PRIORITISATION IN THE FUTURE

NATO Resource Conference
5 Nov 2010

BG Patrick WOUTERS
IMS P&P, Deputy Director
‘Processes’

**DPP – NDPP**
- Establish Political Guidance
- Improve Alliance Capabilities
- Determine Requirements
- Apportion Requirements
- Set Targets
- Facilitate Implementation
- Review Results

**NOR – RESOURCES**
(MTRP/SAER)
- 1 year/6 month cycle
- Step 4 (& 5) of NDPP

**4 year cycle**

**NMA’s – REQUIREMENTS**
- Step 2 of NDPP
- Step 1 of Acquisition

**DI – ACQUISITION(?)**
- Steps 2/3, 4 (& 5) of NDPP

**A new process**
- 10 – 20+ years
Where does PRIORITISATION fit in?
(NDPP - CAP FRAMEWORKS - ...)

Process Model

1. LoA
2. Compare MCR to existing And Planned Capabilities
3. Capabilities to be Maintained
4. Note Synopsis of MCR including Priority Shortfall Areas
5. National Targets
6. Multi-National Targets
7. NATO Targets
8. Associated Risk

Develop Targets – apportion
Agree Targets
National / Multi-National Implementation
NATO Implementation
Support

Reasonable Challenge
Determine Capability Shortfall Solutions

Surplus Capability
Capability Shortfalls
Prioritise Shortfalls

Lessons Learned
Future Trends
Operations

Risk Analysis

Step 1
Min CORE CAP (Very High risk)
Step 2
Min CORE CAP (High Risk)
Step 3
Min CORE CAP (Mod Risk)
Step 4
Min CORE CAP (Low Risk)
Step 5
Min CORE CAP (Very Low Risk)

Foundation CORE CAP (No Operations or Mission ongoing)

NATO Implementation

NATO Capability Survey
Progress Report
Annual Capabilities Report

Outreach
CIS
NUC
NATINADS
NCS

# Act
# PoP
# ADG
# DCA
# C² Elm

Authorized - contracted
New AOM
Other Planned *
Authorized - not contracted
Programmed - not authorized
Not yet programmed
Where does PRIORITISATION fit in?  
(NDPP - CAP FRAMEWORKS - ...)

**Process Model**

1. Agree Targets
2. STRATIFICATION towards CAP Level
3. National Targets
   - Multi-National Targets
5. NATO Targets
   - Associated Risk
   - Monitor / Facilitate
   - National / Multi-National Implementation
4. NATO Implementation
   - Support
   - NATO Capability Survey
   - Progress Report
   - Annual Capabilities Report

**Categorised Projects** (after Review)
1. Ops Risk
2. Transfo Risk
3. Programmatic Risk
4. Resource Allocation Risk

**CAP Level**

**CATEGORISATION**

- Prioritisation within CAP Level
- Note Synopsis of MCR including Priority Shortfall Areas

**Process Steps**

1. Minimum Capabilities Requirements (MCR)
2. Compare MCR to existing And Planned Capabilities
3. Prioritise Shortfalls
4. Determine Capability Shortfall Solutions
5. Develop Targets - apportion

**Risk Analysis**

- Prioritisation of Shortfalls
- Determine Capability Shortfall Solutions
- Develop Targets - apportion
- Monitor / Facilitate
- National / Multi-National Implementation
- NATO Implementation
- Support
- NATO Capability Survey
- Progress Report
- Annual Capabilities Report

**Future Trends**

- Lessons Learned
- Operations
**MIL contribution to CATEGORISATION (Non-AOM)**

### Operational

Assessment of relative importance of specific project to NATO's near-term operational success

<table>
<thead>
<tr>
<th>Significant</th>
<th>Insignificant</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

### Transformational

Assessment of relative importance of specific project to enhancing NATO's future military success

<table>
<thead>
<tr>
<th>Significant</th>
<th>Insignificant</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

### Programmatic

Assessment of factors such as increased cost, programmatic linkages, loss of critical expertise

<table>
<thead>
<tr>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

### Resource

Assessment of amount to be spent against likely NSIP ceiling

<table>
<thead>
<tr>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

**MIL INPUTS**

Joint Assessment with solution provider/HN

Joint Assessment with resource owner
Introduce 2 concepts:

– Programmatic Implementation
– Portfolio Management
AIM: Continuous Balance of Requirements and Resources

KEY FACTOR: TIME + accurate INFO (dB)
The mechanics of Programmatic Implementation

- **in NDPP STEP 1**
  - POL guidance on ASSOCIATION model
    - elements of LoA attributed to CAP levels

- **in NDPP STEP 2**
  - prepare stratification when identifying the requirements

- **in NDPP STEP 3**
  - STRATIFICATION towards CAP Levels
    - favour SCALABILITY & gradual allocation of resources
    - spiral approach reduces PROGRAMMATIC & RESOURCE RISK
  - agree as NATO TARGET (i.e. beneficiary COMMON FUNDING)
    - Reasonable challenge & fair burden (shared at 28)
    - INITIAL STACKING among other PROGRAMMED PROJECTS in SAME CAP Level
      - based on CATEGORISATION
        - i.e. OPS - TRANSFO - PROGRAMMATIC - RESOURCE Risks
The mechanics of Programmatic Implementation

• in NDPP Step 4
  – Periodic review of total STACK for each CAP Level
    • can be under POLITICAL impetus > e.g. LISBON CAP Package
    • sanity check on overall STACK outlook
  – AUTHORISATIONS cognisant of
    • CAP LEVELS (outcome of STRATIFICATION)
    • STACK position within CAP Level (outcome of CATEGORISATION)

• in NDPP Step 5
  – PROGRESS report provides outlook on PROGRAMMATIC & RESOURCE RISKs
Project constraints

TIME (IOC/FOC)

SCOPE

QUALITY

COST

Spiral Approach

So allowing gradual allocation of resources

ANALYSE BENEFITS TO NATO OR RISKS IF NOT IMPLEMENTED
Portfolio Management requires strategic planning and should, therefore, become an NDPP feature.
Portfolio Management

• **THE AIM**
  – to align expenditure on Programmes and Projects with Strategic Goals & available resources
    • NO need for initiatives as Lisbon Package

• **DESIRED OUTCOME**
  – management & impetus from within NATO HQ
  – enabled by programmatic implementation
  – flexible management based on readily available info
Portfolio Management

• The CONSTRAINTS & CHALLENGES
  – Complexity of multi-year programmes
  
  – Unknowns in resource planning
    • NSIP ceilings
  
  – Determine actors, their role & responsibility (governance mechanism)
    • Alignment with NATO Agency and Processes Reform
      – role of proposed Senior Policy Committee
    • CAP Teams > CapCo - Mispo - JSSR authors - HN rep
    • CRITERIA for Prioritisation
      – Multi-Critereum Decision Analysis
  
  – Information systems
    • work off the same sheet of €'s
      – DATABASE
        » correct - accurate - transparent (shareable)
        » enabling to continuous update & re-prioritisation
AIM:
To formalise the NOR/NMA activity over the last 9 months:-
reviewing projects and amending MTRP spending profile accordingly

PURPOSE:
A repeatable process that provides information for the decision makers – the Investment Committee (and RPPB)

PROPOSED MEANS:
Formal Internal Co-ordination Mechanism between NMAs, NOR, +?

HOW OFTEN:
Yearly, six monthly, continually – To be decided
Food-for-thought: FUTURE PRIORITISATION mechanism to manage COST-TIME-QUALITY CONUNDRUM
Project Timelines

• Source: UK Research

• Projects from approval to in service
  • £400m +  13½ years
  • £100-400m  9 ½ years
  • £20-100m  6 ½ years
• NACMA Initial contract signed 1999 with ACCS complete by 2006
• CP 5A0109 approved 9 Sep 05:
  – IOC/FOC not stated but @2008/10
  – NSIP was 1,681 MEUR
• Today:
  – IOC – 2013
  – NSIP: 985 MEUR spent;
    2011-2015 - 785MEur (total 1,770 MEUR)

*TIME is more critical than money*
All **non** Alliance Operation Mission projects could be delayed by 6 months (and in reality have been) and nobody would notice!
Capability Framework for Common Funded Acquisition

ACQUISITION PROCESS
Steps 2/3, 4 (& 5) of NDPP

Define ➔ Approve ➔ Implement ➔ Operate ➔ Dispose

A new process
10 – 20+ years

NMA INVOLVEMENT
Stage 1 – Bi-SCs – Define Requirements/Set Targets (NDPP Steps 2/3)
Stage 2 – MC/RPPB/NAC – Approve Requirement/Target & proposed solution
Stage 3 – Bi-SCs – Monitor and accept into service solution
Stage 4 – Bi-SCs – Propose updates
Stage 5 – Bi-SCs – Recommend disposal

Each Capability Area overseen by a 2* Capability Coordinator
Where does it fit in NDPP?

Step 1: INT → PG → LoA → Pol – Mil Analysis

Step 2: Compare MCR to existing and planned capabilities

Step 3: Develop targets and apportion

Step 4: Monitor / Facilitate

Step 5: NATO Capability Survey → Progress Report → Annual Capabilities Report

Process Model:

- Minimum Capabilities Requirements (MCR)
- Compare MCR to existing and planned capabilities
- Capabilities to be maintained
- Note synopsis of MCR including priority shortfall areas
- Develop targets and apportion
- Agree targets
- Reasonable challenge
- Support
- Determine capability shortfall solutions
- RISK analysis
- Surplus capability
- Capability shortfalls
- Prioritise shortfalls
- Future trends
- Lessons learned
- Operations

National / Multi-National Targets

NATO Targets

Associated Risk

Agree Targets

NATO Implementation

Support

NATO UNCLASSIFIED
MTRP 2011 - 2015
NATO SECURITY INVESTMENT PROGRAMME
EXPENDITURE PROFILE PER LEVEL OF COMMITMENT - GLOBAL (in EURO)

Carry fw from 2010 87 M€
SLOW implement

Authorized - contracted
New AOM
Lisbon CAP Pack
Authorized - not contracted
Defer
Not yet programmed
NSIP Funding

Other (+SOG)
New NUC

* Includes NACMA, ALTBMD PO, MW, Urgent Requirements
**WAS:**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>35,506</td>
<td>25,730</td>
<td>24,153</td>
<td>28,216</td>
<td>22,984</td>
<td>6,752</td>
</tr>
</tbody>
</table>

Total = 143,341

**BUT:**

JSSR to be submitted Mar 11  
MC/RPPB approval May 11?  
Contract signature Sep 11?  
Therefore, proposed profile unachievable  
(all figures move right one year?)
Further points

• Assume that in future requirements and resources come back into balance

• Builds upon stratification and considers capabilities across their life cycle
  – E.g. all Capability Level 0 and 1 projects implemented then Capability Level 2 in a programmed (time dependent) manner
  – avoids having to stratify within a level