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CONFERENCE OF NATIONAL ARMAMENTS DIRECTORS (CNAD)

GOVERNANCE OF COMPLEX ARMAMENTS PROGRAMMES

Note by the Permanent Vice Chair

Reference: AC/259-WP(2022)0007-REV2

1. Please find attached the paper on Governance of Complex Armaments Programmes approved by the CNAD PS on 9 May 2022. It proposes definitions, and roles and responsibilities, with regard to new complex armament programmes (CAP) and their dedicated Programmatic governance.
2. This document will be used as the CNAD contribution for the discussions among DI, NOR, and IMS on a joint paper on CAP Governance and should fully respect the roles and responsibilities of the CFCDGM governance bodies (MC and Resource Committees) for the common-funded elements of the new CAP.

Signed (Robert Weaver)

1 Annex

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GOVERNANCE OF COMPLEX ARMAMENTS PROGRAMMES

Ref:

- A. PO(2018)0259 - Common Funded Capability Delivery Governance Model
- B. AC/259-D(2018)0014 - CNAD Advice to DPRC

Background

1. With reference B, and as part of the development of the Common Funded Capability Delivery Governance Model (CFCDGM)¹, the CNAD provided advice to the Deputies Committee on the role of Steering Committees, Project Groups and Support Partnership Committees and the interaction between these bodies and with management entities as well as the adoption of rapid planning and execution in the delivery of technology intensive capabilities.
2. Defence Ministers approved the CFCDGM at their meeting on 7-8 June 2018 and subsequently it was endorsed by Heads of State and Government at their 2018 Brussels Summit. It was agreed that the CFCDGM will be applied to all new common-funded capabilities and programmes and to all future addenda to existing capability packages unless Allies agree that doing so would be impractical or detrimental to desired outputs². The CFCDGM is a means to facilitate continuous and effective coordination and interaction among the management authorities. It is expected to not create an additional layer of bureaucracy and that clearer roles and delineation of responsibilities and improvements in reporting requirements and the governance by exception principle shall improve accountability³.
3. Allies acknowledged that the need for ad-hoc governance of new Complex Armaments Programmes (CAP), which include a common funded element and a need to be coordinated with national efforts, may emerge in the future. In such cases, the CNAD is expected to complement and facilitate the governance arrangements described in the model⁴.
4. CNAD recognizes that, if and when, the Council deems necessary, the CNAD, following RPPB and MC endorsement, will staff a decision to create an ad-hoc governance structure for Council approval⁵. CFCDGM sets out that with the contribution of a possible ad-hoc programmatic governance body⁶, recognizing the individual responsibilities of each body, the CNAD would be expected to take part in the decision making processes in concert with the MC and the RPPB, for certain actions.^{7,8} Furthermore, the CFCDGM noted the need to

¹ PO(2018)0259 Annex 1 para 16 and Annex 2 para 85.

² PO(2018)0259 para 13, Annex 1

³ PO(2018)0259 para 78

⁴ PO(2018)0259, Para 16, Annex 1

⁵ PO(2018)0259, Appendix 3, para 1

⁶ Steering Committee, Project Groups, or Support Partnership Committee

⁷ PO(2018)0259, Appendix 3, para 2

⁸ The provision, by national subject matter experts, of direction, guidance and oversight over the execution of complex common-funded programmes that must interface with national systems. Programmatic governance

further define the detailed role and activity of each ad-hoc Programmatic governance body and its relationship with other governance bodies and management entities in a document to be approved by Council⁹.

Aim

5. This paper aims to provide, for MC and RPPB consideration, the definitions, roles and responsibilities for the CNAD in case the need for ad-hoc governance of new complex armaments programmes, which include a common funded element and need to be coordinated with national efforts, emerge in the future. In such cases, the CNAD is expected to complement and facilitate the governance arrangements described in the CFCDGM¹⁰.

Proposed way ahead.

6. In a first step, Defence Investment Division proposes an/a initial/provisional definition of Complex armaments programmes and initial/provisional roles and responsibilities of the CNAD and newly proposed Steering Bodies, with the understanding that these will be further subject to review by and consideration of Allies as well as relevant NATO bodies, including MC and RPPB.

Complex Armaments Programmes

7. Currently no agreed definition for Complex Armaments Programmes exists. Reference A simply qualifies CAPs as including a common funded element and a need to be coordinated with national efforts, and outlines existing CAPs¹¹. The definition of a complex armament programme should include most or all of the elements below:

7.1. The armaments programme is to be resourced via Common-Funding (NSIP and/or Military Budget) and with other funding streams (Multinational, National, or Joint);

7.2. The capability to be delivered is a combination of interdependent projects (as System of systems or Federation of systems);

7.3. The Armaments programme includes significant development, testing and integration of modern and/or advanced technology into a complex system and/or architecture and one or more of the programme's projects will need to be interfaced/connected with national capabilities that are also developed in parallel;

7.4. Moving, modifying, or evolving one or several common-funded elements of the Armaments programme will have a major impact on the required overall capability, including the non-common funded elements;

ensures the proper achievement of programme objectives defined in terms of scope, schedule, cost, performance and risk while respecting the roles and responsibilities of the MC and the resource committees.

⁹ PO(2018)0259 p. Appendix 3, para 3

¹⁰ PO(2018)0259 Annex 1 para 16 and Annex 2 para 85.

¹¹ Para 4 from PO(2018)0259: "Existing complex armaments programmes, Air Command and Control System, (ACCS), Ballistic Missile Defence (BMD), Joint Intelligence, Surveillance and Reconnaissance (JISR) and the Alliance Future Surveillance and Control (AFSC) concept stage are exceptions, outside of the proposed model, and their ad hoc governance remains unchanged."

7.5. During the in-service phase (including O&M and Modernization requirements), the capability (developed as a CAP) is to support not only NCS missions/operations (using Common Funding) but also NFS and/or Nations' missions/operations (using National/Multinational funding).

8. Future CAP's requiring a need for CNAD to complement the Model's Governance arrangements will likely meet the same criteria and, in accordance with PO(2018)0259, establishment of complementary governance structures will be taken on a case-by-case basis, based on an advice from the MC, RPPB and the CNAD.

9. Such ad-hoc arrangements must avoid introducing unnecessary layers of bureaucracy or additional decision-making both of which would delay capability delivery. In the same vein, the benefits from establishing a new ad-hoc structure must be clearly set out, based on tangible and substantiated arguments, for consideration by the three involved senior committees, and ultimately by the Council.

Roles and Responsibilities of the CNAD

10. The roles and responsibilities of the CNAD should include:

10.1. Nomination of an ad-hoc Steering Body (SB) (composed of expert national representatives or advisors) as early as possible following MC and RPPB endorsement and Council approval and ideally, no later than the Decision Gate 1;

10.2. Provide direction and guidance for continuous alignment of the CAP with NATO strategic direction and overall adherence with Council approved policies, directives and guidance;

10.3. Assess the programmatic risks and mitigation actions associated with all elements of the CAP including the acquisition, technology development, systems engineering and contracting strategies, execution, and management of the CAP risks;

10.4. Propose to the MC/RPPB an overall implementation strategy for the CAP including defining and managing programme objectives/stages, building on the RPPB agreed acquisition strategy for the common-funded elements considering, as applicable, the use of a spiral approaches, increments, etc.;

10.5. Provide programmatic advice to the MC and RPPB throughout the Decision Gates, including breaches of tolerances, and risk mitigation.

10.6. Ensure coherence and interoperability with other NATO, multinational, or national programmes;

Roles and Responsibilities of Steering Body

11. The SB's roles and responsibilities are to provide Programmatic advice to the CNAD, MC, and Resource committees to:

11.1. Coordinate the overall CAP's capability requirements with the management authorities and Nations;

11.2. Provide advice on the overall CAP technical functionalities/specifications;

11.3. Ensure coordination and coherence across all programmes/projects and in particular risk assessment associated with proposal/options within the CAP including:

11.3.1. Acquisition strategy,

11.3.2. Technology development strategy,

11.3.3. Systems engineering approach,

11.3.4. Contracting approach,

11.3.5. Management of programme risks related to the NATO elements of the CAP, informed by the national and/or multinational elements.

11.3.6. Provide programmatic advice, when applicable, to the CFCDGM governance and management authorities for the common-funded elements of the CAP;

11.4. Provide programmatic advice on the best value approach when balancing cost, schedule, and performance.

11.5. Provide oversight over the execution of the CAP.

11.6. Support and advise the management authorities on their proposed risk management strategies and configuration management strategies;

Next Steps

12. Following CNAD endorsement of the approach and based on the guidance of the NADs, DI will continue to contribute to the joint IMS, NOR and DI development of a proposal for ad-hoc governance of new complex armament programmes including how the CNAD can complement and facilitate the Model's Governance arrangements. A particular attention will be paid to refine the definitions, roles and responsibilities in order to clarify the scope and boundaries of a NATO complex armaments programme and its governance, and to respect the fact that national and multinational projects retain their own respective governance processes. Once the work is fully matured, a draft working paper on the Governance of CAP will be presented to the CNAD for its consideration/approval and following RPPB and MC endorsement to the Council for approval no later than the Autumn CNAD Plenary.

Recommendations

13. In the light of the considerations above, the CNAD is invited to:
 - 13.1. Support that the initial definition of complex armaments programmes includes the elements in paragraph 7 and also that it requires further refinement and consideration,
 - 13.2. Support that the proposed initial roles and responsibilities for the CNAD includes the elements in paragraph 10 and also that these require further refinement and consideration,
 - 13.3. Support that the proposed initial roles and responsibilities for the SB includes the elements in paragraph 11 and that these require further refinement and consideration,
 - 13.4. Endorses the way ahead outlined in paragraph 12,
 - 13.5. In line with paragraph 12, Task DI, in close coordination with NOR and IMS, fully in accordance with the CFCDGM to further develop this work taking into account the entirety of the considerations in this paper. Once the work is fully matured, a draft working paper on the Governance of CAP will be presented to the CNAD for its consideration/approval and following RPPB and MC endorsement to the Council for approval no later than the Autumn CNAD Plenary.