

MILITARY ECONOMIC BRANCHES IN THE LOGISTIC MILITARY SYSTEM - HISTORICAL APPROACH

OLEJARZ Tadeusz¹, GAZDA Andrzej², ŻYCZYŃSKI Norbert³

¹*Faculty of Management, Rzeszow University of Technology, Poland, EU,*

¹olejarz@prz.edu.pl, ²agazda@prz.edu.pl

³*Commit Polska, Rzeszow, Poland, EU,*

info@zyczynski.com

Abstract

Military Economic Branches are special budgetary units, third category beneficiaries of budgetary funds, established in order to perform financial and economic tasks for military units located within a single or several garrisons. Their organisational structure allows to fulfil the tasks related with securing current operating activities within the garrison. The essential criterion of functioning of a Military Economic Branch is effective fulfilment of tasks in order to maintain the required combat and mobilisation readiness of the secured military units.

Keywords: Logistics, logistic system, Military Economic Branches

1. INTRODUCTION

The issue of proper functioning of units within garrisons and excess of financial and logistic work to be done by operating unit commanders was analysed in 1998 in the course of the works related with the "Garrison" experiment, and also later, in relation with the "Garrison 2000" experiment. The works aiming at optimising the economy in this field had been scheduled for continuation in 2001, whereas the practical continuation took place at the beginning of 2002. However, in the same year 2002, the experiment works were discontinued, mainly due to failure to reach uniform views and opinions concerning the role and the rules of garrison functioning within the structures of the Polish Armed Forces, and also due to the fact that it had been concluded that it was impossible to create a body performing expected tasks without the necessity of additional employment. Another reason was the lack of any clear and credible cost estimates of the introduction of new solutions.

The issues described above, originating from the "Concept of changes in the Polish Armed Forces" developed in June 2000, have also contributed to the modification of the organisational and functional section of the Polish Armed Forces logistic system.

Between 2002 and 2004, practical fulfilment of the major aspects of the described issues was done at the level of Types of Armed Forces. The Air Force and Navy started to concentrate financial and economic tasks in stationary logistic units (Air Bases, Naval Port Commands), while the Land Forces started an experiment with centralising the purchase of food resources by the 2nd District Materials Base in Wałcz. At the national level, a centralised purchase planning system implemented by the P4 General Logistics Management of the Polish General Staff began to operate, with the purchase plans fulfilled by the Military Property Agency.

These actions have not resulted in the expected releasing of military units commanders from fulfilling financial and economic tasks, which led to raising that issue during the official meeting of the Leaders of the Ministry of National Defence held on 31 March 2003, during which the Minister of National Defence ordered to take immediate systemic actions in order to minimise the scope of competences of military units commanders related to the said tasks.

The concept works aiming at development of systemic solutions to release military units commanders from fulfilling financial and economic tasks have been performed by various organisational units of the Ministry of National Defence, as well as subordinated units and institutions. On 17 November 2003, during the meeting of the Commanders of the Polish Armed Forces, the concepts developed by the Budgetary Department and the P4 General Logistics Management were discussed. According to the order of the Minister of National Defence, the Budgetary Department of the Ministry of National Defence, in cooperation with the P4 General Logistics Management, has developed a project of a regulation of the Minister of National Defence concerning the separation of the financial and economic functions and the operating and training functions in budgetary military units. However, the regulation has not been supported. Thus, the P4 General Logistics Management has drawn up a draft resolution of the Minister of National Defence concerning the appointment of the Ministerial Team working on development of the “Concept of separation of the financial and economic functions and the operating and training functions in budgetary military units”, finally approved on 18 April 2005. On the same day, the Minister of National Defence appointed the Team as follows [1]:

- 1) Chairman - Deputy Head of the P4 General Logistics Management,
- 2) Vice-Chairman - Deputy Head of the Budgetary Department,
- 3) Vice-Chairman - Deputy Head of the General Strategic Planning Management - P5,
- 4) Head of the Administrative Office - Head of the Logistic Planning Board of the P4 General Logistics Management,
- 5) Administrative Office - 5 persons appointed by the Head of the P4 General Logistics Management,
- 6) Team members - representatives of;
 - the Head of the Budgetary Department,
 - the Head of the Infrastructure Department,
 - the Head of the Control Department,
 - the Head of the Administrative Department,
 - the Head of the P1 General Human Resources Management,
 - the Head of the P2 General Military Intelligence Management,
 - the Head of the P3 General Operating Management,
 - the Head of the P5 General Strategic Planning Management,
 - the Head of the P6 General Command and Communication Management,
 - the Head of the P7 General Support Management,
 - the Head of the Military Health Service Board,
 - the Land Forces Commander,
 - the Air Force Commander,
 - the Navy Commander,
 - the Warsaw Garrison Commander,
 - the Head of the Military Information Services,
 - the Chief Commander of the Military Gendarmerie,
 - the Chief Commander of the National Defence University of Warsaw.

The “Concept of separation of the financial and economic functions and the operating and training functions in budgetary military units” was scheduled for 15 September 2005.

It must also be mentioned that on 13 May 2005, during the meeting of the Commanders of the Polish Armed Forces, one of the topics discussed concerned the “Concept of functioning of logistics within the Ministry of National Defence”. That concept envisaged implementation of a “pilot programme” in chosen garrisons. The programme encompassed organisational and competence changes in budgetary military units, aiming at creation of specialised military units that could perform the financial and economic (logistic) tasks within the garrison, as one of the fields of their activity.

The work of the Ministerial Team resulted in drawing up the “General concept of separation of the financial and economic functions and the operating and training functions in budgetary military units“ in 2005, that had been consulted at the Ministry of National Defence and presented to the Chief of the General Staff of the Polish Armed Forces. In September 2005, the concept was approved by the leaders of the General Staff of the Polish Armed Forces.

According to the assumptions of the “General concept ...“, implementation of the envisaged changes should have been preceded by a “pilot programme“ that would provide clear explanations to a number of issues concerning the scope and the form of fulfilment of the planned goals. Additionally, the presented concept envisaged the commencement of the process of “grassroots“ formation of the logistic system structures.

According to the assumptions of the “Logistic system development plan for 2005-2010“, the schedule of implementation of the “Concept of separation of the financial and economic functions and the operating and training functions in budgetary military units“ was coordinated with the “Schedule of modification of logistics functioning at the Ministry of National Defence“.

In the course of development of the concept it has been agreed that the scope of tasks to be implemented, as well as the consequent division of competences at the leadership and the operating levels, should be preceded by bounding decisions concerning the future systemic solutions for:

- the system of management of the Armed Forces,
- the target structure of the Armed Forces,
- the role and the position of the Ministry of National Defence,
- planning and deciding on the use of funds,
- the scope of implementation of the “Concept of functioning of Logistics in National Defence“.

2. FINANCIAL AND LOGISTIC SYSTEM OF THE MINISTRY OF NATIONAL DEFENCE BEFORE THE INTRODUCTION OF THE NEW SYSTEM

A three-tier budgetary funds management system had been functioning at the Ministry of National Defence [2]. It had been more related with using the budgetary funds rather than the with the system of budgetary planning. There had been no obligation for the budgetary planning system to be based on the three-tier system of beneficiaries, so it could have a different structure. Existence of quite different systems had been acceptable, so as budgetary planning and budget execution.

The major beneficiary was the Minister of National Defence, while the group of second-degree budgetary funds beneficiaries included: commanders of Armed Forces branches, Warsaw Garrison commander and the Chief Commander of the Military Gendarmerie. The group of third-degree budgetary funds beneficiaries appointed by the Minister of National Defence included: commander of Military Unit No. 2305, heads of military pension offices, heads of district (Warsaw, Military) infrastructure boards, heads of airfield divisions, head of the Communication Investment Office, head of the budgetary unit of NATO investments. The management of the third-degree budgetary funds for the units of the Ministry of National Defence had been carried out by the Manager of the Administration Department. Financial and accounting services had been performed by the Manager of the Budgetary Department.

Additionally, the second-degree budgetary funds beneficiaries had appointed around 220 subordinated third-degree budgetary funds beneficiaries.

It must also be pointed out that appointing a third-degree budgetary funds beneficiary was not synonymous with ordering fulfilment of logistic support tasks.

In the context of logistic support, the concept of Economic Division, that had been in use before the changes, had been practically performed by ordering logistic support tasks to various military units constituting third-

degree budgetary funds beneficiaries and performing the tasks assigned to the commanders of Armed Forces branches, Warsaw Garrison commander and the Chief Commander of the Military Gendarmerie by the decisions of the Minister of National Defence or the orders of the Chief of the General Staff of the Polish Armed Forces. In that system, not all units fulfilled the entire scope of the logistic support. It had been a common practice that certain units were assigned tasks only within specific areas of support. As a result, the recipients had been cooperating with many units in order to receive comprehensive services.

Additionally, central and long-term supplies purchased by the Military Property Agency had been distributed mainly by District Materials Bases to all second-degree budgetary funds beneficiaries. In the Land Forces, current supplies had been purchased mainly by District Materials Bases as well as other budgetary military units of the Land Forces, while in the Air Force and Navy, these tasks had been carried out by the Air Force Materials and Technical Bases as well as Air Bases and Navy Stores as well as Naval Port Commands, respectively.

The systems of financial and logistic support functioning within the Polish Armed Forces had not been coherent. The systems had not been synchronised at the level of the second-degree budgetary funds beneficiaries, appointing the third-degree budgetary funds beneficiaries, and their capabilities in providing logistic support had not been analysed.

At the central level, coordinating actions had not been fulfilled in the required scope, which resulted in discrepancies in finances and logistic supplies in garrisons with units of different branches of the Armed Forces. In order to sanction that, garrisons had been established within the Polish Armed Forces, causing an artificial division of towns and districts (e.g. Dęblin and Dęblin Twierdza garrisons). Additionally, financial and economic tasks has also been assigned to high readiness units as well as the units appointed to perform tasks abroad. Creating internal bodies within those units, appointed to perform financial and logistic services in places of permanent dislocation, had been only an organisational move, that in practice would not release commanders from performing these tasks.

Separate financing and logistic support systems had been functioning within the garrisons (separate for each Branch of the Armed Forces), not corresponding to the principles of the military units. Because of that, financial and logistic tasks had been assigned to high readiness units, which made the system of financial and logistic support inconsistent (single unit supplied from multiple sources).

The major drawbacks of the previous financial and logistic support system of the Polish Armed Forces included:

- lack of central integration of independent subsystems (financial and logistic) created by the second-degree budgetary funds beneficiaries,
- crossing the lines of financial and logistic support by second-degree budgetary funds beneficiaries,
- appointing third-degree budgetary funds beneficiaries that was not synonymous with providing comprehensive logistic support,
- functioning of multiple budgetary military units within a single garrison - being third-degree budgetary funds beneficiaries appointed by a single second-degree budgetary funds beneficiary,
- assigning financial and economic tasks to high readiness units.

3. PURPOSE OF CHANGES - CREATING MILITARY ECONOMIC BRANCHES

The purpose of the “Concept of separation of the financial and economic functions and the operating and training functions in budgetary military units” was to indicate organisational, legal and competence-related solutions that would enable to release unit commanders from performing financial and economic tasks in a rational way, not depraving them of their influence on setting the priorities in providing logistic and financial supplies to the military units [3].

It has been assumed that the developed solutions would reflect the directions of changes within the logistic system approved by the Minister of National Defence, resulting from the “Concept of functioning of logistics within the Ministry of National Defence”.

The target model of functioning of the financial and logistic support system at the lowest levels should reflect the outcomes of the Strategic Defence Review and relevant conclusions. The assumptions of the described “Concept ...” have been reflected in the provisions of the “Polish Armed Forces Development Programme for 2007-2012”.

Irrespective of the actions to be taken in future, the essential goals of implementation of the described “Concept ...” shall include:

- reorganisation of the structures of the current tactical military forces support system,
- including garrisons in the district system of logistic support,
- rationalisation of use of the logistic potential,
- savings made through reduction of costs of the financial and logistic service of military units in the garrison,
- forming the structures ensuring flexibility in conditions of intensified operating activity and continuity of operation in garrisons during the crisis or war,
- improving the quality of logistic service through professionalisation.

The idea of introducing certain changes in the existing system of financial and logistic support as well as the general support of current activities in military units was backed by the operating and training requirements related with ensuring most favourable conditions for combat forces to reach combat readiness and capability to fulfil their tasks. Another arguments were economic considerations.

The tasks were supposed to be completed by appointing a special military unit (Military Economic Branch) within the organisational structures. It could be formed (has been formed) by reforming the existing unit or forming a new structure. The major purpose of this unit is to perform financial and logistic services for operating units assigned for supplies [4].

The presented role of the Military Economic Branches results from the changes introduced to the logistic system of the Ministry of National Defence. As a consequence of these changes, the Military Economic Branch, being the direct support unit subordinated to the District Logistics Base (RLog), verifies requirement and provides support and services for military units, performing the tasks within the district supply system [5].

The essence of the Military Economic Branch activity is [6]:

- to ensure logistic and financial support using the separate special military units (Military Economic Branches),
- to organise economic supplies in line with the national coordination, consistent in terms of budget and fulfilment of logistic tasks in garrisons,
- to create a uniform support system, common for all types of Military Forces (also Military Gendarmerie and the Warsaw Garrison Command), providing services for all military units dislocated within a given garrison.

The “Concept of separation of the financial and economic functions and the operating and training functions in budgetary military units” was implemented in stages [7], and by the end of 2007, organisational activities have been conducted, related with drawing up the organisation and employment documentation and forming Military Economic Branches in chosen garrisons [8].

Between 2008 and 2010, a “pilot programme” [9] was conducted in selected garrisons. It was the basis to formulate the assumptions for the target model of the proposed solutions. The pilot programme has been conducted by four newly appointed Military Economic Branches, located in Wrocław, Dęblin, Gliwice and

Ustka. The feedback was positive [10]. On these grounds, the Ministry of National Defence decided to commence the 1st stage of the logistics reform, as a result of which 14 Military Economic Branches started their activity on 1st January 2012 [11].

In the following years, the appointed Military Economic Branches became fully capable and assumed all the tasks in providing support to the military units within the garrison. Currently there are 23 Military Economic Branches operating within the Polish Armed Forces, subordinated to the commanders of the District Logistic Bases (4 bases). There are also 13 units performing the functions of Military Economic Branches.

4. CONCLUSION

The Military Economic Branches have a clearly defined scope of tasks and competences, concerning their function in peace conditions, as well as during the crisis and war. They are subordinated to specific bodies, have defined organisational structures and employment as well as assigned funds. The competences of the commander of a Military Economic Branch include planning and fulfilment of budget as well as providing general support. The essential criterion of functioning of a Military Economic Branch is effective fulfilment of tasks aimed at maintaining the required combat and mobilisation readiness of the supported forces.

The implementation of the concept has resulted in significant changes in the tasks previously performed by military units, which in turn has led to the change in providing financial and logistic support in garrisons.

The supply system has simplified fulfilment of financial and logistic tasks, eliminating excessive economic, financial and administrative work to be done within the garrison. It has also contributed to the flexibility of planning and fulfilling dislocation and organisational goals (including the change of headquarters, range and amount of garrisons).

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