

## SHORT CONSIDERATIONS ON THE INTEGRATED DEFENSE PROCUREMENT MANAGEMENT SYSTEM OF ROMANIA

Ioan Gabriel POPA, Leontin STANCIU

“Nicolae Bălcescu” Land Forces Academy, Sibiu, Romania,  
popaigabi@yahoo.com, leontinstanciu@yahoo.com

**Abstract:** *In the current context and along with the emergence and implementation of the Government Emergency Ordinance no. 114/2011 regarding the award of certain public contracts in the fields of defense and security, ordinance imposing the mandatory application of art. 288 of the Treaty on the Functioning of the European Union concerning the transposition of the Union’s directives, both purchases of products, works and services and the purchase of military products are regulated. In order to implement this ordinance, the MoD is “asked” to rethink the whole system of defense procurement. In my opinion, the current Integrated Defense Procurement Management System (IDAMS) consists of Technical-Operational Requirements System, Planning, Programming, Budgeting and Evaluation System, and Integrated Procurement Management System even if it has introduced a series of instructions, policies, principles and procedures based on defense procurements and respond only partially to the current reality specifically referring to the purchase of arms and ammunition from their own production and less to their procurement from external suppliers. For this reason, we believe that IDAMS must be known and understood, which is exactly what the article below intends to do, and ultimately, this system should be changed, the by amending general and specific legislation.*

**Keywords:** Integrated Defense Procurement Management System (IDAMS)

### 1.Introduction

Since 1998, the Armaments Department (AD), which oversees the coordination of the procurement policies in the Ministry of Defense, as the regulatory authority in the field, has initiated the implementation of an ongoing procurement system called *Integrated Defense Procurement Management System (IDPMS)*.

Although IDPMS was further developed in 1999 and 2000, from the very beginning this system was intended to become a modern one, adaptable to changes in policy and doctrine, using on the one hand procurement management programs, according to procurement categories, excluding the possibility that one person have control over the process and, on the other hand, by working closely with program directors, based on projects and

programs, with integrated teams and a multi-annual projection for the financing of these programs.

IDPMS introduced a series of instructions, policies, principles and procedures based on [1]:

- Assigning key responsibilities on major decisions concerning the establishment of requirements, allocation of funds and program management;
- Respecting the principle that there is no procurement program without the existence of an approved requirement, without full providing of resources and without an procurement strategy which a program director is in charge of;
- Managing the program on work teams whose members have clear responsibilities;

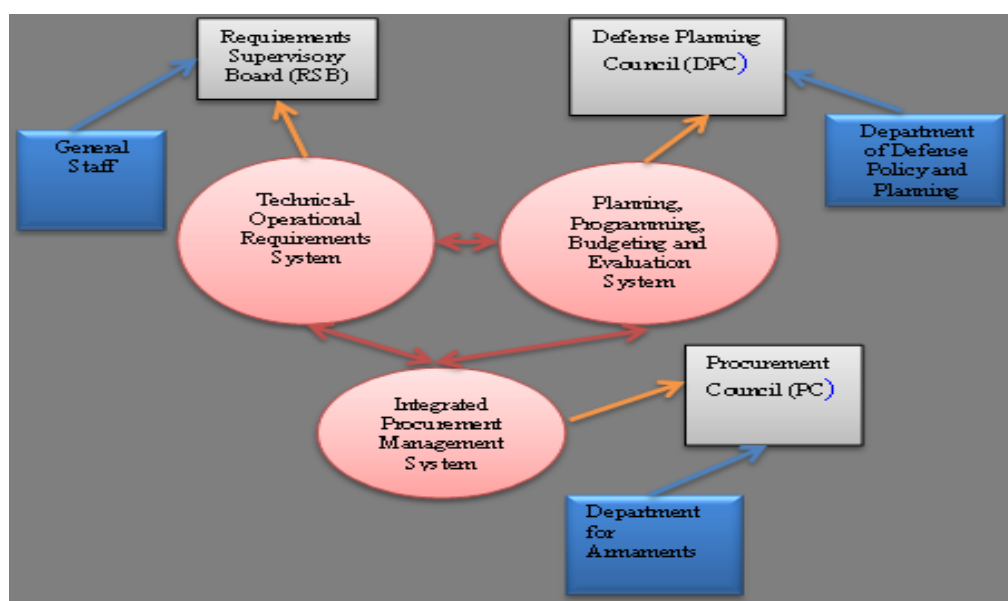
- Reaching consensus between the technical, the contracting authority and the financial authority in the procurement process;
- Achieving an alignment between the allocated resources and the real need for the ongoing defense procurement programs;
- Analyzing several feasible options before starting a procurement program;
- Structuring distinct phases of the process, the transition from one phase to the other being the decision-making parameters;
- Reducing the cost and risk to be analyzed at each decision point;
- The procurement contract must consider a fair negotiation and an equitable sharing of the risk between the MoD and the manufacturer, ensuring an offset package for the benefit to the benefit of the domestic industry;
- Assigning the execution of programs based on competition;
- Costs, implementation schedule, performance parameters will be established at the beginning of the procurement program, after which they

will be evaluated and adjusted during the development of the program.

Currently, IDAPMS main target is to achieve a favorable organizational framework in order to improve and boost the procurement processes, by corroborating all regulations on the integrated functioning of the following three components within the system:

1. The issuance of technical-operational requirements, coordinated by the General Staff, through the Requirements Supervisory Board (RSB) as a decision-making authority for this system;
2. The Planning, Programming, Budgeting and Evaluation System, coordinated by the Department of Defense Policy and Planning, through the Defense Planning Council (DPC) as a decision-making authority for this system;
3. The integrated procurement program management system, coordinated by the Department for Armaments, through the Procurement Council (PC) as a decision-making authority for this system;

The following chart presents the three elements of IDPMS along with the structures that it coordinates and with the decision-making authorities of the system:



*Figure no.1: Integrated Defense Procurement System of Romania*

In the following part, we will present an analysis of each component of the IDPMS.

## **2. Technical-Operational Requirements System (TORS)**

The main responsible for assessing military requirements for the procurement programs of combat equipment and for the representation of the commanders of the subordinated structures regarding the operational requirements they require by them is the Chief of the General Staff. In order to execute these responsibilities the Requirements Supervisory Board (RSB) was created, as decision-making authority for TORS, consisting of: Deputy Chief of the General Staff; Deputy for Operations and Training of the General Staff; Resources Deputy Chief of the General Staff; Deputy Chief of Armaments; Deputy Director General of the Defense Intelligence General Directorate; Deputy Chief of Land Forces Staff, Deputy Chief of Air Force Staff; Deputy Chief of Navy Staff; Chief of Staff of the Joint Logistics Command; Integrated Defense Planning Director, Head of Personnel and Mobilization Department; Head of Operations; Head of Logistics; Head of Strategic Planning; Head of Communications and Information; Head of the Training and Doctrine; Head of Planning and Endowment Structure.

Within the MoD the responsibilities of TORS are [2]:

- designing DNM (The Document needs Mission) and ORD (Operational Requirements Document) ;
- validating and approving DNM and ORD and updating them periodically;
- establishing priorities in the procurement and programs and in the purchases that are not part of the program.

We must emphasize that within the MoD (Ministry of Defense), the process of issuing requests is a unitary process and issuing these requests will consist of the following four distinct phases [3]: *defining, editing, validation and approval*.

These four phases are the responsibility of RSB and cover:

1) definition: it is the step that generates the requests and justifies the initial needs required to fulfill a mission in order to

compensate for a missing operational capability or to exploit a technological opportunity;

2) editing: it is the phase of the project which includes the formal preparation of the DNM. DNM must be endorsed by certain components of the MoD and by any other appropriate bodies involved, before sending it to the operational validation authority;

3) validation: it is the process of formal verification of a document by an operational authority other than the user, as to confirm the identified needs and / or the operational requirements;

4) approval: it certifies that DNM and ORD have undergone the preparation process and represents the official approval of the needs of the identified mission and of the operational capabilities described in the documents.

DNM basically aims at:

- ❖ establishing a new operational capability;
- ❖ improving the existing operational capabilities;
- ❖ obtaining new capabilities at lower costs and with improved performance.

In developing the DNM, following procedures must be followed:

1) Identifying needs and opportunities: it is a continuous process which normally starts with an analysis of the current national security policy, of the military strategy, of the national defense doctrine and of the anticipated threats.

2) Evaluating intangible alternatives (not involving combat technique): once the needs for the mission have been identified, it will be analyzed in order to establish whether it can be satisfied by changes in doctrine, operational concepts, tactics, training and organization;

3) Editing the DNM: if the needs of the mission require a material solution (which involves combat technique) and a defense acquisition program needs to be started, the MoD component will have to develop a DNM;

4) Validating and approving the DNM: the validation confirms the existence of a mission need and the fact that it can not be satisfied by an intangible a solution, while the approval represent an official certificate confirming that the validation process is complete, and the need has been motivated;  
 9) Analyzing the potential common use: the General Staff, the Staffs of the Army and MoD bodies (other than major staffs) will examine the common applicability of each DNM common before the “decision point 0”;

10) Appointing the coordinating MoD component: RSB designates a coordinating MoD component for the joint programs.

ORD will establish target values and threshold values (minimum acceptable) for the overall parameters that describe the capabilities of the system and the characteristics of the proposed concepts. ORD should be developed at an appropriate level, in order to describe the concept and its transmission to the point of decision, with the overall objectives and minimum acceptable requirements.

### **3. The Integrated Procurement Programs Management System (IPPMS)**

IDPMS is coordinated by the Armaments Department, the Procurement Council (PC) as a decision-making authority for this system. This system comprises unitary instructions, standards and procedures using the management of the procurement programs, according to procurement categories.

In what concerns IDPMS, the procurement process should be structured in phases, each phase being separated by some control points called decision points, where each competent authority decides the transition from one phase to another. A starting point in developing the procurement process is to identify the existing needs of the forces in order to fulfill the entrusted tasks. The competent authorities involved in the initial decision-making of procurement process must take into account:

- a) threats;
- b) performance;

- c) development and production costs;
- d) costs during exploitation;
- e) interoperability;
- f) cost / performance ratio;
- g) the strategy of resource insurance in the procurement process;
- h) constraints and risks.

Within IDPMS, the acquisitions are classified according to their complexity, value, destination and size, and are divided into:

a) Acquisition category 1 - AC-1 (AC-1C): includes procurement of weapon systems and defense equipment, the expenditure for research - development and testing – and evaluation are estimated at over 10 million Euro, and production, procurement and installation costs, including the infrastructure and logistics, are estimated at 50 million Euro, and the purchases of computer systems for which the annual costs are estimated at over 1 million Euro, total costs over 20 million, and the expenses for maintenance and exploitation are valued at more than 6 million Euro;

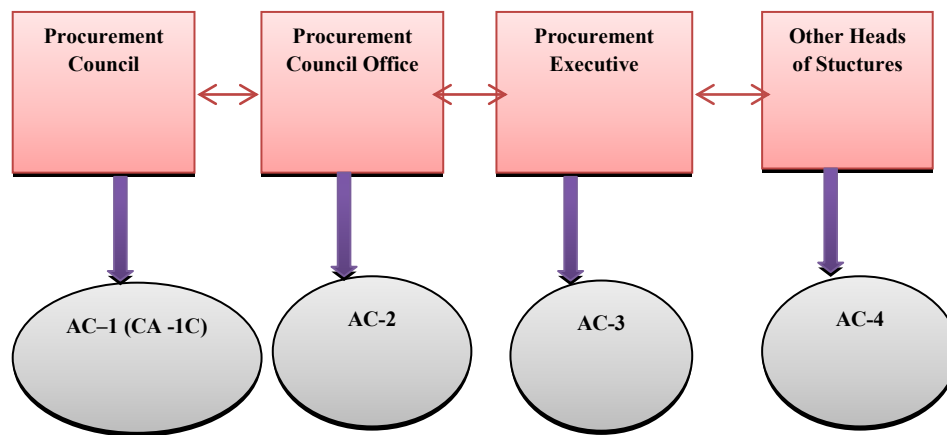
b) Acquisition Category 2 - AC-2: includes acquisitions for which the research - development and testing – and evaluation costs are evaluated at 5-10 million Euro, and the expenses for production, procurement and installation of infrastructure and logistics are evaluated under 25-50 million Euro;

c) Acquisition Category 3 - AC-3: includes acquisitions for which the research - development and testing – and evaluation costs are evaluated under 5 million Euro, while the expenses for production, procurement and installation of infrastructure and logistics are evaluated under 25 million Euro;

d) Acquisition Category 4 - AC-4: includes military equipment, materials, and spare parts which do not meet the criteria for classification in AC-1 (AC-1C), AC-2 and AC-3.

The main *Decision-Making Authorities* invested take action and issue provisions, to approve documents and to make decisions in the process of procurement management

according to procurement categories are shown in the following chart.



*Figure no.2: The correlation between decision-making authorities with acquisition categories in IDPM*

#### **4. Planning, Programming, Budgeting and Evaluation System (PPBES)**

PPBES is coordinated by the Department of Defense Policy and Planning, through the Defense Planning Council (PC) as a decision-making authority for this system.

The implemented Romanian system of planning, programming, budgeting and evaluation, pursues the following general areas of action: (1) identifying the military forces and capabilities necessary to determine the period and the way in which they will be obtained, as well as the costs, providing the real possibility to achieve the proposed objectives, allocating the necessary funds to fulfill them; (2) ensuring the efficient use of the allocated resources; (3) demonstrating the Parliament and the citizens that public money allocated to defense are spent correctly and efficiently. The system for planning, programming, budgeting and evaluation of forces, activities and resources in the Ministry of Defense is a set of measures and actions that determine, establish, follow and evaluate the activities carried out for the creation, training and modernization of the military structures, in relation to the mission they are tasked with by the constitutional decision-making bodies of the country and according to the available resources. The functioning of the system

assumes an interactive and continuous collaboration between all structures involved, the activities being carried out cyclically, in distinct, interdependent stages: planning, programming, budgeting and evaluation. The management of defense resources should be transparent and done through the collaboration of all responsible structures, requiring staffing with an adequate number of qualified personnel that is trained and aware of its role within the PPBES.

It is also essential to respect the schedule of PPBES activities, because failure to comply with the timetable leads to shortening the upcoming phases (the analysis and the revision of programs being the most affected).

For the proper operation of PPBES, it is essential to improve the capacity to analyze costs and to achieve interrelation between the phases and cycles of the system.

The Planning, Programming, Budgeting and Evaluation System is not a cure for the fulfillment of all military objectives, but it is a process that provides the necessary tools needed in order to take realistic decisions in allocating human, material and financial resources in an objective and transparent manner, according to international requirements.

#### **5.Conclusions**

The three systems TORS, IPPMS and PPBES, briefly analyzed here, are logically connected and interact, generating the initiation, development and updating of the procurement programs, according to the objectives of the establishment, modernization and preparation program of the Ministry of Defense.

If in the case of TORS, through the Requirements Supervisory Board, DNM and ORD are validated and approved, PPBES, through the Defense Planning Board, approves the Defense Planning

Directive, establishing programs of modernization and training of the National Defense Ministry, the annual modernization and training plans of the Ministry of Defense, the annual budget draft of the Ministry of National Defense as well as the reports on the progress of the programs of formation, modernization and training of the Ministry of Defense, while IPPMS, through the Procurement Council, approves the documents concerning the procurement programs.

### References

- [1] [http://www.dpa.ro/despre/sistemul-integrat-de-management-al-achizitiilor-pentru - aparare/prezentare-generală](http://www.dpa.ro/despre/sistemul-integrat-de-management-al-achizitiilor-pentru-aparare/prezentare-generală);
- [2] Annex 1 to the Instruction 1000.3 concerning *the interaction between the requirements issue system and the defense procurement management system for planning, programming, budgeting and evaluation*.
- [3] INSTRUCTION 1000.1-01 for the issue of requirements
- [4] INSTRUCTION 1000.2 - 01- concerning the defense procurement management