

**MINISTRY OF NATIONAL DEFENCE
BUDGETARY DEPARTMENT**



**BASIC INFORMATION
on THE MoND BUDGET
for 2007**

Warsaw 2007

INTRODUCTION

This publication provides the basic information on the national budget and defence expenditures in the year 2007.

The presentation includes macroeconomic indicators, defence priorities and overall defence expenditures, Ministry of National Defence (MoND) budget allocations, main cost categories breakdown, off budget resources, manpower and comparisons to some NATO averages.

The 2007 defence expenses will be spent on NATO Goals and Long Term Requirement implementation, on training and equipping to forces assigned to the missions led by NATO, EU and UN and coalition, on counterterrorism fighting, on preparation to the NATO mission in Afghanistan, on new armament and equipment, on ground surveillance system and on early warning system and as well on the other MoND tasks and missions.

To fulfill scheduled defence tasks and missions Poland has allocated to defence expenditures 20,202.0 millions zloty (MPLN). Within that amount MPLN 20,156.0 was allocated to Ministry of National Defence and MPLN 46.0 to the other ministries for non-military defence preparations.

The 2007 defence expenditure ceiling has been established according to formula defined in the act dated 25 May 2001 on restructuring, modernization and financing of Polish Armed Forces. It means that the defence appropriations are not less than 1.95% of the Gross Domestic Product (GDP) of the year 2006.

Additionally for the implementation of the F-16 aircraft procurement program the amount of MPLN 1,376.9 has been allocated.

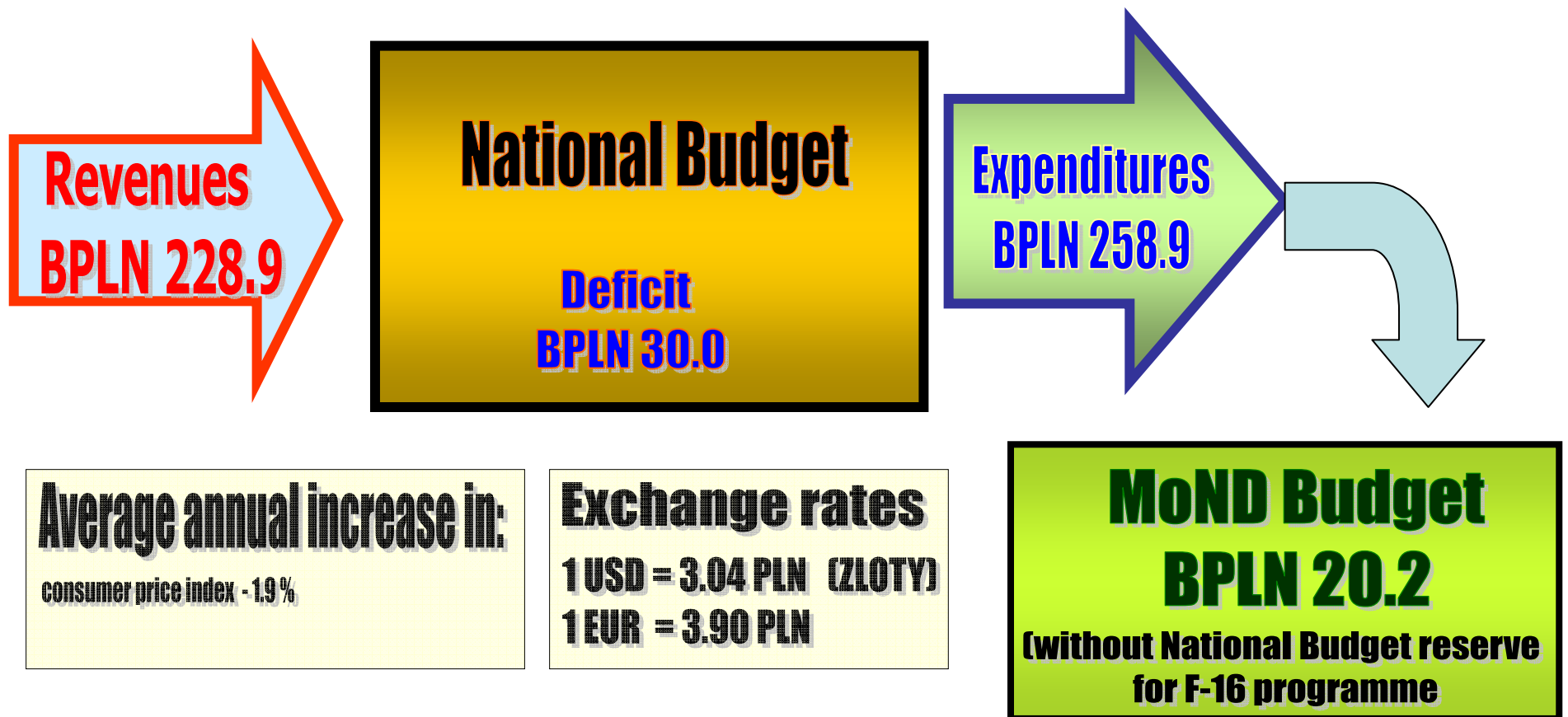
What more, MoND also expects to strengthen modernization process of the armed forces by collecting some off budget resources (domestic and foreign), which are detailed farther on.

Regardless of many positive trends in the budget, all the armed forces needs will not be fulfilled. Despite real increase of defence expenditures and many MoND efforts to get good value for money the Polish Armed Forces still needs more resources to be allocated to military training. For the time being training intensity differs and depends on unit's assignment.

MoND hopes that Polish economy will be still growing what in consequence allows Poland to make bigger appropriations to the defence tasks and missions.

BASIC MACROECONOMIC INDICATORS 2007

Gross Domestic Product - BPLN 1,099.7



TOTAL NATIONAL DEFENCE EFFORT

Defence expenditures - MPLN 20,202

(1.95% GDP 2006 - BPLN 1.036)

MoND expenditures - part 29 - MPLN 20,156.0

other ministries defence expenditures

MPLN 46.0

F-16 programme

- MPLN 1,376.9

TOTAL - MPLN 21,578.9

Average annual increase - 10.5 %

ADDITIONAL FINANCIAL RESOURCES

domestic

MPLN 193.6

- Armed Forces Modernisation Fund MPLN 62.7
- Revenues from defence sector privatisation MPLN 9.8
- Defence research in Ministry of Education and Science MPLN 121.0

foreign

MPLN 430,9

- NSIP (NATO SECURITY INVESTMENT PROGRAMME) MPLN 333.1
- FMF (FOREIGN MILITARY FINANCING – USA PROGRAMME) MPLN 91.2
- IMET (INTERNATIONAL MILITARY EDUCATION AND TRAINING) MPLN 6.1
- CTFP (COUNTER TERRORISM FELLOWSHIP PROGRAM) MPLN 0.5

TOTAL

MPLN 624.5

DEFENCE EXPENDITURES PRIORITIES

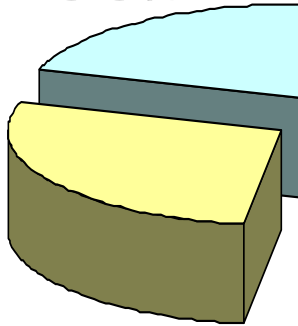
The 2007 defence expenses will be spent on:

- ✓ NATO Goals and Long Term Requirement implementation
- ✓ training and equipping to forces assigned to the missions leaded by NATO, EU and UN and coalition
- ✓ counterterrorism fighting, and on preparation to the NATO mission in Afganistan
- ✓ new armament and equipment
- ✓ ground surveillance system and on early warning system

MAIN COST CATEGORIES BREAKDOWN 2006 - 2007

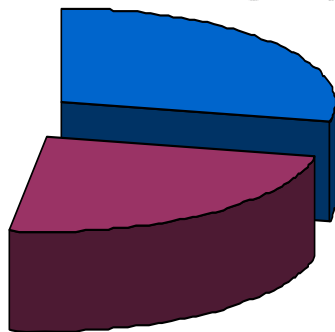
2006

Investments
20.0%



27.8%
**Operating,
maintenance
and training**

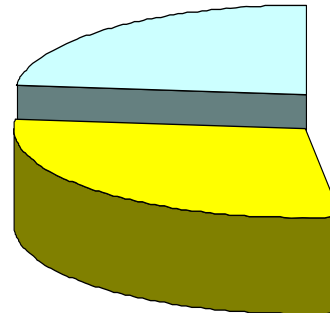
Personnel
28.2%



24.0%
Pensions

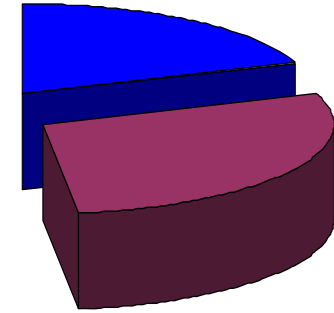
2007

Investments
23.3%



28.0%
**Operating,
maintenance
and training**

Personnel
26.7%



22.0%
Pensions

STRUCTURE OF MoND BUDGET IN SECTIONS

(thousands PLN)

Part	Section	Plan 2006	Structure	
TOTAL BUDGET		20,249,330	100.00%	
part 29	752	National defence (basic activity of Armed Forces)	14,726,482	72.73%
	753	Social security schemes (pensions)	4,620,420	22.82%
	700	Housing (contribution to Military Lodging Agency)	316,900	1.56%
	803	High education (military schools and academies)	234,689	1.16%
	750	Public administration (MOD Office & General Staff HQ)	198,681	0.98%
	851	Health care (health care system contribution, medical specialities, hospital investments)	89,231	0.44%
	755	Administration of justice (military courts & prosecutor's office)	50,374	0.25%
	921	Culture	12,147	0.06%
	710	Public services (contribution to Military Property Agency)	406	0.002%

SECTION 752 - National defence in chapters

(thousands PLN)

Section	Chapter	Plan 2006	share in the 752 Section
752	TOTAL National defence	14,726,482	100.00%
	75201 Army	3,045,117	20.68%
	75202 Air Force	1,143,859	7.77%
	75203 Navy	444,778	3.02%
	75204 Central support	7,472,262	50.74%
	75205 Liaison offices & military personnel in NATO	147,200	1.00%
	75207 Military Police	172,313	1.17%
	75208 Roman Catholic Chaplaincy	16,588	0.11%
	75209 Orthodox Chaplaincy	1,973	0.01%
	75210 Evangelic Chaplaincy	1,399	0.01%
	75211 Other military units	932,086	6.33%
	75213 Command and control of Armed Forces	888,642	6.03%
	75216 Crisis Response Operations	320,844	2.18%
	75217 Military Intelligence Service	52,477	0.36%
75218 Military Internal Intelligence Service	86,944	0.59%	

PERSONNEL IN 2007

COSTS 2007 - MPLN 5,422.4

Average salaries (monthly):

→ **Professional soldier** **PLN 3,299.24**

→ **civilian personnel:**

- **civil servant** **PLN 2,116.49**
- **other personnel** **PLN 1,834.57**

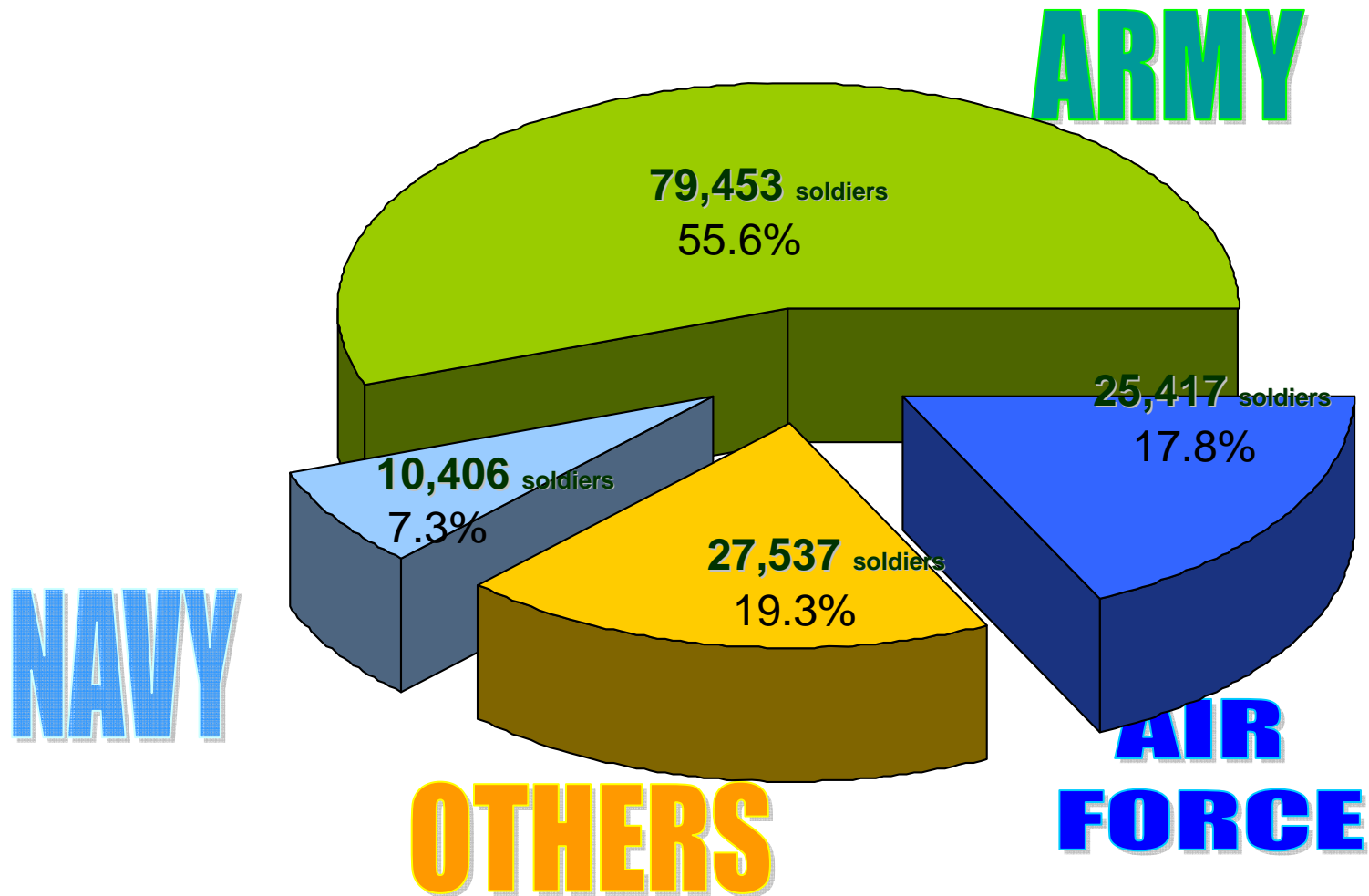
PERSONNEL FIGURES OVER THE YEARS 2006-2007

annual average

Category of staff	2006	2007
Professional soldiers - including professional privates	79,170 8,496	84,507 12,002
Non commissioned officers	5,045	5,045
Conscripts	56,865	52,925
Cadets	2,080	2,000
Others (reserve personnel trainings)	2,210	2,045
Total	145,370	146,522

MILITARY PERSONNEL

by chapters, in National defence section



PENSIONS 2007

COSTS MPZL 4,448.7

 **number of pensioners 158,800**
(annual average)

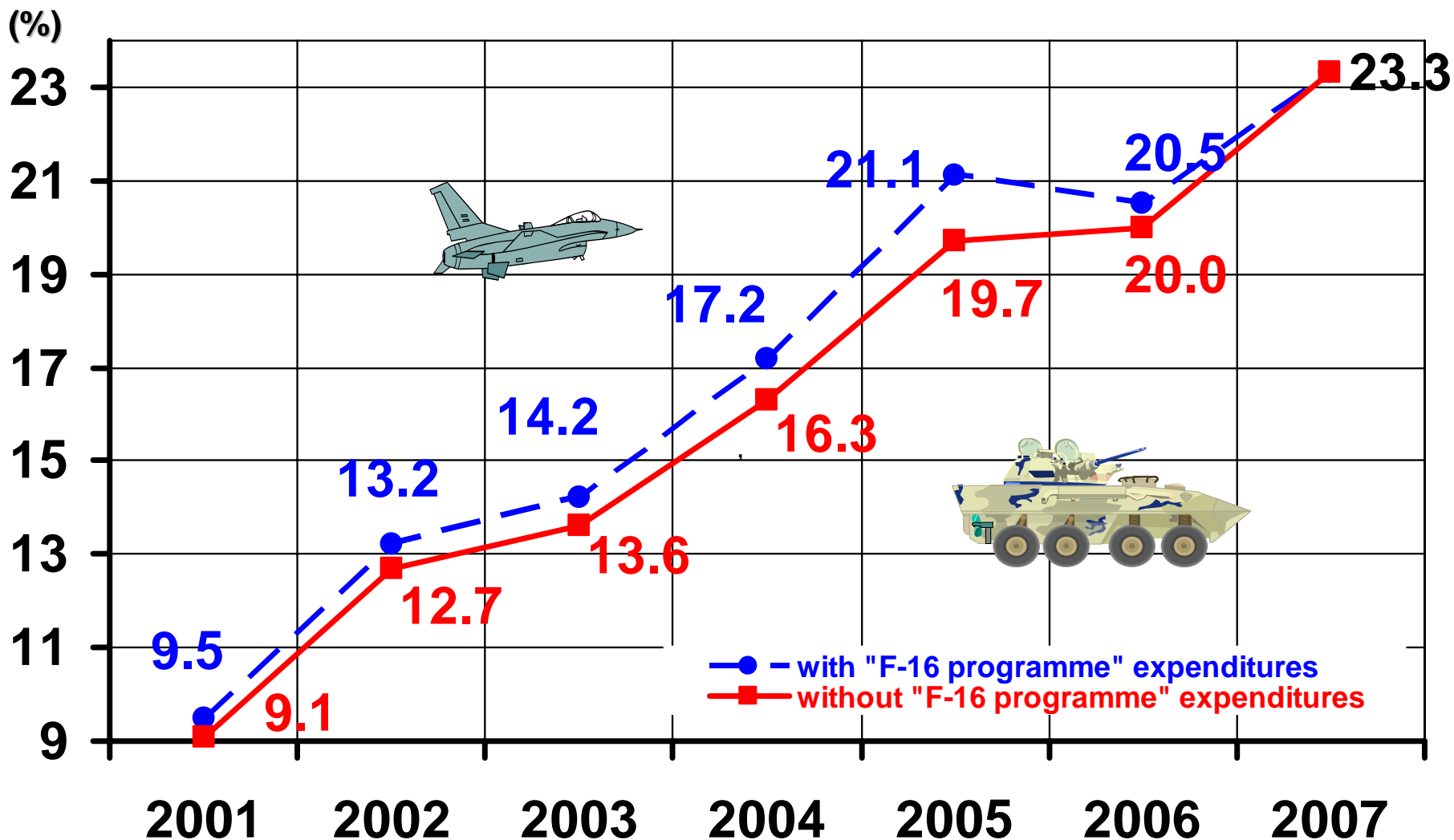
	pensions	103,652
	disability payments	19,400
	family pensions	35,750

 **increase of pensioner number 101.67 %**

 **indexation 1.1%**

 **average pension PLN 2,295.00**

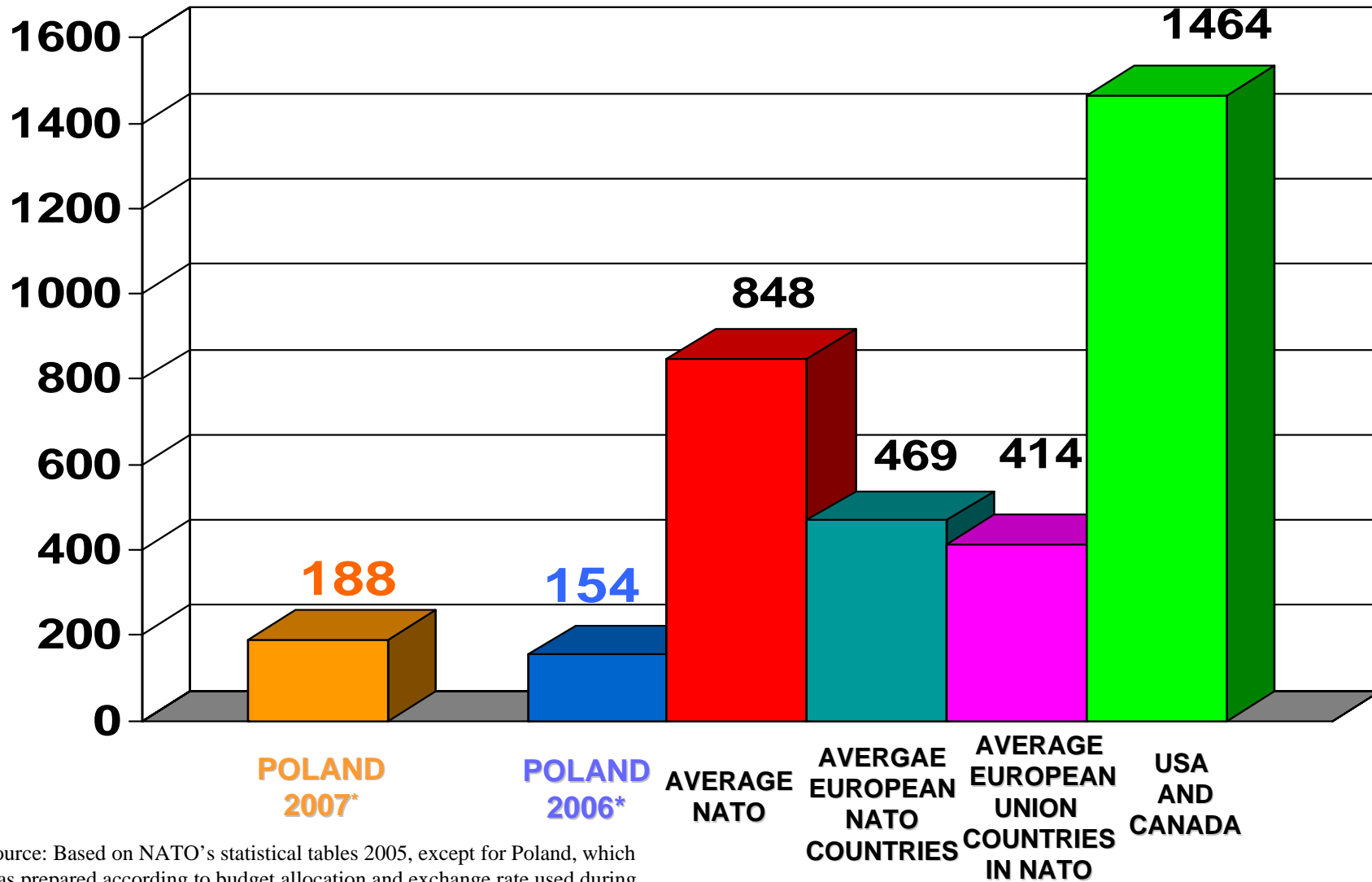
INVESTMENT SHARE IN MoND BUDGET OVER THE YEARS 2001 - 2007



BUDGET COMPARISON TO NATO AVERAGE

(PER CAPITA IN USD)

current prices

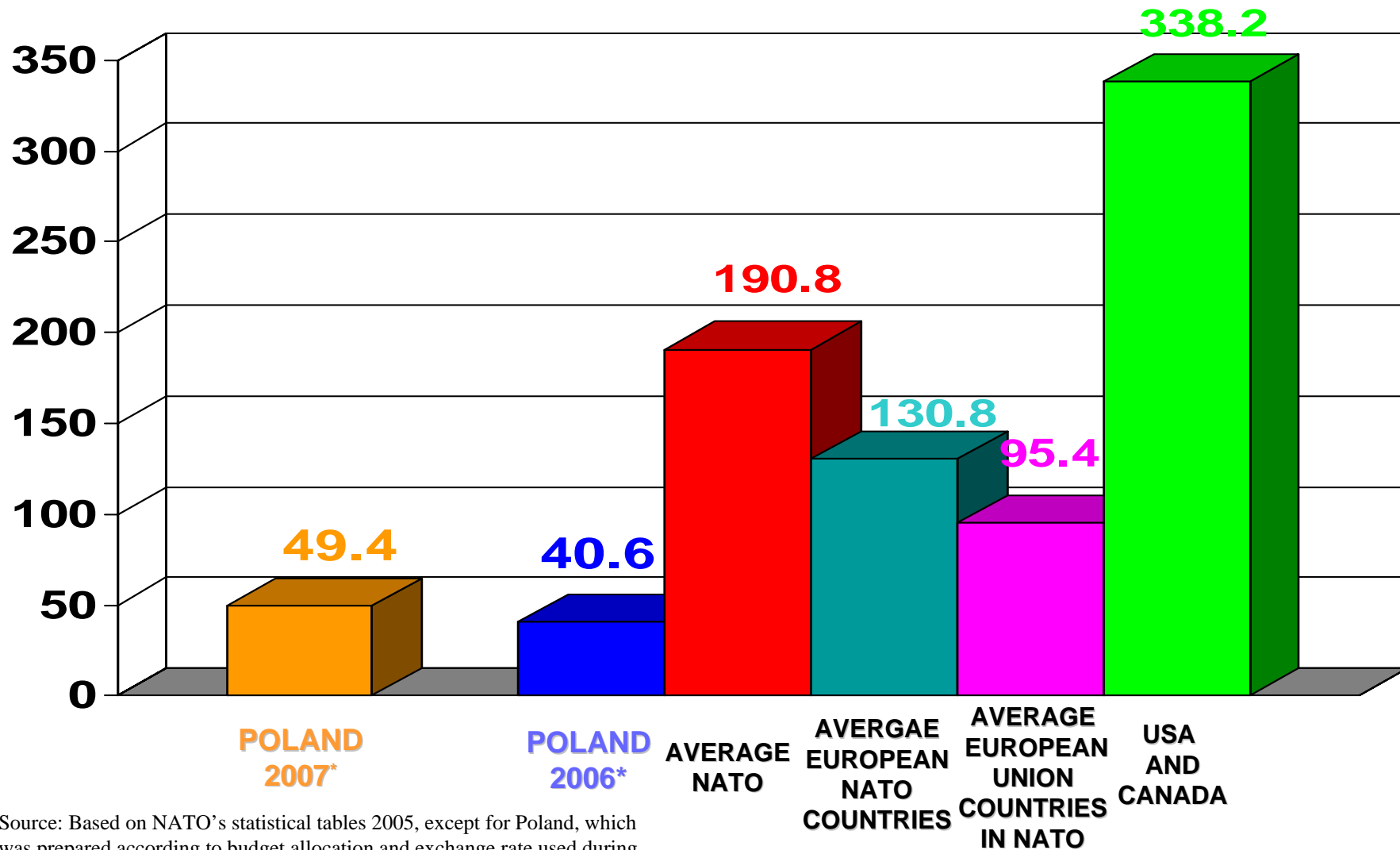


Source: Based on NATO's statistical tables 2005, except for Poland, which was prepared according to budget allocation and exchange rate used during budget planning phase

BUDGET COMPARISON TO NATO AVERAGE

(per soldier in thousands USD)

current prices



Source: Based on NATO's statistical tables 2005, except for Poland, which was prepared according to budget allocation and exchange rate used during budget planning phase

SUMMARY

- ✓ The 2007 defence expenditures will permit MoND to give priorities to the tasks listed on the slide No. 6
- ✓ In 2007 the process of professionalize Polish Military Forces will be continued with simultaneous restructuring of salaries.
- ✓ The 2007 will be an another year when Polish defence expenses are supported by the significant NATO funds allocated to implementation of the NSIP CPs (NATO Security Investment Program Capability Packages). The Polish defence efforts also are to be supported by the USA grants.