in the process of drawing up the program, relate to the limits of budget projections and staff ceilings and the allocation of resources according to pre-established objectives and priorities.

Proposals for program projects are formulated hierarchically, from bottom to top, starting with the brigade echelon (similar). The projects of the programs for the establishment, modernization and training of the fighting forces are finalized by the General Staff of Defence (GSD), and the projects of the programs for the other structures in the composition of the central structure of the MoND, by the DIDP, based on the proposals formulated by them. All draft programs for the establishment, modernization and training of the army are submitted for DPC approval. Following this stage, DIDP, in collaboration with the central structures nominated to implement and apply PPBES, makes the required changes and finalizes the draft set of programs for setting up, modernizing and preparing the RA [17], which after signing by the Minister of National Defense is submitted to Parliament for approval.



***The 17<sup>th</sup> International Scientific Conference  
“DEFENSE RESOURCES MANAGEMENT  
IN THE 21<sup>st</sup> CENTURY”  
Braşov, October 27<sup>th</sup>-28<sup>th</sup> 2022***



### **3.4 Budgeting**

Budgeting is the stage in which the costs of the programs, determined on the basis of the costs of the activities included in them (staff, endowment, maintenance, preparation for battle, infrastructure, etc.), are expressed in categories of expenditures, according to the budgetary classification [17] corresponding to the program / sub-program, which will be the basis for the preparation of the annual budget projects.

In this stage there are elaborated:

- The annual plan regarding the training and modernization of the RA;
- Budget of the MoND.

Based on the approved budget, each Tertiary Credit Holder (TCH) submits monthly requests for appropriations, through the financial-accounting structure, to the Secondary Credit Holder (SCH), by the date set by the General Financial-Accounting Directorate (GFAD) chief's specifications, and each SCH submits these requests for credits necessary to fulfill the assumed programs.

Each TCH organizes budget planning, commits expenditure within the commitment appropriations and uses the budget appropriations allocated to it for its own structure and, on a case-by-case basis, for other structures belonging to SCHs in the major programs listed in the *General Data* subchapter.

The budgeting phase aims to develop a financial plan that will ensure the financial resources to be used to achieve and maintain the capabilities expected in the first year, as set out in the program. The most important documents elaborated are: the draft budget of the MoND together with the explanatory substantiation notes; the MoND budget approved by the Romanian Parliament on programs, sources, chapters, subchapters and budgetary articles; as well as SCH budgets by sources, chapters, subchapters and budget articles.

The annual plan (AP) on the training and modernization of the RA, elaborated based on the provisions of medium and long term programs, is developed simultaneously with the draft budget of the MoND and includes activities to be executed in the plan year corresponding to the next fiscal year.

The AP (*the first year of the major program*) represents the section of the medium and long term programs, corresponding to the year for which it is elaborated, updated in relation to their development and the financial resources to be allocated by the *State Budget Law*.

Based on the budget approved by law, GSD and, respectively, DIDP finalize the draft annual plans in order to correlate the activities with the available resources.

After the approval by the DPC, the AP is sent in the form of an order of the Minister of National Defense to all structures in the central structure of the MoND. The chiefs / commanders provided to the central structures issue dispositions and specifications, in order to execute the provisions of the AP, for the subordinate structures.

If the *State Budget Law* is not approved by the beginning of the plan year, DPC will analyze the draft APs prepared according to the draft budget submitted to the Ministry of Public Finance (MoPF) and will propose to the MoND measures to meet the funds that can be spent regulations in force.

After the approval in the Parliament of the *State Budget Law*, GSD and, respectively, the DIDP update the APs and submit them to the DPC analysis.

In case of rectification of the MoND budget for the current year, the APs will be reviewed and updated, in whole or in part, as the case may be. If the budget is rectified, the expenditures committed according to the law prior to the rectification of the budget will be





***The 17<sup>th</sup> International Scientific Conference***  
***“DEFENSE RESOURCES MANAGEMENT***  
***IN THE 21<sup>st</sup> CENTURY”***  
**Braşov, October 27<sup>th</sup>-28<sup>th</sup> 2022**



priorities and will be maintained in the APs in case these expenditures cannot be capitalized according to the needs of the army.

The costs of the activities included in the *APs regarding the preparation and modernization of the RA* represent the basis for the elaboration of the *draft budget of the MoND* for the respective year, according to the existing budgetary classification. The total volume of costs of the activities provided for in the draft APs must be equal to the total volume of funds provided for in the draft budget for that year.

The elaboration, approval and execution of the annual budget is done in accordance with the orders of the Minister of National Defense regarding the establishment of credit holders and their competence in elaborating, approving, executing and concluding the execution of the MoND budget issued to complete specific general regulations - *Public Finance Law no. 500/2002*, published in the Official Monitor no. 597 of August 13, 2002.

### **3.5 Evaluation**

The evaluation phase aims to monitor how the objectives set in the first year have been implemented, carried over to the allocated resources, by applying the necessary corrections, but also to monitor how these objectives are met, as they were set in the budgeting phase.

The evaluation represents the activity through which the planning structures determine, analyze and estimate before and post-factum the variants of action, in order to fulfill the objectives and tasks established by the MoND.

Monitoring is a continuous process of tracking the use of allocated resources to achieve planned and / or ordered objectives and activities.

The monitoring and evaluation of the state of development of the AP is performed by the specialized sections within each major program, by consulting the structures with responsibilities in the field of planning and management of defense resources, from all levels, in relation to their competencies in this field.

The evaluation phase does not involve the elaboration of specific separate documents, it is meant to establish the optimal variant of the *Programs for setting up, modernizing and preparing the RA* to ensure the maximum capacity of the forces, amid the efficient use of available resources. The evaluation activity is carried out simultaneously with the other three stages, respectively: planning, programming and budgeting.

The results of the evaluation stage are concretized in:

- information on the planning, distribution and use of funds, which is carried out to order, as specified by the sections of each major program;
- controls on directly subordinated structures, with specific objectives on improving planning and the use of financial funds;
- half-yearly reports / summaries, regarding the stage of each major program.

Reports on the status of major programs are prepared half-yearly and annually by the sections, based on information received from the structures involved in the PPBES in each major program, and will include data and information on the status of missions, activities and capabilities in relation with the resources used. The reports approved by the heads of the force categories will be submitted to the DIDP.



*The 17<sup>th</sup> International Scientific Conference*  
**“DEFENSE RESOURCES MANAGEMENT  
IN THE 21<sup>st</sup> CENTURY”**

**Braşov, October 27<sup>th</sup>-28<sup>th</sup> 2022**



#### **4.Implementation of PPBES within Naval Logistics Base Headquarter (NLBH)**

##### **Prezentation of Naval Logistics Base Headquarter (NLBH)**

Naval Logistics Base Headquarter "Pontica" (NLBH) is based in Constantza, Fulgerului 99 street, Constantza County, and from the point of view of military subordination, it is subordinated to the General Staff of the Naval Forces (GSNF).

The institution is fully financed from the state budget for current and capital expenditures and is part of the category of institutions that have the quality of TCH, GSNF being the SCH of NLBH.

The NLBH represents the execution structure of the GSNF destined to the logistical support, at operative and tactical level, of the military actions carried out by the rounded military structures. Of all his responsibilities, the most important in terms of strictly the field analyzed in this paper are:

- planning, organization and dynamic and efficient execution of logistic support for the units and large units subordinated to the GSNF deployed at sea, river and on the territory of Dobrogea;
- providing materials, products and services for conducting training and combat programs for units and large units of the Naval Forces, as well as for the creation, within the allocated funds, of material reserves, according to legal provisions;
- drawing up contracts for the acquisition of goods and services;
- ensuring the maintenance of the fighting technique of the installations from the endowment of the ships belonging to the Fleet Command and to its own ships;
- timely and qualitative execution of repairs and installation and commissioning works of the combat equipment on board ships and land units;
- ensuring the conditions for feeding, equipping and housing the herds. [18]

NLBH has a pyramidal structure, organized on microstructures such as office, section, bureau, and compartment - characteristic of the military organization. Speaking in terms of PPBES the unit has a financial-accounting service and an acquisition service to which are subordinated a marketing office and a budget planning office.

##### **Organizing PPBES at NLBH level**

NLBH, subordinated to GSNF, an integral part of the MoND, operates on the basis of the requirements of the planning, programming and budgeting of defense resources (PPBES) within the MoND, and has as priority objective the management of budgetary resources allocated annually by the Ministry of Public Finance (MPF), through GFAD and GSNF so that, in order to be able to efficiently fulfill, through the established budget, all the specific activities assigned, which lead to the achievement of the objectives of the Romanian Naval Forces (RNF), respectively the objectives assumed at national and / or national level or internationally by the MoND.

NLBH, like any other entity within the MoND, applies the PPBES phases in order to achieve its own objectives, which contributes to meeting the objectives of the hierarchically superior institutions, respectively of GSNF and of the MoND.

The legal framework for planning, scheduling and budgeting activities within the NLBH is represented by the provisions developed by the central structures within the MoND, the specific specifications issued by GSNF on budget planning, orders issued by the MoND



***The 17<sup>th</sup> International Scientific Conference***  
***“DEFENSE RESOURCES MANAGEMENT***  
***IN THE 21<sup>st</sup> CENTURY”***  
**Braşov, October 27<sup>th</sup>-28<sup>th</sup> 2022**



to approve the guidance on budget expenditures and the Plan with the main activities of GSNF and NLBH planned for each budget year.

Planning, programming and budgeting represent the set of activities and actions undertaken by the microstructures with responsibilities in the field within the unit to establish in unitary documents of an imperative nature (plans), objectives and missions (tasks) of each organizational structure, deadlines must be carried out, as well as the ways of their correct control and evaluation, depending on the budgetary resource allocated on the basis of efficiency criteria.

In the planning phase, in the NLBH, in the last quarter of each year, the main objectives, activities and lines of action for the next year, respectively the following three, for the organization of the activities in the most judicious way, are analyzed in the interdepartmental working meetings, in order to size the budget of revenues and expenditures, having as reference the level of revenues of the nature of own revenues in the previous year and the current year. Thus, the heads of departments, offices and / or sections in collaboration with the person in charge of financial resources planning activity and the heads of budget articles / paragraphs within NLBH prepare reports of necessity and / or reports on the activities, missions and / or forecasted needs of be met for the next year.

At NLBH level, it is elaborated through module N.3 - operations and instruction *“Draft plan with the main activities of NLBH in year...”* which, after approval by the Head of GSNF, becomes the basic tool for planning, budgeting and carrying out main activities. This is the main document for exercising command and control. At the same time, this document is also a justifying document for the elaboration of the draft budget, because it provides information regarding the estimated expenses for each type of activity / national and / or international mission planned for the following year.

All this information together with the plan with the main activities of NLBH and GSNF, of the specifications sent by the head of GSNF to meet the objectives of RNF, are then centralized to the procurement department of NLBH which prepares the Annual Public of Acquisition Program (APAP) in compliance with legal provisions [19]. Practically APAP together with the annual plans of NLBH, GSNF, RNF Development and Transformation Strategy, NDS and STAR define the programming stage within SPPBE, at NLBH level. The scheduling of activities, although it is independent of the planning and budgeting stage, is inversely conditioned by the budgeting stage, because without funds, practically the previous activities, respectively programming and planning, cannot be fulfilled.

Once these stages are established and completed, the budgeting stage within the NLBH follows. The preparation of the revenue and expenditure budget is the basic element of the financial planning system and consists in transposing the specific objectives and priorities related to the first year of the NLBH objectives, into financial funds allocated through budgets. According to the provisions of art. 14 of Public Finances Law no. 500/2002 on, no expenditure can be entered in the budget, if there is no legal basis for that expenditure.

After the approval of the NLBH budget, the institution has the obligation to use the allocated credits only for the accomplishment of the tasks provided in the previously approved plans, according to the provisions of the approved budgets and under the conditions established by the legal provisions.

In order to be able to monitor and carry out the four phases of the PPBES, within the NLBH were established persons with responsibilities in the activity of planning financial resources and persons responsible for budget items / paragraphs.



***The 17<sup>th</sup> International Scientific Conference  
“DEFENSE RESOURCES MANAGEMENT  
IN THE 21<sup>st</sup> CENTURY”  
Braşov, October 27<sup>th</sup>-28<sup>th</sup> 2022***



During a budget year, depending on inherently defended priority needs, as well as on available budgetary funds, the PAAP may be updated whenever necessary.

## **5. Conclusions**

From what is presented in this paper, I appreciate the fact that planning, programming, budgeting, and evaluation/execution are the result of the normal existence of economic phenomena and processes valid in any structure. It is natural for public institutions to be interested in knowing in advance the evolution or involution of these processes, as well as the possibilities of influencing them, using precise ways and means that can be used in the pre-established periods and deadlines. PPBES does not mean to oblige, but rather to orient, conceive and frame within acceptable limits the activity / activities carried out at different levels, depending on the economic power, respectively the available budgetary provisions.

PPBES is met in all economically developed countries, and the implementation of this system within the MoND is very auspicious in order to predict the possibility of involvement and accomplishment of the missions assumed by Romania at NATO level.

I appreciate that the implementation of this system in the process of development and endowment of the MoND, as well as in order to meet the objectives set in the medium and long term offers the possibility of a better management of the funds and missions of each military unit. I mention that the PPBES process is closely correlated with the characteristics of financial management, especially due to the fact that management is not only a science, but also an art of leadership.

Translating PPBES in common terms, I can say that the forecasting stage, the programming stage, as well as the planning stage are closely linked to each other, and these stages are part of a fairly general process that has applicability in everyday life as well, both in public institutions, economic agents, but also at the level of each individual.

We deduce that the strategies are developed based on medium and / or long-term forecasts, and the planning and programming are developed based on the strategy and in the last stage we move to action. Thus, in order to be able to organize, lead, coordinate and control the pre-established actions, we need plans and programs, and any element of novelty that appeared in carrying out the activities will necessarily require the reconfiguration of the plans and programs already drawn up.

In order to develop a healthy economy, in any environment, all elements of the past, present and future must be studied in detail, both vertically and horizontally, in each organizational structure, independent or not, so that, after understanding the system as a whole, to be able to establish the strategic objectives and the optimal modalities of action with the allocation of the financial resources available [19].

In Romania, PPBES has been adopted and applied in order to be able to manage *public money* as efficiently as possible, in the sense that it is desired to distribute budget and / or commitment credits in relation to the expected net return on different types of expenditures (current expenditures and / or capital).

This method helps decision makers to take measures to size public spending, through the "*cost - benefit*" analysis, thus being able to streamline the use of public money to meet the proposed and assumed strategic objectives.

To conclude, I can say that Pareto's optimality plays a key role in streamlining resource allocation. "*Pareto optimality is a state in which no person's situation can be improved without damaging another person's situation. A change in the allocation of*



*The 17<sup>th</sup> International Scientific Conference*  
**“DEFENSE RESOURCES MANAGEMENT  
IN THE 21<sup>st</sup> CENTURY”**  
**Braşov, October 27<sup>th</sup>-28<sup>th</sup> 2022**



*resources that improves the situation of at least one individual without damaging another is called Pareto improvement. Pareto optimality does not imply a desirable or equitable distribution of resources. For example, assuming that the well-being of an individual increases with the increase of the resources allocated to him, allocating all the resources of a single individual and nothing to the others creates a state of Pareto optimality.[20]*

**References:**

- [1] Badea Dorel, Constantinescu Maria, Baboş Alexandru, Iancu Dumitru, „History of management. The contribution of Robert McNamara to the development of management science”, Journal of Defence Resources Management, Volume 9, Issue no. 1 (16), 2018, ISSN: 2068-9403, pg. 97-91
- [2] Alain C. Enthoven and K. Wayne Smith, How Much is Enough: Shaping the Defense Program 1961-1969 (Santa Monica: Rand, 2005), 339.
- [3] STRATEGIC PLANNING MANUAL, General Secretariat of the Government - Public Policy Directorate, www.sgg.ro, project no. RO 2006 / 018-147.01.03.03.01.
- [4] Allen R, Tomasi D., Public Expenditure Management, Pro Transilvania Publishing House, Bucharest, 2002, p. 123.
- [5] <https://lege5.ro/Gratuit/heztimzv/carta-alba-a-securitati-si-apararii-nationale-a-guvernului-din-13052004>.
- [6] The White Paper on security and national defense of the Government of 13.05.2004, adopted by GD 10/2004, published in the Official Gazette, Part I no. 540 of June 16, 2004.
- [7] Law no. 473/2004 on defense planning has been repealed, and currently Law 203/2015 on defense planning is valid.
- [8] Romanian Government Decision no. 677 of 17.08.2000, published in the Official Gazette. 395 / 23.08.2000.
- [9] Romanian Army Transformation Strategy (RATS), Bucharest 2007, [https://www.mapn.ro/legislatie/documente/strategie\\_transformare\\_2007.doc](https://www.mapn.ro/legislatie/documente/strategie_transformare_2007.doc), accessed at 28.08.2020.
- [10] <https://dpap.mapn.ro/pages/view/112> , accessed at 01.09.2020.
- [11] <https://lege5.ro/Gratuit/heztimzv/carta-alba-a-securitati-si-apararii-nationale-a-guvernului-din-13052004>.
- [12] Op. cit.
- [13] The White Paper on security and national defense of the Government of 13.05.2004, adopted by GD 10/2004, published in the Official Gazette, Part I no. 540 of June 16, 2004.
- [14] Ordinance no. 52/1998 on the planning of Romania's national defense.
- [15] <https://www.defense.ro/documente-care-reglementeaza-activitatea-directiei-4>, accessed at 01.09.2020.
- [16] White Paper on National Security and Defense, Government of Romania, Bucharest, 2004.
- [17] [https://www.mapn.ro/programe\\_strategii/](https://www.mapn.ro/programe_strategii/), accessed at 01.09.2020.
- [18] Order no. 1954/2005 for the approval of the Classification of indicators on public finances - Ministry of Public Finance – MPF.
- [19] <http://bazanavala.ro/misiuni/>, accessed at 02.09.2020.
- [20] Order no. 281/2016 on establishing the standard forms of the Annual Public Procurement Program and the Annual Sectoral Procurement Program.
- [21] <https://www.navy.ro/comunicat.php?id=147>, accesed at 03.09.2020.
- [22] <https://www.presidency.ro/ro/media/comunicate-de-presa/sedinta-consiliului-suprem-de>



***The 17<sup>th</sup> International Scientific Conference  
“DEFENSE RESOURCES MANAGEMENT  
IN THE 21<sup>st</sup> CENTURY”  
Braşov, October 27<sup>th</sup>-28<sup>th</sup> 2022***



aparare-a-tarii1564494838, accesed at 03.09.2020.

[23] <https://rnhs.info/romania-la-comanda-snmcmg-2-in-2020/>, accesed at 03.09.2020.

[24] <http://bazanavala.ro/u-m-02022-anunt-de-atribuire-servicii-suplimentare-si-aditionale-pentru-executarea-contractului-de-reparatii-si-andocare-la-nava-pmn274/>, accesed at 03.09.2020.

[25] Dumitrache Caracota, Economic forecast. Elements of macroeconomics, Didactic and Pedagogical Publishing House, Bucharest, 1996.

[26] [https://ro.wikipedia.org/wiki/Optimalitate\\_Pareto](https://ro.wikipedia.org/wiki/Optimalitate_Pareto), accesed at 03.09.2020.