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**SMART DEFENCE – A FACILITATOR FOR NATO
CAPABILITIES DEVELOPMENT**

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Abstract:

The global economic crisis significantly affected NATO member states' defence budgets and, subsequently, the Alliance capability to act as a provider of global security. The aim of this paper is to evaluate the extent to which Smart Defence concept provides a feasible tool for member states to boost the development of critical capabilities for the Alliance in the new geostrategic context, as well as acting as a facilitator for the fulfillment of the capabilities assumed by the nations in the framework of the NATO Defence Planning Process – NDPP.

The approach in which nations decide to involve in the identified Smart Defence projects varies from case to case, being dependable on various aspects including decision-making customs, the national security culture, the high senior decision makers involvement, the country's strategic environment, the foresight of its evolution and the membership to different political-military organizations.

Key words: defence, strategy, long term, planning, multinational

1. Introduction

Smart Defence represents NATO's strategic response to assure continued capability development commensurate with global security challenges and NATO's Strategic Concept. Launched in time of fiscal austerity, Smart Defence promotes a long term vision for the Alliance to design, develop and deploy required capabilities, putting into practice Article 3 of the North Atlantic Treaty. Smart Defence has rapidly gained broad support among nations, recognizing its potential to change mindsets and behaviours and to develop into a new way of promoting and assisting NATO's core business: delivering capabilities to match its level of ambition. In the context of the global economic crisis, many NATO member states decided to decrease defence budgets and focused more on enhancing efficiency by making better use of the existing bilateral and multilateral formats of cooperation with other states.

The purpose of this paper is to provide an overview of the NATO's Smart Defence concept and to outline its role in making the best use of the available resources allocated for defence in order to ensure the Alliance ability to reach the Level of Ambition (LoA) as stated in the NATO Political Guidance. The paper is also focused on the close relationship of Smart Defence initiative with the NATO Defence Planning Process – NDPP by offering the member states and the Alliance with an innovative cooperation framework, within which the capability development process can be streamlined to facilitate the fulfillment of the apportioned Capability Targets (CTs) in order to effectively respond to current and future threats and challenges generated by an increasingly dynamic geostrategic environment.

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In the context of a protracted scarcity of resources, Smart Defence represents a pragmatic approach, nations being encouraged to explore various cooperation formats which trigger a better alignment with NATO priorities, projects covering a wide range of efforts addressing the most critical capability requirements such as precision-guided munitions, cyber defence, ballistic missile defence, and Joint Intelligence, Surveillance and Reconnaissance to name a few. In terms of high-end capabilities, cooperation under Smart Defence umbrella, provide access of some member states to capabilities otherwise cannot afford individually due to constrained defence budgets or technological limitations.

The paper also outlines the Romanian approach and experiences regarding the Smart Defence initiative in support of the transformation and modernization of the armed forces using three lines of action: identification and prioritization of critical capability requirements, promoting an extensive cooperation in defence area and development of NATO capabilities through multinational innovative approaches. Having in mind the prolonged period of underfinancing of defence sector, with negative impact for short to medium term, I consider that for Romania, Smart Defence must remain in the next future the most appropriate option, even in the context of an increased budget stating with 2017 as a direct result of implementation of Wales Summit's Defence Investment Pledge.

2. An overview of smart defence

2.1 The general context

In March 2011, during the informal meeting of NATO states defence ministers, NATO SecGen launches the Smart Defence concept, based on the following two considerations: firstly the reaffirmation of the entire spectrum of NATO missions with the associated challenges in the process of capability and force generation, and secondly the significant difficulties generated by the global economic crisis. The overarching idea of promoting innovative solutions to mitigate the negative impact of decreasing defence budgets was "if we cannot spend more, we should spend smarter", as a recognition of the increasingly need for cooperation and solidarity among the allies.

The establishment in the same year of a NATO MNA Task Force on building capabilities through Multinational and Innovative Approaches resulted from decisions made by Heads of State and Government at NATO Lisbon Summit. The MNA TF's primary aim was to address Alliance critical capability shortfalls and to deliver additional military capability through focused collaboration between nations, NATO staffs and organizations. The MNA TF consisted of five working groups comprising relevant NATO entities' representatives to address the following working areas: Capability Initiatives and Organization of Forces, Acquisitions, Operations and Maintenance, Preparation of Forces and Innovative Solutions.

The MNA Task Force (later renamed ACT SD Task Force) supports the Smart Defence mind-set, which is all about setting priorities, developing capabilities together, getting the most return on defence investment and thus increasing efficiencies. For NATO and nations, such cooperation can play a key role in securing collectively, capabilities that may be beyond the reach of individual nations, especially in a financially constraint environment.

In September 2011, focused on gathering and analyzing information about the existing multinational cooperation initiatives for capability development and on evaluating the relevant proposals of member states, the MNA Task Force generated a list of initial Smart Defence projects, for the consideration of NATO defence ministers meeting held in October. The initial list consisted only of the projects supporting the Lisbon package of the Alliance's most pressing capability needs, focused mainly on demands of on-going operations (Counter Improvised Explosive Devices (C-IED), logistics, medical support), theatre missile defence, cyber-defence and command and control (C2). Other potential projects were to be later initiated stemming from other capability requirement identification mechanisms, the most important being the NATO Defence

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Planning Process – NDPP, with a role in determining Priority Shortfall Areas (PSA) in the context of Step 2 – Determine Requirements.

2.2 Conceptual Basis

Three interdependent components provide the conceptual basis for Smart Defence, all of them presenting significant challenges for the Alliance in the past. Although they required commitment and clear political will to implement, the three components have reinforced the Alliance key capabilities to respond the new geostrategic threats and challenges.

Prioritization

Harmonizing the Alliance's and member states capability priorities have generated significant difficulties for decades. Following the strategic guidance provided by heads of states and government and NATO Summits and on national projects offered in priority areas, Smart Defence provides a framework for a cooperative, transparent and affordable approach to fulfilling key capability requirements. Therefore, it allows NATO member states to focus better on aligning collective and national priorities.

Cooperation

By joining their efforts, nations can have access to capabilities they couldn't afford independently and also achieve economies of scale, making capabilities more affordable and improving interoperability. Cooperation can work in a variety of formats: often in a small group of nations with the broad framework of the Alliance. Strategic proximity, in terms of geography, culture, language, common equipment, political ambitions and military requirements, as well as a clear commitment towards shared goals, provides a strong motivation for cooperation among groups of Allies and, in specific cases, with partners.

Specialisation

Under budgetary pressure, allies often unilaterally cut entire capabilities, leaving others with an increased burden and obligation to maintain them. Such specialization "by default" was the result of uncoordinated defence cuts and is not effective. In response, NATO promotes specialisation "by design" whereby nations build on their national strengths and agree to coordinate any planned defence cuts with their Allies. This represents an important step towards maintaining a balanced set of capabilities across the Alliance, recognising the sovereign right of nations to decide on their national inventories.

2.3 Supporting principles that underpin Smart Defence

Affordability

To develop affordable solutions for capability shortfalls, the Alliance better leverage innovations, focusing on essential mission requirements and seek trade-offs between affordability and technical solutions. To improve cost-effectiveness, collaborative engagement with industry is not limited to materiel but address all the components of capabilities, such as doctrine or training which can help offset unaffordable technical solutions, while considering the entire life-cycle of capabilities.

Availability

It is essential that the availability of critical multinational capabilities vital for NATO's support to operations is guaranteed. In times of increasing need for cooperation and specialisation, having the confidence to rely on others for specific capabilities is a key element for Smart Defence.

National and NATO priority alignment

NATO and national capability priorities needs to be aligned, even if this has represented a challenge for the last years. The new vision based on the longer-term security environment (20 years) will change the mindset and help Allies to focus on common priorities and provides an incentive for long term coordination, including in the area of research and development. From

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Smart Defence perspective this approach is reflected through an extensive portfolio of evolving projects and proposals, many of them being for the consideration of defence industry in the future.

In my opinion the key element here will be “flexibility” due to the limited the capacity to predict the challenges and threats of the future. Since the development of capabilities may take years (even more than 10 years in the case of high-end capabilities– e.g. F-35 Multirole Fighter), we must focus on developing versatile weapon platforms, able to be used in a wide array of missions, able to respond efficiently to threats stemming from a very dynamic geostrategic context.

Complementarity

Operational experience shows that partners have much to offer. Therefore, Alliance engages with partners on a case-by-case basis where additional synergies can be achieved with their priorities and programmes. Avoiding duplication and ensuring complementarity with the other multinational cooperation solutions (e.g. EU initiative – Pooling and Sharing) is also essential.

2.4 Implementation

The implementation of Smart Defence concept is, by the large, achieved through adapting existing practices and processes, equally accompanied by transformation and change of mindset as well as political will and commitment.

In order to facilitate the capability development process and to ensure a timely delivery of forces and capabilities, with respect for the short, medium and long term prioritization, ACT Task Force further refined the initial list of Smart Defence projects, structured around the new critical capabilities identified at NATO level, and in line with the provisions of Chicago Summit Declaration on Defence Capabilities: Toward NATO Forces 2020. To facilitate the capability development process, the projects were classified and grouped into three main categories, as follows: Tier 1 – recommended project (projects that have a lead-nation and may be implemented immediately), Tier 2 – possible projects (projects having a moderate intention of participation and for which a lead-nation is not yet identified) and Tier 3 – proposed projects (projects coming from defence industry and nations which cannot be developed yet due to insufficient resources but have potential to be approached in the future in the framework of NDPP).

For the immediate implementation of projects in Tier 1 Smart Defence promotes effective multinational cooperation under a Lead Nation construct. The overriding requirement or expectation for Lead Nation is to accept the overall responsibility for taking forward projects through their execution. Allies are encouraged to come forward and implement the project working in close coordination with other participants in order to: develop courses of action, seek interest and participation from additional nations, initiate letters of interests (LOI) and memoranda of understanding (MOU), involve key staffs and agencies for support, determine the degree of partner involvement (if appropriate) intensify cooperation with participating allies to operationalize the courses of action, report ACT Task Force on progress and the way ahead when requested.

In order to provide NATO authorities and member states with a correct picture on the progress made on projects currently included in the three tiers, a monthly reporting mechanism was developed by the ACT Smart Defence Task Force, namely Status Report. It builds up on the information provided by the allies, especially by the leader nations and also on different feedback mechanisms developed by NATO authorities. Format of the monthly report includes data regarding the following aspects: national representatives for Smart Defence, new projects initiated, closed/completed projects, projects promoted/downgraded from one Tier to another and the complete list of active projects providing for the each with details about lead-nation/participating countries, latest actions/activities and way ahead information.

2.5 Industry

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Building on current frameworks, the proactive partnership with the industry is the key to the successful implementation of Smart Defence, achieving a fair and acceptable share across the Alliance's industrial base. This partnership supports affordable and innovative multinational capability development.

From industry perspective, Smart Defence provides opportunities in an age of austerity. NATO has clearly articulated its interoperability requirements, as well as its key capability domains, and is continuously considering new ways in which to harmonise national industry interests. In this regard, clear signals about NATO's priorities on medium and long term were communicated to business leaders as they make investment decisions on technology and capability development. It was stated clearly that emerging regional military markets are attractive to industry, and that they can be simpler to engage.

2.6 Partnership dimension

Involving partner nations in Smart Defence projects remains important but must be further developed to form a stronger dimension of multinational cooperation, considering that NATO partners are essential to the success of a capability strategy and that is best to engage them early into such process. Although the Alliance should not rely on partners to fulfil critical capability needs, partners should be considered when developing capabilities. Therefore, in line with the provisions of the Chicago Defence Package, in order to associate NATO partner states with the Smart Defence initiative, a list of projects and proposals is released every year for partner consideration. It is worth mentioning here that not all projects identified at NATO level are open to partners. Based on an internal analysis, considering partnership goals on medium and long term and any other relevant criteria (e.g. operational issues, interoperability with NATO, training of forces) they may later decide to involve in projects where that would be useful and appropriate.

The list will continue to be yearly updated as necessary to reflect developments in the status of Smart Defence projects.

3. Smart Defence and NDPP

3.1 Outline of the NDPP

The NATO member states are committed to provide, individually or together, the forces and capabilities needed for Alliance to fulfill its security and defense objectives. The NATO Defense Planning Process (NDPP) is the primary tool designed to identify the required capabilities and promote their timely and coherent development by Allies. The NDPP is designed to influence national defense planning efforts and identifies and prioritizes NATO's future capability requirements, allocate those requirements to each member state as capability targets, facilitates their implementation and recurrently assesses progress.

The NDPP is a coherent and integrated process in which member states choose to participate to deliver the required capabilities in the short, medium and long term. It supports a capability-based approach but provides sufficient detail to assist participating countries and the Alliance to develop the forces necessary to undertake the full spectrum of NATO missions. Concurrently, it is sufficiently flexible to respond to the needs of both individual nations and the Alliance, informs and guides national defense plans, provides transparency, promotes multinational approaches and offers opportunities to take advantage of the best practices.

NDPP consists of the following five main functions or steps which are mainly sequential and cyclical in nature, conducted over a period of four years, although the frequency of the individual functions may vary and the step of facilitating implementation is a continuous activity: 1. establish political guidance; 2. determine requirements; 3. apportion requirements and set targets; 4. facilitate implementation; and 5. review results.

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Fig. 1 NATO Defence Planning Process Steps

3.2 Role of Smart Defence in Step 4

While the responsibilities for the steps 1-3 and 5 rests mainly with the NATO authorities, for the implementation of the assumed capability targets – step 4, nations have the primary role. In this phase, which is the only one continuous activity within the NDPP, nations develops implementation plans for those capability targets which have been pledged to NATO during Step 3 and initiate their implementation through the national planning processes. In my opinion, Step 4 is the cornerstone of the entire process, when plans and commitments should become reality. In case of Romania, the most important bodies and actors in this stage are the MoND's major programs and their managers, alongside senior decision makers. Any pledge to NATO or other national activities subscribed to national defence are implemented through the MoND's major programs.

The commitments to NATO could be implemented either solely in national framework or in multinational, joint or collective approach inside NATO. In the current planning cycle, in order to concentrate the allies efforts towards Alliance critical capabilities, NATO authorities have identified 6 capability areas which are subject to be also approached through multinational solutions: Joint Intelligence, Surveillance and Reconnaissance – JISR, Sustainment, Training and Preparation of Forces, Force Protection, Effective Engagement and Ballistic Missile Defence.

With Smart Defence, NATO's role in of defining, prioritising and allocating requirements through NDPP has not changed, Alliance providing the framework for multinational capability targets and for specialisation by design.

Even if the principles of “fair burden sharing” and “reasonable challenge” continue to be applied during the apportionment of capability targets to nations, in some cases, the development of particular capabilities exceeds the allies' possibilities due to either scarcity of resources (that can be either financial or human), or technological and operational issues, resulting in the impossibility to deliver them in fully accordance with the NATO requirements. In such cases, the negative impact of the aforementioned restraints will generate limitations in delivering capability or delays from the NATO deadlines, that may affect the overall ability of the Alliance to fulfill the entire spectrum of missions. Here comes the role of Smart Defence initiative in mitigation these effects by providing innovative opportunities for cooperation to fulfilling key capability

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requirements. For instance, by joining an acquisition project, it is easier to negotiate larger quantities of armament systems or ammunitions, which will lower the purchase price. There are also obvious advantages in having common logistic support for the same armament system. Some multinational projects are focused on operational aspects, aiming to raise the manning level of some deployable structures (e.g. medical support) by providing specialized personnel or providing common access to ammunition stockpiles in theatres of operations. Pooling CBRN and C-IED capabilities or armoured vehicles and ambulance are also considered as Smart Defence current projects, aiming at meeting the demands of ongoing operations. In order to improve the interoperability of NATO forces and ensure the commonality of doctrines and procedures, dedicated projects have been initiated focused on individual and collective training and education, as well as establishing new centres of excellence as hub of education/training for various specializations. There are also SD projects aiming to facilitate access of all NATO members to high-end capabilities or to strategic information, namely Maritime Situational Awareness or Establishment of a Multinational Geospatial Group.

Regarding funding aspects, since there is no “one size fits all” solution for funding Smart Defence, the funding mechanisms are tailored to each project, including, as necessary and appropriate, common funding. Usually these are established by the lead-nations, agreed by the participants and stipulated in the Memoranda of Understanding (MOU).

4. Romania’s Participation In Smart Defence

4.1 Background

Against austere economic environment, Romania regards multinational cooperation in the framework of Smart Defence initiative as a key factor in developing the most pressing capabilities, acting as a facilitator to reach NATO’s Level of Ambition NATO (LoA). The projects developed under Smart Defence initiative represent the fruitful outcome of a wise collective decision on what is most critical for NATO and also a cardinal opportunity to energize the Alliance by striving towards goals already set in the Political Guidance and the capability commitments made at Warsaw and Brussels Summits.

Recognizing that multinational cooperation represents a pragmatic way that can assist nations to address important capability requirements and shortfalls in a cost-effective manner, Romania has gained significant experience in this field, being an active member of such initiatives before the very concept of Smart Defence was launched. It is worth mentioning here our participation in Strategic Airlift Capability – SAC, NATO Airborne Early Warning & Control – NAEW&C and Alliance Ground Surveillance – AGS.

Romania is permanently assessing the opportunity to extend its participation in Smart Defence initiative, all new projects proposed by NATO authorities being assessed by an interdepartmental commission, involving all potential beneficiaries, followed by a ministerial approval for the projects of concern.

Current participation

Romania’s current involvement in Smart Defence is carefully harmonized with the participation to other multinational cooperation formats like the EU initiative – Pooling and Sharing or the German Framework Nations Concept – FNC, in order to obtain the maximum benefits from complementarity of these innovative approaches.

The Ministry of National Defence is paying a special attention to Smart Defence initiative. The decision to commit to 40 out of the 149 initially proposed cooperation projects was endorsed at the ministerial level from the start. This stands proof of the strong political ownership of the process, across both the approval and the implementation phase in accordance with the political

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commitment of „Active engagement in Smart Defence projects/NATO and Pooling and Sharing/EU”, enshrined in the Government Program.

Romania’s current participation is covering all the 3 Smart Defence tiers, being involved in 35 out of 122 projects identified at NATO level. The detailed participation is as follows: Tier 1 - 15 out of 33 projects, Tier 2 - 14 out of 52 projects and Tier 2 - 6 out of 37 projects. These projects are aiming mainly to eliminate significant shortfalls and limitations due to obsolete or inadequate military equipment, improving the protection of forces, providing logistical and medical support, as well as facilitating access to training and interoperability programmes.

Moreover, Romania is the lead-nation for one Smart Defence project, namely 2.91 – Infrastructure Military Engineering Capability - IMEC, with the participation of Bulgaria, Croatia and Georgia. The aim of the project is to establish a multinational unit able to perform the infrastructure for logistics engineering tasks in a theatre of operations. The composing forces are drawn by the nations from Land Forces, the unit including bridges and road construction capabilities as well as EOD and CIS dedicated sub-units. The structure was certified in 2013 and since then has participated every year in specific military exercises, in order to maintain its operational status.

Recently, as a result of a comprehensive analysis conducted at the level of MoND, a decision was taken to extend our participation in Smart Defence initiative with 4 new projects (included in Tier 2), targeting the following areas: training and evaluation in the field of smart energy, unmanned air systems (UAS), joint logistic capabilities and urban warfare.

5. Conclusions

To sum up, Smart Defence initiative provides the nations with a robust mechanism for multinational cooperation within a very complex strategic environment. The Alliance provides the collective framework for member states to actively engage in Smart Defence projects in order to facilitate the development of the assumed capability targets in the most effective way. Existing NATO structures provides overall political and military coherence, promote convergence of national defence planning and facilitate cooperation among nations. At the same time, the implementation of Smart Defence projects will draw on the extensive experience and capability that many NATO bodies have in multinational project management.

In my opinion, from the NDPP perspective, Smart Defence will remain in the future the main tool on hand in the implementation phase (Step 4), providing the nation with a wide array of solutions to enhance multinational cooperation with a view to long term capability development in the most effective and efficient way. The flexibility of Smart Defence concept will allow a continuous adaptation to be able to respond any unforeseen challenges and threats – an example being, for instance, the projects developed under Ballistic Missile Defence (BMD) in response to Russia’s anti-access area denial (A2AD) capabilities in the post-Crimeea era, as well as the training projects aiming to preserve and share the operational experience after the withdrawal of troops from Afghanistan.

I consider that implementation of new Smart Defence Projects may also have a significant and positive impact upon the ongoing NATO reforms and drive towards increasing coherence and adaptability across the Alliance, as well as increasing the interoperability among the armed forces on both technological (e.g. communications, integrated fire control, ammunitions) and doctrinal aspects (tactics, techniques and procedures).

Romania should continue to support an increased transparency, coherence and harmonization to the maximum extent of Smart Defence with the similar EU process – Pooling and Sharing, as well as strengthening the cooperation and coordination in capability development between the two organizations, this bearing in mind that those countries which are member of both organizations have a single set of forces available for them. The paramount goals in this direction should be to avoid duplication of efforts in capability development and on the other to exploit the

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existing synergies between the two multinational initiatives. At the same time, in order to ensure the transparency of Smart Defence projects implementation and to facilitate the reporting of progress to ACT, a bottom-up mechanism should be developed at national level.

In my opinion the Smart Defence concept, used properly by adequate specialists and decision makers, may facilitate an effective management of the integrated defense planning process not only in order to accomplish our commitments in different fora, but also to transform and modernize the defense field in order to develop and maintain military and non-military capabilities required to accomplish the defense missions and objectives that arise from Constitution.

6. References:

- [1] – The North Atlantic Organization Treaty, Washington D.C., 4 April 1949;
- [2] – PO(2016)0066 - NATO Defence Planning Process;
- [3] – The Law no. 203/2015 on Defence Planning.