



The 17th International Scientific Conference
**“DEFENSE RESOURCES MANAGEMENT
IN THE 21st CENTURY”**
Braşov, October 28th-29th 2021



THE PPBS AND HOW IT HAS BEEN ADAPTED IN ESTONIA

OJALA Eigo

Ministry of National Defense, Estonia

Abstract:

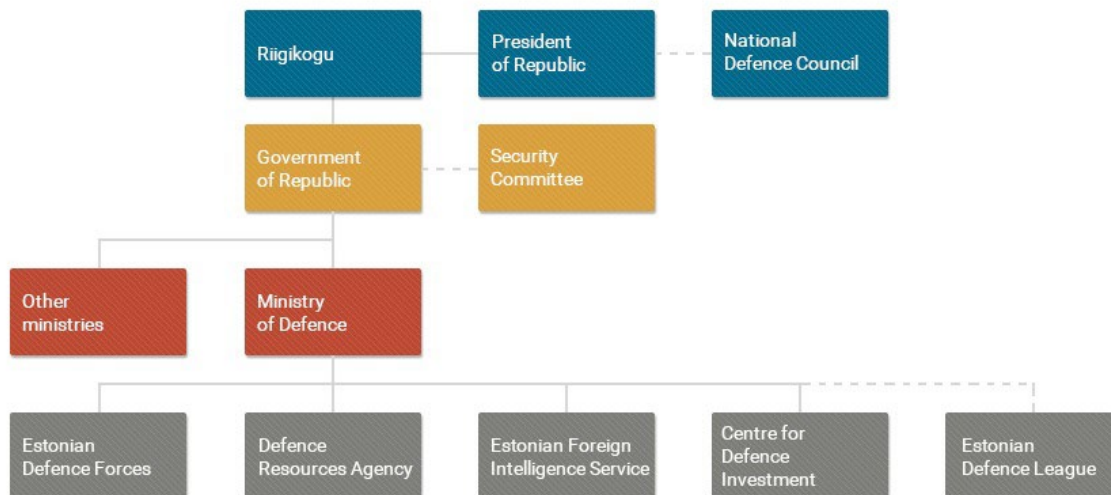
Estonia is not very different in nature from other countries in terms of the principle of structural and decision-making. The main differences can be at the moment, perhaps in terms of recruitment, and in terms of planning and obtaining defense resources. At this point, everything that does not concern training has been transferred to another domain, where a completely separate institution is working to ensure that the military is guaranteed everything that is necessary in terms of procurement.

Key words: PPBES, challenges, Estonia, planning, defense

1. Introduction

This work describes the decision-making process in the Estonian Defense Forces, the procedure of procurement process and the planning that ensures short, medium and long-term cycle.

In order to understand the structure of the area of government of the Ministry of Defense, the scheme below [1] describes the units in the area of government of the Ministry from the highest level.



In the highest strategic level there are Estonian Parliament, President, National Defence Council, Government and Security Committee. Ministry of Defence is in a charge of five domain:

- 1) Estonian Defence Forces – Military with their HQ and branches (Army, Airforce, Maritime and Cyber)
- 2) Defence Resource Agency – Responsible for recruitment in domains
- 3) Estonian Foreign Intelligence Service – Intelligence



The 17th International Scientific Conference
**“DEFENSE RESOURCES MANAGEMENT
IN THE 21st CENTURY”**
Braşov, October 28th-29th 2021



- 4) Centre for Defence Investment – Responsible for all procurements (Facilities, weaponry, equipment and etc)
- 5) Estonian Defence League – The Estonian Defence League is a voluntary national defence organization

2. PPBS basis

Estonian defense policy is based on two interrelated principles: strengthening the primary independent defense capability and international security cooperation. These principles are clearly set out both in the documents of the Estonian political-strategic level and in the long-term and medium-term planning documents reflecting the development trends of military national defense.

Also long term and medium term planning relies strongly in the State budget strategy. The state budget strategy is the central strategic document of the government, which links the needs and priorities of the state and the financial possibilities, ie the fiscal framework. The aim of drawing up the fiscal strategy is to ensure the medium-term sustainability of fiscal policy and to make the government more effective in guiding national and sectoral developments.

In terms of short-term, medium-term and long-term planning, the following years have been taken into account, which support Estonia's defense capabilities and provide an opportunity to quickly change its plans as needed.

Long term – ten year cycle

Long-term plan is one of the most important in this whole planning process. It gives a long view of the entire development plan and takes into account the decisions of the national strategic level and takes into account the government's precepts, which are to be reached according to Estonia's own doctrine and, of course, NATO's.

Mid term – four year cycle

The input to the medium-term plan comes from the long-term plan. Every year, the plan is reviewed and supplemented, and a new one is added to the new fourth year.

Short term – one year cycle

The short-term plan is clearly linked to the annual budget and takes into account annual running costs, salaries, outstanding commitments, etc.

Obviously, a short-term plan is not something that should be used as a basis for the whole cycle, but it's a tool for step-by-step implementation of a medium-term plan.

2. Planning principles

Estonia implements capability-based planning in the development of military national defense. This means analyzing potential future threats and drawing up a comprehensive package of required military capabilities based on them, the development of which is set out in the military defense development documents (development plan, action plan).

If earlier we looked at the areas of government of the Ministry of Defense, ie five different ones, then before starting the planning process, we must understand the logic and structure of the Estonian Defense Forces.

In peacetime the Estonian Defence Forces and the national defence organisations are led by the Commander of the Defence Forces, in wartime by the Commander-in-Chief of the Defence Forces.

The Chief of the Defence Forces and the Commander-in-Chief of the Defence Forces are appointed and released from office by the Parliament on the proposal of the President of the Republic.



**The 17th International Scientific Conference
“DEFENSE RESOURCES MANAGEMENT
IN THE 21st CENTURY”
Braşov, October 28th-29th 2021**



Headquarters of the Estonian Defence Forces is the working body of the Chief of the Defence Forces. The General Staff is a joint staff engaged with operational leadership, training and development of the Defence Forces.

HQ structure:

- ✘ **General Department**
Organisation of administrative affairs and administration of the Headquarters building.
- ✘ **Strategic Communication Department**
Public Affairs, Civil-Military Cooperation and Information Operations activities of the Defence Forces.
- ✘ **Personnel Department – J1**
Organisation of human resources work in the Defence Forces.
- ✘ **Operations Department – J3**
Defence planning, Military operations planning, Mobilization and Readiness.
- ✘ **Logistics Department – J4**
Management of economic activity.
- ✘ **Analysis and Planning Department – J5**
Long-term planning, resources projection and development of defence priorities of the Defence Forces.
- ✘ **Training Department – J7**
Training and exercise planning of the Defence Forces.
- ✘ **Budget and Finance Department – J8**
Accounting and technical preparation of the budget of the Defence Forces.

The structure of the Estonian Defense Forces itself is presented in a simpler view



3.PPBS process

In order for the plan to be fulfilled and the defense force to be realized, national defense needs stable funding. From 2012, Estonian national defense will be financed in the amount of 2% of the gross domestic product. This is the optimal size that allows for the long-term and substantive planning of Estonian national defense and, in conclusion, the most efficient use of taxpayers' money.

In the Estonian state budget, the defense budget is one of the smallest expenditure lines, accounting for approximately five percent of the total budget. It is an affordable insurance premium for society, for which we help to ensure the security and protection of our country.

Since 2014, defense expenditure has consisted of two substantive parts - the part intended for the



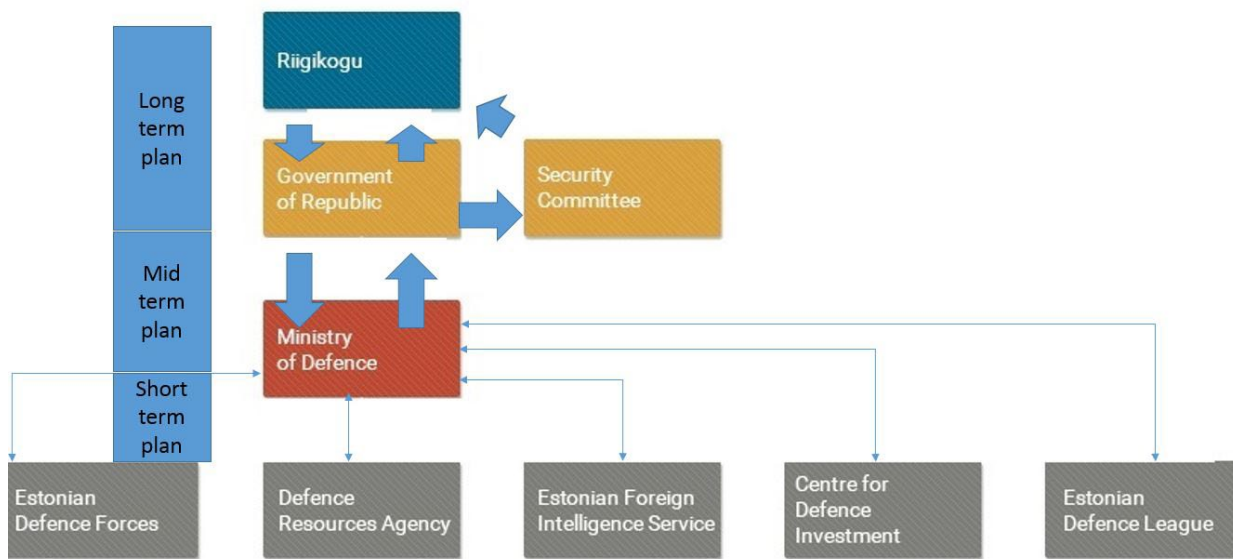
The 17th International Scientific Conference
**“DEFENSE RESOURCES MANAGEMENT
IN THE 21st CENTURY”**
Braşov, October 28th-29th 2021



establishment and maintenance of capabilities and units provided for independent defense capabilities, ie the National Defense Development Plan, which accounts for 2% of GDP, and funds allocated to the Ministry of Defense by the Government due to the increased presence of the Allies. [2] The costs related to the Allies are mainly the costs of the Baltic Air Security Mission in Ämari, the costs of the NATO Force Integration Unit (NFIU) in Tallinn and the needs of the NATO Battalion Battle Group in Tapa.

In addition to Estonia's own resources in the field of national defense, NATO will also contribute financially to our national defense.

Speaking of the five domains mentioned above, the short-term, medium-term and long-term planning and the principle of funding, the planning process as such looks like the following:



Five domains submit their input to the MoD. Communication and discussions take place between the Ministry of Defense and the five domains, where the needs, requirements and wishes are identified in accordance with the instructions given to the Ministry of Defense by the Parliament and the Government.

After communication at this level, the whole plan moves to the political level, where it is decided whether such a view and a set of wishes meet the requirements of the strategic level and NATO's goals.

4. Conclusion

In conclusion, Estonia is not very different in nature from other countries in terms of the principle of structural and decision-making, as “the rationale behind PPBES was to build a system that should consider the military needs and costs at the same time, as decisions regarding the force levels can not be dissociated from the available resources”[3]. The main differences can be at the moment, perhaps in terms of recruitment, and in terms of planning and obtaining defense resources. At this point, everything that does not concern training has been transferred to another domain, where a completely separate institution is working to ensure that the military is guaranteed everything that is necessary in terms of procurement.

The instructions of today's Commander of the Defense Forces are clearly going down the same path: the National Defense Investment Center organizes procurement for the Ministry of Defense, the Defense Forces and other government agencies of the Ministry of Defense, and manages and develops their real estate . The aim of the Center is to enable the Defense Forces to



The 17th International Scientific Conference
**“DEFENSE RESOURCES MANAGEMENT
IN THE 21st CENTURY”**
Braşov, October 28th-29th 2021



focus on military tasks and to create as much defense capacity as possible for each euro. To this end, the Center shall contribute to the development of the defense capabilities of the Defense Forces through the most efficient procurement and investment and the management and development of professional infrastructure and infrastructure.

This also applies to procurement. Whether it's about weapons, individual equipment or something like that. In the Defense Investment Center, all procurement in the field of defense is concentrated under a single management system - it ensures synergies from sharing know-how, efficient and sustainable use of the defense budget, effective use of competition and equal treatment of companies. In the case of large-scale defense procurement, the establishment of the Center means the transition from existing state-to-state purchases to free market-based procurement. This gives the opportunity to participate in procurement for a larger number of companies, including the rapidly developing Estonian defense industry, and increasing competition.

References:

- [1] <https://www.kaitseministeerium.ee/et>
- [2] <https://www.kaitseministeerium.ee/et/eesmargid-tegevused/kaitse-eelarve>
- [3] Constantinescu, Maria, “The planning programming budgeting evaluation system as a decision support system in managing defense resources”, Strategic Impact Review, nr. 2/2016, ISSN print: 1841-5784, e-ISSN: 1842-9904, ISSN-L 1841-5784, pg 40-47