**The NATO Defence Planning Process**

Good afternoon.

There are 2 key rules for panelists: don’t overrun the time, and don’t make people late for coffee.

Jamie has already told all the NATO speaker jokes, so I can go straight into my remarks. I want to help set the stage for our discussion period about Smart Defence. You can’t understand Smart Defence without understanding the NATO Defence Planning Process. So let me start by giving a brief description of NATO’s Defence Planning Process. I shall then conclude by highlighting some of the challenges we are likely to face in the next defence planning cycle.

So first, the NATO Defence Planning Process.

As the word process suggests, it is often viewed as being excessively ponderous and bureaucratic. And it is not helped by using a million different acronyms. But it has also correctly been described as the glue that holds NATO together. So it is important to understand it, and I shall try and de-mystify it a bit.

The aim of NATO defence planning is to harmonise national and Alliance defence planning activities so that the Alliance has available the forces and capabilities it needs to carry out all its missions and tasks, and to fulfill its agreed level of ambition.

Or to put it simply, to ensure we have the tools available to do the jobs we need to do.

It is also designed to try and ensure all Allies contribute in a fair and reasonable way to meeting NATO’s requirements.

So how does it do this?

The NATO Defence Planning Process (NDPP) consists of five steps conducted over a four year cycle.

* **Step 1 - Establish political guidance**  This takes the Alliance’s Strategic Concept, other relevant political direction, “lessons learned”,as well as agreed intelligence assessments, and translates it into a single, unified political guidance for defence planning.
* It sets out the overall aims and objectives to be met by the Alliance. And it defines the number, scale and nature of the operations the Alliance should be able to conduct. This is commonly referred to as NATO’s Level of Ambition.
* It also defines the qualitative capability requirements to support this ambition. And it defines associated priorities and timelines.
* In sum, the Political Guidance steers capability development efforts within the individual Allied nations and within NATO.
* Political guidance is normally reviewed every four years. And we are about to start the developing new Political Guidance for approval by Defence Ministers next summer. But more about that later.
* **Step 2 - Determine requirements** This step – called the Capability Requirements Review, is undertaken by the NATO military strategic commands. They examine the Political Guidance to determine what they are required to do, and then produce a consolidated, single list of requirements, called the Minimum Capability Requirements.  This is essentially a list of the number, size and type of forces we need, as well as their associated equipment, to do the tasks and achieve the level of ambition laid out in the Political Guidance.
* **Step 3 - Apportion requirements and set targets**  This step takes the agreed Minimum Capability Requirements and divides it up among NATO entities as well as amongst Allies - either individually or as part of an agreed multinational undertaking – in the form of target capability packages. This is known as apportionment and aims to apply the principles of fair burden-sharing and reasonable challenge.
* Target packages are developed for each Ally for existing and future capabilities, with associated priorities and timelines.
* **Step 4 - Facilitate implementation**  Unlike other steps in the process, this step is continuous in nature. It is aimed at assisting national efforts to implement targets, and at helping to identify and implement multinational initiatives.
* **Step 5 - Review results**  Finally, step 5. This provides an overall assessment of the degree to which the Alliance’s forces and capabilities are able to meet the Political Guidance, including the NATO Level of Ambition. It is carried out every two years.
* Allies complete a Defence Planning Capability Survey which seeks data on Allies’ national plans and policies, including national, multinational and collective efforts to address their capability targets.
* Assessments for each participating Ally are produced. They constitute a comprehensive analysis of national plans and capabilities, including force structures, specific circumstances and priorities.  These assessments also include a statement by the Strategic Commands regarding the impact each country’s plans have on the Alliance’s ability to conduct missions. They may also include recommendations which seek to redirect resources from areas where the Alliance has a surfeit of capability, to areas where there is a deficiency.
* The whole process concludes with the NATO Capabilities Report. This provides a comprehensive summary of the individual and collective progress on capability development as it relates to NATO’s Level of Ambition.

This summer, we completed one cycle, and so we are about to start a new one. Let me share with you my personal views of some of the challenges we are likely to face. Let me stress they are personal. And to give symmetry to my remarks, I shall highlight five challenges.

First, establishing the Political Guidance. This will be developed over the next few months for approval by Defence Ministers next June. In light of Russia’s aggression against Ukraine, and the turmoil we see to our south, we are likely to face difficult discussions on where we should place our priorities. What type of operations do we need to conduct? What size? Where? For how long? How many operations should we be able to conduct concurrently? Answering these questions and producing clear and unambiguous guidance is essential if the military authorities are to be able to do their job properly in Step 2 and provide the right list of Minimum Capability Requirements. And it’s that list that will inform how we apply the Smart Defence approach.

The second challenge is time-frame. At the moment, the planning process only looks 4 to 5 years ahead. And this has led to criticism that the current process is more about defence accounting, than defence planning. Defence planning in nations is frequently looking much further ahead than this, and in the 4 to 5 year period, national plans are often already fixed in stone. Establishing planning priorities for the longer term in order to get within national planning and procurement cycles will be very difficult. And indeed, some nations don’t want it. But we do need to find a way to influence national plans, and incorporate Smart Defence, beyond the short-term.

The third challenge will be fair apportionment and reasonable. For the last cycle, we agreed that no nation should provide more than 50% of any required capability. This was an effort to reduce over-reliance on the US. But it has meant that in some areas, where the US could meet the Alliance’s requirements almost on its own, we have been encouraging other Allies to develop their own capabilities in the same field. We need to ask ourselves whether we should apply this principle more selectively, so we can invest our resources more effectively. Does it make sense to encourage European Allies to procure equipment already available in the US, when there are other capability areas where we have an overall deficit?

And how do we define reasonable challenge? It is very subjective. We have to find a more objective way to develop target packages and encourage Allies to be more ambitious in their defence planning, and to place a greater emphasis on Smart Defence.

Fourth, resources. Last year, only 4 Allies met the NATO guideline of spending 2% of GDP on defence. Although several Allies have since committed to increase their defence budgets, and we will probably see a collective commitment to increase spending at the Summit later this week, resources will continue to be tight and unlikely to allow us to meet all our requirements in the short term.

At the Summit, HOSG will also agree a series of capability priorities that we identified through this last cycle of defence planning, and they will commit to focusing their national defence efforts on acquiring these capabilities. But until adequate investment is made, we will continue to face shortfalls in certain areas for several years to come.

So this leads to my fifth and final challenge, and the subject of this panel discussion – Smart Defence.

Smart Defence is a tool for making a more effective and efficient use of our limited resources. It has become synonymous with multination cooperation. But Smart Defence is much broader than this.

Smart Defence is about spending our limited defence resources more effectively and efficiently. And it builds on three pillars.

First, prioritization – spend on the stuff we need for today and tomorrow, not the stuff we needed in the past. And spend on what we really need, not on what would be nice to have.

Second, specialization. Rather than struggling to do a bit of everything, focus on doing some things really well. However, key to the success of specialization is the need for coordination – hence the importance of the defence planning process. We need to make sure that across the Alliance, all skills and capabilities are available – we can’t afford for all nations deciding to specialise on certain capabilities while simultaneously all deciding to drop others that we actually need.

And of course the third pillar of Smart Defence is multinational cooperation. And this is where Step 4 of the NATO Defence Planning Process – facilitation – plays such a key role.

We now have almost 30 Smart Defence multinational projects under development. With a further 120 under consideration.

6 projects have already completed – covering multinational logistic initiatives, disposal of surplus military equipment, and life-cycle management of weapons and spare parts.

Slowly but surely, we are overcoming the initial reticence shown by nations. The debate over solidarity or sovereignty is now over. And Allies are seeing the significant benefits it can bring – in terms of capability, effectiveness and reduced costs.

With that, I hope I have not only de-mystified the NATO Defence Planning Process, but also highlighted some issues related to Smart Defence that we can to discuss during the remainder of this session.