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**THE NEW NATO DEFENCE PLANNING PROCESS
RESOURCE PLANNING AND PROGRAMMING**

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Abstract:

The political and military process used by nations to provide the types of forces, assets and capabilities the Alliance requires to meet their defense commitments is Defense Planning. It ensures that NATO can undertake the full range of missions it has set for itself. The aim of the NATO Defense Planning is to build up a structured framework, within which national and Alliance defense planning activities can be harmonized to meet agreed targets in the most effective way, while respecting the principle of fair burden sharing and reasonable challenge.

1. Introduction

To accomplish its roles, the North Atlantic Treaty Organization (NATO) needs capabilities, such as military and civilian manpower, weapon systems, ammunition, airfields, transport, logistics support, command and control systems, civilian and military headquarters buildings, etc. In many cases, member nations supply these capabilities; in other cases, they must be procured.

The political and military process used by nations to provide the types of forces, assets and capabilities the Alliance requires to meet their defense commitments is Defense Planning. It ensures that NATO can undertake the full range of missions it has set for itself. The aim of the NATO Defense Planning is to build up a structured framework, within which national and Alliance defense planning activities can be harmonized to meet agreed targets in the most effective way, while respecting the principle of fair burden sharing and reasonable challenge.

Defense planning in the Alliance is a crucial tool which enables member countries to benefit from the political, military and resource advantages of working together. Within the defense planning process, Allies contribute to enhancing security and stability, and share the burden of developing and delivering the necessary forces and capabilities needed to achieve the Organization's objectives.

Resource planning is in the discipline within Defense Planning to facilitate the provision of the resources for the capabilities needed by the Alliance collectively to meet the demands of its tasks and missions. As such it covers national, multinational, joint and common funding; investments, O & M costs; and manpower.

Key features of resource planning and the management processes are outlined in certain NATO documents insuring an overall framework which includes a resource management system that is responsive to Alliance policy and adaptive to changing

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circumstances. The system focuses on achieving closer integration of the Alliance's policy setting, military planning, and resource allocation processes, including co-ordination with the Military Budget and Manpower plan at appropriate points in the resource planning and implementation cycle.

2. DEFENSE PLANNING

The defense planning process prevents the renationalization of defense policies, while at the same time recognizing national sovereignty. Defense planning encompasses several planning domains: force, resource, armaments, logistics, nuclear, C3 (consultation, command and control), civil emergency planning, air defense, air traffic management, standardization, intelligence, medical support and research and technology.

On behalf of the NAC and the Nuclear Planning Group (NPG), the Defense Policy and Planning Committee (DPPC) – formerly called the Executive Working Group – is responsible for the defense planning-related policy and the overall coordination and direction of the NATO Defense Planning Process (NDPP) activities. The DPPC serves as the central body to oversee and provide the work of the NATO bodies and committees responsible for the defense planning domains. It has no responsibilities or involvement in activities pursued by other committees out of the scope of the NDPP. The DPPC works continually on an improvement of the NDPP. In April 2009 the latest process review was concluded with presenting an outline model for the NDPP. This outline model was authorized through the NAC, the NPG and the former “Defense Planning Committee” (dissolved in 2010). An implementation and transition plan for the NDPP was endorsed by the NAC, NPG and the now dissolved DPC to provide practical arrangements to transition to and support the whole process while at the same time implementing appropriate elements of the process.

2.1 NATO Defense planning domains

The NATO Defense Planning contains several Defense Planning Domains in order to ensure that NATO's capability requirements are met in each field of (capability) expertise. With the authorization of the new process model of the NDPP the number of Defense Planning Domains increased from 7 up to 13. The new Defense Planning consists of the following 13 disciplines, from which first 7 are the traditionally recognized ones:

- 1) Armaments;
- 2) C3;
- 3) Civil emergency;
- 4) Force;
- 5) Logistics;
- 6) Resources;
- 7) Nuclear.;
- 8) Air Defense;
- 9) Air Traffic Management;
- 10) Intelligence;
- 11) Military Medical;
- 12) Research and Technology and

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13) Standardization Communities.

The new Defense Planning is characterized through the stronger co-ordination and harmonization of all planning domains.



Fig.1 Overview of the defense planning domains

The necessary staff support is provided by the NATO Defense Planning Staff Team (DPST), which is a task-organized organization including civilian and military expertise from within the different NATO staffs (in general IS, IMS and ACT) and all planning domains. The DPP within the IS offers the secretarial support to the DPST – Core element. To coordinate the work of the NATO DPST as well as the efforts related to defense capability delivery across the various planning domains, an internal coordination mechanism was established. Any aspects beyond NATO Staff competence will be identified for decision in the appropriate committee. The MC is also engaged in the work of almost all planning domains in order to bring in independent military advice.

2.2 NATO Defense planning process

The NDPP consists of the five main functions or steps which are generally sequential and cyclical in nature, although the frequency of the individual functional activities may vary and the function of facilitating implementation is a continuous activity. Any of the constituent elements can be conducted out-of-cycle or at intermediate intervals, if deemed necessary. So in general everything is linked and works together as a system of mutual dependent factors.

2.2.1 Step 1 - Establish political guidance

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The intent is to develop a single, unified political guidance for defense planning which sets out the overall aims and objectives to be met by the Alliance. It translates guidance from higher strategic policy documents (i.e., the Strategic Concept and subsequent political guidance) in sufficient detail to direct the defense planning efforts of the various planning domains, both in member countries and in NATO, towards the determination of the required capabilities. This will obviate the requirement for other political guidance documents for defense planning. Political guidance should reflect the political, military, economic, legal, civil and technological factors which could impact on the development of the required capabilities. It will, inter alia, aim at defining the number, scale and nature of the operations the Alliance should be able to conduct in the future (commonly referred to as NATO's Level of Ambition). It will also define the requisite qualitative capability requirements to support this overall ambition. Any political guidance needs to be written against the background that the majority of capabilities sought by the Alliance are and will be provided by individual member countries. Political guidance will be reviewed at least every four years.

2.2.2 Step 2 - Determine requirements

There is one single consolidated list of Minimum Capability Requirements, including eventual shortfalls. These requirements are identified by the Defense Planning Staff Team, with the Strategic Commands, notably Allied Command Transformation in the lead. The team takes into account all NDPP-related guidance and ensures that all requirements considered necessary to meet quantitative and qualitative ambitions set out in the political guidance are covered. The process is structured, comprehensive, transparent and traceable and uses analytical supporting tools coupled with relevant NATO expert analysis.

Planning domains are fully engaged throughout the analysis, assisting the Strategic Commands in providing a sound framework for further work which, ultimately, needs to be usable by each planning domain.

Strategic Commands must be transparent, while ensuring that political considerations do not prematurely qualify the process during which requirements are identified. This is achieved by seeking expert advice and feedback from member countries, inviting the latter to observe key milestones and decision points, together with regular briefings to Allies.

2.2.3 Step 3 - Apportion requirements and set targets

Target setting initially apportions the overall set of Minimum Capability Requirements to individual countries and NATO entities in the form of target packages, respecting the principles of fair burden-sharing and reasonable challenge.

Initially led by the Strategic Commands, the Defense Planning Staff Team will develop targets for existing and planned capabilities against the Minimum Capability Requirements and cover them in the draft target packages, together with their associated priorities and timelines. Targets should be expressed in capability terms and be flexible enough to allow national, multinational as well as collective implementation.

Each individual Ally has the opportunity to seek clarification on the content of targets and present its national views on their acceptance during a meeting between the relevant national authorities and representatives from the Defense Planning Staff Team. Subsequently, the Defense Planning Staff Team will consider the member country's

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perspective and priorities with the aim of refining the NATO target packages and providing advice on what constitutes a reasonable challenge.

Following discussions with member countries, leadership of the Defense Planning Staff Team will transition from the Strategic Commands to the International Staff. At this point, the Defense Planning Staff Team will continue to refine and tailor individual draft target packages in line with the principle of reasonable challenge. To ensure transparency and promote Alliance cohesion, packages will be forwarded to Allies with a recommendation of which targets should be retained or removed to respect this principle. Allies will review these packages during a series of multilateral examinations.

Agreed packages are accompanied by a summary report, which is prepared by the Defense Policy and Planning Committee (Reinforced), on the targets as a whole. This will subsequently be forwarded to permanent representatives for submission to defense ministers for adoption. The summary will include an assessment of the potential risk and possible impact caused by the removal of planning targets from packages on the delivery of the Alliance's Level of Ambition.

2.2.4 Step 4 - Facilitate Implementation

This step assists national efforts and facilitates multinational and collective efforts to satisfy agreed targets and priorities in a coherent and timely manner.

The aim is to focus on addressing the most important capability shortfalls. This is done by encouraging national implementation, facilitating and supporting multinational implementation and proceeding with the collective (multinational, joint or common-funded) acquisition of the capabilities required by the Alliance. This step also facilitates national implementation of standardization products (STANAGs/Allied Publications) developed to improve interoperability.

The detailed work needed to develop and implement a capability improvement or action plan is carried out by multidisciplinary task forces. These task forces are composed of representatives from all stakeholders, under the lead of a dedicated entity. Each task force is supported by a "Capability Monitor" who keeps themselves abreast of progress in the implementation phase and report to all relevant bodies and committees, providing feedback and additional guidance to the task force leader.

Unlike other steps in the process, this step – or function - is continuous in nature.

2.2.5 Step 5 - Review results

This step seeks to examine the degree to which NATO's political objectives, ambitions and associated targets have been met and to offer feedback and direction for the next cycle of the defense planning process.

The Defense Planning Capability Review (DPCR) scrutinizes and assesses Allies' defense and financial plans as well as collective efforts so as to provide an overall assessment of the degree to which the combined Alliance forces and capabilities are able to meet the political guidance, including the NATO Level of Ambition. The DPCR provides a key mechanism for generating feedback and input for the next cycle. Capability reviews will be carried out every two years.

In parallel with the examination of country assessments, the Military Committee, based on the Strategic Commands' Suitability and Risk Assessment, develops a risk assessment on the military suitability of the plans and the degree of military risk associated with them in relation to political guidance for defense planning, including the Level of Ambition.

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On the basis of the individual country assessments and Military Committee Suitability and Risk Assessment, the Defense Policy and Planning Committee (Reinforced) prepares a NATO Capabilities Report, highlighting individual and collective progress on capability development as it relates to NATO's Level of Ambition.

The Report will also provide an assessment of any associated risks, including a brief summary of the Military Committee's Suitability and Risk Assessment. It will also include an indication of whether the risks identified could be mitigated by capabilities developed by member countries outside the NATO defense planning process or by contracting civil assets. This would not relieve the Allies from the obligation of trying to meet NATO's Level of Ambition from within Alliance inventories, nor would it diminish the need to develop the capabilities sought. However, it will assist defense planners in prioritizing their efforts to overcome the most critical shortfalls first.

The report will also contain further direction to steer capability development.

The process model of the whole new NDPP shows as follow.

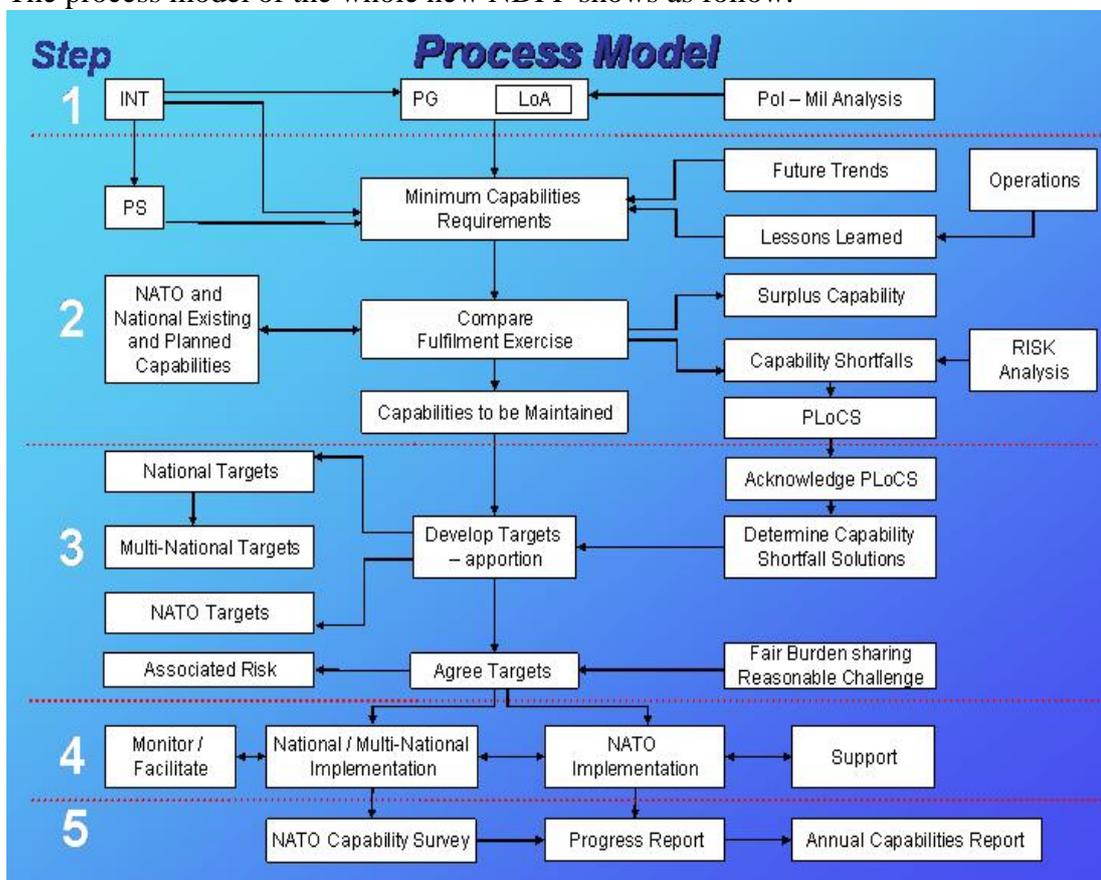


Fig.2 Process model of the whole new NDPP

3. RESOURCE PLANNING AND PROGRAMMING

3.1 Resource planning

Resource planning is in the discipline within Defense Planning to facilitate the provision of the resources for the capabilities needed by the Alliance collectively to meet the demands of its tasks and missions. As such it covers national, multinational, joint and common funding; investments, O&M costs and manpower. Currently NATO's

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requirements are pursued through the Capability Package Process (CPP). The CPP is the primary process through which Resource Planning is fulfilled. Therefore, military requirements will continue to be submitted mainly within the framework of Capability Package (CP) and Stand Alone Projects (SAPs).

Programming can also be done as Minor Works or Urgent Requirements (UR). The NATO capabilities which are 'over' the existing available assets, and also 'above' reasonable expectations of provision from the national resources may be common-funded. This common-funded part of Resource Planning is structured into the three independent resource pillars: NATO Security Investment Programme (NSIP), Military Budget (MB) and International Manpower.

To allow the new capability to function properly all 3 resource pillars must be addressed in general in a CP. For the NSIP, these resource pillars can also be addressed in SAPs, Minor Works or URs. The NSIP pillar of Resource Planning consists of a programme of capital investments in military capabilities, such as Operations, Air Defense and Strategic Infrastructure. While the MB is responsible for the O&M costs running, maintenance, upkeep and repair of existing capabilities (when declared eligible for CF). The NSIP is responsible for the up-front provision of new capabilities and major renovations, upgrades and modifications of existing capabilities.

Currently, resource planning follows a yearly cycle and has a 5-year planning horizon for military CF, which is summarized in the Medium Term Resource Plan (MTRP). The NSIP process is also proposed as a 5 year rolling plan, consisting of a Budget Year and of 4 Planning Years. Any urgent requirements can be addressed on an ad-hoc basis if warranted by specific circumstances. This is the same for Minor Works. SAPs follow the same procedure as CP, but they terminate after the project is completed.

The authorization of the new NDPP affects also the existing CPP. The DPPC (R), the Military Committee (MC) and the Resource Policy and Planning Board (RPPB) provided their advice on proposals for a capability framework for NATO common-funded acquisition. So far no new policy for the existing CPP is agreed.

3.2 The Medium Term Resource Plan (MTRP)

Resource planning is handled through the MTRP. It is the primary document used for short to medium-term resource planning and is prepared on an annual basis by the RPPB. The MTRP aims to facilitate planning stability by providing a five-year outlook of the requirements for military CF in support of Alliance objectives and priorities, assessing affordability of these requirements in the light of the NATO Military Authority's consolidated impact statement and by making recommendations on the resources to be allocated to the MB and the NSIP. The Council discussions on balancing requirements and resources have reinforced the importance of the MTRP as the appropriate vehicle to provide a comprehensive overview of activities requiring common funding (CF) and developing recommendations on resources, ceilings and planning figures.

The MTRP builds on the Consolidated Resource Proposal (CRP) prepared jointly by the NOR and IMS on the basis of inputs from IMS, ACO, ACT, NCSA, NACMA and the Active Layered Theatre Missile Ballistic Defense Programme Office (ALTBMD PO), taking into account IC and BC assessments of the validity of the submitted resource requirements. The CRP aims to identify the resources required to fulfill the required capabilities.

The MTRP is prepared every year and as such, it reports on the use of common funds to achieve NATO's objectives and proposes expenditure ceilings for CF in the

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following year. The NOR provides the staff support to the RPPB for the development of the MTRP.

3.3 Capability Package Process (CPP) – actors involved and overview

A Capability Package (CP) is defined as a combination of national (military and civilian) and NATO funded capital investments, O&M cost, manpower and other associated costs, which, together with the military forces and other essential requirements, enable a NATO Commander to achieve a specific Military Required Capability. The CP focuses on those activities most essential to the strategy as well as the resulting force and command structures and addresses overall resource implications, both national and international.

The CPs incorporate all elements necessary for the package to function and more flexibility in which element of the CP should be considered eligible for CF. Therefore the CP is also an essential planning and programming tool for Resource Management and Capability Management. For NSIP all requirements, as a rule, will be submitted within the framework of CP and compete for funding on the basis of the military priorities established for those packages.

The format and content of a CP consists of three portions, which are the Capability Requirements Definition (RD), Consolidated Resource Proposal and Supporting Documents. The first portion of the CP is the RD, which identifies an Alliance military requirement that may be fulfilled (wholly or partially) through NATO CF and, or International Manpower.

The second portion of the CP provides a comparison between the assets that are needed and the assets that are available or expected to become available in the near term through other actions. It focuses on identifying the required resources (Infrastructure, MB and Manpower) to satisfy the requirement, detailed in the RD, and comparing these requirements with existing capabilities to determine whether there are excesses or shortfalls.

The third portion of the CP groups further documentation. This includes Analysis Worksheets, a proposal for projects with a detailed discussion of their resource requirements in the format of a Project Data Sheet (PDS) (including, scope, cost – investment, O&M and Manpower – schedule: estimated date of authorization request, contract signature and completion), a list of those Requirement Capabilities that are dependent on and inter-related and Operational Assessment. The PDS is the document in which for the first time the provision of required capabilities is translated into different projects, which in turn determine future resource efforts (expenditures).

The following figure gives an idea of the interaction between the different actors within the CPP Process:

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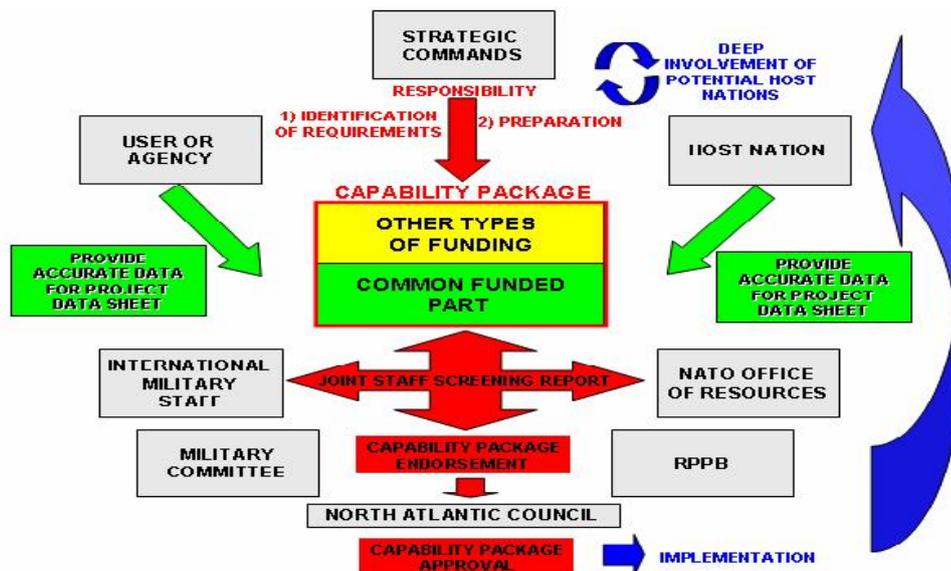


Fig.3 Interaction within the CPP

The Strategic Commands (SCs) are responsible for the identification of the requirements and the preparation of a CP, because it defines a capability required by the Strategic Commander to accomplish their mission. In the preparation of a CP, the SCs will identify the locations at which the capability will be required, and will seek input from the Subordinate Commands that have an interest in that area. The SCs will contact the nations where the capability is to be located, and seek their approval to provide the necessary land, utilities, etc, and to serve as Host Nations (HNs). The SCs will coordinate the CP preparation with the involved Subordinate Commands and nations and will ensure that there is full agreement on the contents before submission to NATO Headquarters.

Normally, the nation in which the facility will be located will be requested to be the Host Nation (HN) for the project. In some cases, a specialized agency, the User, or another nation may become the HN instead of the territorial nation. The actual HN is determined only when the CP is approved. During the preparation of the CP, the territorial nation will be asked to confirm that the necessary land and local utilities will be made available at no cost for the proposed project. The potential HN will be asked to confirm its willingness to conduct the procurement and to manage the implementation of the project. The User will be asked to confirm its willingness to fund the operations and maintenance costs and to supply the necessary personnel to operate and maintain the assets that will be provided through the project. In some cases, such as projects for headquarters facilities for the NATO Military Command Structure, the MB will be expected to fund the personnel, operations and maintenance cost.

The NATO Office for Resources (NOR) provides staff advice on resource issues to the Secretary General and other Staff Divisions, coordinating with the IMS in their role of supporting the MC, as necessary and to the resource committees, particularly in assessing funding requests from the military commands and the agencies for which the resource committees are responsible. Within the CPP the NOR plays an "reactive role" in terms of requirement definition which means that they respond to requirements identified by the Users, but are not involved in identifying any requirements by themselves, only the implementation. To be responsive to critical requirements, the NOR works alongside with NATO Military Authorities, especially the International Military Staff (IMS).

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The IMS provides together with the NOR integrated analysis and advice on full lifecycle cost, including manpower, of requirements established and prioritized by the MC. Within the CPP, the IMS has a key role in coordinating the efforts of the NATO Military Authorities and to ensure that the “Minimum Military Requirements” are translated into the CP Framework. For this it works alongside with the NOR.

Within the CPP the MC and the RPPB are responsible for the CP endorsement. All CPs have to be approved by the NAC.

All requirements are pursued through the CPP. The CPP can be split into five phases, which are linked into the NDPP.

The first phase concerns the identification and prioritization of the CPs, which are identified through the NDPP. The proposals for the revision of this stage of the process state that Capability Area Plans (CAP) will capture all relevant elements associated with the Capability Development Process (all development stages from analysis of the strategic environment to implementation). Further, CAPs will be linked together to form a Capability Master Plan (CMP) that will identify the totality of the requirement that has to be met to provide the Alliance with capabilities. The CAP will be supported by Capability Area Improvement Programmes (CAIP) that deals with specific shortfalls in requirements identified in the CAP.

The second phase encompasses the development of the CP. In this phase one or both SCs (ACO and/or ACT) define(s) the scope of the RC and identify (ies) the assets required to implement this capability, in the form of the RD. The SC(s) then consider the assets that are already available to the Command, and propose(s) projects to resolve the shortfall. In some cases, the project proposals are updated periodically to include additional projects and to modify those included in the earlier submissions. Some projects relate to assets that should be provided by the nations, and are proposed for national funding; others relate to assets that are over and above what a NATO nation could be expected to provide, and are proposed for CF. In some cases, a project proposal may include national and NATO cost shares.

The third phase of the CPP covers the approval of the CP. Once submitted to NATO Headquarters, the IS and IMS work together to produce a Joint Staff Screening Report (JSSR). The MC then analyses the CP to confirm the military requirement and the priority of the requirement. In parallel, the RPPB determines the “eligibility and affordability” of the proposals for CF. After endorsement by the MC and RPPB, the CP is submitted to the NAC for approval. The key event for going forward to implementation (fourth phase) is Council approval of the CP, which initiates the programming step.

The fourth phase constitutes the implementation of CP. As mentioned above, the key event for the implementation is Council’s agreement to the CP. It is from this point on, that implementation on individual projects may progress to a capability delivery with a known HN. It is also at this stage that the IC must take stock of the projects in the CP in the framework of the NSIP financial situation for the next several years. The method for doing so is the Capability Package Implementation Plan (PIP). There are 4 ways of programming projects, however only the CP-method requires a PIP. The IS (NOR) will publish a PIP for each approved CP within three months of CP approval. The HN produces a Project Authorization Request, which is screened by NOR and authorized by the IC. At the time of authorization the SCs have to confirm that the Military Requirement still exists.

The fifth phase is initiated when the capability is accepted into operational service. The lessons-learned during this ‘in-service’ phase should be feed-back into the initial identification and CP development stages of future CPs.

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4. Conclusion

The aim of this paper was to provide an outline of the NATO defense planning process framework in place to support the improved delivery and sustainment of required NATO capabilities within NDPP and specifically those common-funded, with emphases on programming and planning part of the process. The Medium Term Resource Plan remains the most important tool for NATO resource planning prepared in line of a single set of coherent guidance included in the NATO Directive for resources.. It foresees planning for the full five years for the NATO Security Investment Programme as well as for the Military Budget. In setting out requirements for the full period of the MTRP it serves as a planning baseline against which reform, transition costs, and savings can be programmed, tracked and considered. Accordingly it put additional focus on the latter years of the covered period to reinforce the importance of the planning cycle. The aim of the Medium Term Resource Plan remains well defined in providing the Council with a forward look at the requirements for military common funding in support of Alliance objectives and priorities, taking into account the Comprehensive Political Guidance, the NMA Strategic Priorities and Objectives, the emerging guidance resulting from the new NATO Defense Planning Process, and the ongoing work on balancing requirements and resources. In the same time MTRP assess the affordability of those requirements in the light of a continuing tight financial climate, taking into account the assessments by the implementing committees and the impact statements consolidated by the Military Committee. In doing so the RPPB has a crucial role in making recommendations on the resources to be allocated to the Military Budget and the NATO Security Investment Programme (NSIP) for the next budget year and to set planning figures for the NSIP and the Military Budget for the following 4 years period. For a purely resource planning point of view the main weakness remain approval of the ceilings; during the decision making process there is a group of nations approach to establish them based on political reasons and not based on the level of requirements.

On the other hand the current arrangements under the NDPP (including its governance structure, which provide cross-domain cohesion for national, multinational and NATO common-funded capabilities for the mid and long-term) are necessary and appropriate, and should not be duplicated but in the same time could be complemented and reinforced. I expect that any future adjustments aimed at improvements to processes and governance structures will be based on evaluations by the competent NATO bodies. Equally, I see that no fundamental change is required to the current practices where delivery of NATO capabilities involves different owners at different stages. The new philosophy of NDPP based on capability brings a number of other advantages as transparency and traceability, a comprehensive approach, stakeholder engagement and possibility of a robust analysis.

In the same time the key to success in NATO is finding the right balance between the different funding mechanisms. Common funding remains one of the main evidence of NATO solidarity encompassing cradle to grave considerations for NATO common-funded capabilities needed for the short (in support of current operations), medium and long term. The CF proposals seek to put individual aspects into a single cohesive governance context oriented to the needs of the end-users, and to simplify and harmonize activity within each stage, in particular with respect to the boundary and feedback conditions. However the current processes suffer from a number of shortfalls, which represent challenges to be overcome.

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For instance whole-life approach of the CF could permit clarity of purpose at all stages and allow good governance to ensure timely delivery of needed capability. Ownership of the CF should rest with the NAC which should directly empower the committees and staffs. The challenge is that despite the introduction of various resource reform measures, in practical terms no-one (committee or individual) below the level of the NAC has responsibility for NATO common-funded capabilities across their life-cycle. This means that the status of capabilities within the life-cycle is not always visible to senior management and required activities are not consistently driven to timely and successful conclusion. There is also significant risk that the individual phases will lose focus on the overall intent, and become disconnected. Bearing in mind this an overarching governance structure which recognizes individual roles and responsibilities across the life-cycle is needed.

Other weakness which I consider a challenge is that the detailed requirements and submissions based on the targets and needed for the acquisition and implementation of NATO common-funded capabilities, are not of consistently high quality having lack coherency between mid long and short-term. These factors result in the need for subsequent revisions of requirements with consequent delay and added cost in delivering capabilities. Acceptance criteria are rarely defined and there is often insufficient user representation during project development, implementation and acceptance. In the same time the mechanisms to control changes to the requirement document during implementation are weak and this can lead to requirements creep both before and after projects have been approved for implementation. There are no clear boundaries requiring the Host Nation to report back if project implementation runs into exception (time, cost, and performance). Controls governing the often necessary development and maintenance of demonstration/prototypes are weak.

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