



**Course Name: Financing and economics management**

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**Topic: T15****Financing peacekeeping missions and NATO****Course Objectives:**

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:**

Introduction

0. North Atlantic Treaty Organisation and fundamental aspects affecting the deployment of NATO foreign operations
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## Introduction

In this topic you explain the method of financing the North Atlantic Alliance and the way they are funded peace support operations. To simplify this work are concepts such as costs and expenses understood in the same way. Also, the concepts of foreign operations and foreign missions are seen as identical concepts.

## 0. North Atlantic Treaty Organisation and fundamental aspects affecting the deployment of NATO foreign operations

North Atlantic Treaty Organisation, abbreviated NATO, was founded on 4 April 1949 signing of the North Atlantic Treaty in Washington DC in response to previous events of World War II. The contract between the countries was made in two copies, namely in English and in French. From the beginning, there was a larger political grouping of countries. When the war in Korea caused, it was confirmed that the military structure of NATO. Currently it includes 28 NATO member countries, including the Czech Republic and 22 partner countries for peaceful situation.

NATO to the contemporary world is a real sense of security, since the Member States do not rely solely on the power of self-defence, but make use of the benefits of membership in NATO. Each of the armies of member countries can specialize in a particular area of intervention, and thus greatly support the activities of the allied troops. Czech Republic, as an alliance partner, it stands out in particular due to the chemical protection army field hospital and special purpose entities, which are largely required mostly in Afghanistan.

The head of NATO has been operating since 2009. The Secretary-General Anders Fogh Rasmussen, whose main task is managing the process of consultation and decision-making NATO and subsequent compliance decisions issued. At the same time serves as the main spokesman for the Alliance and head of the International Staff.

## Organizational structure of NATO

Generally NATO structure divided into two parts, namely the part of military and civilian part. The civil part can be divided and their role is defined as follows:

- **North Atlantic Council (NAC)** holds several important functions. Above all, it is the highest decision making body of the entire Alliance, but also holds a very important a role as a discussion forum, which then ongoing debates on current topics defence all the representatives of NATO member countries. The head of the North Atlantic Council, NATO's Secretary General.
- **Defence Planning Council (DPC)** exhibits activity, especially in the field of directing the integrated military structure of NATO armies. In essence methodically led NATO military authorities.
- **Nuclear Planning Group (NPG)** is active in deciding the issue of nuclear program in accordance with the policy of NATO. Meetings of this group, with the exception of France, participating in all NATO states.

- The military part of NATO in brief consists of three main parts:

- Outside the organizational structure of NATO it stands the other organs, which together with NATO cooperate. For example, NATO - Russia Council, which serves primarily as a forum for consultation, seek common ground and cooperation, or the Euro-Atlantic Coordination Centre to coordinate responses to disasters.

The North Atlantic Treaty, sometimes referred to as the Washington Treaty by signing the place, was, as already mentioned in the introduction to this chapter, on 4 April 1949 signing of the founding countries, namely the United States, Canada, Norway, Denmark, Iceland, Portugal, Italy , Belgium, Netherlands, Luxembourg and France.

Base article on the deployment of member countries, including the Czech Republic Army (hereinafter ACR) is **Article 5** of the Washington Treaty, which implies an obligation ACR to NATO, namely the Czech Republic to defend against external aggressors and to assist in the collective defence of NATO as a whole, i.e. assist in attacking other member countries. Signing of the Washington Treaty and the Member States committed themselves to loyalty to other countries, the promotion of independence, democracy, freedom and law. Their efforts can then be seen in the maintenance of security and stability.

Together with the deployment of forces and resources of individual countries related to NATO standardization, according to which the units are trained and prepared for future deployment. These standards are standardization, in the case of NATO, represented by individual standards STANAG (Standardization Agreement), which is achieved due to the compatibility of the various armies' member countries.

## **Czech legal standards governing the deployment of units in foreign operations**

Not only in the Washington Treaty, but also in the Czech legal norms enshrined way to deploy troops to foreign operations within NATO.

**a) Constitution of the Czech Republic dated December 16, 1992 - Constitutional Act no. 1/1993 Coll., As amended by Act no. 347/1997 Coll., 300/2000 Coll., 395/2001 Coll., 448/2001 Coll. and 515/2002 Sb.** The basic legal document outlining the possibility of deploying Army units in foreign operations or location of foreign troops on the territory of the Czech Republic, is now the Czech Constitution, namely in its Article 39, paragraph 3. Furthermore, the issue of broadcast units in foreign operations are addressed in Article 43 in all their points.

**b) Constitutional Act no. 110/1998 Coll., on the security of the Czech Republic, dated 22. 4. 1998.** Concerning inter alia the deployment of Army units in the territory of a foreign state in the event of the dissolution of the Chamber of Deputies. This issue is discussed specifically in Article 11.

**c) Act no. 219/1999 Coll., On the Armed Forces of the Czech Republic, as amended by Act no. 546/2005 Coll.** Adjustment of international cooperation Czech Republic in the field of security and defence can be found in § 10 of Act no. 219/1999 Coll., On the Armed Forces of the Czech Republic. The most important paragraph is just the second paragraph, which directly committed the armed forces to engage in foreign operations in favour of peace, which the operations are performed outside the scope of Article 5 of the Washington Treaty.

**d) Act no. 221/1999 Coll., on professional soldiers, as amended.** Act on professional soldiers is a basic document regulating all matters relating to personnel services soldier, whether in the Czech Republic as well as in foreign countries.

**e) Czech Government Resolution no. 349/2012 of 16 May 2012 on the proposal for the forces and the Ministry of Defence in international operations in 2013 and 2014 with a view to 2015.**

### **1. Principle of financing NATO**

It is very important to clarify the basic principles of financing for NATO as an organization that ensures broadcast labour and resources in foreign countries to ensure the security situation in the world. The very principles can be divided as follows:

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

- Financial management,
- Financial control.

## Public funding

NATO is an organization composed of member states, and these states are involved in the formation of joint financing of the Alliance to ensure normal activities. However, Member States also provide facilities that are subsequently used for consultation and enforcement of the stated objectives of the Alliance. The benefits for member countries are projected into a collective defence, NATO assistance and military cooperation. The actual deployment of forces of member countries, namely the financing of training, purchase of equipment and resources, including technology deployed in the place of operation is realized from the budgets of sending the member countries.

States belonging to NATO occupy within the organizational structure of the Alliance position not only to the headquarters of NATO, which has its headquarters in Brussels, but also in NATO command structures, such as the Allied Command Operations and Allied Command Transformation. Securing these activities in various committees, groups or headquarters is realized from the budget of the sending country, therefore it should therefore be included in the cost accounting country that sends troops, in the form of costs incurred for membership in the Alliance.

**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. Examples of such offsets may be benefits from foreign operations, especially in the post-war recovery, which can be used for national companies to work in the territory affected by the war. These companies then increase their profits thanks to sufficient amounts of labour and thereby increase their income tax payment to the state budget.

**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. In most cases the expenditure on the purchase of material security for combat readiness of its own units, such as the purchase of weapons and weapon systems, wheeled and tracked vehicles, airplanes, helicopters and maritime technology covered by the budget of the State. Even in this situation, but of course, some exceptions may occur, which represents a particular system NAEW & CS (NATO Airborne Early Warning Control System). It is a system of tracking threats with the help of radar-equipped aircraft. This technology is procured from the budgets of operators, i.e. Member States. Militarily, however, these planes fall under the command of Commander of NATO, which is subordinated to that strategic command. For this reason, the common means of financing security, especially the common defence, airspace, restoration and reconstruction of communication systems, control systems and operational infrastructure. All these expenses must be approved by all member states of NATO.

Security of persons, ie salaries of military and civilian employees, is paid by the parent country

## 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. Outside the foreign operations of the Member States contribute primarily to secure the operation of the International Secretariat, International Military Staff and executive branches of the Military Committee. Illustrative example by financing activities may be spent on the Air Force early warning and control of NATO. These expenses are covered only those member countries which are involved in the program. Generally we can say, the Member States participating in the all expenses of the organization or system without distinction.

Shares of the cost of individual Member States are clearly defined in accordance with the formula given cost shares. These patterns clearly specify the obligation to contribute in the amount of the contribution. The beginnings of the formation of patterns can be dated back to the fifties of the 20th century, but has since undergone considerable modifications, mainly due to the newcomers States, so that the cost burden to be equally divided between all NATO countries.

## 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. For example, NATO civilian budget for 2012 amounted to 181,996,000,- euros. <sup>1</sup> This sums it contributed by Czech Republic from the Ministry of Foreign Affairs of 1.8 mil. CZK. <sup>2</sup>

## 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. The cost of operating and maintaining immovable infrastructure, however, are not covered by this part of the NATO budget, but part of the NATO Security Investment Program. The cost of the security of military personnel, however, the NATO military budget also

<sup>1</sup> Údaj o civilním rozpočtu NATO z roku 2012. [online]. [cit. 2014-01-28]. Dostupné z: [http://www.natoaktual.cz/struktura-nato-0g6-/na\\_zpravy.aspx?y=na\\_summit/strukturano.htm](http://www.natoaktual.cz/struktura-nato-0g6-/na_zpravy.aspx?y=na_summit/strukturano.htm).

<sup>2</sup> Příspěvek České republiky do civilního rozpočtu NATO v roce 2012. [online]. [cit. 2014-01-28]. Dostupné z: [http://zpravy.idnes.cz/miliony-do-rozpocetu-nato-0hz-/zpr\\_nato.aspx?c=A120502\\_125733\\_zpr\\_nato\\_inc](http://zpravy.idnes.cz/miliony-do-rozpocetu-nato-0hz-/zpr_nato.aspx?c=A120502_125733_zpr_nato_inc).

included, as security for persons proceeds of the chapters of the ministries of defence. In 2012, NATO's military budget amounted to the sum of 1,402,335,211, - Euros.<sup>3</sup> Czech Republic in 2012, the NATO military budget contributed € 385 mil. CZK.<sup>4</sup> Out of reimbursement, together accounting for about 45% of spending on foreign operations and sustain forces outside the Alliance, 30% of the cost of securing civilian personnel, 20% of normal operating expenses and 5% on capital construction.

Financial contributions from Member States to the budget of the Alliance not run one-off payments, but in several stages depending on the written request by the deadline, which sets the Alliance. For normal operation, this interval is set three times a year, for the security of foreign operations, then twice a year.

### **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. Security Investment Program NATO is implemented under the supervision of the Committee on infrastructure. Czech Republic in 2012 contributed to the Security Investment Programme sum of 176 mil. CZK.

### **Resource management**

In response to the growing need for more efficient use of funds occurred in the mid-nineties of the 20th century, the strengthening of the management structures of NATO, in particular through the creation of High Commission for resources and support for the development of functional files. The aim of this institute is 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. Given the scale of the demands on the financial resources of these files in the first phase value higher commission for resources, which is composed of representatives of the various nations, as well as representatives of the Military Committee and NATO headquarters, and not least of Committee Chairmen for the military budget, infrastructure and defence NATO personnel. In the second phase function files evaluates the North Atlantic Council.

Higher Commission for resources to defend a very important role, especially in the annual presentation of the approved medium-term plan and agreed resources of the North Atlantic Council. This document can be identified as crucial in relation to the management of financial resources as it adjusts the maximum financial and personal values for the following year and, together with the outlook for the next four years. The second major task of Higher Commission for resources is the

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<sup>3</sup> Údaj o vojenském rozpočtu NATO z roku 2012 [online]. [cit. 2014-01-28]. Dostupné z: zdroj: [http://www.natoaktual.cz/struktura-nato-0g6-/na\\_zpravy.aspx?y=na\\_summit/strukturanato.htm](http://www.natoaktual.cz/struktura-nato-0g6-/na_zpravy.aspx?y=na_summit/strukturanato.htm).

<sup>4</sup> Příspěvek České republiky do civilního rozpočtu NATO v roce 2012 [online]. [cit. 2014-01-28]. Dostupné z: [http://zpravy.idnes.cz/miliony-do-rozpocet-nato-0hz-/zpr\\_nato.aspx?c=A120502\\_125733\\_zpr\\_nato\\_inc](http://zpravy.idnes.cz/miliony-do-rozpocet-nato-0hz-/zpr_nato.aspx?c=A120502_125733_zpr_nato_inc).



preparation and submission of the annual report of the North Atlantic Council. This based on the results of the annual report checks the legitimacy and accuracy of the allocation of financial resources in accordance with sub needs and building on it responds to the development of new trends and concepts within the Alliance. The Commission has therefore primarily the role of the expenditures expected to NATO common budget.

### **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. It is therefore a certain boundaries that define the possibility of utilization of funds. Specific limitations may exist in many forms, from basic economic measures to freeze disbursement of funds. These restrictions vary depending on the development of the international environment changes and introduction of new organizational structures, tasks, etc.

Across the NATO no key governing body, which would perform its regulatory authority over all the main elements of the financial structure of the Alliance. The actual financial structure of the Alliance is composed of the following organs:

- International Secretariat (financed by the Civil Budget),
- International Military Staff (financed from the military budget),
- NATO Security Investment Programme,
- Specialized manufacturing and logistics organizations that are working under the applicable agreement or a resolution of the North Atlantic Treaty.

Financial management budgets, whether military or civilian, is different from financial management NATO Security Investment Program. For the possibility of financial management are handled by the Directive financial management NATO (NFR - NATO Financial Regulations), which approves the North Atlantic Treaty Council (NAC). Thus approved guidelines supplemented by specific rules and procedures constitute the basic document management and control funding. An important point is particularly the directive that every part of NATO must have its own budget in the currency of the host country in whose territory he has given part of their seat.

NATO budget is always made for a period of one year, i.e. fiscal year is the same as the calendar year. The actual creation and preparation of the budget then is supervised by the commander of the component is evaluated and reviewed. If not found any ambiguities or gaps occur subsequent approval through the Financial Controller (FC - Financial Controller) in accordance with the general conditions of the Military Budget Committee (MBC). This committee is composed of representatives of member countries and is approved by the North Atlantic Council. If that were not approved by the general common conditions before the start of the upcoming fiscal year progresses further by the

provisional budget. After approval of the budget may commander of NATO relevant parts of the funds handled by their intended purpose and use in accordance with the financial rules.

The possibility of utilization of appropriations is limited with the help of set hard limits in the financial guidelines. These limits may focus mainly on purchases of goods and services or carry out change management budget. Restrictions may then be in the form of the need for approval expenses responsible person. This is particularly relevant if necessary inducing new management, organizational change, etc. These limits then you cannot exceed.

### **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.

Performance of internal control provides financial controller. His attention in the performance of financial control are mainly focused on the exploitation and utilization of allocated funds and implementation of new rules in the process of disbursement of funds so that all operations are carried out in accordance with NATO standards and regulations. All spending is implemented in accordance with the financial regulations.

External audit is the second, while NATO supreme audit authority, and is represented by an independent International Board of Auditors for NATO (International Board of Auditors for NATO - IBAN). The role of the Council is to audit across the Alliance, and in relation to the management of funds, which have their origin in the common sources of the Alliance. Individual members of the Council are recruited and paid by the parent countries and are responsible only to the North Atlantic Council.

The third important control mechanism, internal audit is performed under the auspices of the Strategic Command, under whose auspices the work Inspection Department (Inspection Branch - IB). Conclusions Inspection departments are then processed into information messages for the Financial Controller. Once per calendar year is subsequently Information Report Inspection department presented the commander in chief of strategic forces in Europe.

## **2. 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:

- 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.
- 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**.<sup>5</sup>

The largest amount of foreign operations all over the world are going on right through the first point, therefore, within its own military budget of the country, which sends military force.

### 3. 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:**

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

#### **Extra budgetary resources:**

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

The funds that are used to protect deployed forces and resources in foreign operations, have their origin mainly in Budget Chapter 307 Ministry of Defence. It is therefore the funds allocated to the Ministry of Defence to ensure its activities. In the event that the realization of unexpected expenses associated with the deployment of Czech troops in the NATO operation abroad, these costs are

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<sup>5</sup> MUSIL, Petr. *Financování armády* (prezentace). Brno: Univerzita obrany, 2010.

covered by the government's budgetary reserve. This provision creates and manages the Ministry of Finance of the Czech Republic under Chapter 398 - General Treasury Administration. Use of funds is depending at the discretion of the government or the Minister of Finance, to the extent determined by the Government. It can therefore be concluded that the foreign operations of the Czech Republic are usually paid by budgetary resources.

In the event of a situation where the budgetary resources of the Czech Republic were not enough to cover the expenses of foreign operations would occur need to use the reserve fund. This fund is generated by the Ministry of Defence of unspent funds from previous years. This fund does not include unspent funds for the payment of wages and other entitlements.

Treasury bills are used only in the event that funds from the above-described methods of funding did not cover expenses related to foreign operations. These bills may be issued by the Ministry of Finance of the Czech Republic, at a maximum of 6% of the total expenditure of the state budget for the fiscal year. These vouchers are then redeemed Czech National Bank, which so in this way the government of the Czech Republic, the money that is then used to cover the deployment of forces and resources in foreign operations. If not even these bills were sufficient to cover the costs, the government will decide on bond program, thus spending bill on receipt of a bond. Bonds are issued after approval of the program by the Czech Parliament and subsequently by the Ministry of Finance of the Czech Republic.

#### **4. 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.

*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 (hereinafter forces and means "F&M MoD in foreign operations") financial competent (JOC MoD) provides appropriations for:*<sup>6</sup>

- a) *Transportation to and from foreign operations*
- b) *Promoting sustainability in the area of deployment,*
- c) *Support national security and SAP MO in the performance of operational tasks in foreign operations,*

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<sup>6</sup> Professional regulation for the drafting of the state budget and medium-term budget outlook Chapter 307 - Ministry of Defence, article 42 point. a).

- d) *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.*

**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

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

- ***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.*
- ***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.<sup>7</sup>*

The second economic principle can be described as problematic, taking into account the comparison with a standard banner with jurisdiction in the Czech Republic. In this case, the funds are calculated decentralized manner, i.e., the means to ensure the activities are calculated directly from stage battalion. In contrast, the means to ensure the activities of troops deployed in foreign operations calculated more central way through Joint Operation Centre of Ministry of Defence (JOC MoD).

## 6. Financial security of persons

The financial security of persons, i.e. payment of a special supplement in other than Czech currency, carried out in accordance with a resolution § 11, para. 3 of the Act no. 143/1992 Coll., on payment

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<sup>7</sup> KŘEMEN, Jiří. *Úkoly ekonomické služby v zahraničních misích, s konkrétním zaměřením na KFOR*. Diplomová práce. Brno: Univerzita obrany, 2009. Vedoucí práce Ing. Alojz Flachbart.

and remuneration for work readiness in budgetary and some other organizations and bodies which is enshrined as follows:

*"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. During the provision of this premium surcharge per employee is not entitled night work (§ 7), extra pay for work on Saturdays and Sundays (§ 8), pay and compensatory time off for overtime (§ 10), surcharge for split shifts (§ 11a), salary and compensatory time off for working on holidays (§ 14) and remuneration for work readiness (§ 19)."*<sup>8</sup>

The amount of extra charge other than the Czech currency subsequently modifies Order of Ministry of Defence no. 44/2006, internal salary regulation for professional soldiers, especially section 6, paragraph 17a and 17b. Paragraph 17 specifies the amount of the premium by individual rank categories, namely as follows:

*"A soldier who is exposed to a high risk of danger to life or health associated with the conduct of combat operations in the area of operations, the surcharge in other than Czech currency shall be as follows:*

*a) If it is included in the rank Corps:*

*- Crews and non-commissioned officers 2 100 USD,*

*- Warrant 2 600 USD,*

*- Junior officers 3 000 USD,*

*- Senior officers and generals 3 500 USD,*

*b) When subjected to the stress of combat and deployed on land containing:*

*- Serious health risks, the surcharge under paragraph.) Of this Article increase of up to \$ 700,*

*- By very serious health risks, the surcharge is increased up to 1 000 USD under paragraph a) of this Article."*<sup>9</sup>

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<sup>8</sup> Zákon č. 143/1992 Sb., §11 odst. 3, o platu a odměně za pracovní pohotovost v rozpočtových a v některých dalších organizacích a orgánech.

<sup>9</sup> RMO č. 44/2006, odst. 17a, vnitřní platový předpis pro vojáky z povolání.

In the event that at the point of use threatening risk to human life belongs to the soldier offset this threat, in the amount referred to in paragraph. 17b. The scope of this supplement is then determined as:

*"Depending on the degree of threat to life, the surcharge increases up to 3 000 USD for the soldier under Art. 17a of this order."*<sup>10</sup>

In accordance with the above before sending troops drawn Personnel orders - Allowances in other than the Czech currency, which carried authorities ACR securing financial backing of foreign operations, specifically the parent department posted units.

## **7. 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.

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.**

Now proceed to the characteristics of individual components, and move your tasks in relation to foreign operations in the Czech Republic meet.

**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.

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<sup>10</sup> RMO č. 44/2006, odst. 17b, vnitřní platový předpis pro vojáky z povolání.

**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

**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. Other targets can be seen in the logistic support of troops deployed in foreign countries, support for legal and financial services posted soldiers and last but not least is methodologically superior to financial institutions operating in a foreign operation. It is also responsible for the selection and preparation of forces earmarked for deployment outside the Czech Republic.

**The maternal military unit of posted units**, or commander of a cost center that soldiers in a foreign operation sends, is obliged using economic groups draw with that soldier Request for cashless method of payment of salary plus bonus in currencies other than Czech. This request is every member of the newly deployed units required to publish a bank account that will be sent cashless payment of wages and consequently the bank account number to be sent surcharge in other than Czech currency. The two bank accounts can be identical. In the event that a bank account is maintained at the soldier, but to another person, it is necessary that there be given the initials of the person who is the owner of the bank account. At this stage, it is extremely important to focus on readability and accuracy of data in order to subsequently avoid refund payments back to the payroll office FA. In the course of foreign operations may be the amount of cash advances in foreign currency to fluctuate based on change management consigned economic authority from the deployment area.

Commander soldier is obliged to notify in writing the grant of allowances in other than Czech currency before the start of secondment to the place of deployment.

Before departure, the economic cost center group prepared a document entitled Notice of initiation of payment surcharge in other than Czech currency. He is following the approval of the commander of the cost center passed on ensuring FA, namely the payroll office so that it is possible, in accordance with this document; initiate the payment formalities posted soldiers.



During the foreign operations of economic processes contingent substrate body for change management to pay, under which the economic department of the parent body adjusts the amount of cash advances provided at the point of deployment. The actual amount of the required deposit entered into squads of monthly changes in the PDM module and then generates payroll, after the approval of the commander of the cost center passes payroll office providing FA.

After returning soldier from foreign operations handles the economic bodies of the parent department notice of termination payment of extra charge. This document also approves the commander of the cost center, which sent troops to the operation, and subsequently transmits notification also on ensuring appropriate payroll section FA.

## Conclusion

In this topic, we have characterized North Atlantic Treaty as a whole, its organizational structure and documents, which commit the participation of allied troops in foreign operations with a focus on Czech legal documents. In the first part analyses the organizational structure the North Atlantic Treaty, its civilian and military part and briefly explains the main tasks of each sub-component. Furthermore, we explained the importance of the Washington Treaty and the Czech legal documents from constitutional law to the resolution. Characteristics in this area we consider very important in relation to understanding the relationship and interrelations between NATO and the Czech Republic. In conclusion, the current legal standards governing the deployment of foreign operations and their financial security are created in response to requests from the Alliance, its processing is transparent and clear, and can therefore be based on them clearly and correctly perform financial security.

In the following section, we characterize the system of financing the North Atlantic Treaty and also the financial security of Czech foreign operations under the auspices of NATO. We focused on the analysis of the principle of financing NATO. We took civilian and military budget Alliance, financial management, financial management and financial control. The basic aim was to highlight the fact that foreign operation under NATO command are not funded by the Alliance, but means that the Alliance's own, serves only to ensure its administrative operation.

Furthermore, we have focused our attention on the theoretical process of financing foreign operations under NATO command. It is based on internal rules and regulations that The relation Ministry of Defence of the Czech Republic and NATO operations govern. The whole process of financing foreign operations in subordination NATO is sorted from the beginning of the preparation of budgeting to ensure the forces and resources in foreign operations, over budgeting and economic principles that affect the formation of the budget, then through the financial security of persons sent to the foreign contingents to the authorities ACR that the financial security involved.

## **List of tasks for students:**

## **References and further reading:**

### **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:**

- KŘEMEN, Jiří. Úkoly ekonomické služby v zahraničních misích, s konkrétním zaměřením na KFOR. Diplomová práce. Brno: Univerzita obrany, 2009. Vedoucí práce Ing. Alojz Flachbart.
- Údaj o civilním rozpočtu NATO z roku 2012 [online]. [cit. 2014-01-28]. Dostupné z: [http://www.natoaktual.cz/struktura-nato-0g6-/na\\_zpravy.aspx?y=na\\_summit/struktur NATO](http://www.natoaktual.cz/struktura-nato-0g6-/na_zpravy.aspx?y=na_summit/struktur NATO).
- Údaj o vojenském rozpočtu NATO z roku 2012[online]. [cit. 2014-01-28]. Dostupné z: [http://www.natoaktual.cz/struktura-nato-0g6-/na\\_zpravy.aspx?y=na\\_summit/struktur NATO](http://www.natoaktual.cz/struktura-nato-0g6-/na_zpravy.aspx?y=na_summit/struktur NATO).