

Financing and economics management

Financing peacekeeping missions and NATO



INVESTICE DO ROZVOJE VZDĚLÁVÁNÍ

Educational goal

The aim of the lecture is to theoretically describe the method of financing itself the North Atlantic alliance, mainly because of the understanding of relationships and links in the financial security of the organization as a control element of foreign operations and the way they are funded peace support operations.

Content

1. Principle of financing NATO
2. Types of operations according to the method of financing focused on NATO operations
3. Financing foreign operations in subordination NATO
4. Preparation of budget and financial control
5. Economic principles of budgeting process
6. Financial security of persons
7. The authorities ACR securing financial backing of foreign operations

References

Basic:

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- RMO č. 44/2006, vnitřní platový předpis pro vojáky z povolání.
- Odborné nařízení pro zpracování návrhu státního rozpočtu a střednědobého výhledu kapitoly 307 – Ministerstvo obrany, Čj. 13-10/2013-8201.

Recommended:

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1. Principle of financing NATO



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Principle of financing NATO

- Public funding,
- Cost sharing,
- Civilian budget,
- Military budget,
- Investment NATO security program,
- Resource management,
- Financial management,
- Financial control.

Principle of financing NATO

Public funding

- **Compensation costs**
 - associated with the participation of member countries in NATO bodies is carried out using so-called offsets, thanks to which countries derive some benefits that may be used for the development of the national economy.
- **General rule for joint financing of NATO**
 - is the fact that these funds are covered expenses that are in the interests of all member states.

Principle of financing NATO

Cost sharing

- All expenditures that are made for the purpose of financing NATO, are charged to the Member States fully taking into account in relation to the interest in the activity, thanks to that expense is incurred.
- Furthermore, the rule is that Member States fund all acts which it participates.
- Already at this stage can be seen pointing to foreign operations under the auspices of NATO.

Principle of financing NATO

Civilian budget

- Determination and implementation of civilian budget is a responsibility of the Committee for Civilian budget and financing.
- The budget is mainly formed by means of the chapters of the Ministries of Foreign Affairs of the member countries.
- These funds find their use in running costs of the International Secretariat of NATO in Brussels, further ensuring the activities with neighbouring partner countries, conference services for all meetings of NATO committees like

Principle of financing NATO

Military budget

- The main source of finance for NATO military budget can be found in the budget chapters of Ministries of Defence of member countries.
- Making the budget itself takes place through the Military Budget Committee.
- The purpose of the military budget is primarily cover the costs of operation and maintenance of the Military Committee, the International Military Staff and its associated agencies, both main military headquarters.

Principle of financing NATO

Investment NATO security program

- The aim of the NATO Security Investment Program is primarily to ensure development and reconstruction of facilities such as
 - primary airports,
 - gas and oil pipelines,
 - aqueducts,
 - warehouses,
 - fuel and lubricants,
 - ports,
 - communications and information technology,
 - command and control systems,
 - radar, navigation, etc.

Principle of financing NATO

Resource management

- To manage financial resources from the military field, i.e. funds that are included in the budget civilian.
- Function files then represented by means of NATO military commanders that are necessary to fulfil the tasks set.

Principle of financing NATO

Financial management

- The structure of financial management within NATO is designed to last approval powers were in charge of Member States that are currently cost carriers Alliance.
- Tools for influencing the decisions of member states can be seen in the general limits and specific constraints.
- General levels represent the allocation of fixed resources for operating costs and capital investments.

Principle of financing NATO

Financial control

- An extremely important component of the financial management of the North Atlantic Alliance is currently financial control.
- The financial controls within NATO takes place at several levels, namely at the level of internal control, external and internal audit.

2. Types of operations according to the method of financing focused on NATO operations

Types of operations according to the method of financing focused on NATO operations

According to the method of financing and consumption of funds from the budget of the Ministry of Defence of the Czech Republic operations can be divided into four categories:

- **Purely from the state budget of the country that participates in operations abroad**
- **Peace support operations**
- **Operations on the invitation of the host country**
- **Special category of foreign operations - Operation Enduring Freedom**

Types of operations according to the method of financing focused on NATO operations

- The most common **method of financing foreign operations** carried out **purely from the state budget of the country that participates in operations abroad**. This leads to the greatest financial burden. This financing method is used in operations being organized in the framework of NATO.
- **Peace support operations** can of course also be financed from the budget throughout the organization that manages the operation and shelters. Such operations are predominantly under the UN flag. Funding for implementation of the action itself are derived from membership dues and other UN activities.

Types of operations according to the method of financing focused on NATO operations

- Units of the Armed Forces can also perform **operations on the invitation of the host country**. In this case, the financing of the operation depends on the budget of the host country.
- **A special category of foreign operations** consists of **operations EF**. This is an operation where the United States requested the selected units of the Czech Republic for help in dealing with counter-terrorism operations. In the Czech Republic it was specifically about the deployment of SOG in **Operation Enduring Freedom**.

3. Financing foreign operations in subordination NATO



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Financing foreign operations in subordination NATO

**Financing Foreign Operations Czech Republic proceeds from
several sources.**

These resources can be easily divided
into the following categories:

- **Budgetary resources**
- **Extra budgetary resources**



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Financing foreign operations in subordination NATO

These resources can be:

Budgetary resources

- State budget - budget chapter 307 Ministry of Defence,
- Government budget reserve.

Financing foreign operations in subordination NATO

These resources can be:

Extra budgetary resources

- Bond program,
- Reserve fund,
- Gifts
- Treasury bills,
- Reimbursement from the host country on whose territory the unit operates

4. Preparation of budget and financial control



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Preparation of budget and financial control

- **Expenditures for foreign operations** are no exception in the context of the budget expenditure of the Ministry of Defence of the Czech Republic, so it is necessary so that these expenses were planned and approved within the legal boundaries, as well as conventional central or decentralized expenditure chapters. When planning funding for the forces and resources deployed in foreign operations is a curfew in the medium term, which is usually generated in the months from September to October, and the processing or modification is instructed by the Ministry of Defence of the Czech Republic.

Preparation of budget and financial control

The limit of budgetary funds allocated for the benefit of the security forces and resources of the Ministry of Defence in overseas operations NATO and the European Union military observer missions, other operations and cash Force financial competent (JOC MoD) provides appropriations for:

- **Transportation to and from** foreign operations
- **Promoting sustainability** in the area of deployment,
- **Support national security** and SAP MO in the performance of operational tasks in foreign operations,
- **The ability to restore the equipment and materials after returning from** foreign operations and any other liabilities incurred in direct connection with the performance of tasks in foreign operations.

Preparation of budget and financial control

- **Funding for people, equipment, kits and materials for those deployed in foreign operations** are planned within the parent body, which transmits the drive, but levels of SOC MO. The maternal military unit can only affect the amount of financial resources to ensure conditions for upcoming units, especially financial resources to ensure the operability of technology, legal revisions climbing trainers, field training etc.

5. Economic principles of budgeting process

Economic principles of budgeting process

The budgeting process, not only foreign operations, based on the following economic principles:

- The principle of economic reality
- The principle motivation budgeting entities
- The principle of interdependence budgetary powers and responsibilities

Economic principles of budgeting process

Economic principles of the budgeting process of foreign operations :

- **The principle of economic reality**, which consists in recognizing the limitations of resources and their effective use to implement the planned tasks.
- **The principle motivation budgeting entities** that will be used for economic entities budgeting behaviour motivated by decentralizing powers and responsibilities in planning and decision-making processes and the use of financial resources. The power to dispose of funds creates accountability for their effective use.

Economic principles of budgeting process

Economic principles of the budgeting process of foreign operations :

- **The principle of interdependence budgetary powers and responsibilities**, the budgetary power represents a guaranteed rate of potential subjects budgeting decision making process in the Medium-Term Plan, the Plan of Action for the Defense Department, the draft budget and in disposing of allocated funds and accountability is expressed awareness of the authorized entity that the use of its budgetary powers to him any breach of established liability or wrong decision entails adverse consequences allocation of funds, which has entrusted.

6. Financial security of persons



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Financial security of persons

The financial security of persons, i.e. payment of a special supplement in other than Czech currency.

- *"The staff of the armed forces posted within a unit of multinational forces outside the territory of the Czech Republic for work abroad provides a special allowance in other than Czech currency under the conditions and in the amounts determined by the implementing regulation issued pursuant to § 23. ..."*

7. The authorities ACR securing financial backing of foreign operations



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The authorities ACR securing financial backing of foreign operations

The whole process of financial security of foreign operations is taking place at several levels of command and control. Usually, these levels can be divided into two main areas, as follows:

- **Deputy MO,**
- **Command Forces.**

The authorities ACR securing financial backing of foreign operations

For our purposes, the organizational structure MoD somewhat extensive, thus we cause to the selection of components that significantly influence the financial security of foreign operations. These include the following:

- **Economic Section of the Ministry of Defence,**
- **Financial Agency,**
- **Joint Operation Centre of the Ministry of Defence,**
- **Maternal military unit of posted units.**

The authorities ACR securing financial backing of foreign operations

- **Economic Section of the Ministry of Defence** (hereinafter **ES MoD**) is a branch of the Ministry of Defence of the Czech Republic, which has a major importance in the methodical management of economic services throughout the resort. In relation to the execution of the financial security of foreign operations act as overseer of the activities falling within the competence of the Agency's financial, accountant general of the Department of Prague. ES MoD supervises the completeness and accuracy of realized transactions. Last but not least, together with evidence from the Joint Operations Centre of the Ministry of Defence creates a draft final account of the state budget, Chapter 307 - Ministry of Defence, which are just data relating to foreign operations, analysed and published.

The authorities ACR securing financial backing of foreign operations

- **Financial Agency** (hereinafter referred to as FA), assuming the role of professional authority deputy defence minister for the economy. The main task of AF is securing funding, budgeting and accounting. Finally, with the help of payroll accounting departments involved in the payment of compensation mandatory nature. FA carries a trustee of the budget.
- **Department of Central Accounting Department**, especially its Finance Department, can be picked up, mainly because of the important role of permitting advances dislocated organizational units abroad. With this separation, it is possible to use in place of operation abroad to send cash advance for providing funds deployed troops and necessary expenses in the area of deployment.

The authorities ACR securing financial backing of foreign operations

- **Department of general accounting office Praha** belongs to the organizational unit FA, which occupies the position of executor process of financing and accounting. Department of general accounting office in Prague and creates a sort of financial services for troops deployed in foreign operations.
- **Joint Operation Centre of the Ministry of Defence of the Czech Republic (JOC MoD)** is one of the most important components that ensure the operation of Czech troops in foreign operations not only under the auspices of NATO, but also the UN and the EU. The primary task of SOC MO processing calculations necessary funds so that it is possible to accomplish all the tasks set in accordance with Government Resolution.

The authorities ACR securing financial backing of foreign operations

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Questions?

Thank you for your attention



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