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24 October 2016

PO(2016)0655 (INV)
Silence procedure ends:
24 Oct 2016 18:00

To : Permanent Representatives (Council)
From : Secretary General

The NATO Defence Planning Process

1. The enclosed NATO Defence Planning Process (NDPP) was agreed by the DPPC(R) under a silence procedure on 21 October 2016. It draws together into a single document the measures to address observed shortcomings in the process that have been agreed separately by Allies since Heads of State and Government tasked the enhancement of the NDPP at the Chicago Summit in 2012.

2. The NDPP document will supersede the following:

PO(2009)0042 - Outline Model for a NATO Defence Planning Process;
PO(2009)0079 - Implementation and Transition Plan – NATO Defence Planning Process;
AC/281-N(2012)0154-REV9 (as part of PO(2013)0119-REV3) - Enhancing the NATO Defence Planning Process;
PO(2012)0437 - Improving the Visibility and Relevance of Outputs from the NATO Defence Planning Process; and
PO(2015)0338 - NDPP Step 3 and Expanding the NDPP into the Long Term.

3. I do not believe this document requires discussion in the Council at this stage. Unless I hear to the contrary by **18.00 hours, on Monday 24 October 2016**, I shall assume that Council agrees to the revised NATO Defence Planning Process and to forward it to Defence Ministers for their endorsement at their October meeting.

(signed) Jens Stoltenberg

Annex

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THE NATO DEFENCE PLANNING PROCESS

INTRODUCTION

1. Since its introduction in 2009, the current NATO Defence Planning Process (NDPP) has been the primary means to facilitate the identification, development and delivery of NATO's present and future capability requirements. The first cycle of the process, carried out in accordance with the 'Outline Model for a NDPP'¹ and the associated 'Implementation and Transition Plan'², revealed several shortcomings. Measures to address many of these shortcomings and lessons identified, as subsequently agreed by Allies³, have been incorporated into the enhanced NDPP described in this document.

2. The NDPP will continue to be the principal vehicle for the harmonisation, to the extent possible, of capability development efforts undertaken by Allies individually, multinationally or collectively, as well as the coordination of supporting activity by the NATO staffs. As such, it will continue to offer opportunities for increased coherence of capability development with partner nations and the European Union; NATO will continue to work closely with the EU, in accordance with the document 'EU and NATO: Coherent and Mutually Reinforcing Capability Requirements'⁴, and the Wales Summit Declaration⁵, to support capability development and interoperability with a view to avoiding unnecessary duplication and maximising cost-effectiveness.

3. The NDPP is described with a minimum of elaboration. The Explanatory Notes and Implementing Instructions at Appendix 3 enlarge upon the description of the NDPP set out

¹ PO(2009)0042 – Outline Model for a NATO Defence Planning Process.

² PO(2009)0079 – Implementation and Transition Plan – NATO Defence Planning Process.

³ As detailed in PO(2012)0030 – Final Report of the DPPC(R) on the End-to-End Rationalisation Review of All Structures Engaged in Capability Development; AC/281-N(2012)0154-REV9 – Enhancing the NDPP (part of PO(2013)0119-REV 3); PO(2012)0437 – Improving the Visibility and Relevance of Outputs from the NDPP; PO(2015)0338 – NDPP Step 3 and Expanding the NDPP into the Long Term; and PO(2015)0580 Political Guidance 2015 (Final Version).

⁴ In line with SG(2003)0245, the need for the efficient use of scarce resources reinforces the case for NATO and the EU to ensure a coherent, transparent and mutually reinforcing development of capability requirements common to both organisations. In this context, and without prejudice to defence planning activities to meet the demands of the NDPP, including in promoting multinational approaches to capability development, the NATO staffs and those in Allied capitals, notwithstanding the autonomy of both NATO and the EU, should take into account that there is also a requirement for many Allies to undertake capability planning in an EU context. Cooperation with the EU, as agreed, in the context of multinational and innovative approaches, the better use of the NATO-EU Capability Group, which continues to be the principal forum for addressing the overall coherence and complementarity of proposed specific goals/commitments and priorities, in order to ensure consistent and mutually reinforcing development of capabilities common to the requirements of the two organisations in this context, and the continuation of existing staff-to-staff contacts with the EU should be pursued to achieve greater coherence between the two capability development processes.

⁵ Wales Summit Declaration, paragraphs 70 and 102 to 106.

in the main body of this document, both to inform Allies of the process and to provide guidance to the NATO staffs required to implement it.

GENERAL CONSIDERATIONS

4. The aim of NATO defence planning is to provide a framework within which national and Alliance defence planning activities can be harmonised to meet agreed targets in the most effective way. It should facilitate the timely identification, development and delivery of the necessary range of forces that are interoperable and adequately prepared, equipped, trained and supported as well as the associated military and non-military⁶ capabilities to undertake the Alliance's full spectrum of missions⁷.

5. The NDPP must be consistent with, and responsive to, political imperatives agreed in higher-level policy documents, in particular the Alliance Strategic Concept and NATO Summit decisions.

6. The NDPP should stimulate discussion, promote ownership and facilitate decision making at the Ministerial level. Consequently, the documentation submitted to Defence Ministers (Political Guidance, Capability Targets Summary Report, Defence Planning Capability Report) should be evidence-based, succinct, focused on the key strategic issues and provide a basis for informed political debate. The Secretary General should actively promote substantive political discussion of defence planning by Defence Ministers and ensure that they have sufficient time at their meetings to discuss the key issues, underpinned and informed by strong, unambiguous military advice.

⁶ PO(2010)0143-FINAL (Comprehensive Approach Report, paragraphs 12–15), PO(2010)0140-FINAL (Political Guidance on Ways to Improve NATO's Involvement in Stabilisation and Reconstruction, paragraphs 17 and 18) and PO(2015)0580 (Political Guidance 2015) refer. NATO defence planning could address some non-military capabilities and expertise which go beyond the primary expertise of military structures to achieve the desired result of a NATO-led operation and to support the necessary synergy between the various actors. It could also address non-military capabilities and expertise to complement the military support to stabilisation operations and reconstruction efforts. These non-military capabilities could be sought from existing and planned means in national inventories of those nations that are willing to make them available. In addition, contracting civil assets could be used by nations, as appropriate, to temporarily meet or overcome capability shortfalls (e.g. strategic lift). However, NATO has no requirement to develop capabilities strictly for civilian purposes. That said, NATO must have the ability to plan for, employ, and coordinate civilian as well as military capabilities that nations provide for agreed Allied missions, since there can be considerations, such as the circumstances described in PO(2010)0140-FINAL, which may hamper other actors from undertaking these tasks, or undertaking them without support from NATO. The Political Guidance will provide additional guidance at the beginning of each cycle of the NDPP.

⁷ The NDPP is focused on the timely identification, development and delivery of the forces and capabilities needed to undertake Alliance missions in SACEUR's area of responsibility. This excludes the capabilities needed for the collective defence of the North American portion of NATO territory which is covered by the United States and Canada outside of the NDPP.

7. Allies are encouraged to disseminate relevant reports more widely within their governments as a means to expose the impact of general government policies and budget allocations on defence to a wider audience of national decision makers. Similarly, individual Allies may wish to disseminate relevant information from the NDPP to elected representative bodies, such as the national Parliament, to promote better understanding of the relationship between NATO and national defence efforts, raise NATO's profile and provide a potential platform to highlight defence issues, possibly as part of a wider strategic communications plan agreed by Allies. Associated requests to reduce the classification, or even declassify, those outputs for this purpose in accordance with NATO security regulations would require the approval of Allies on a case-by-case basis.

8. Recognising that Allied Heads of State and Government have agreed to engage in a continuous process of modernisation and transformation so that NATO will remain able to carry out the full range of missions that might be needed in the future, the NDPP should continue to encourage Allies to prioritise NATO requirements in their defence policies and plans, taking into account economic considerations and national circumstances and priorities. Notwithstanding the primacy of national sovereignty and recognising that the national security and defence policies of several Allies reflect substantially wider interests than those that are addressed through their membership of NATO, the NDPP should support and encourage Allies to develop their national capabilities. Allies may also choose to respond to NATO requirements through multinational cooperation. Through their participation in the NDPP, Allies should seek to maximise the coherence of national and Alliance planning, promote transformation and adaptation, improve the readiness, responsiveness and interoperability of their conventional forces and capabilities and reduce unnecessary duplication.

9. The NDPP was intended to be capability, not threat, based; Allies have since agreed that the NDPP will adopt a threat/risk informed, capability-based approach. Therefore, the NDPP represents a systematic approach to the development of capabilities that aims to provide advice to Allies, informed by threats and risk, on the most appropriate options to meet the strategic objectives of the Alliance in an uncertain future security environment. Given that it is not possible to predict the future with any precision, the security challenges that could be posed by potential adversaries in the future are of unknown capability and size. Ideally, NATO should be able to draw on a collective pool of forces and capabilities that can be rapidly configured and/or reconfigured to meet the widest range of operational contingencies. As a framework for the harmonisation of national defence planning efforts, the NDPP must provide sufficient transparency and coherence to facilitate decision making by Allies on future capability development. The NDPP should be focused on the most expeditious achievement of Alliance aims and objectives within the agreed timelines, including by encouraging innovation.

10. Fourteen planning domains⁸ have been identified within NATO that are engaged in various strands of capability development with varying degrees of overlap. The NDPP must provide a common framework for the integration and rationalisation of their efforts to minimise duplication and maximise coherence.

11. The NDPP is expected to facilitate the harmonisation of national defence planning from the short term, through the medium term, and out to the long term. While it must continue to assist and inform force generation in the short term, it should be focused primarily on harmonising the development of the capabilities necessary to safeguard the freedom and security of all of NATO's members in the medium and long term. Throughout this document and for the purposes of NATO defence planning, the 'short term' covers up to and including six years in the future (in line with current practice), the 'medium term' extends from seven years up to and including 19 years in the future⁹, and the 'long term' is defined as starting at least 20 years into the future and beyond. In the short term, defence planning primarily revolves around national capabilities that already exist, new capabilities that are expected to be introduced imminently as a result of past investment decisions, and those future capabilities for which investment decisions have already been made. Also in the short term, the financial and human resources that are likely to be available can be forecast with some certainty. As the timeline moves beyond six years into the medium term, the NDPP can have greater effect in influencing national capability development decisions on more major enhancements to, or the replacement of, existing capabilities to meet NATO's anticipated requirements in the medium term. In that period, financial and human resources can be estimated, but with an increasing degree of uncertainty as the timeline extends further. Beyond 20 years in the future, NATO should only aspire to inform national long-term capability development by identifying the most likely 'direction of travel' for the Alliance as a whole. The likely availability of resources in the long term can only be assumed.

12. Prior to the development of the Political Guidance at the commencement of each four-year cycle of the NDPP, the NATO staffs, with International Staff/Defence Policy and Planning Division (IS/DPP) in the lead and supported primarily by Allied Command Transformation (ACT), will consult with Allies (normally during the course of their regular meetings) to explore the strategic direction, rationale and drivers of their national plans for long-term capability development, if such exist. To the extent possible, the information gained in this complementary activity to the NDPP cycle will be used by the NATO staffs to

⁸ The 14 planning domains are: 1. Air and Missile Defence; 2. Aviation Planning; 3. Armaments; 4. Civil Emergency Planning; 5. Consultation, Command and Control; 6. Cyber Defence; 7. Force Planning; 8. Intelligence; 9. Logistics; 10. Medical; 11. Nuclear Deterrence; 12. Resources; 13. Science and Technology; 14. Standardization and Interoperability. NB: Civil Emergency Planning relates to the roles of civil support for Alliance operations under Article 5 and support for non-Article 5 crisis response operations, but not its other roles.

⁹ See Appendix 3, para 4. In the context of the NDPP, medium term capability development is deemed to extend until the end of the planning period covered by three cycles of the NDPP (i.e. 18 years); this is the maximum period in which the process of setting quantitative and qualitative targets to meet identified NATO requirements can be validated. As Allied Defence Ministers agreed that long term was defined as "at least 20 years", for the purpose of the NDPP, the period between 18 to 20 years is also considered as medium term.

identify, and report to Allies, the most likely, long-term 'direction of travel' for the Alliance as a whole, identifying common drivers and capability development trends as well as other areas where different national strategic perceptions result in alternative capability requirements. Visibility of the long-term capability development plans of Allies and awareness of the broad, long-term 'direction of travel' will strengthen NATO's collective ability to anticipate, assess and respond to future security challenges. It may also be taken into account by individual Allies in their requirements derivation associated with their long-term investment plans. Moreover, it may inform successive cycles of the NDPP by providing a context for future capability development in support of the continued transformation of the Alliance.

13. Allies have different political and planning cycles. When an Ally is contemplating changes to national defence and/or budget plans that potentially could have substantial implications for the achievement of NATO's agreed aims and objectives or for the defence plans of other Allies, the Ally concerned is strongly encouraged to share its intentions with other Allies before any final decisions are taken. This is especially the case when the timetable for national decisions prevents timely consideration of the changes in the course of the extant NDPP cycle.

14. Any Ally can request the advice and assistance of the NATO staffs in formulating their national defence policy and plans and developing capabilities. Requests should, in the first instance, be made by the relevant national authorities to Assistant Secretary General DPP (ASG/DPP) who will then orchestrate the appropriate response from the relevant NATO staffs.

ROLES AND RESPONSIBILITIES

15. On behalf of the North Atlantic Council (NAC) and the Nuclear Planning Group (NPG), the Defence Policy and Planning Committee (Reinforced) (DPPC(R)) will be responsible for the development of defence planning-related policy and the overall coordination and direction of the NDPP activities set out in this document. The tasks and composition of this senior committee are detailed in Appendix 1. In exercising its functions, the DPPC(R) is expected to present holistic, integrated advice to the NAC and NPG that takes into account all the relevant aspects, including military factors, and to ensure coherence of planning and capability development efforts throughout the NDPP. While the DPPC(R) will not be placed between the NAC and NPG and other senior committees, in the context of the NDPP it will serve as the central body to oversee the work of the NATO bodies and committees responsible for the planning domains, and can provide feedback and, as required, NDPP-related direction to them. It will have no responsibilities or involvement in activities pursued by other committees which lie beyond the scope of the NDPP.

16. In view of the special role of the Military Committee (MC) vis-à-vis the NAC and NPG, the MC will retain its right to offer independent military advice to them. The MC is engaged in the work of almost all of the planning domains. It is unique in its provision of

agreed military perspectives that, in addition to the military advice of the Strategic Commanders (SCs), is essential to the overall coherence and relevance of NATO defence planning. The individual and collective military judgement of Allies is required to inform the NDPP at several points, including through: the formal engagement of the MC in the process, as detailed in this document; the direct participation of national military representatives and the NATO Military Authorities (NMA) in the DPPC(R); appropriate NMA representation in the Capability Development Executive Board (described below); and, more directly, through NATO military staff involvement in the conduct of all steps of the NDPP. As each NDPP cycle progresses, the SCs should brief the MC at key stages in the development of the products for which they are responsible. This will ensure transparency and enhance the awareness of national military decision makers of defence planning issues associated with the conduct of the NDPP.

17. Staff support for the NDPP will draw on the civilian and military expertise present within the different NATO staff entities (International Staff (IS)¹⁰, International Military Staff (IMS), ACT, Allied Command Operations (ACO), NATO agencies and offices). ACT's role in the NDPP is wide ranging and includes, but is not limited to, the identification of requirements (with ACO) and solution development. ACO also has an important role in the NDPP which includes the provision of operational advice, information on operational plans and the Bi-SC Suitability and Risk Assessment (with ACT). Throughout the process, interaction among the NATO staffs, and with Allies, should be pragmatic and flexible in responding to changing circumstances while attempting to balance the individual needs and priorities of Allies with the collective aims of the Alliance. The NDPP should be as transparent as possible and offer opportunities to capitalise on best practice.

18. With the exception of the national responses required to inform the NDPP, including the Defence Planning Capability Survey at Step 5, the quality and timeliness of the required products for each Step of the NDPP, and the associated input/outputs, are primarily the responsibility of the NATO staff entity identified as being in the lead for the associated activity; when required, planning domains are expected to provide timely input that reflects their specialised expertise. The Capability Development Executive Board (CDEB) is a steering board that directs staff efforts associated with NATO capability development. Chaired by the Deputy Secretary General, it was established¹¹ to bring together the senior civilian and military leadership of the relevant NATO staff entities to maximise the effectiveness of NATO staff involvement in Allied capability development in accordance with overarching policy, direction and guidance and to serve as a coordinating mechanism for all staff activities across the NDPP.

¹⁰ Primarily, but not exclusively, the International Staff's Defence Policy and Planning Division (IS/DPP) and Defence Investment Division (IS/DI).

¹¹ PO(2012)0030 - Final Report of the DPPC(R) on the End-to-End Rationalisation Review of all Structures Engaged in NATO Capability Development.

19. ASG/DPP is the staff focal point for capability development policy and planning and ASG/DI is the staff focal point for monitoring all strategic level capability implementation and delivery. On behalf of the CDEB, both are responsible for ensuring that all relevant entities contribute to the planning and implementation aspects respectively of NATO capability development and for maintaining cohesion and unity of effort in their respective areas of responsibility. In addition, ASG/DI is vested with the staff responsibility for monitoring the the implementation of approved collective targets for which NATO has been designated as the lead agent, but bears no responsibilities for national capability development apart from promoting and facilitating multinational and cost effective solutions¹². A clear distinction should be retained between the setting of requirements and the allocation of resources. Consequently, the existing responsibilities for resource staff, boards, and committees should remain unchanged. Any issues arising that are beyond the competence of the NATO staffs, and which would require the involvement of Allies to resolve, will be forwarded to the appropriate committee to be addressed.

OVERVIEW OF THE NATO DEFENCE PLANNING PROCESS

20. The NDPP consists of the following five, functionally discrete, steps:

- a. Step 1 - Establish Political Guidance;
- b. Step 2 - Determine Requirements;
- c. Step 3 - Apportion Requirements and Set Targets;
- d. Step 4 - Facilitate Implementation; and,
- e. Step 5 - Review Results

Steps 1, 2 and 3 are conducted in sequence every four years. Step 5 is conducted every two years. Efforts to facilitate implementation at Step 4 are continuous and, therefore, conducted in parallel with the other steps. A pictorial representation of the process and the indicative timeline for major activities in odd and even years is at Appendix 2. Any of these steps, or their constituent elements, subject to agreement by Allies, can be conducted out-of-cycle to remain responsive to the needs of the Alliance and individual Allies.

STEP 1 - ESTABLISH POLITICAL GUIDANCE

21. The DPPC(R) is responsible for the development of a single, unified Political Guidance document for defence planning. During the development of the Political Guidance, the MC retains its right to provide advice. The Political Guidance initiates each four-year cycle of the NDPP and sets out the overall aims and objectives to be met by the Alliance, with a particular focus on the following ten years, but also providing guidance for national and NATO defence planning efforts across all planning domains over the medium term and informing efforts focused on the long term. It must be consistent with political imperatives agreed in higher-level policy documents, in particular the Alliance Strategic

¹² PO(2012)0030.

Concept and NATO Summit decisions. It should also indicate the national resources that Allies are expected to allocate to defence. The Political Guidance should be sufficiently comprehensive and detailed to remove the requirement for individual planning domains to develop additional, separate, political guidance documents related to their defence planning activities.

22. In developing the initial draft of the Political Guidance on behalf of the DPPC(R), IS/DPP will reflect the contemporary security environment and the political, military, economic, legal, civil, environmental, scientific and technological factors that could impact on the development and delivery of required capabilities. The initial draft will also take into account: NATO's assessed long-term 'direction of travel'; inputs from the MC, other NATO staff entities and the planning domains (including Nuclear Deterrence); appropriate intelligence and threat analyses; as well as relevant lessons learned from operations, exercises and other activities. The MC's input should identify all relevant military factors which should be taken into account by the DPPC(R), including the implications, as agreed by the MC, of futures work, such as ACT's Strategic Foresight Analysis (SFA) and Framework for Future Alliance Operations (FFAO).

23. The substance of the draft Political Guidance, in particular the formulation of NATO's Level of Ambition for defence planning purposes, is solely the prerogative of Allies in the DPPC(R). NATO's Level of Ambition should be expressed in a way that will support the determination, at Step 2, of the quantitative and qualitative pool of forces and military and non-military capabilities needed to meet it¹³. The draft of the Political Guidance will be developed and agreed by Allies in the DPPC(R) and then submitted to the NAC and, if required, the NPG, for endorsement and subsequent approval by Defence Ministers. This should occur at the winter meeting (nominally February) of Defence Ministers of the appropriate year.

24. Consistent with the Political Guidance, once agreed, the MC can provide further supplementary advice to shape the contributions of the SCs throughout the rest of the process.

STEP 2 - DETERMINE REQUIREMENTS

25. The SCs, with ACT in the lead, will identify the complete set of capabilities considered to be the minimum necessary to meet the quantitative and qualitative ambitions set out in the Political Guidance, taking any supplementary guidance from the MC into account, through a structured, comprehensive process which should be as simple, quick and adaptable as possible while preserving analytical rigour, traceability and transparency. During this work, planning assumptions will be exposed to the DPPC(R) and MC at the

¹³ The Level of Ambition is intended to determine the overall level of forces and capabilities required, not to be prescriptive as to the actual number and scale of possible future real-life operations. Moreover, not every deployment or employment of military personnel should be regarded as an operation.

outset to confirm compliance with the aims and purposes of the Political Guidance. The output of this process will be the Minimum Capability Requirements (MCR), representing the single set of requirements necessary for the Alliance to meet its Level of Ambition and other agreed objectives set out in the Political Guidance. These other agreed objectives include NATO's continuous conduct of its permanent tasks¹⁴. The MCR should also guide and inform the planning efforts of all planning domains. The process will also be informed by, *inter alia*, NATO agreed intelligence and threat assessments, advance plans¹⁵, results from previous planning cycles, including responses to the NATO Defence Planning Capability Survey (DPCS), established conceptual analyses and lessons learned, in particular from operations and missions, as well as from exercises and other activities.

26. The determination of the MCR and, subsequently, the identification of the associated shortfalls, is the responsibility of the SCs. However, the appropriate entities within each of the planning domains will take part in the analysis and be represented at the appropriate level throughout this step. Their active engagement will assist the SCs in providing a sound framework for further work which, ultimately, needs to be usable by each planning domain thereafter. The complete determination of requirements will take place every four years.

27. Allies have a strong interest in how the requirements are developed and in understanding the rationale supporting their determination, not least because the results will ultimately be translated into targets addressed to them. The SCs therefore need to provide transparency at key points throughout the evolution of the MCR by briefing Allies on the emerging results, the rationale underpinning the application of military judgement and its effect on the requirements¹⁶. The SCs must ensure that the Step 2 process is not prematurely qualified by political considerations other than those articulated in the Political Guidance. Once the SCs have finalised the MCR, the results, representing their unfettered military advice, will be presented in full to Allies in the DPPC(R) for their notation. The MC will also be briefed. The full, final MCR will be made available to Allies.

STEP 3 - APPORTIONMENT OF REQUIREMENTS AND SETTING OF TARGETS

28. The apportionment of requirements and setting of targets at Step 3 is the primary means by which the NDPP can influence national defence planning efforts directly. Drawing

¹⁴ These tasks are presently identified in MC 0400/3 – MC Guidance on Military Implementation of NATO's Strategic Concept, paragraph 14.

¹⁵ Standing Defence Plans, Contingency Plans, Generic Contingency Plans and Graduated Response Plans. Note that the forces and capabilities derived from the Level of Ambition must be capable of responding to any of the advance plans and also be able to meet the requirements of individual agreed advance plans. Therefore, the appropriate force and capability requirements to fulfil these advance plans must be taken into account during the development of the MCR.

¹⁶ ACT, on behalf of the Bi-SCs, will brief Allies at least on the following: the Guiding Principles and Planning Assumptions (representing the staff interpretation of the Political Guidance); the initial MCR (derived from the structural model at phase 1 of Step 2 – see Appendix 3); and the final MCR (derived from iteratively stress testing the initial MCR against appropriate combinations of scenarios, which will also be briefed).

on appropriate subject matter expertise from the planning domains and taking into account relevant aspects of the Political Guidance and NATO's defence planning priorities identified in the most recent Capability Report, the SCs, with ACT in the lead, will apportion draft Capability Targets to Allies, with associated priorities and timelines, addressing all of the final MCR's quantitative and qualitative requirements, including any associated doctrine, organisation, training, materiel, leadership, personnel, facilities and interoperability (DOTMLPFI) aspects. The draft Capability Targets will be for individual, multinational or collective (i.e. using NATO common funds) implementation.

29. Apportionment, not only between the United States and non-US Allies but also among the non-US Allies, will respect the political principles of fair burden sharing and reasonable challenge that underpin the Alliance. Assessing what constitutes fair burden sharing and reasonable challenge for an Ally is based on political judgement, hence it can be the subject of debate in the DPPC(R) in the associated multilateral examination which is ultimately reflected in the package of individual Capability Targets agreed by Defence Ministers for each Ally.

30. The principle of "fair burden sharing" is understood as an equitable division of the roles, risks, and responsibilities within the Alliance. It has, for example, underpinned the notion in target setting that every Ally (less Iceland which has no armed forces) is requested to provide a combat capability. In support of the application of military judgement, the initial apportionment to Allies will take account of "relative wealth"¹⁷ and other factors¹⁸. The staffs should also take into account military activities carried out by Allies, including those outside NATO, which contribute to the overall security of the Alliance.

31. The principle of "reasonable challenge" is understood as what constitutes an appropriate ambition for an individual Ally in terms of its economic and financial capabilities, its human resources and in terms of time. Reasonable challenge is used in conjunction with fair burden sharing in Step 3 to help determine the size of the package of draft Capability Targets to be assigned to an individual Ally.

32. The Political Guidance may include specific parameters for the apportionment of individual capability requirements. As an example of such a parameter, presently a '50% guideline' is taken into account by the SCs in apportioning individual capability requirements to each Ally, potentially limiting the maximum contribution requested of any single Ally to 50% of the total requirement for each capability except in a few special cases and where deemed applicable. This is intended to promote Alliance-wide transformation and mitigate

¹⁷ An Ally's 'relative wealth' is the ratio of its national GDP (based on constant prices and averaged over the last five years) to the total GDP of all Allies (based on the same criteria), except Luxembourg. For Luxembourg, the ratio should be of national GNI (based on constant prices and averaged over the last five years) to the total GNI of all Allies (based on the same criteria). All these figures will be circulated to Allies for information.

¹⁸ These other factors include, but are not limited to, each Ally's population, size of forces, current capabilities, capacity, ambitions, plans, strengths and weaknesses.

over-reliance on the United States for some key capabilities, as well as imbalances among European Allies. A systematic approach to addressing these imbalances and more accurately assessing the risk of over-reliance on some Allies must take into account the strategic plans of those Allies and identify the key capabilities for which demand is likely to exceed availability.

33. The sum of the draft Capability Targets addressed to an individual Ally represents the total contribution requested from that Ally across all capability areas. The draft Capability Targets are presented together as a draft Capability Target package. Each draft Capability Target package should seek to maintain continuity and coherence with the apportioned targets from previous NDPP cycles, with existing national plans, and also represent an achievable and militarily sensible force package. Each Ally's draft Capability Target package should represent its fair share of the MCR; therefore, taken together with the package of collective targets, the sum of the Capability Target packages should meet the MCR in full in the medium term.

34. The draft Capability Targets should be expressed pragmatically in terms appropriate to the requirement i.e. using platform/formation based terminology to refer to the provision or enhancement of existing and/or planned capability requirements and moving progressively to capability-based terminology (i.e. the effects to be achieved rather than specific platforms or types of equipment) as implementation dates extend beyond the short term into the medium term. The draft targets should be worded flexibly enough to support national and multinational¹⁹ implementation; Allies may decide to pursue the development of specific capabilities in a multinational context, particularly if the associated requirements go beyond the ability of individual Allies to implement them nationally, or when economies of scale are a decisive factor. Nevertheless, the NATO staffs will continue to propose the allocation of draft Capability Targets to the Allies individually in Step 3.

35. The SCs will forward each Ally's draft Capability Target package ('Blue Book - Version 1') to the relevant national authorities to seek their initial views on the acceptability of the individual Capability Targets within the package. Subsequently, a joint consultation meeting will be held between each national authority and the NATO staffs, led by ACT, to discuss the proposed Capability Target package and to explain how military judgement and the relative wealth factor have been applied. After the meeting, the SCs will refine the draft Capability Target package ('Blue Book - Version 2') in line with the political principle of reasonable challenge while taking into account the views, the specific circumstances and priorities of the Ally concerned. The overall aim should be that, at the end of the Step 3 process, every Ally should be able to recognise that the sum of its apportioned Capability Targets represents a fair share of NATO's total requirements. The leadership of subsequent NATO staff activities in Step 3 will then be transferred to IS/DPP.

¹⁹ Multinational efforts include, but are not limited to, Smart Defence, Framework Nations Concept, Pooling and Sharing and bi-national cooperation.

36. IS/DPP will prepare the draft Capability Target packages²⁰ for consideration by the DPPC(R) in a series of multilateral examinations. In particular, the reason for the apportionment and relevant parameters of any draft Capability Target contested by the Ally concerned will be explained. Allies contesting a draft Capability Target on grounds of affordability should provide an estimate of the costs associated with its implementation. During the multilateral examinations, Allies will have the opportunity to test the objections of the Ally concerned against the principles of fair burden sharing and reasonable challenge and either accede to the Ally's request or, in accordance with the working practice of 'consensus-minus-one'²¹, insist that the target remains in the relevant package.

37. The SCs may put forward draft collective Capability Targets²² for those requirements that they consider cannot reasonably be met by Allies individually or multinationally. These will be prepared as a separate draft Capability Target package on the assumption that all are contested; IS/DPP, after consultation with the International Staff/NATO Office of Resources (IS/NOR), will provide a justification for each potential collective requirement that should describe the urgency with which the requirement concerned should be addressed (e.g. to mitigate a key shortfall) and why it is considered that it cannot reasonably be met by Allies individually or multinationally, consequently justifying the collective approach to its fulfilment.

38. Thereafter, any proposals for collective Capability Targets that the DPPC(R) decides to retain in the package will be forwarded to the RPPB to conduct an initial assessment of whether each proposed requirement is potentially eligible for common funding and, where possible, is affordable²³. The RPPB will inform the DPPC(R) of its initial assessment. The DPPC(R) will then decide on an appropriate way ahead. The final decision by the DPPC(R) on whether or not the draft Collective Targets should be submitted to the NAC and Defence Ministers for approval should be made on the basis of full consensus and after all of the individual draft Capability Target packages have been presented to Allies in the joint consultation meetings.

²⁰ At this point, the designation 'Blue Book' is no longer used.

²¹ 'Consensus minus one' is a convention whereby an Ally, objecting to an element or elements of specific NDPP products (i.e. its Capability Target package in Step 3 and its Overview in Step 5) nevertheless agrees to accept the consensual decision of the other Allies to overrule the objection. If there is no consensual decision among the other Allies to overrule the objection, then the objection is upheld and the specific product is amended accordingly.

²² Collective Capability Targets are those that use NATO common funds if agreed, as opposed to a vehicle to task core staff and committee work (e.g. the development of concepts and doctrine).

²³ Those draft collective Capability Targets that are likely to require funding in the short term, i.e. falling within the scope and timescale of the Medium-Term Resource Plan (MTRP), should contain a non-prescriptive, rough order-of-magnitude of likely life-cycle costs, in order to inform the RPPB's initial decision on affordability. Note that whole life-cycle costs include the procurement of the capability, its operation, modernisation, upgrades, maintenance, repairs and overhaul, until it is retired from service.

39. The draft collective Capability Targets should be worded using capability-based terminology to describe the effects, or tasks, to be achieved rather than specifying particular platforms or types of equipment. Reference to the development of capability packages as a solution to meeting the requirements articulated in the draft collective Capability Targets is not appropriate at this stage.²⁴

40. The DPPC(R) is responsible for forwarding the agreed draft Capability Target packages, together with a Summary Report, to the NAC for submission to Defence Ministers for adoption at the appropriate spring meeting (nominally in June). In adopting the Capability Targets for each Ally, as set out in the corresponding individual reports, Ministers undertake to introduce them into their national planning processes. Within their national defence planning processes, Allies will make sovereign decisions on how to incorporate NATO targets into their national plans, programmes and budgets.

41. The Summary Report should describe how well and when the Capability Targets, once implemented, will deliver the forces and capabilities needed to undertake the full range of Alliance roles and missions as required to fulfil the NATO's Level of Ambition and other agreed objectives set out in the Political Guidance. On the basis of a prior Bi-SC analysis led by ACT, the MC will contribute an assessment of the possible impacts, including on specific operational scenarios, associated with the removal of any of the Capability Targets from the initial packages. The Summary Report will also highlight potential opportunities for multinational cooperation. IS/DPP will prepare the Summary Report on behalf of the DPPC(R), taking into account inputs from the planning domains and the MC with regard to the possible impacts.

STEP 4 - FACILITATE IMPLEMENTATION

42. Activities to facilitate the implementation of Capability Targets at Step 4 are continuous, rather than cyclical. The planning domains, supported by the NATO staffs²⁵ with IS/DI in the lead, will assist those Allies who are willing to participate in the coherent, and timely, national, multinational or collective delivery of the capabilities sought in the Capability Targets. All efforts under this Step are intended to complement and reinforce the routine support from a number of planning domains for the implementation of targets in their areas of responsibility. The MC will focus on enhancing the timeliness and coherence of capability delivery. NATO staff activities will focus primarily on addressing NATO's defence planning priorities, as determined and agreed by Allies at Step 5, particularly by: assisting, when requested, the implementation of national targets; facilitating and supporting coherent multinational implementation; sharing best practice; and taking forward, with Allies, all necessary procedures to implement those collective targets potentially eligible for common

²⁴ Capability packages generally originate from political decisions and operational requirements, not from the collective Capability Targets identified in the NDPP. Capability packages are developed and approved outside of the NDPP.

²⁵ For example, IS/NOR for common funded resource aspects of collective targets.

funding through to the actual provision of the capabilities required by the Alliance. The NATO staffs will also facilitate the development and implementation by Allies of agreed common standards (e.g. STANAGs and Allied Publications) and promote the use of other products developed to improve interoperability.

43. The coherent and timely delivery of required capabilities by Allies will require a regular assessment of progress and staff coordination across all relevant planning domains. To this end, the CDEB, as the coordinating mechanism for all staff activities across the NDPP, may identify further actions to be taken as appropriate to assist with the implementation of NATO capabilities, including: designating Capability Area Managers/Facilitators to monitor progress with certain priority capabilities; developing and maintaining capability implementation plans/roadmaps^{26,27}; suggesting possible multinational solutions; identifying creative solutions²⁸; and proposing remedial action as deemed necessary. Actions falling within the competence of the NATO staffs will be coordinated through the CDEB. Any actions beyond the competence of the NATO staffs requiring the approval or involvement of Allies will be identified and addressed to the relevant NATO bodies and committees responsible for the various planning domains, with a recommendation, where relevant, for remedial action.

44. The appropriate entities²⁹ within each of the planning domains will also assist Allies in finding like-minded nations for the multinational development of capabilities within their area of responsibility. Capability Area Managers/Facilitators will act as the point of contact for their designated capability area and keep the relevant NATO bodies, and committees within the various planning domains, informed of progress and any associated requests. The decision to join a multinational initiative, the agreement of cost shares and actions thereafter remain a national prerogative.

STEP 5 - REVIEW RESULTS

45. Every two years, the defence and financial plans of each Ally are scrutinised and assessed at Step 5 of the NDPP; existing and planned national capabilities, performance in implementing apportioned Capability Targets, operational commitments, and also progress in multinational efforts, are reported in the associated Capability Review documentation. Once all the information gathered from Allies through the Capability Review has been examined and validated by the DPPC(R), and an assessment of progress with the implementation of common funded projects is included, it is compiled into a Defence Planning Capability Report. The Report provides an overall assessment of the capabilities available to NATO and the degree to which the Political Guidance, including the NATO Level of Ambition and other agreed objectives, can be met; the Report also indicates the

²⁶ These should not be confused with Capability Package implementation plans.

²⁷ The determination of such a roadmap and the successful, timely development of the capabilities represented in it could be facilitated, if requested by an Ally, by the efforts of the NATO staffs to enable cross-domain coordination of activities in specific capability development areas.

²⁸ Taking into account relevant advice from industry and the S&T community as appropriate.

²⁹ Committee and/or relevant staffs.

contribution of individual Allies to an equitable sharing of the roles, risks and responsibilities associated with membership of the Alliance. The Report will also include a brief summary of the MC Suitability and Risk Assessment (SRA). The NATO Capability Review is a key mechanism for providing feedback to Allies, with any associated recommendations, and informing the next cycle of the NDPP.

46. The review process begins with the development, by the DPPC(R), of the Defence Planning Capability Survey (DPCS), which is NATO's primary information gathering tool for the NDPP and seeks detailed information on national policies and plans³⁰, particularly in relation to the implementation of apportioned NATO Capability Targets. It also seeks information on the national inventory of military forces and associated capabilities, any relevant non-military capabilities³¹ potentially available for Alliance operations, and national financial plans. The DPCS must address the information required by all of the entities within the planning domains and other appropriate bodies and staffs. The DPCS, once approved for release by the DPPC(R), is forwarded to all Allies for their individual responses. To meet the requirement for information on collective Capability Targets, IS/NOR will prepare, for approval by the RPPB, a brief report on targets to be implemented by using common funds, highlighting progress to date and any areas of concern as well as potential impact on other national or multinational programmes.

47. Once the Allies have submitted their responses and the RPPB has approved and forwarded its report, the NATO staffs, with IS/DPP in the lead, will conduct a preliminary analysis and produce draft assessments for each Ally. These will assess relevant national plans in the context of each Ally's circumstances and priorities, the forces and capabilities potentially available to fulfil NATO's Level of Ambition and other agreed objectives, any contributions to ongoing operations and NATO high-readiness forces, national arrangements to address apportioned NATO Capability Targets and the resources likely to be available to underpin these plans. The NATO staffs should take into account the rationale used for apportionment, any activities conducted under Step 4 and relevant lessons learned from operations and exercises, including NATO evaluations³². The draft assessments may also include recommendations, as appropriate, that take into account the specific circumstances of the Ally concerned, for example on the redirection of resources to meet NATO's defence planning priorities (e.g. from surplus areas).

48. Each draft assessment will include a Bi-SC Impact Statement, based on the overall military judgement of the SCs, analysing the likely operational effects of the national defence plans of the Ally concerned and their potential impact on SACEUR's ability to conduct

³⁰ Inter alia, in accordance with PO(2016)0424, the agreed baseline requirements and resilience guidelines could inform the DPCS to allow the gathering of more targeted information regarding Allies' civil preparedness.

³¹ For those nations that have decided to make such capabilities available to the Alliance from within national assets subordinated to the MOD, other Ministries, or from other Government Agencies.

³² E.g. Joint Evaluation (JOINTEVAL) programme, Combat Readiness Evaluation (CREVAL) programme for land units, Special Operations Forces Evaluation (SOFEVAL) programme, Tactical Evaluation (TACEVAL) programme for air units, and the Maritime Evaluation (MAREVAL) programme.

NATO's current and expected missions and tasks. The SCs will also identify those Capability Targets that, if implemented, would have the greatest effect in fulfilling NATO's defence planning priorities. These statements, in so far as they represent the 'unfettered military advice' of the SCs, will not be subject to review or approval by Allies. At the discretion of the DPPC(R), key observations from the Bi-SC Impact Statements may be brought to the attention of Defence Ministers.

49. Once sufficiently mature, the draft assessment will be forwarded to the Ally concerned and a bilateral meeting arranged between the NATO staffs, with IS/DPP in the lead, and the appropriate national authorities to ensure that the information in the draft assessment is correct and that any areas of the national response to the DPCS requiring clarification are addressed. The national authorities should provide any additional information necessary to complete the draft assessment and, after the meeting, subsequently amend their national response to the DPCS accordingly. After the bilateral meeting, the draft assessment of that Ally will be revised as necessary and, following a final review of its factual content by the Ally concerned, submitted to the DPPC(R) for review and approval during a multilateral examination conducted in accordance with the working practice of consensus-minus-one. The multilateral examinations help to promote transparency, Alliance solidarity and cohesion.

50. Given that the NDPP is an "Allies-only" process, the possible participation of partners in multinational capabilities declared to the NDPP by one or several Allies requires serious consideration. In the event that the employment of a declared capability entails the consent and participation of a partner nation, it is the responsibility of the Ally/Allies declaring this capability to the NDPP to flag it during the Multilateral Examinations process, and to subsequently explain how the capability will meet NATO requirements, taking into account the "Allies-only" nature of the NDPP. The DPPC(R) will then assess the suitability of such capability in a distinct statement, which will be agreed under the procedure of consensus minus one. This statement will be integrated into the overall NATO Capabilities Report to Defence Ministers. If there is no consensus on this capability's suitability, it will be deleted from the Table of Forces and Economic and Financial Data.

51. The SCs, with ACO in the lead, will conduct a comparison of the inventories and plans of the nations against the MCR and will develop a Bi-SC SRA to provide the basis for the subsequent development of the MC SRA by the IMS, on behalf of the MC. The MC SRA will consist of three main elements, the first of which will be an assessment of the risk posed by shortfalls in NATO's forces and capabilities, identified in the Bi-SC SRA, to SACEUR's ability to conduct current and expected missions and tasks as well as execute advance plans. The second element will be an assessment of the future suitability of planned Allied forces and capabilities to meet NATO's Level of Ambition based on the identification of shortfalls in the capabilities required and measures to mitigate them. Finally, the third element will be a concise list of the Main Shortfall Areas (MSA) that pose the greatest risks to SACEUR's conduct of future operations and NATO's achievement of its Level of Ambition

and other agreed objectives. The MSA list will also identify those shortfall areas where there is an over-reliance on a few Allies, or even a single Ally.

52. Based on the individual assessments, and taking into account the MC SRA and the report on progress with common-funded projects, the DPPC(R) will develop the Defence Planning Capability Report, highlighting individual, multinational and collective progress on capability development as it relates to NATO's Level of Ambition and other agreed objectives. The Report will also include a summary of the associated risks identified in the MC SRA with an indication of any potential mitigation measures. In addition, the Defence Planning Capability Report should contain any further guidance deemed necessary to steer future capability development, including any proposed changes to NATO's defence planning priorities. Once agreed by the DPPC(R), the Report, with the approved Overviews for individual Allies as annexes, will be forwarded for agreement by the NAC, and then to Defence Ministers for endorsement at their spring meeting (normally in the June of even years).

53. The Defence Planning Capability Report should be focused on strategic-level issues of relevance to Defence Ministers. In particular, the assessment of the risks associated with capability shortfalls and other identified deficiencies should be focused towards the political and ministerial audience. It should be credible and to the point, highlighting burden sharing issues and identifying indicators that would allow rapid assessment of the current state of play and future trends in the development of the capabilities needed by the Alliance to meet the Level of Ambition and other agreed objectives set out in political guidance.

FUTURE REVISION OF THE NATO DEFENCE PLANNING PROCESS

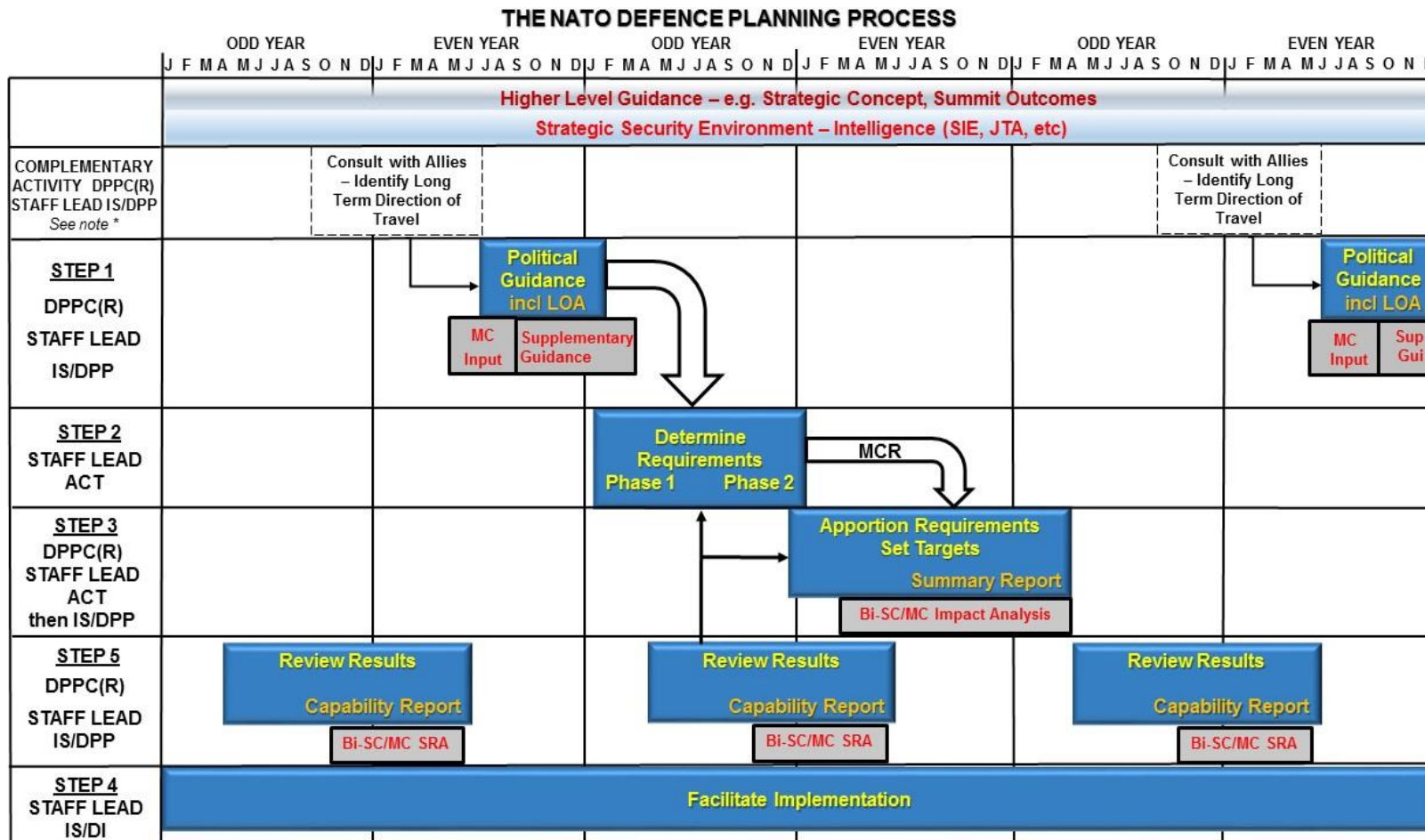
54. At the end of each cycle of the NDPP, a review should be carried out by the NATO staffs, with IS/DPP in the lead, aimed at identifying any necessary remedial action and/or further enhancements to the process described in this document. The conclusions of this review and any proposed changes should be presented for consideration by the DPPC(R) and, if approved, incorporated into an updated version of this document to reflect the necessary improvements to the process.

THE ROLE OF THE DPPC(R) IN DEFENCE PLANNING

1. On behalf of the NAC and the NPG, the DPPC(R) will be responsible for the development of defence planning-related policy and the overall coordination and direction of the NDPP activities set out in this document. The DPPC(R) will be responsible for the following tasks:

- a. Prepare Political Guidance for defence planning.
- b. Monitor the determination of the capability requirements by the SCs, ensuring compliance with the Political Guidance, and note the final MCR.
- c. Assign lead responsibilities for promoting capability development in specific areas to the associated planning domains.
- d. Finalise Capability Targets for individual Allies on the basis of consensus-minus-one and the collective Capability Targets (i.e. using NATO common funds) on the basis of consensus.
- e. Conduct periodic reviews of Alliance capabilities, including efforts to resolve capability shortfalls.
- f. Provide reports and advice to the NAC and NPG on defence planning and capability development efforts, including those made to satisfy lessons learned.
- g. Address general capability-related policy issues.
- h. Coordinate and, where applicable, direct the activities of the relevant committees/bodies in the context of the defence planning process.
- i. Be responsive to capability-related requirements emanating from/identified in the context of operations and cooperation with partners.

2. The DPPC(R) will be chaired by the Deputy Secretary General, who has the authority to delegate chairmanship or invite a co-chairman. Recognising that most of the issues to be considered by the DPPC(R) have politico-military aspects, Allies will have, as a general rule, two seats at the table to ensure the availability of relevant expertise.



* See para 12 of the main document.

EXPLANATORY NOTES AND IMPLEMENTING INSTRUCTIONS

1. These Explanatory Notes and Implementing Instructions enlarge upon the description of the NATO Defence Planning Process (NDPP) set out in the main body of this document, both to inform Allies of the process and to provide guidance to the NATO staffs required to implement it.

INTRODUCTION

2. At the Chicago Summit in 2012³³, Allies reaffirmed that the NDPP would continue to be the primary means of identifying and prioritising the capabilities that the Alliance needed and of promoting their development and acquisition. However, based on their experience of the NDPP to that date, they considered that, in practice, it was not fully effective in harmonising national and NATO defence planning efforts or in stimulating discussion, promoting ownership and facilitating decision making at Ministerial level. Consequently, Defence Ministers agreed two papers^{34,35} making recommendations for changes to the NDPP, in particular to make it more relevant and responsive, and, subsequently, another paper³⁶ recommending complementary activities to support the continued transformation of the Alliance into the long term and changes to the methodology for apportioning NATO requirements to better align with the principles of fair burden sharing and reasonable challenge. A previous paper had sought to address the issue of governance within the NDPP³⁷. For their part, the SCs developed and adopted a new methodology³⁸ for the requirements derivation process at Step 2 that aimed to be as simple, less time consuming and adaptable as possible without compromising its analytical rigour, traceability and transparency and that also offered Allies better understanding and visibility of its conduct, as a means to engender confidence in its outcomes. Much of this was subsequently reflected and agreed by Allies in Political Guidance 2015³⁹.

³³ PO(2012)0229 - The Defence Package for the Chicago Summit

³⁴ PO(2012)0437 – Improving the Visibility and Relevance of Outputs from the NATO Defence Planning Process.

³⁵ PO(2013)0119-REV3 - Enhancing the NATO Defence Planning Process.

³⁶ PO(2015)0338 - NDPP Step 3 and Expanding the NDPP into the Long Term.

³⁷ O(2012)0030 - Final Report of the DPPC(R) on the End-to-End Rationalisation Review of all Structures Engaged in NATO Capability Development.

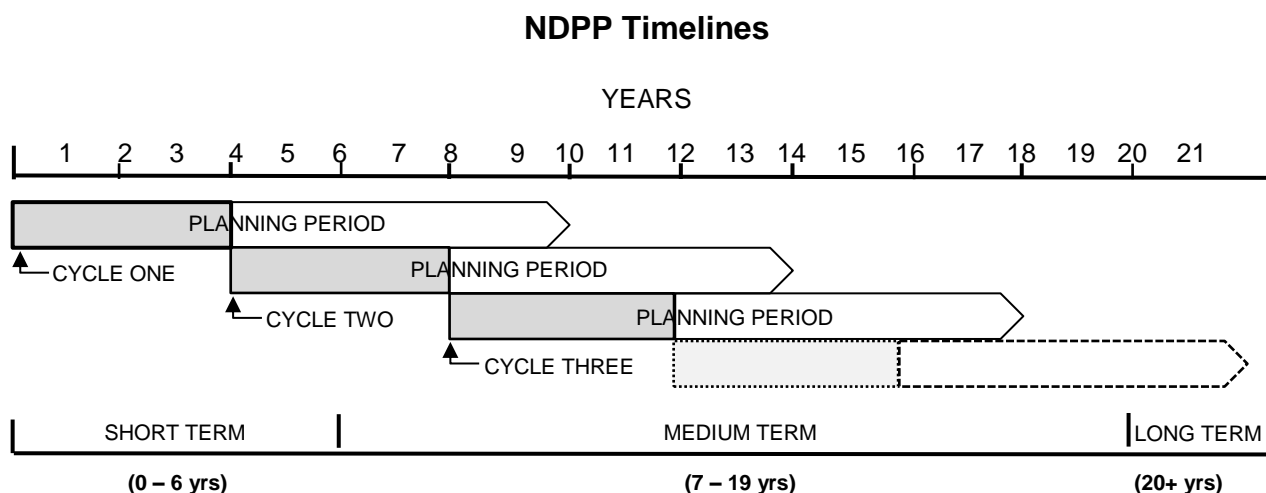
³⁸ SH/PLANS/JCAP/14-306919/1 – 5000/TSC-FPP/TT140166/Ser: NR0089 – Capability Requirements Review for CRR16 Requirements Derivation Process.

³⁹ PO(2015)0580 – Political Guidance 2015.

GENERAL CONSIDERATIONS

3. The aim of NATO defence planning implies that the agreement and implementation of targets by Allies is the singular means by which the NDPP can harmonise national defence planning efforts to meet NATO objectives and promote the longer-term transformation of the Alliance. Indeed, the acceptance of a fair share of NATO’s overall defence burden, within the constraints of reasonable challenge, represented by the targets apportioned to each Ally, should promote the alignment of national defence policies with the collective objectives of the Alliance. The full spectrum of missions refers to all those that might be necessary to meet the strategic aims and objectives of the Alliance expressed in the Strategic Concept and, in more detail, in the Political Guidance developed at Step 1.

4. Each cycle of the NDPP lasts for four years and is based on a notional ten-year planning period. This is linked, *inter alia*, to the ten-year look-ahead of the NATO Strategic Intelligence Estimate which informs the Political Guidance at Step 1. Successive cycles of the NDPP advance the ten-year planning horizon by four years, as shown in the diagram below.



5. Several Allies have their own strategic perspectives on the political, economic, legal, scientific, technological, geographic, demographic, resource and environmental factors that will shape their national defence capability development into the long term (i.e. 20 or more years in the future). They have considered the drivers that are most likely to influence the future strategic security environment at both the regional and global level. By capitalising on this work, the NATO staffs could identify a broad ‘direction of travel’ to facilitate the harmonisation of collective capability development across the Alliance. The NATO staffs, with IS/DPP in the lead, and supported primarily by ACT, should consult with each Ally to discuss their long-term plans, including: whether national long-term defence plans exist; the vision, or drivers, for such plans, including NATO’s prospective role in them; the specific circumstances of each nation; any existing long-term national objectives expressed in broad capability terms and compared with current capabilities; and the underpinning resource assumptions for the long term.

NATO UNCLASSIFIED

6. On behalf of the DPPC(R), IS/DPP may request an Ally to provide a briefing to Allies when there are clear indications that changes to relevant national plans may be in prospect. Any report that the DPPC(R) chooses to generate as a result of these consultations providing an analysis of the potential impact on meeting NATO's Level of Ambition and agreed objectives in the Political Guidance, or on the transformation of the Alliance more generally, should be forwarded to the Council for the subsequent attention of Defence Ministers.

NDPP PRODUCTS AND MAJOR INPUTS/OUTPUTS

STEP	PRODUCT/ STAFF LEAD	ACTION	DUE DATE	ASSOCIATED INPUTS/OUTPUTS
1	Political Guidance IS/DPP	Approval by Defence Ministers	Four-year cycle – odd year (February DMM)	MC Input; MC Supplementary Guidance; BiSC Guiding Principles & Planning Assumptions
2	Minimum Capability Requirements Bi-SC (ACT)	Notation by DPPC(R) Brief to MC	Four-year cycle – even year As required	MCR ^{Initial} ; MCR ^{Final}
3	Capability Targets/ Summary Report Bi-SC (ACT)-IS/DPP	Approval by Defence Ministers	Four-year cycle – odd year (June DMM)	Bi-SC Assessment; MC Assessment
4	Nil (Facilitate Implementation) IS/DI	NATO staff activities coordinated through the CDEB	Continuous	Roadmaps; Progress reports
5	Defence Planning Capability Survey (DPCS) IS/DPP	Approval by DPPC(R)	Two-year cycle – odd year (April/May)	Data for NDPP/Allies/NATO staffs
5	Capability Reviews/ Capability Report IS/DPP	Endorsement by Defence Ministers	Two-year cycle – even year (June DMM)	Bi-SC Impact Statements; Bi-SC SRA; MC SRA (MSAs); Defence planning priorities

STEP 2 - DETERMINE REQUIREMENTS

7. The SCs two-phase methodology for the determination of requirements, the Capability Requirements Review (CRR), should be as simple, less time consuming and adaptable as possible, without compromising analytical rigour, traceability and transparency. In its first phase, it uses the qualitative and quantitative parameters related to the NATO Level of Ambition and other agreed objectives in the Political Guidance to derive an indicative force structure for the land, maritime, air and SOF components. Military judgement and experience is used to decide on, and position within this structure, an appropriate mix of military combat, combat support and combat service support capabilities

(including joint/enabling capabilities), functional specialists, and other non-military capabilities, taking into account relevant policy, concepts and doctrine.

8. From this notional, illustrative and generic structural representation of the NATO Force Structure, the SCs will generate an initial set of quantitative and qualitative capability requirements representing the totality of the pool of forces and capabilities required to meet NATO's Level of Ambition and other agreed objectives. In the second phase of the CRR methodology, this initial structural pool will be validated and refined through a process of iterative 'stress-testing' in which the capacity of the whole structural pool to meet all the requirements of the NATO Level of Ambition and other agreed objectives is analysed and evaluated. For each iteration, a combination of relevant mission types and scenarios representative of the NATO Level of Ambition and other agreed objectives set out in the Political Guidance will be selected and stress-tested to confirm that the pool can meet the demands of that combination of operational scenarios. Throughout the iterative stress-testing, mitigation, replacement and re-use of the forces and capabilities in the initial pool will be used to the maximum extent possible to reduce the quantitative and qualitative requirements to the practicable minimum.

9. After each iteration, a Military Judgement Panel (MJP)⁴⁰ should decide on any necessary quantitative and/or qualitative adjustments to the initial pool of forces and capabilities prior to the next iteration. The next iteration should then use a different combination of scenarios to validate the adjustments mandated by the MJP. Iterative stress-testing will continue until the MJP is satisfied that the Minimum Capability Requirements have been identified. Iterative stress-testing will include confirmation that the pool can fully accommodate requirements emanating from existing and evolving advance plans (e.g. Graduated Response Plans) and lessons learned.

10. Following the iterative stress-testing, the parameters that underpinned the derivation of the initial structural model at Phase 1 will be adjusted to reflect the final result. This will provide a new structure as a sound starting position for the CRR in the next cycle of the NDPP⁴¹. The main outputs of the MJP will inform the briefings to the DPPC(R) and the MC on the emerging results and how military judgement has been applied in the determination of the requirements; these briefings should enable Allies to be able to assess the key elements of the process, through better understanding and visibility of its conduct.

11. Once the CRR process is concluded with the derivation of the final MCR, the SCs, with ACT in the lead, will conduct a comparison for internal (SC) use between the final MCR and existing and planned national, multinational and NATO-owned capabilities potentially available for Alliance operations, missions and other tasks to identify any shortfalls, or

⁴⁰ To ensure the consistent application of higher level military judgement throughout the Step 2 process, Flag Officers/General Officers from ACT, ACO, including the operational level (Joint Force Commands and Component Commands), should participate in an *ad hoc* Military Judgement Panel (MJP) to enhance the common understanding of planning assumptions, offer additional guidance and improve transparency. There should also be engagement with other stakeholders (IS and IMS).

⁴¹ Assuming no major changes to the NATO Level of Ambition and other agreed objectives set out in the Political Guidance.

generic surpluses, in the capabilities required to meet NATO's Level of Ambition and other agreed objectives set out in the Political Guidance.

STEP 3 - APPORTIONMENT OF REQUIREMENTS AND SETTING OF TARGETS

12. The MCR represents the single comprehensive list of requirements that are essential to meet NATO's Level of Ambition and other agreed objectives set out in the Political Guidance. At Step 3, the aim is to apportion a fair share of the whole MCR to each Ally in its Capability Target package for national, or multinational, implementation as soon as practicable i.e. within the bounds of a reasonable challenge. The requested implementation timelines for individual Capability Targets should be sequenced to emphasise the earliest practicable delivery of the capabilities identified as NATO defence planning priorities, noting that, taking reasonable challenge into account, the delivery of some major substantive and/or costly capabilities is likely to extend beyond the ten-year planning horizon of a single NDPP cycle further into the medium term. Accordingly, as a guideline, the NATO staffs, with ACT in the lead, should apportion targets so that each Ally delivers its fair share of the MCR in the course of the period covered by the planning horizon of three consecutive NDPP cycles (i.e. within the medium term – see chart above). The timelines for implementation of the associated Capability Targets should be positioned within this period to accord with the principles of reasonable challenge.

13. The maximum rate at which any Ally can modernise and transform its forces and capabilities depends on a number of factors, the human and financial resources allocated to defence being the most significant. It follows that the maximum capacity for defence that any Ally can develop and sustain will depend on essentially the same factors. This underlines the importance of Allies observing the resource guidelines agreed in the Political Guidance. For the NATO staffs to assess reasonable challenge in the context of apportioning targets, they will require an understanding of the rate at which an Ally can be expected to move towards its national objectives and the ultimate size and composition of the national pool of defence capabilities that they represent. This will also provide an indication of the practical limit of any national contribution to NATO's overall capability requirements.

14. To use an analogy, if each Ally's fair share of the MCR is represented as a bag, or sack, the metric of relative wealth will only be used to give an indication of its size, not the specific Capability Targets that should be used to fill it. This would remain the responsibility of the SCs⁴², with ACT in the lead, using military judgement and taking into account the identified factors.

15. Political Guidance 2015 has reintroduced National Home Defence Forces (NHDF) as part of the NATO Force Structure and directs that appropriate Capability Targets should be assigned to specific Allies for whom Graduated Response Plans are developed to ensure

⁴² As a supporting tool, ACT has developed a "burden equivalency" mechanism to provide an indication of how an Ally's Capability Target package contributes to the overall pool of forces using the notion of relative wealth. This tool will continue to be developed and refined. That said, it is only one of the several factors used to inform the initial apportionment of Capability Target package to an Ally – see footnote¹⁸.

deterrence and defence and where there is an Alliance requirement for such forces. Such NHDF forces need to be readily available and NATO interoperable. Assigning NHDF as Capability Targets should not undermine the political principle of fair burden-sharing and, in particular, that every Ally should contribute combat forces to the pool of deployable forces. Assigned NHDF Capability Targets will form an integral part of the Ally's Capability Target package. The requirement for, and assignment of, Capability Targets for NHDF will be subject to review in each cycle.

16. If deviations from the '50% guideline' are deemed necessary by the SCs, they should consult with the Ally concerned before finalising the apportionment of the MCR, explaining how the principles of fair burden sharing are to be achieved and maintained.

STEP 4 - FACILITATE IMPLEMENTATION

17. As part of Step 4, taking into account NATO's defence planning priorities, the CDEB will determine which specific capability development efforts will be monitored in detail by the NATO staffs. The CDEB will promote and implement cross-coordination among the appropriate staff entities within the planning domains and other relevant stakeholders to address capability development in specified areas (e.g. NATO defence planning priorities) comprehensively and consistently. To coordinate these efforts, staff officers (e.g. Capability Area Managers/Facilitators) will be designated by the CDEB for certain priority capability areas with, inter alia, the task to develop and maintain coherent capability implementation plans or roadmaps described below. The staff officers will not be responsible for driving national capability development efforts, but rather for tracking, monitoring and coordinating strands of work across all lines of capability development (i.e. DOTMLPFI)⁴³. Consequently, they will seek to align and focus staff efforts to bring approved plans to fruition as well as to initiate any required staff remedial action in close coordination with all relevant stakeholders. This should enhance mutual awareness and collaboration, as well as transparency and accountability.

18. Capability roadmaps and implementation plans will be developed and maintained, where appropriate. These will provide an opportunity for those Allies that wish to be assisted by the NATO staffs in their coherent and consistent development of required capabilities, with a primary focus on those associated with NATO defence planning priorities. The capability roadmaps and implementation plans⁴⁴ will reflect all relevant programmes and initiatives in a single document and capture, at a minimum, the progress of Allies towards meeting their Capability Targets (either individually, multinationally, or collectively)⁴⁵, an analysis across the capability spectrum of the additional functionalities required to meet current or projected shortfalls, and those current and planned activities which will contribute to capability development. The capability roadmaps and implementation plans will thus provide a coordination mechanism across the planning domains, the DOTMLPFI spectrum

⁴³ DOTMLPFI - Doctrine, Organisation, Training, Materiel, Leadership, Personnel, Facilities and Interoperability.

⁴⁴ These should not be confused with Capability Package implementation plans.

⁴⁵ Information beyond that requested in the DPCS will be provided by Allies on a voluntary basis.

and planning horizons. They will serve as a starting point for potentially offering Allies more customised advice on capability delivery activities.

STEP 5 - REVIEW RESULTS

19. The SCs, with ACO in the lead, will develop a Bi-SC SRA to provide the basis for the subsequent development of the MC SRA. The MC SRA will consist of three main elements:

a. **Risk:** The first element will relate the current inventory declared as available to NATO, to SACEUR's ability to conduct current and expected missions and tasks as well as advance plans. In determining risk, a broad strategic assessment will include more application of military judgement to determine which current and expected missions and tasks or elements thereof, SACEUR can and/or cannot conduct with the pool of forces provided by the NDPP, and the overall associated risks.

b. **Suitability:** The second element will relate the current inventory declared as available to NATO and defence capability development plans towards fulfilment of NATO's Level of Ambition and other agreed objectives. In determining suitability, a comparison of the inventory declared as available to NATO and defence capability development plans with the MCR, also accounting for interoperability related information, will be used to determine the prevalent trends and potential impacts of delays in capability delivery, according to Alliance objectives and goals. This process will result in the identification of shortfalls, in terms of capability gaps, to ensure the Alliance has the requisite capabilities to fulfil its Level of Ambition and agreed objectives under any conditions. Measures and options to mitigate these shortfalls will then be determined through rigorous analysis.

c. **Main Shortfall Areas:** The third element will highlight the main deficiencies and critical shortfalls in order to improve understanding of the consequences of not mitigating these challenges that will, unless addressed, limit SACEUR's ability to conduct operations, and impede the Alliance in meeting its Level of Ambition and agreed objectives. To this end, the development of a concise list of Main Shortfall Areas (MSA), building on and consistent with, but not limited to, the Bi-SC MSA, will aim at facilitating the provision of focused advice to Allies, in order to mitigate and/or decrease overall risks and to prioritise future capabilities development.⁴⁶

⁴⁶ The MSAs are likely to form the basis for recommendations to Defence Ministers on NATO's defence planning priorities.