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Evaluation of the NATO Contribution Program

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Acronyms and Abbreviations

AAC	Assured Access Contract
AC/326	CNAD Ammunition Safety Group (also known as CASG)
ACG/3	Aerospace Capability Group 3
ACO	Allied Command Operations
ACT	Allied Command Transformation
ADM(Fin CS)	Assistant Deputy Minister (Finance and Corporate Services)
ADM(Mat)	Assistant Deputy Minister (Materiel)
ADM(Pol)	Assistant Deputy Minister (Policy)
ADM(S&T)	Assistant Deputy Minister (Science and Technology)
AGS	Alliance Ground Surveillance
AOM	Alliance Operations and Missions
ARRC	Allied Rapid Reaction Corps
ASMD	Anti-Ship Missile Defence
BNATO	Canadian Joint Delegation to NATO in Brussels
BoD	Board of Directors
C2	Command and Control
C3	Command, Control and Communications
C4ISR	Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance
CAI	Cooperative Airspace Initiative
CAN	Canadian
CANOSCOM	Canadian Operational Support Command
CANSOFCOM	Canadian Special Operations Forces Command
CAS	Chief of the Air Staff
CASG	CNAD Ammunition Supply Group (also known as AC/326)
CDI	Chief of Defence Intelligence
CEFCOM	Canadian Expeditionary Forces Command
CEPMO	Central European Pipeline Management Organization
CEPS	Central Europe Pipeline System
CF	Canadian Forces
CFAWC	Canadian Forces Aerospace Warfare Centre
CFD	Chief Force Development



CFDS	<i>Canada First Defence Strategy</i>
CFMWC	Canadian Forces Maritime Warfare Centre
CHOD	Chief of Defence
CIS	Communication and Information System
CJOS COE	Combined Joint Operations from the Sea Centre of Excellence
CLS	Chief of the Land Staff
CMS	Chief of the Maritime Staff
CMSG	Canadian Materiel Support Group
CNAB	Competent National Audit Bodies
CNAD	Conference of National Armaments Directors
COE	Centre of Excellence
Comd	Commander
C Prog	Chief of Programme
CRS	Chief Review Services
DAER	Director Ammunition and Explosives Regulation
DAR	Director Air Requirements
DCI	Defence Capabilities Initiatives
DCMFA	Director Comptrollership Management and Financial Arrangements
DDPC	Director Defence Programme Coordination
DFAIT	Department of Foreign Affairs and International Trade
DGIIP	Director General International and Industry Programs
DISP	Directorate of International Security Program
DM	Deployability and Mobility
DMPOR	Director Maritime Policy, Operations and Readiness
DMRS	Director Maritime Requirements Sea
D NATO Pol	Director NATO Policy
DND	Department of National Defence
DRDC	Defence Research and Development Canada
DRESS	Director's Required Experts to Support the Steering Committee
EU	European Union
EW	Electronic Warfare
EXTAC	Experimental Tactic
FOC	Full Operational Capability
FOL	Forward Operating Location



FORACS	Forces Sensor and Weapon Accuracy Check Sites
FY	Fiscal Year
GoC	Government of Canada
HQ	Headquarters
IBAN	International Board of Auditors for NATO
IFC	Intelligence Fusion Centre
IM	Insensitive Munitions
IMS	International Military Staff
IOC	Initial Operational Capability
IPSAS	International Public Sector Accounting Standards
ISAF	International Security Assistance Force
JAPCC	Joint Air Power Competence Centre
KFOR	Kosovo Force
MARLANT	Maritime Forces Atlantic
MARPAC	Maritime Forces Pacific
MC	Military Committee
MCCE	Movement Coordination Centre Europe
MCG	Maritime Capabilities Group
MIA	Multinational Implementation Arrangement
MILREP	Military Representative
MND	Minister of National Defence
MOB	Main Operating Base
MOU	Memorandum of Understanding
MSIAC	Munitions Safety Information Analysis Center
MSO	Maritime Security Operations
MSSC	Multinational Sealift Steering Committee
NAC	North Atlantic Council
NAEW&C	NATO Airborne Early Warning and Control Program
NAEW&FC	NATO Airborne Early Warning and Force Command
NAEWF	NATO Airborne Early Warning Force
NAFAG	NATO Air Force Armaments Group
NAGSMA	NATO Alliance Ground Surveillance Management Agency
NAMP	NATO Annual Manpower Plan
NAMSA	NATO Maintenance and Supply Agency



NAMSO	NATO Maintenance and Supply Organization
NAPMA	NATO Airborne Early Warning and Control Programme Management Agency
NAPMO	NATO Airborne Early Warning and Control Programme Management Organization
NATO	North Atlantic Treaty Organisation
NC3A	NATO Consultation, Command and Control Agency
NC3B	NATO Consultation, Command and Control Board
NCS	NATO Codification System
NDMC	NATO Defence Manpower Committee
NETE	Naval Engineering Test Establishment
NEWAC	NATO EW Advisory Committee
NLR	National Liaison Representative
NMR	National Military Representative
NNAG	NATO Naval Armaments Group
NOR	NATO Office of Resources
NORAD	North American Aerospace Defence Command
NPLO	NATO Production and Logistics Organization
NPLSO	NATO Production, Logistics or Service Organization
NRC	NATO-Russia Council
NRF	NATO Response Force
NRL	Naval Research Laboratory
NSCC	NATO Special Operations Coordination Centre
NSHQ	NATO Special Operations Headquarters
NSIP	NATO Security Investment Program
NSP	NAPMO Strategic Plan
O&M	Operations and Maintenance
O&S	Operations and Support
OCI	Office of Collateral Interest
OPI	Office of Primary Interest
PAA	Program Activity Architecture
PCC	Prague Capability Commitment
PMOU	Program Memorandum of Understanding
POC	Point of Contact



RCS	Radar Cross Section
RDC	Rapid Deployable Corps
RPPB	Resource Policy and Planning Board
SA	Staff Assistant
SACEUR	Supreme Allied Commander Europe
SALIS	Strategic Air Lift Interim Solution
SC	Steering Committee
SET	Sensors and Electronics Technology
SG2	Subordinate Group 2
SHAPE	Supreme Headquarters Allied Powers Europe
SJS	Strategic Joint Staff
SNR	Senior National Representative
SOF	Special Operations Forces
SOH	Single Operational Headquarters
SPRC	Senior Policy and Resource Committee
SRB	Senior Resource Board
STANAGS	Standardization Agreements
SWG	Special Working Group
UNODC	United Nations Office for Drugs and Crime
UK	United Kingdom
US	United States
US NORTHCOM	United States Northern Command
USAF	United States Air Force
VCDS	Vice Chief of the Defence Staff
VNC	Voluntary National Contribution
WG	Working Group

Results in Brief

The North Atlantic Treaty Organization (NATO) Contribution Program is comprised of 17 separate programs and activities. The NATO Military Budget and NATO Security Investment Program (NSIP) are the two core programs with compulsory participation for all NATO member nations. Participation in the other 15 non-core programs and activities funded through the NATO Contribution Program is optional. This includes the NATO Airborne Early Warning and Control (NAEW&C) Program, Alliance Ground Surveillance (AGS) system, centres of excellence and other NATO-related activities.

During the evaluation period, i.e., Fiscal Year (FY) 2005/06 to FY 2009/10, DND contributed \$836 million through the NATO Contribution Program. Approximately \$200 million was contributed in FY 2009/10, of which 64 percent went to the two compulsory core programs and 34 percent was allocated to the non-core NAEW&C and AGS programs¹. The remaining 2 percent was allocated to the other non-core discretionary activities in which Canada has chosen to participate.

Overall Assessment

- NATO and the NATO Contribution Program are relevant and align with the Department of National Defence (DND)/Canadian Forces (CF) priorities.
- While NATO is effective, NATO administrative and financial processes are not performing efficiently.
- DND/CF does not have a holistic perspective on its NATO investments, which could result in conflicting advice, lost opportunities and a lower return on investment.

Findings

Relevance

The NATO Contribution Program, overall, aligns with and is relevant to the priorities and mission of the Government of Canada (GoC), DND and the CF. The Program enables Canada to contribute to international peace and security while demonstrating leadership in an international organization. Being a participant in these programs and activities gives Canada a seat at a global, pre-eminent defence forum, enables Canada to provide input and guidance into NATO direction and outcomes, and provides CF access to specialized services, expertise, facilities and activities that do not exist in Canada.

Performance

Overall, NATO's goals to maintain collective security and provide consultation on defence and security issues are achieved and are demonstrated through many of the NATO programs and activities supported by the NATO Contribution Program. NATO has contributed to increasing security and stability in Afghanistan, seaborne security in the Mediterranean, nation building in Bosnia-Herzegovina and Kosovo and combating

¹ On 3 August 2011, Canada made a statement to NATO regarding its intention to begin withdrawing from the AGS program, with Canada's full effective withdrawal in the spring of 2012. On 31 August 2011, Canada made a statement to NATO regarding its intention to withdraw from the NAEW&C program. The full effective withdrawal from this program will begin no sooner than the fall of 2012.

piracy in the Gulf of Aden, amongst other roles. NATO has demonstrated its effectiveness through its contributions to the improvement of the skills and capabilities of member nations to agreed NATO standards, thereby increasing interoperability amongst military forces.

However, NATO administrative and financial processes are not performing efficiently. This has been highlighted by the NATO Secretary General, as well as senior defence ministers, and NATO staffs have been tasked with developing significant changes to address the recognized deficiencies. In addition, there are insufficient controls in place within these NATO activities to determine their specific effectiveness and efficiency. As these are NATO and not Canadian programs and activities, Canada has limited options on how to effect change.

For the DND-managed NATO Contribution Program, the scope of the designated Program Sponsor and Program Manager is too narrow to fully manage and coordinate an activity that has a potential for such far-reaching impact on government, DND/CF and the achievement of defence outcomes. The NATO Contribution Program, as well as other DND/CF NATO-related programs and activities, would benefit from a more strategic, comprehensive and holistic management approach to better leverage Canada's investment in NATO to the benefit of the DND/CF and Canadians. DND/CF may not be getting full value for money from its investment in NATO because responsibilities for NATO activities are too fragmented across the Department, with a result that there is no sufficiently broad or strategic perspective to fully leverage our NATO investments.

The evaluation identified that the lack of centralized management, a strategic perspective and appreciation of the extent of the DND/CF involvement in NATO raises potential risks and a lack of synergistic effect to the many NATO programs and activities in which Canada is involved. It also raises a risk of disparate departmental groups making decisions in isolation or providing conflicting advice.

The evaluation further identified that the NAEW&C and AGS programs include not only DND contributions through the NATO Contribution Program but also significant DND/CF personnel and support requirements, associated resources and operational costs. During the course of the evaluation, there were a number of issues raised with regard to these two programs that will have a more wide-spread impact on DND/CF beyond the parameters of the NATO Contribution Program, especially with regard to staffing and resources.

Key Recommendations

Continue to provide funding through the NATO Contribution Program to the two core programs which are mandatory for NATO membership:

- Military Budget
- NSIP

OPI: Assistant Deputy Minister (Finance and Corporate Services) (ADM(Fin CS))

Continue to provide funding through the NATO Contribution Program for the following non-core activities:

- NATO Rapid Deployable Corps (RDC);
- NATO Maintenance and Supply Agency (NAMSA);
- Intelligence Fusion Centre (IFC);
- Joint Air Power Competence Centre (JAPCC);
- Combined Joint Operations from the Sea Centre of Excellence (CJOS COE);
- NATO Special Operations Headquarters (NSHQ);
- Special Working Group Electronic Warfare Trials (Naval);
- Special Working Group Electronic Warfare Trials (Air);
- Munitions Safety Information Analysis Center (MSIAC);
- NATO Naval Forces Sensor and Weapon Accuracy Check Sites (FORACS); and
- NATO-Russia Council (NRC) Practical Cooperation activities of the Cooperative Airspace Initiative (CAI), Defence Industrial and Research and Technological Cooperation, and the Project on Counter-Narcotics Training for the Afghan National Security Forces.

OPI: ADM(Fin CS)

Conduct a comprehensive assessment of the following NATO non-core programs to determine the overall DND/CF resource impacts, operational risks, departmental relevance and available alternatives:

- NAEW&C Program

OPI: Chief of the Air Staff (CAS)

- AGS

OPI: Vice Chief of the Defence Staff (VCDS)

- Strategic Sea Lift

OPI: Commander Canadian Operations Support Command (Comd CANOSCOM)

Design and implement a DND/CF management framework for the NATO Contribution Program and other ongoing NATO programs and activities to provide for the strategic management of the DND/CF involvement in NATO to ensure that NATO investments are fully leveraged to the benefit of the DND/CF and Canadians.

OPI: VCDS

Develop a formal approval process for determining which core and non-core NATO programs and activities may be considered for inclusion in and funded through the NATO Contribution Program.

OPI: VCDS

Ensure official DND documentation supporting the NATO Contribution Program accurately reflects the scope of NATO audits and controls.

OPI: ADM(Fin CS)



Continue to advocate and support improved administration, improvements to effectiveness and efficiency, and the development and collection of performance indicators for all core and non-core programs and activities.

OPI: Through each DND/CF representative to each NATO Contribution Program and Activity.

Examine, at the next evaluation of the NATO Contribution Program, whether NATO reforms have been implemented and if they have resulted in changes to the NATO governance, funding and review mechanisms, with regard to the programs and activities funded through the NATO Contribution Program.

OPI: Chief Review Services (CRS)

Note: For a more detailed list of CRS recommendations and management response, please refer to [Annex A](#)—Management Action Plan.



Introduction

As a signatory to NATO, Canada is obligated to contribute to core NATO programs and can choose to participate in other non-core NATO activities, in accordance with national priorities, requirements and interests. The Department of Foreign Affairs and International Trade (DFAIT) is responsible for the civil contribution to NATO and DND is responsible for the military contribution. During the evaluation period FY 2005/06 to 2009/10, DND contributed \$836 million through the NATO Contribution Program, of which approximately \$200 million was in FY 2009/10. In general, the NATO Contribution Program provides funding to NATO programs and activities that are directed towards collective requirements that cannot be designated as being within the responsibility of any single nation to provide.

While the 2004 CRS *Audit of NATO Contributions* examined the management processes for DND contributions from the NATO Contribution Program to the Military Budget and NSIP, the NATO Contribution Program has never been evaluated by CRS. This is now required under the *Policy on Evaluation* and the *Policy on Transfer Payments*.

Background

This evaluation was conducted in accordance with the DND/CF Evaluation Work Plan for FY 2009/10, as approved by the Deputy Minister and the Chief of the Defence Staff, based upon the recommendation of the DND/CF Evaluation Committee.

Aim

The aim of this evaluation is to assess the relevance and performance (effectiveness, efficiency and economy) of DND's NATO Contribution Program.

Objectives

In accordance with the core evaluation issues in the federal *Directive on the Evaluation Function*, this evaluation considered the following issues of Program relevance and performance:

Relevance

Issue 1. Is there a continuing need to fund the NATO Contribution Program?

Issue 2. Is the DND role in the NATO Contribution Program consistent with government policies and priorities?

Issue 3. Does the DND role in the NATO Contribution Program align with current federal roles and responsibilities?

Performance (Effectiveness, Efficiency and Economy)

Issue 4. Does DND meet its expected outcomes in the NATO Contribution Program? Do the programs and activities funded through this contribution meet their expected outcomes?

Issue 5. Are the most appropriate and efficient means being used in the NATO Contribution Program? Are there alternatives for delivering these services?

Scope

This evaluation examined the NATO Contribution Program for the Vote 10 contribution cycle from FY 2005/06 to FY 2009/10. It also considered how the Program is moving forward into its new five-year cycle. The Program funded 17 separate programs and activities during the evaluation period:

- NATO Military Budget
- NATO Security Investment Program
- NATO Airborne Early Warning and Control Program
- Alliance Ground Surveillance
- Strategic Lift Capabilities
- NATO Rapid Deployable Corps
- NATO Maintenance and Supply Agency
- Intelligence Fusion Centre
- Joint Air Power Competence Centre
- Combined Joint Operations from the Sea Centre of Excellence
- NATO Special Operations Coordination Centre
- NATO Special Working Group Electronic Warfare Trials (Naval)
- NATO Special Working Group Electronic Warfare Trials (Air)
- NATO-Russia Council
- Munitions Safety Information Analysis Center
- NATO Naval Forces Sensor and Weapon Accuracy Check Sites
- Central Europe Pipeline System

Scope Exclusions/Limitations

The evaluation was limited to examining only the NATO programs and activities specified within the DND NATO Contribution Program. The evaluation did not examine all NATO-related activities supported by the DND/CF. The Vote 10 payments made under the NATO Contribution Program, in most cases, contribute specifically to the administrative component of the programs and activities listed herein. Costs related to the deployment or employment of DND/CF personnel in support of these specific NATO programs and activities are not covered by the NATO Contribution Program and are not within the scope of this evaluation. With the exception of specific NATO common-funded projects approved by NATO, in support of NATO missions or operations and those which may be financed through the NATO Contribution Program's Military Budget or the NSIP, the parameters of the NATO Contribution Program evaluation do not include the costs of DND/CF engagement in NATO missions or NATO-led operations overseas.

The evaluation of this Contribution Program provides insight into a discrete component of Canada's involvement in NATO when compared to the multi-faceted DND/CF participation in NATO programs and activities that extend far beyond the parameters of the NATO Contribution Program. In general, the limitations of evaluating the Vote 10

contributions to the NATO Contribution Program constrain the development of comprehensive and holistic assessments on the relevance and performance of the programs and activities. Furthermore, any decisions made based solely on this evaluation could have a much wider impact on existing NATO-related activities; for example, any expansion, reduction or closure of an activity would impact DND staffing levels to NATO which could change the overall number of CF allocated NATO general and flag officer positions, which are based upon staffing numbers.

Scope Program Activity Architecture (PAA)

The NATO Contribution Program was evaluated against the DND PAA that was current during the period being examined:

Strategic Outcome	Good Governance, Canadian Identity and Influence in a Global Community
Program Activity	Contribute to the Canadian Government, Society and the International Community in Accordance with Canadian Interests and Values

For the upcoming five-year contribution cycle, the program falls under the PAA that came into effect 1 April 2010. The PAA areas covered in this evaluation are noted as follows, along with the corresponding program activities, components and their respective numerical designations:

Strategic Outcome	Defence Operations will Improve Peace, Stability, Security
Program Activity	3.4 International Peace, Stability and Security
Program Sub-Activity	3.4.2 Military Diplomacy
Program Intermediate Level	3.4.2.0.2 NATO
Program Components	3.4.2.0.2.2 Vote 10 Contributions

Methodology

This evaluation used the following methodologies to collect lines of evidence:

Document/Data Review. The initial document review provided an understanding of the NATO Contribution Program and its context to assist in the planning. A more comprehensive document review was conducted to collect and assess program data, such as financial, performance measurement and/or other types of data already collected by the Program.

Literature Review. The review focused on contextualizing the NATO Contribution Program nationally and internationally. It examined the benefits and criticisms of the Program with regard to the DND/CF and NATO. It identified ongoing and potential issues within the context of the Program.

Interviews. Structured and unstructured interviews were conducted in person and by telephone with appropriate military and civilian staff in the DND/CF including L1s/staffs involved in running/participating in the programs/activities, including those in ADM(Fin CS), ADM(Pol), Assistant Deputy Minister (Materiel) (ADM(Mat)), Strategic Joint Staff (SJS), VCDS, CANOSCOM; appropriate DND and DFAIT members of the Canadian Joint Delegation to NATO; and DND/CF representatives to NATO organizations that receive Program funding. Officials from other federal government departments, such as the Privy Council Office and DFAIT, as well as other NATO bodies, such as the Competent National Audit Bodies, were interviewed. In all, 48 people were interviewed in person or by telephone.

Costing Review. Existing NATO and International Board of Auditors for NATO (IBAN) audits and other relevant program financial assessments were reviewed when available.

An Evaluation Matrix was completed (see [Annex B](#)). This matrix provides a guide on specific evaluation questions, performance indicators and relevant sources for this evaluation.

Methodology Limitations

As the programs and activities examined in this evaluation are NATO entities, member nations cannot conduct an audit or evaluation directly on the specific NATO programs, but only on their respective national component. Any document, audit, review or evaluation conducted by the specific NATO programs or on them can be released to program member nations if requested. However, in most cases, program metrics are not being collected by the specific entities and, as such, were unavailable. Performance indicators collected on the DND/CF components would not provide overall indicators for the NATO programs and activities.

Description and Analysis

NATO Overview

In 1949, a North Atlantic Alliance was created based on security guarantees and mutual commitments between Europe and North America. Twelve nations, which included Canada, created NATO on the basis of a treaty to ensure their collective defence through the development of “peaceful and friendly international relations” by promoting conditions of stability and well-being. NATO’s purpose, set out in the North Atlantic Treaty, was to protect the freedom and safety of its members. In Article 4 of the Treaty, members agreed “to consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the Parties is threatened.” In Article 5, Allies agreed “that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all.”²

From 1949 until the fall of the Berlin Wall in 1989, NATO was focused on defending against possible attack from the communist bloc, while supporting democratic principles in European nations. In the 1990s, to halt ethnic cleansing in the Balkans, NATO forces were engaged in military action. The end of the Cold War saw the Alliance establishing partnerships with former adversaries and admitting new members that could contribute to NATO’s collective security.

The turn of the century brought more volatile and less predictable security challenges for the Alliance. Responding to these unconventional security threats, NATO has remained engaged: assisting the Afghanistan government to create a secure environment that will allow sustainable reconstruction, development and good governance; contributing to seaborne security in the Mediterranean; nation building in Bosnia-Herzegovina and Kosovo; and combating piracy in the Gulf of Aden.

Today, NATO comprises 28 European and North American member nations that are required to “maintain and develop their individual and collective capacity to resist armed attack.”³ In addition, NATO provides a unique forum for discussion and cooperation on defence and security issues. Although NATO’s activities have evolved over the decades, the basic tenet of cooperation remains true to its original principles: collective defence, the peaceful resolution of disputes and NATO’s defensive nature.

Relevance

All NATO member nations are required to contribute to the Military Budget and to the NSIP. This may be construed as a type of NATO annual fee, as member nation contributions are obligatory. Through the national contributions to the Military Budget and the NSIP, Canada funds core common-funded NATO activities which have been approved by consensus.

² The North Atlantic Treaty, 1949 http://www.nato.int/cps/en/natolive/official_texts_17120.htm.

³ Ibid.

Canadian participation in all of the other programs and activities funded through the NATO Contribution Program are discretionary; Canada has made an intentional decision to participate in them and has the option of withdrawing participation from them.

NATO and the NATO Contribution Program align with the following GoC, DND and CF strategic directions:

- **Speech from the Throne:** “Government will use its voice to speak on behalf of Canada’s commitment to global security.”
- **Advantage Canada:** “Government will invest and seek partnerships with the provinces and the private sector in strategic areas that contribute to strong economies.”
- **Canada First Defence Strategy (CFDS):** “Contribute to international peace and security—projecting leadership abroad.”
- **CFDS:** “Canada will continue to support and contribute to these key international bodies. (NATO).”
- **DND PAA:** “Defence operations will improve domestic and international Peace, Stability, and Security.”
- **DND PAA, Sub Activity:** “Canada meets its commitments to international allies and partners.”
- **DND 2010-2011 Report on Plans and Priorities:** “Contribute to global peace and security by conducting global CF operations across the conflict spectrum from humanitarian assistance to combat, in concert with national and international partners, to achieve timely and decisive results in support of Canada’s national interests.”

As a NATO nation, Canada benefits from collective security, facilitation of a leadership role in global security, access to a ready-made defence and security forum, increased global military interoperability and standards, as well as industrial benefits to Canadian companies.

NATO’s key role to ensure the collective security of its member nations is held as being successful with over 60 years of peace in Europe and amongst other western democracies. Until the end of the Cold War, NATO was a deterrent to the former Soviet Union’s potential aggression against Europe and North America. To continue to ensure international peace and security, NATO is now engaged in developing a cooperative NATO-Russia relationship, conducting operations in Afghanistan and around the world including counter-piracy operations and exploring defence against other threats, including cyber-warfare.

As stated in the 2010 publication *Security in an Uncertain World*, “security interests of liberal democratic states are so interdependent that a global effort is required to protect these states, wherever they may be, from global or particular threats wherever they may arise.”⁴

⁴ Conference of Defence Associations Institute and the Canadian Defence and Foreign Affairs Institute, *Security in an Uncertain World*, Ottawa, 2010, page 33.

As a NATO nation, Canada's place in the world is enhanced. While participating along with 27 other nations in NATO activities and missions, Canada contributes to international decision making that ultimately impacts on the defence, security and well-being of our nation. GoC policy and priorities clearly indicate that Canada is committed to and will contribute to international peace and security. NATO provides Canada with this opportunity.

NATO is seen as the preeminent global military alliance, as evidenced through the expansion of the Alliance from 12 to 28 nations. This is also demonstrated by requests from other nations to be considered eligible for membership, the breadth of its partnerships and the cumulative size of the Alliance. Through active participation, Canada is able to lead change and influence direction of the Alliance, which contributes to a leadership role in the international community. Canada is also able to provide leadership through the sharing of its best practices in accountability and management techniques, in military methodologies and in readiness training. Several examples were presented during the evaluation that documented where Canada has successfully made recommendations for accountability changes, where Canadians demonstrated best practices and where Canadians provided leadership resulting in action.

The role of NATO is not just to ensure collective security. As noted in Article 4, NATO also enables consultation amongst its members on political and security issues. In April 2010 in Tallinn Estonia, the NATO Secretary General noted at the Informal Meeting of NATO Foreign Ministers that he wanted the Alliance to increase its consultative aspects to the benefit of members. Subsequently, the Secretary General's appointed Group of Experts, led by former United States (US) Secretary of State Madeline Albright, has presented its report *NATO 2020: Assured Security; Dynamic Engagement*, which noted that "the Allies should make more creative and regular use of the consultations authorized by Article 4."⁵

During this evaluation, most of those interviewed and many of the documents reviewed spoke to the importance of NATO as a ready made forum of contacts, experts and specialists to which Canada has ongoing and direct access. This provides an existing audience of interested nations for discussions, a platform for announcements and an opportunity for nations to be apprised of national initiatives or international developments quickly and concurrently, with a ready-made reach back to capitals for rapid feedback. It was noted that some military ideas are first brought forward informally for discussion within NATO circles as a type of sounding board, before being pursued further. If NATO did not exist, then similar *ad hoc* groups would have to be established to address international issues, new developments or crises, which would compromise valuable response time and could not leverage established multinational relationships and cultural understanding.

⁵ NATO, *NATO 2020: Assured Security: Dynamic Engagement*, 17 May 2010, page 9
http://www.nato.int/cps/en/natolive/official_texts_63654.htm.



As was noted in the 2010 publication *Security in an Uncertain World*,

“As a forum for dialogue on security and defence matters, it is unmatched. NATO provides member governments great and small with enhanced access to information on international developments and exposure to the policies, programs, activities and intentions of fellow members of the Alliance.”⁶

NATO works continually to improve the skills and capabilities of member nations to agreed standards, thereby increasing interoperability amongst the military forces of member nations and other close allies. Through combined mission teams from participating nations, NATO courses and training, published standards, multinational centres of excellence and combined exercises, NATO standardization initiatives enable the CF and the military forces of member nations and partners to work together.

Documentation and interviews noted the importance of military forces working together in peacetime to increase military interoperability, become familiar with cultural differences and to increase networks. When an international crisis occurs, such as the events of 11 September 2001, multinational military forces can respond faster and more efficiently. This was noted as being one of the greatest benefits of being part of NATO.

NATO endeavours that result in purchases from Canadian private sector companies further the GoC's goals, as noted in Advantage Canada.⁷ The aims of Advantage Canada are to make Canada stronger through investing for sustainable growth, creating new opportunities for people, long-term economic success and industrial benefits of increasing jobs, grow economic wealth and developing defence industries that will be there when Canada needs them.

Finding

NATO and the NATO Contribution Program are relevant as they align with the priorities and goals of the Government and with the mission of DND/CF to contribute to international peace and security while demonstrating leadership in international organizations. Canada benefits from participating in NATO.

Recommendation

Continue to provide funding to NATO through the NATO Contribution Program.

OPI: ADM(Fin CS)

⁶ Security in an Uncertain World, pages 40-41.

⁷ Canada, *Advantage Canada* 2006 www.fin.gc.ca/ec2006/plan/pltoc-eng.asp.

NATO Governance, Funding and Review Mechanisms

The North Atlantic Council (NAC or the Council) is the only body within the Alliance which derives its authority explicitly from the North Atlantic Treaty and is the most important decision-making body in NATO. The NAC provides a forum for wide-ranging consultation amongst representatives from all NATO member nations, and the decisions of the NAC are the “expression of the collective will of all the sovereign states that are members.”⁸

The NAC is chaired by the NATO Secretary General and each member nation is represented by a Permanent Representative with ambassadorial rank. The NAC also meets at higher levels involving Foreign Ministers, Defence Ministers or Heads of Government. Numerous committees and planning groups, staffed from member nations, have been formed to support the work of the NAC or to assume specific areas of responsibility in designated fields.

The Military Committee (MC) is composed of Chiefs of Defence (CHOD) from each of the NATO nations and is the principal advisory body to the NAC on matters relating to military strategy and military requirements. The MC in CHOD format meets three times per year. Military Representatives (MILREP) represent their CHODs at the MC in Permanent Session, which meets throughout the year. The MC is subordinate to the NAC and the Defence Planning Committee, but has special status as the senior military authority in NATO. As such, the MC provides military recommendations as to the importance and prioritization of common-funded requirements resourced through the Military Budget and NSIP.

The Resource Policy and Planning Board (RPPB), formerly referred to as the Senior Resource Board (SRB), is the principal advisory body to the NAC on all matters relating to financial resources including the requirements for, and the adequacy of military common-funded resources, such as the Military Budget and NSIP, eligibility for common funding, affordability, the resource implications of military requirements and resource planning.

The Canadian Joint Delegation to NATO in Brussels, also referred to in DND as BNATO, is headed by the Canadian Permanent Representative. The delegation, which also includes the MILREP, is comprised of a political section, a military section and a defence support section. The delegation represents Canada on the NAC, the MC and other decision making bodies of the Alliance and reports to the Canadian government on all NATO-related issues.

NATO Funding Mechanisms

NATO nations allocate the personnel, equipment and funding resources needed for NATO to function. This involves consultation, decision making and the subsequent implementation of agreed policies and activities, which can include the deployment of headquarters (HQ), forces and equipment. In many cases, member nations may supply these capabilities, in which case the costs are absorbed by the contributing nation; in

⁸ NATO, *the North Atlantic Council* http://www.nato.int/cps/en/natolive/topics_49763.htm.

other cases, they must be procured, deployed and maintained by NATO organizations. With few exceptions, NATO funding does not cover the procurement of military forces or physical military assets such as weapons platforms or weapons systems. Military manpower and materiel are assigned to NATO by member nations which remain financially responsible for them. However, within NATO, there are two exceptions to this that are partially funded by Canada through the NATO Contribution Program: the NATO Airborne Early Warning Force (NAEWF) and the developing NATO AGS capability. In these cases, the capability is jointly procured, owned, maintained and operated by a specific group of nations and is then placed under operational command and control of a NATO Force Commander who is responsible to the NATO Strategic Commander.

The range of funding mechanisms available within NATO for required Alliance capabilities include national funding, multinational funding, joint funding, hybrid funding, and common funding.

National Funding. To facilitate consultation and joint decision making within the Alliance, each member nation maintains a political and military presence at NATO HQ, as well as civil and/or military representation at the HQ of the various NATO agencies and military commands. The cost of maintaining and staffing national delegations and military missions is a national responsibility. In addition, when a NATO member nation deploys and temporarily assigns forces to NATO for operational requirements, such as to the International Security Assistance Force (ISAF) in Afghanistan, those deployed forces are trained, equipped, maintained and financed by the parent nation.

Multinational Funding. There are different types of multinational funding. Primarily, multinational funding refers to funding arrangements outside the NATO structures involving two or more nations, based on bilateral or multilateral arrangements between the nations concerned. Funding for these multinational programs or activities—also referred to as Memorandum of Understanding or MOU Activities—is determined through a pre-agreed formula and percentage allocation amongst the contributing nations. The percentage can change as new nations join or existing ones leave. Canada is engaged in multinational agreements whereby we agree to make regular payments at a pre-established percentage of the total cost towards specific projects. Other multinational funding arrangements can include the “Coalition of the Willing,” which is nominally having *ad hoc* funding arrangements to support specific activities; a “Contribution in Kind,” which refers to participation by a nation in non-monetary ways, such as the provision of facilities, capabilities or personnel; and “Trust Funds,” which are used to manage the voluntary contribution of a given scope and also permit the participation of non-NATO nations.

Joint Funding. This is a special type of multinational funding that is established within the terms of an agreed NATO Charter and which identifies requirements, priorities, funding levels and a formal cost-sharing mechanism between participating nations. NATO has visibility into these arrangements and often provides political and financial oversight. In many cases a NATO Production and Logistics Organization (NPLO) is established as part of a Joint Funding arrangement. The NATO Airborne Early Warning and Control Programme Management Agency (NAPMA) is an example of an NPLO.

Hybrid Funding. In some cases, a program or activity's funding may be based on a multinational agreement that is based on a combination of funding models. In this case, the capability would be "owned" by the multinational group and, when extra costs are incurred when in use by the Alliance as a NATO capability, common funding would be employed to cover those costs.

Common Funding. Under the Treaty, all NATO member nations have specific shared funding obligations to NATO. Canada and every other member nation contribute to the three categories of common funding: the Civil Budget, the Military Budget and the NSIP. The Civil Budget is established and executed under the supervision of the Civil Budget Committee and is largely funded from appropriations of Ministries of Foreign Affairs. This funding provides for the personnel, operations and maintenance (O&M) cost of NATO HQ in Brussels. Canada's contribution to the Military Budget and the NSIP is funded through DND's NATO Contribution Program.

National contributions to NATO common funding are based on agreed cost-sharing formulae that represent each member country's ability to pay and which then establishes the nation's assessed annual percentage cost. The formulae are based upon both economic and political considerations and the cost-share percentages are reviewed and adjusted periodically as economic situations change or as new members join the Alliance. The principle of common funding on the basis of consensus remains fundamental to the workings of the Alliance and is a tangible reflection of a nation's commitment to NATO.

While NATO's common-funded civil and military budgets finance NATO's integrated Command Structure, *inter alia* the personnel O&M costs for the NATO HQ in Brussels and at NATO military HQ, common funding also supports operational military requirements. The approval process for military common funding of a specific project must first determine the responsibility for providing the capability, that it is not the financial responsibility of a single nation and that it will serve the interests of all NATO nations. The eligibility requirement for common funding is made by consensus of the member nations, which are then liable for its initial and subsequent life cycle costs and is determined in the RPPB.

NATO's Financial Management and Control of Common-funded Resources

The financial management structure of NATO is diverse and decentralized. In simple terms, NATO has no centralized Alliance budget, no bank account and no treasurer. In addition, no single body exercises direct managerial control over all four of the principal elements of NATO's financial structure: the NATO HQ personnel and maintenance costs (financed by the Civil Budget), the international military structure (financed by the Military Budget), the NSIP, and specialized NPLOs. Ultimate control of expenditures within NATO rests with member nations and all financial decisions are subject to approval by consensus.

Smaller budgets and treasury functions are normally centralized under the Strategic Commands, NPLOs or NATO HQ, as is the case of the treasury function provided by the NATO Office of the Financial Controller. The NSIP and NPLOs are either financed

under arrangements applying to the international military structure or they operate under charters granted by the NAC, each being managed by their own board of directors and finance committee, and financed with direct funding from nations.

Heads of NATO bodies are ultimately responsible for the correct preparation and execution of their respective budgets; however, each body has a Financial Controller who is entrusted with discharging this task. Financial Controllers are regular members of the Military Budget Committee and are, as such, responsive to the nations for effective and efficient financial management and are particularly tasked to ensure that NATO funds conform to expenditure authorizations, controls imposed by the Military Budget Committee and respect NATO Financial Regulations. Financial Controllers are appointed at the prerogative of the NAC, although subordinate Controller appointments may be delegated to the Military Budget Committee. Financial Controllers have final recourse to the Military Budget Committee in the case of persistent disagreement with the Head of the respective NATO body.

The financial management structure of the Civil and Military Budgets is sanctioned by financial regulations that are approved by the NAC. The Regulations prescribe that each NATO body shall have its own annual budget, coincident with the calendar year and managed in the currency of the host country. Exchange values are determined by market rates when expenditures or contributions are processed. NATO continues to make progress to adapt the International Public Sector Accounting Standards (IPSAS) for all programs and activities.

Performance

Overall, NATO's goals to maintain collective security and provide consultation on defence and security issues are achieved and are demonstrated through many of the NATO programs and activities supported by the NATO Contribution Program. NATO has contributed to seaborne security in the Mediterranean, nation building in Bosnia-Herzegovina and Kosovo and combating piracy in the Gulf of Aden, amongst other roles. NATO has demonstrated its effectiveness through its contributions to the improvement of the skills and capabilities of member nations to agreed NATO standards, thereby increasing interoperability amongst military forces.

However, it has been widely documented that NATO is currently at a crossroads and is undergoing needed reform on several levels. The NATO Secretary General's Group of Experts has presented an updated vision for NATO. Canada has contributed to the consultation process through the participation of officials from Canadian government departments and defence and security authorities in Experts Meetings, in addition to papers prepared by Canadian defence organizations and institutes. The new Strategic Concept for NATO, finalized by the NATO Secretary General and presented to NATO nations at the November 2010 Lisbon Summit, is meant to shape NATO's priorities, purpose and role in the 21st century.

In addition to revising its Strategic Concept in 2010, NATO is also undergoing reform at the administrative level. It was publicly noted at the December 2009 Informal Meeting of NATO Defence Ministers in Istanbul, Turkey, that NATO is facing a financial crisis, in part due to NATO's administration processes. The Secretary General tasked NATO to



develop administrative reforms and these were presented at the November 2010 Lisbon Summit. At the Foreign Ministers meeting in Tallinn, Estonia, the Secretary General presented further ideas on how to modernize NATO administrative processes through deep reforms.

In a speech given in February 2010 at the Atlantic Council of the United States, the need for reform was further underlined by American Secretary of State Hillary Rodham Clinton. Clinton noted that NATO HQ is “bulging with over three hundred committees, many with overlapping responsibilities,” that the budgets do not reflect priorities which are under-resourced and that NATO must improve its efficiency if it is to successfully carry out its missions.⁹ NATO has been tasked with drastically reducing the number of committees to streamline the Alliance administration processes.

In February 2010, American Secretary of Defense Robert Gates noted that “NATO needs serious, far-reaching and immediate reforms to address a crisis that has been years in the making.” Gates noted issues with how NATO sets priorities and allocates resources, the excess infrastructure and outdated command structures given NATO’s current needs. He also noted that NATO has underinvested in collective defence for over a decade.¹⁰

It was confirmed during interviews at BNATO that more wide-ranging and significant administrative and financial reforms are being sought throughout NATO. Canada has been actively promoting changes in the development, management and oversight of capability packages, accountability practices and reporting. The RPPB is the sole committee to provide resource advice to the NAC and Canada assumed the chairmanship of this committee in 2010.

Findings

- Overall, NATO’s goals to maintain collective security and provide consultation on defence and security issues are achieved. NATO has demonstrated its effectiveness through its contributions to the improvement of the skills and capabilities of member nations, thereby increasing interoperability.
- Overall, the administrative and financial components of NATO have not been performing efficiently or economically. NATO representatives were tasked to develop reforms by November 2010. Canadian representatives at BNATO are actively involved in developing NATO reform proposals.

Recommendation

Contribute to the improvement of NATO administrative and financial components by promoting the development of accountability and performance measurements.

OPI: ADM(Fin CS) (through BNATO representatives)

⁹ Hillary Rodham Clinton. “NATO’s Future.” 2 February 2010 <http://www.acus.org/event/hillary-clinton-future-nato/transcript>.

¹⁰ Robert Gates. “NATO Strategic Concept Seminar.” 23 February 2010.



NATO Controls, Audits and Reviews

NATO programs and activities have a variety of controls, audits and reviews that examine the functioning of the programs and activities.

NATO decision making is based on a consensus system. Consensus is differentiated from “unanimity,” which would require an actively stated vote in favour of a proposal, which is not what NATO seeks. Reaching consensus in NATO is a process in which member nations have an opportunity to provide language to NATO documents and decisions that reflect national governments’ individual views. The NAC achieves consensus through a process in which no government states its objection.

At NATO, a “silence procedure” is a process whereby a decision is submitted for approval without the need to formally meet. It is often used for an issue where the discussions appear to have been exhausted. However, any nation can break silence should it wish to open the discussion.

In addition, there are various NATO fora, such as committees and working groups (WG), through which Canada can support, oppose or make a request for changes during the development of proposals for an eventual NATO decision.

There are both internal audits conducted by the programs and activities themselves and audits conducted on the programs and activities by the IBAN. The internal audits are conducted at the initiative of the programs or activities, or as required by the activity’s MOU or Charter. These are generally not distributed outside the program or activity.

The IBAN’s primary mandate is to provide the NAC and the governments of NATO member countries with assurance that common funds have been properly used for the settlement of authorized expenditures. The IBAN has independent status and reports to the Council. The IBAN is mandated to conduct financial audits which result in an audit opinion on financial statements and compliance with budgetary authorization; performance audits that evaluate the economy, efficiency and effectiveness of the activities of NATO bodies; and NSIP audits certifying the financial amount charged to NATO.

The IBAN conducts regularly scheduled annual or cyclical audits of NATO programs and activities. These audits are submitted to the Military Budget Committee for review and include action plans committed to by those subjected to the audit. Follow-up to audit observations is accomplished via the audited body and is monitored by the Military Budget Committee, which is empowered to intervene and direct corrective action if required. Equally, the Military Budget Committee ensures that budgets and financial operations reflect this corrective action. With regard to the NSIP, the IBAN “verifies that common funds have been properly used for the settlement of authorized expenditure” and that “all payments for which reimbursement is claimed have actually been invoiced and paid.”¹¹

¹¹ IBAN Annual Activities Report 2008 http://www.nato.int/issues/iban/iban_report_2008-e.pdf.

Annually, the Competent National Audit Bodies (CNAB) reviews the IBAN audits and audit program. Through the Office of the Auditor General, Canada has a representative on the CNAB and chairs the annual meeting on a rotational basis. Canada assumed the position of Chair for 2010.

Canada does not conduct audits or reviews of specific NATO programs or activities. As these are NATO entities and not Canadian programs or activities, it is not within our authority to do so.

NATO Governance and Review Mechanisms

Official DND documentation on the NATO Contribution Program states that NATO has acceptable governance and review mechanisms in place. This is noted as enabling Canada to be assured that NATO programs and activities to which Canada belongs are being administered appropriately.

However, as noted in recent speeches by the NATO Secretary General and the American Secretary of State and Secretary of Defense, NATO does not have acceptable governance practices. This concern was further substantiated through interviews with Canadian staff working on the NATO programs and activities. BNATO provided examples of how Canadian representatives are working with like-minded nations to suggest and encourage reform of how NATO programs are administered, with a particular focus on the Military Budget and the NSIP. The NATO Consultation, Command and Control Board (NC3B) is one example of a NATO organization that has taken steps to address its governance role and the governance structure of its agencies and subcommittees to ensure appropriate and effective controls are in place.

The key mechanism through which Canada can have any meaningful input into the workings of NATO is through the consensus system, which enables Canada to voice national concerns at committees and WGs and propose improvements for change. However, with the current process, once the spending for a program or activity is approved, there are considerably fewer review mechanisms in place than DND documentation suggests. Canada does not automatically receive program or activity audit or review reports from the specific programs and activities which are funded through the NATO Contribution Program. In many cases, there are no such reports and, if there were, they would have to be requested.

IBAN audits—while regularly scheduled—are primarily an examination of program and activity financial statements and the payment of invoices. In addition, contrary to what is noted in DND documentation, little evidence was found of performance audits or evaluations on programs funded under the NATO Contribution Program. The evaluation team was informed that even if performance audits were conducted, they would not be to the same standards as generally accepted in Canada. The oversight of IBAN, provided by the CNAB, is generally a high-level examination of IBAN's annual work.

In general, the detailing of objectives for programs and activities are frequently at ultimate outcome levels, which makes them too vague to measure. Performance measures for the specific programs and activities, when they exist, are for the most part too general and would not enable a measurement of the success or performance of stated program objectives.

Findings

- Overall, there are very few performance audits, there are no evaluations and performance metrics do not seem to be collected for the majority of programs and activities to which Canada funds through the NATO Contribution Program.
- Official DND documentation on the NATO Contribution Program is misleading as NATO does not have acceptable governance practices, reporting is mainly limited to financial audits and there are no performance evaluations that correspond to Canadian government accountability requirements.

Recommendations

Ensure official DND documentation supporting the NATO Contribution Program accurately reflects the scope of NATO audits and controls.

OPI: ADM(Fin CS)

Examine at the next evaluation of the NATO Contribution Program whether NATO reforms have been implemented and if they have resulted in changes to the NATO governance, funding and review mechanisms, with regard to the programs and activities funded through the NATO Contribution Program.

OPI: CRS

DND NATO Contribution Program Funding, Administration and Coordination

NATO Contribution Program Funding

Canada pays its prescribed share for NATO programs and activities in accordance with a scheduled sequence of assessment notifications or “call letters” as detailed in signed international agreements or an activity’s MOU. DND’s maximum annual contributions to NATO through the NATO Contribution Program are a combination of DND’s assessed cost share towards the core programs of the Military Budget and the NSIP, plus Canada’s cost share for the non-core discretionary activities in which Canada participates.

The actual funding to NATO programs and activities is subject to currency fluctuations, cost-share adjustments due to changes in the number of participating nations or other activity reviews or agreements, and funding adjustments due to increases or decreases in the specific activities within a program.

The DND Program Sponsor for the NATO Contribution Program is ADM(Fin CS) and the Program Manager is Director Comptrollership Management and Financial Arrangements 3 (DCMFA 3).

NATO Contribution Program Administration and Coordination

Based on interviews, observations and reports, the NATO Contribution Program is managed within the Department primarily from a financial perspective. ADM(Fin CS) DCMFA 3, as the designated departmental Program Manager, is primarily the departmental financial manager of the Program and is well equipped to directly respond to queries regarding NATO Contribution Program financial matters.

As per official requirements, the Program Manager maintains a record of the terms and conditions of the programs and activities and the financial aspects of the NATO Contribution Program are managed following an established process. Call letters are verified and responded to and payments are made.

However, the Program Manager, as the *de facto* financial manager, is neither in a position to determine performance measurements for the programs and activities in the NATO Contribution Program nor to assess any information related to metrics, unless they pertain to financial matters. Furthermore, the Program Manager as financial manager would not be in a position to establish a strategic framework to guide DND/CF participation in NATO.

The majority of program and activity representatives contacted for this evaluation were unaware of the Program Manager position in DND or where this function was located. Furthermore, they neither had contact with this office nor had they been contacted to contribute reports for official DND documentation on the activity. While communication between certain areas within the Department and some NATO Contribution Program activities seemed to be working, many representatives did not have formalized reporting requirements to DND and were not asked to provide commentary on the benefits and relevance of these activities.

Findings

- The Program Manager is fulfilling the financial role of the position, but the determination of performance measurements or assessment of program information is outside the scope of the financial role of this position. The Program Manager is not in a position to strategically guide DND/CF NATO participation.
- There is a general lack of awareness by program and activity representatives of the Program Manager position and the representatives are not systematically reporting back to DND or receiving guidance from the Department.

NATO Contribution Program Relationship between BNATO and DND

With regard to the NATO Contribution Program, the evaluation found that the interaction between BNATO and DND was, in many cases, more a review of financial requirements and confirming payments. Three of the DND positions in BNATO are ADM(Fin CS) positions which are mandated to handle financial rather than operational matters. This means they are not in a position to determine operational considerations, policy or program priorities. While they can reach back to DND, there is a lack of a coordinated intra-departmental approach to providing comments, advice and input with regard to policy, programs, capability and resources. BNATO staff noted that they often do not receive harmonized responses from the Department to queries concerning NATO Contribution Program activities but rather multiple and sometimes contradictory, information and direction.

The lack of a coordinated response appears to be the result of the current construct and the limitations of the DND-specific areas of interest and expertise: finance, materiel, policy and operations. While each of these departmental areas support particular aspects of the NATO Contribution Program, their specific focus and mandates limit them from having the capability to generate a comprehensive departmental position or to take on a coordinating role.

Finding

Responses to BNATO queries concerning the NATO Contribution Program have demonstrated a lack of departmental coordination. This is due to the mandated areas of responsibility and the specific focus of each departmental group. This has an impact on the ability of BNATO financial representatives to reach back to DND for comprehensive program input and advice.

Centralized DND/CF Coordination of NATO Programs

Within DND, there is presently no coordinating “go to” point for NATO-related issues and, within the NATO Contribution Program, the current Program Manager construct is not an appropriate “go to” point for all the discrete programs listed under the umbrella of the NATO Contribution Program. This was evidenced throughout the evaluation by the limited role of this position, the constraints of other NATO Contribution Program OPIs/OCIs to limit their roles to within their specific mandates and that the former Director Defence Programme Coordination 6 (DDPC 6) section had informally



progressed to assume the role of a centralized coordinating point of contact for a range of NATO issues to satisfy a need both within the Department and as a reach back from BNATO.

Previously, the Directorate of International Security Program (DISP) within the VCDS Group performed a limited coordination role for some NATO activities. In March 2009, the DISP was downgraded to a section and became the DDPC 6, which existed to “directly support Canada’s national strategy of multilateralism, collective security and forward defence.” The DDPC 6 section in DDPC was responsible for managing and advising on strategic-level capability and resource issues of a security nature related to NATO, other Allies, US NORTHCOM, North American Aerospace Defence Command (NORAD), as well as other government departments and organizations. The DDPC 6 section was comprised of several sub-sections, including NATO Capability Packages and Transformation, NATO Force Planning, NSIP, NATO Interoperability and NATO Standardization. In April 2010, to re-align the DDPC staff effort with the established DDPC mandate, DDPC 6 was disbanded and its functions were dispersed within the VCDS Group to DDPC 2, DDPC 4, Director Defence Force Planning, Chief Force Development (CFD) and also to CF members at BNATO.

The lack of a centralizing coordination point within DND demonstrates a gap and a need for a coordinating and strategic guidance entity, not only for the NATO Contribution Program but for all NATO programs, activities and obligations within DND. This was demonstrated anecdotally by the number of misdirected requests received by D NATO Pol, DDPC 6 and other Program OPIs/OCIs, which were usually the result of the requestor not knowing who to contact within DND for information on the various NATO issues. It was found throughout the evaluation that very few within DND understood the distinction of which NATO activities were covered under the NATO Contribution Program and which were covered by other entities within DND, or the limited coverage afforded under the NATO Contribution Program.

Examples were provided during the evaluation of centralized NATO coordination areas in other nations. In the United Kingdom (UK), the NATO and Europe Policy organization within the Ministry of Defence includes all units responsible for NATO. This brings together under one functional responsibility areas such as policy, plans, manpower, resourcing, budgeting, capabilities and geographical areas. Examples were also provided of robust NATO teams at capitals in Germany and France.

Findings

- The scope of the official Program Sponsor and Program Manager is too narrow to properly manage and coordinate a Program that includes activities which have the potential for far-reaching impacts on both the Department and the Government. The NATO Contribution Program, in addition to other NATO programs and activities, would benefit from a more strategic perspective that could enable the leveraging of NATO capabilities to the benefit of DND/CF.

- The present NATO Contribution Program construct restricts the ability of DND to comprehensively address questions regarding non-financial matters. It constrains the provision of coordinated and holistic DND/CF responses involving departmental policy, operations, program issues or priorities with regard to the NATO Contribution Program and an understanding of their relationship to other departmental or NATO priorities.
- The lack of centralization and capacity to provide comprehensive coordination and strategic guidance of DND/CF involvement in NATO activities could result in disparate departmental groups making decisions in isolation or providing conflicting advice to those DND/CF staffs involved in NATO programs. The lack of synergistic effect to the many NATO programs and activities in which Canada is involved could result in lost opportunities for Canada and a lower return on Canada's investments in NATO.

Recommendation

Design and implement a DND/CF management framework for the NATO Contribution Program and other ongoing NATO programs and activities to provide for the strategic management of the DND/CF involvement in NATO and to ensure that NATO investments are fully leveraged to the benefit of the DND/CF and Canadians.

OPI: VCDS

OCI: ADM(Fin CS)

OCI: ADM(Pol)

Approval of Programs and Activities for NATO Contribution Program Funding

Within DND, official government submissions for funding follow an established process for approval and substantial NATO Contribution Program activities such as AGS are generally approved through formal mechanisms. However, the evaluation did not find an established consultation and approval process in DND for adding new or existing discretionary programs or activities to the NATO Contribution Program. It was noted in one document that the CF needs to “stop being pushed” into hasty decisions to join Centres of Excellence (COE).

For example, the Military Engineering Centre of Excellence, of which Canada is a sponsoring nation and which appeared similar to the other COEs, was not funded within the NATO Contribution Program, while funding commenced in 2009/10 for the NATO Special Operations Coordination Centre (NSCC) despite its not appearing on the approved official documentation. Given that Canadian participation in any discretionary activity could have more wide-spread impacts on DND/CF with regard to staffing and other resource allocations, there are departmental risks should these decisions be made in isolation or in an *ad hoc* process.

Finding

DND does not have an established consultation and approval process for adding new or existing NATO discretionary programs or activities to the NATO Contribution Program. This could result in departmental risks should these decisions be made in isolation or in an *ad hoc* process.

Recommendation

Develop a formal approval process for determining which core and non-core programs and activities may be considered for inclusion in and funded through the NATO Contribution Program.

OPI: VCDS

OCI: ADM(Fin CS)

OCI: ADM(Pol)

Details of the NATO Contribution Program

The DND budgeted contribution for the evaluation period from 2005/06 to 2009/10 was \$877.4 million and the actual expenditure was \$669.9 million. The actual funding in 2009/10 was \$194.4 million, of which 64 percent was allocated to the Military Budget and NSIP; 34 percent went to the NAEW&C and AGS programs; and 2 percent was allocated to the remaining non-core activities.

Table 1 summarizes the Vote 10 actual contributions for each of the programs and activities as a percentage of the total NATO Contribution Program spending, for the evaluation period of 2005/06-2009/10.

Program or Activity	% of Total
Military Budget	37.294%
NSIP	26.854%
NAEW&C Program	33.633%
AGS (2009/10 only)	0.066%
Strategic Sea Lift Capabilities	0.109%
Strategic Air Lift Capabilities	0.459%
NATO RDC	0.203%
NAMSA	0.302%
IFC	0.020%
JAPCC	0.023%
CJOS COE	0.017%
NSCC (2009/10 only)	0.005%
NATO Special Working Group Electronic Warfare Trials (Naval)	0.004%
NATO Special Working Group Electronic Warfare Trials (Air)	0.006%
NRC	0.025%
MSIAC	0.073%
NATO FORACS	0.460%
Central Europe Pipeline System (CEPS) (up to 2007/08)	0.449%

Table 1. NATO Contribution Program Costs in Percentages. Cost of activities as a percent of total NATO Contribution Program actual contributions FY 2005/06 to 2009/10.

Each program and activity in the NATO Contribution Program, along with its financial arrangements, will be described in what follows.

Military Budget

Name	Military Budget
DND/CF point of contact (POC)	BNATO/ADM(Fin CS) Counsellor Defence Support; First Secretary, Finance
DND/CF OPI or OCI	OPI: Minister of National Defence (MND); Deputy Minister; ADM(Fin CS) OCI: VCDS; ADM(Pol)/D NATO Pol; Commander Canadian Expeditionary Forces Command (Comd CEFCOM); ADM(Mat)
Membership since	1949
Canadian (CAN) cost share	5.5% increasing to 5.95% during the next five years
CAN \$ allocation FY 2005/06-2009/10	Budget: \$253,500,000 Actual: \$311,901,097
DND/CF allocation pays for	<ul style="list-style-type: none"> • O&M costs of the NATO Military Command Structure (International Military Staff (IMS), Strategic Command HQ and Agencies) • O&M costs of Alliance Operations and Missions (AOM) • NATO military pensions
Activity funding sources	All 28 NATO member nations
Audit or review FY 2005/06-2009/10	IBAN audits component budgets of the Military Budget on a cyclical basis

Table 2. Summary of DND/CF Involvement in the Military Budget from 2005/06-2009/10.

Description

As summarized in Table 2, the Military Budget is an omnibus budget, comprising over fifty activity or program budgets, each with their own funding and governance structures. The Military Budget ensures Alliance capabilities can be developed and maintained to support common security needs, cooperation programs and out of area missions and operations that serve the interests of all NATO member nations.

The Military Budget funds the O&M costs of the NATO military structure including the IMS, NATO procurement and logistics organizations (agencies), the two Strategic Commands and associated command, control and information systems, operational systems such as Air Command and Control of European Airspace, research and development agencies and aspects of the NATO Airborne Early Warning and Force Command (NAEW&FC). In recent years, a greater proportion of the Military Budget covers the operating costs of crisis response operations and missions undertaken by NATO. The Budget is approved and managed by the Military Budget Committee, which is supported by the international staff at NATO HQ, a financial controller network and audit review. Budget ceilings are approved by the NAC through a five-year planning process.

Financial Arrangements

Based on the common funding model, all 28 NATO nations contribute to the Military Budget. The NATO Military Budget funds O&M costs of the NATO Military Command Structure (including the IMS, Strategic Command HQ and Agencies), operating costs of the NAEW&FC, O&M costs of AOM and NATO Military Pensions. The Military Budget is established and executed under the supervision of the Military Budget Committee.

Calls for Contributions for the Military Budget are calculated by NATO authorities in accordance with the agreed budgets and NATO Financial Regulations. These calls are forwarded to BNATO annually for the NATO Military Pension contributions and twice annually for the other components of the Military Budget. These are reviewed and verified to ensure they reflect the budgets and adjustments as agreed by nations, as well as compliance with the regulations governing calls. They are then forwarded to ADM(Fin CS)/DCMFA 3 for payment. For 2010, the NATO Military Budget totalled over \$1.7 billion US.

The DND/CF actual contribution to the Military Budget for the period 2005/06 to 2009/10 was \$311,901,097, which was approximately 37.3 percent of the overall NATO Contribution Program. The budgeted amount for the period was \$253,500,000. The difference is due to currency fluctuations and increased costs. At present, Canada has a national cost share of 5.5 percent, which is scheduled to increase incrementally to 5.95 percent over five years, subject to fluctuations in the gross domestic product of NATO nations.

Relevance

All NATO nations are obligated to contribute to the Military Budget as a condition of membership to NATO. As a NATO nation, Canada is afforded political and military influence and leverage within the Alliance. Also, being part of NATO contributes to national and common security under Article 5 of the Treaty. It also provides Canada access to common military infrastructure and capabilities which Canada does not possess nationally.

DND's contribution to the NATO Military Budget is in accordance with the CFDS, as it permits Canada to support and be part of a key international body and contribute to international peace and security by projecting leadership abroad.

Performance

The NATO Military Budget is under pressure, as the number of approved funding requirements and the current available funding levels do not match. For the Military Budget, the 2010 shortfall is in the tens of millions of dollars and is projected to increase to in excess of \$100 million in the coming years as the costs for the Afghanistan mission continue to escalate. The NAC has directed the RPPB and the NATO Military Authorities to develop new implementation management controls to restore the structural balance of the Military Budget, which cannot be efficiently managed by existing procedures, in order to bring requirements and resources back into balance. This Military Budget

shortfall is exacerbated by increasing and unpredictable AOM budget requirements to fund growing common operational expenses in Afghanistan. The 2010 surge activity has not come with additional resources and has come during an 8-percent real cut to the Military Budget. Accordingly, approved common funding requirements are in excess of available funding that nations are able to provide collectively. This has necessitated the deferral or cancellation of some common funding requirements. In addition, some NATO member nations are experiencing significant economic and budgetary pressures in their national administrations which result in difficulties meeting their common funding obligations.

BNATO staffs receive the IBAN Audits of the Financial Statements for individual NATO programs and activities within the Military Budget. Those interviewed for the evaluation suggested that the development of performance measurement criteria for NATO programs is progressing slowly. Internal performance evaluations, reviews or reports for specific programs or activities funded by the NATO Military Budget are not often undertaken and are only available outside of the activity if requested.

As all NATO nations contribute to the NATO Military Budget, the key control and review of activities is exercised through NATO international staff in conjunction with the active participation and challenge function of national representatives to the Military Budget Committee where planning and budgetary items are reviewed and approved. Members of BNATO indicated that positive change will be effected through the promotion and adoption of increased efficiencies and best practices through their work with like-minded nations on NATO Military Budget issues and reforms of NATO financial processes and procedures.

Finding

The Military Budget is relevant. However, the Military Budget is under financial pressure as requirements exceed available funding. Changes to the Military Budget administrative and financial processes are required. Funding for the Military Budget is mandatory as a NATO signatory.

Recommendations

Continue to provide funding to the Military Budget through the NATO Contribution Program.

OPI: ADM(Fin CS)

Continue to advocate and support improved administration and improvements to the effectiveness and efficiency of the Military Budget through the RPPB representation, Military Budget Committee representation and other fora.

OPI: ADM(Fin CS) (through DND/CF representatives to BNATO)

NATO Security Investment Program

Name	NSIP
DND/CF POC	BNATO/ADM(Fin CS) Counsellor Defence Support; First Secretary, Infrastructure
DND/CF OPI or OCI	OPI: MND; Deputy Minister; ADM(Fin CS) OCI: VCDS/Chief of Programme (C Prog); ADM(Pol)/ D NATO Pol; ADM(Mat); Comd CEFCOM; Comd CANOSCOM
Membership since	1949
CAN cost share	5.5% increasing to 5.95%
CAN \$ allocation FY 2005/06-2009/10	Budget: \$280,550,000 Actual: \$224,587,289
DND/CF allocation pays for	NATO common infrastructure and capabilities
Activity funding sources	All 28 NATO member nations
Audit or review FY 2005/06-2009/10	IBAN audit of 2006/07

Table 3. Summary of DND/CF Involvement in the NSIP from 2005/06-2009/10.

Description

The NSIP was created to ensure all Alliance members share the costs for the development and maintenance of common infrastructure and capabilities that will serve the interests of all NATO member nations. As summarized in Table 3, the NSIP funds the provision of key military capabilities needed to support the roles of the NATO Strategic Commands, but which exceed the national defence requirements of individual member countries. Examples include command and control system investments for crisis response operations; capabilities such as air command and control systems, satellite communications and installations; and facilities such as military HQ, airfields, fuel pipelines and storage, harbours and navigational aids.

Along with the Military Budget, the NSIP is one of the key mechanisms for common funding within NATO. The financial management system which applies to the NSIP is based on the international financial clearing process, which directs the transfer of funds between nations. Projects authorized for funding in a given year are aggregated and netted out against contributions due by all 28 nations. Requests for payment go directly to nations once a quarter and not to a centralized fund. The NSIP has an annual contribution ceiling which is approved by the NAC and each nation pays according to its established cost-share percentage.

Implemented under the supervision of the Infrastructure Committee, NSIP projects are executed through the host nation concept by individual nations, by specific NATO Agencies or by NATO Strategic Commands. NATO Strategic Capabilities are developed based upon the Strategic Concept, political guidance and the defence planning process. The required capabilities are reviewed to determine what is already available or missing. Individual NSIP projects are identified within “Capability Packages” which are initiated

and managed by the Strategic Commands with the purpose of translating ministerial guidance and NATO operational requirements into military functional capabilities that will be used by the Strategic Commanders.

The proposed Capability Packages are reviewed by the RPPB and the MC, so as to be matched against priorities and requirements. They are then recommended for approval and sent to the NAC. Once a Capability Package is approved, nations, Agencies and Strategic Commands then prepare a request for authorization with the cost estimates for each project for which they have been identified as a host nation within an approved Capability Package. Each project is submitted to the Infrastructure Committee for authorization. Once authorized, the host nation then has the full authority to implement the project and spend the allocated funds. The NATO Office of Resources (NOR) is informed twice yearly of contractual costs and milestones by the host nation. Required adjustments are reflected in the quarterly calls for contributions. The Capability Package process is demonstrated in Figure 1.

CAPABILITY PACKAGE PROCESS

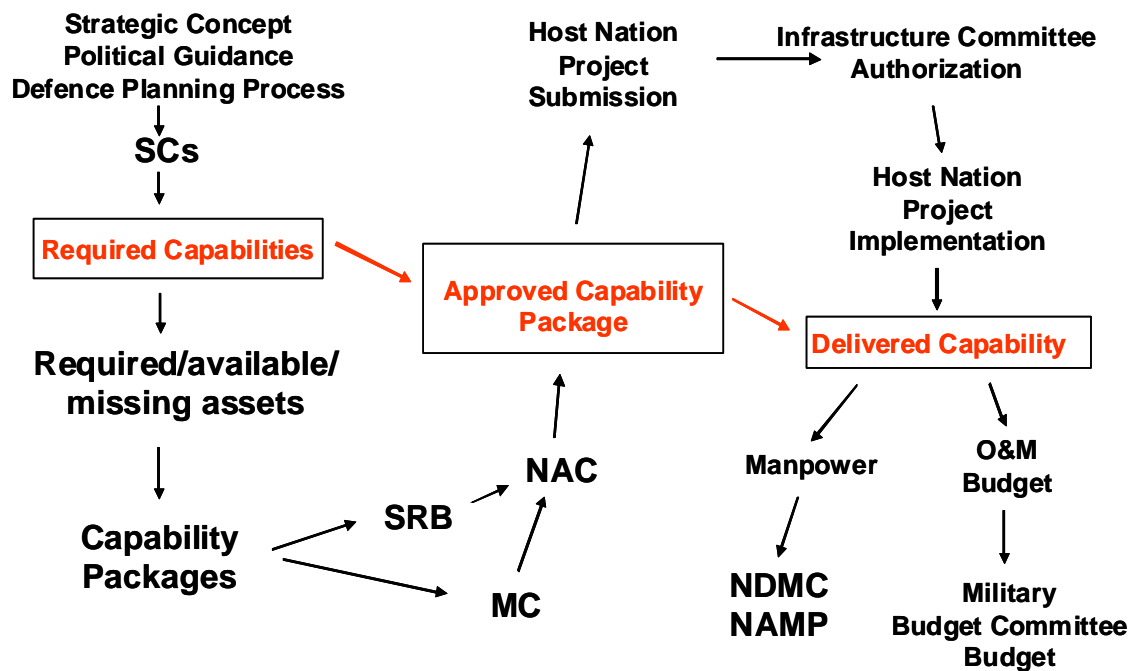


Figure 1. Description of the NATO Capability Package Process. Created by BNATO, March 2010.

The Infrastructure Committee, which manages the NSIP, also has delegated authority to authorize NSIP expenditures for AOMs, projects which, by nature, cannot conform to the traditional Capability Package process. These are usually urgent requirements for NATO operational purposes and are difficult to forecast. The great majority of AOMs are in Afghanistan.

Financial Arrangements

The NSIP is implemented under the supervision of the Infrastructure Committee, within an annual contribution ceiling approved by the NAC, and is funded primarily from appropriations of the Ministries of Defence.

The DND/CF actual contribution to NSIP for FY 2005/06-2009/10 was \$224,587,289, which was approximately 26.9 percent of the NATO Contribution Program. The budgeted contribution was \$280,550,000. The difference is due to currency fluctuations and the increased costs within the budgeted ceiling. Canada's national cost share at 28 member nations to NSIP is 5.5 percent and is scheduled to increase incrementally to 5.95 percent over five years. The NSIP ceiling in 2010 was \$881 million, up from \$863 million in 2009.

At BNATO, the First Secretary, Infrastructure is the ADM(Fin CS) representative for NSIP issues and is the Canadian representative on the NATO Infrastructure Committee. Quarterly calls for contributions are sent to BNATO for review and verification prior to being forwarded to ADM(Fin CS)/DCMFA for payment.

The NSIP is financed from member nations' defence budgets through assessed percentages which are reviewed and agreed by all member nations. The total identified NSIP requirements, to be implemented over the next 10 to 15 years, amount to over \$13.5 billion.

Relevance

Annual contributions to the NSIP are a required obligation for each signatory to NATO as part of Article 5 collective defence. Nations cannot "pick and choose" which projects they wish to fund from the NSIP, as all projects are common-funded and must be paid once approved by consensus. Therefore, the NSIP is a "cost of membership" to the Alliance; if Canada is a member of the Alliance, then contributions must be made to the NSIP.

Canada's contributions to NSIP, as a member of NATO, aligns with the GoC policy of demonstrating Canada's commitment to global security, contributing to international peace and security and demonstrating leadership abroad. It also follows the CFDS role of supporting and contributing to key international bodies.

Performance

As was publicly noted in 2009 and 2010 by the NATO Secretary General and the foreign and defence ministers of NATO member nations, the NSIP budget is under severe pressure and is experiencing acute resourcing problems. This is a result of significant increasing requirements for AOM, long-approved Capability Packages that are only now being implemented, and significant economic pressures that are creating difficulties for some NATO member nations to meet common-funding obligations.



For the NSIP, the 2010 shortfall was initially over \$809 million; although this amount fluctuates, it was subsequently revised to \$623 million. Nations have agreed to fully fund the deficit in 2010 and 2011. As a result of NAC tasking in late 2009, the RPPB has identified a series of resource management improvements to be implemented. In addition, the MC has assessed risks, prioritized operational requirements and identified potential measures to address the current NSIP imbalance. These are slowly being implemented as consensus is reached on the various issues.

As all NATO nations contribute to the NSIP, the key control and review of NSIP-funded activities is through active participation in the NATO Infrastructure Committee and the RPPB, where NSIP budgetary items and expenses are reviewed and discussed. Members of BNATO indicated that they are working with other reform-minded nations to propose significant procedural improvements, programming mechanisms and budgetary controls to the NSIP. One example is an *ad hoc* Infrastructure Committee WG on Program Management Reform, which is co-chaired by Canada and the US. The WG has already achieved significant reforms to the NSIP management processes. In addition, a Canadian assumed the chairmanship of the RPPB, in recognition of our leadership in reform areas and our ability to facilitate consensus.

Some of the reforms being proposed include the creation of processes to:

- Make better use of the information system to track projects. An Infrastructure Committee database already exists, but it has not been used effectively;
- Initiate milestones/timelines by when projects must be completed; and
- Hold host nations accountable to deliver capabilities on time and on budget.

At the completion of a Capability Package project, a final inspection is conducted by the NOR which is followed by an IBAN audit. The costs are then reconciled. The IBAN audit of the NSIP for 2007 reported that for over 50 years the IBAN has repeatedly raised concerns that they have to wait to be invited in by the nations to conduct the final audits, that the nations can claim 100 percent of estimated costs in advance and that, upon conducting the final audit, more adjustments are in favour of the NSIP than the nations. BNATO staff confirmed that this is an ongoing administrative concern.

Finding

The NSIP is relevant. However, the NSIP is under severe financial pressure as requirements far exceed available funding. Significant changes to the NSIP administrative and financial processes are necessary. Funding for the NSIP is mandatory for all NATO signatories.

Recommendations

Continue to provide funding to the NSIP through the NATO Contribution Program.

OPI: ADM(Fin CS)

Continue to work towards improving NSIP accountabilities, efficiencies and economies through Infrastructure Committee representation and other related fora.

OPI: ADM(Fin CS) (through DND/CF representatives to BNATO)



NATO Airborne Early Warning and Control Program

Name	NAEW&C Program
DND/CF POC	National Military Representative to the Supreme Headquarters Allied Powers Europe (NMR SHAPE)
DND/CF OPI or OCI	OPI: CAS OCI: VCDS/C Prog; ADM(Mat)/Director General International and Industry Programs (DGIIP)
Membership since	1979
CAN cost share	8.0536%
CAN \$ allocation FY 2005/06-2009/10	Budget: \$301,058,000 Actual: \$281,287,607
DND/CF allocation pays for	Operating expenses, equipment upgrades and maintenance, retrofit activities, and urgent operational requirements
Activity funding sources	<ul style="list-style-type: none"> • 18 member nations • Military Budget: NAEW&C Operations and Support (O&S) funding
Audit or review FY 2005/06-2009/10	IBAN performance audit of 2005 NAEW&C Program IBAN audit of 2005/06 NATO Airborne Early Warning and Control Programme Management Organization (NAPMO) IBAN follow-up in 2009 on performance audit recommendations

Table 4. Summary of DND/CF Involvement in the NAEW&C Program from 2005/06-2009/10.

Description

The NAEW&C program, summarized in Table 4, was established to provide a rapidly deployable, long-range airborne surveillance, command, control and communication capability for NATO operations. The aircraft are designed to simultaneously collect and disseminate real-time surveillance data on land, in the air and at sea, to extend low-altitude radar coverage and provide communications and control to forces. The NAEW&C program is designed to provide specialized capabilities that enhance NATO's operational effectiveness.

The NAEW&C program is a multinational NATO airborne early warning system, with 18 of 28 NATO nations as members of the program. It was created by a Multilateral Memorandum of Understanding in 1978 and is implemented by two separate NATO organizations: one civilian and one military. The NAPMO and the NAPMA comprise the civilian organization and the NAEWF Command HQ and the E-3A component comprise the military organization.

Operationally, the NAEWF Command has two components: the Main Operating Base (MOB) in Geilenkirchen, Germany, along with three Forward Operating Bases at Trapani (Italy), Konya (Turkey) and Aktion (Greece), and a Forward Operating Location (FOL) at Oerland, in Norway. The other component of the NAEWF is the Royal Air Force E-3D Component at Waddington, England. Both components report to NAEWF Command HQ, co-located with Allied Command Operations (ACO).

Financial Arrangements

The NAEW&C program uses a hybrid funding model, receiving funding from member nations and NATO common funding. Canada is one of 18 nations participating in the program with a national cost share of 8.0536 percent. Calls for contributions are forwarded to BNATO three times annually, where they are reviewed and verified before being forwarded to ADM(Fin CS)/DCMFA 3 for payment. The NATO Contribution Program finances equipment upgrades and maintenance, retrofit activities and urgent operational requirements, and operating expenses.

The DND/CF contribution to NAEW&C for FY 2005/06-2009/10 was \$281,287,607, which was approximately 33.6 percent of the NATO Contribution Program. The budgeted amount was \$301,058,000. The almost \$20-million difference is due to delays in the execution of some modernization programs; new countries joining the NAEW&C program, resulting in lowering Canada's share; currency fluctuations; as well as including in the budgeted amount some contingency funds in case of increase or unplanned requirements.

The funding authority document for the next NATO Contribution Program period (FY 2010/11-2014/15) splits the NAEW&C program funding allocation and designates it to NAPMA (project funding) and the NATO Military Budget, specifically allocated for the NAEW&C Program O&S budget, which will be provided to the Force Commander.

Other Military Budget common funding, which is shared by all 28 NATO nations, will still accrue to the NAEW&C program O&S budget, as required.

Relevance

For DND/CF, participation in the NAEWF provides a complement to Canadian participation in NORAD operations, where Canadian aircrews conduct NORAD missions in US Air Force (USAF) Airborne Early Warning and Control System aircraft with USAF personnel. The NAEWF offers opportunities for CF personnel to participate in NATO aerospace surveillance operations in a multinational environment, to develop skills and be interoperable, to demonstrate leadership within a NATO organization, and to demonstrate a commitment to NATO expeditionary capabilities.

Performance

Among many observations, the 2005 IBAN performance audit on the NAEW&C program noted progress was being made in establishing and developing annual objective setting and performance measures, but that the process was still under development and that fully relevant, meaningful and attributable key performance indicators were missing for the majority of objectives. The IBAN also found that the majority of the 2005 NAPMA annual objectives were not specific and measurable or key performance indicators were not developed. The 2009 IBAN follow-up audit noted that NAPMO had developed a NAPMO Strategic Plan (NSP), identifying the organization's vision, goals and objectives and NAPMA had developed annual goals and objectives linked to the strategic goals of the NSP. IBAN assessed that the associated recommendation had been implemented and closed that audit observation.

The 2005 performance audit also observed that required annual reporting to decision-making bodies in NATO could be improved. In 2009, IBAN reported that NAPMO annual reports to the NAC were either not completed or their content was not in accordance with IBAN recommendations and this IBAN audit observation remains open. Although the IBAN audit referred in general terms to established performance measures, the evaluation was not provided with any specific performance measures or performance data to confirm the achievement of specific outputs or outcomes.

The NAEWF is configured to support the operational commander with valuable real-time information and to be an important force protection asset for deployed NATO forces. Funding to the NAEW&C program through the NATO Contribution Program provides Canada with operational information and access to a shared multinational resource that Canada could not independently afford. However, there remains an ongoing risk that a single nation could veto the deployment of NATO assets which involve common-funded costs. This temporarily affected a deployment of the NAEWF to ISAF, whereby one NATO nation did not agree to the common funding for deployed assets and initially blocked consensus for its deployment. It has also become apparent that there are tremendous practical challenges to base and deploy this capability outside of European territory, which has raised questions of the utility of this capability to support expeditionary operations.

Findings

- Participation in the NAEW&C program enables DND/CF to improve peace, stability and security where deployed and enables CF personnel to demonstrate leadership. The NAEW&C program, through the NAEWF, provides NATO with an operational capability; however, recent operational employment has been hampered by common-funding and deployment issues.
- Funding provided to the NAEW&C through the NATO Contribution Program is only a discrete component of the total DND/CF involvement to this program, which includes significant personnel and support requirements, as well as associated resources and operational costs. As such, a comprehensive evaluation of the relevance and performance of the NAEW&C Program cannot be made based solely upon an evaluation of the NATO Contribution Program.

Secretarial Note: On 31 August 2011, Canada made a statement to NATO regarding its intention to withdraw from the NAEW&C program. The full effective withdrawal from this program will begin no sooner than the fall of 2012.

Recommendations

Conduct a comprehensive assessment of the NAEW&C program to determine the overall DND/CF resource impacts, operational risks, departmental relevance and available alternatives.

OPI: CAS

OCI: ADM(Mat)

Continue to provide funding to the NAEW&C program through the NATO Contribution Program, pending the outcome of the recommended comprehensive assessment.

OPI: ADM(Fin CS)



Alliance Ground Surveillance

Name	AGS
DND/CF POC	Project Sponsor: VCDS/CFD Program Manager: ADM(Mat)/DGIIIP
DND/CF OPI or OCI	OPI (Project Sponsor): VCDS/CFD OPI (Project Director): ADM(Mat) OCI: CAS, ADM(Pol)
Membership since	2009
CAN cost share	7.1984%
CAN \$ allocation FY 2005/06-2009/10	Budget: \$10,152,420 (FY 2009/10) Actual: \$549,468 (FY 2009/10)
DND/CF allocation pays for	AGS core capability
Activity funding sources	<ul style="list-style-type: none"> • 14 member nations (as of December 2010) after the announcement of Denmark's withdrawal • Military Budget and NSIP for common-funded costs. This has not yet been agreed by NATO nations
Audit or review FY 2005/06-2009/10	N/A (Program is not yet operational)

Table 5. Summary of DND/CF Involvement in the AGS from 2005/06-2009/10.

Description

In 1997 and again in 2003, NATO identified requirements for a ground surveillance capability. This has been developed into the AGS system (see Table 5) with the intent to develop and acquire a system consisting of a NATO owned and operated core, which would be supplemented by interoperable national assets.

At the 2002 NATO Summit in Prague, the NATO nations committed themselves to developing the military capabilities necessary to allow the Alliance to take on a wide range of missions. The development of these capabilities, referred to as the Prague Capability Commitments (PCC), identified AGS as a key element of NATO's transformation process. Canada included AGS as one of its 21 national PCCs and reconfirmed this commitment at the 2004 Istanbul and 2008 Bucharest Summits.

The mission of AGS is to provide NATO Command authorities down to the brigade level with near real time, continuous information and situational awareness concerning friendly, neutral and opposing ground forces, and to support targeting. The AGS program involves a 14-nation multinational core program, consisting of an integrated air and ground segment, as well as host-nation support facility contributions.

The air segment of the AGS will be based on the American RQ-4B Global Hawk high-altitude long-endurance unmanned aerial vehicle equipped with ground surveillance radar sensors and wideband data links. The ground segment of the AGS will provide an interface between the AGS core system and a wide range of Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR)

systems to interconnect with deployed and non-deployed operational users. It is planned that the Single Operational Headquarters (SOH) will be at SHAPE and the MOB will be at Sigonella Air Base, Italy.

As a complex C4ISR program, the AGS system is dependent upon multiple existing NATO Communication and Information System (CIS) capabilities, the associated NATO CIS programs which maintain and upgrade them, and the required completion of other related CIS Capability Packages. Due to system complexities, additional resources may be required to ensure the timely and successful integration of the AGS core into the NATO C3 system.

In July 2009, GoC funding was approved for Canada to become a member nation of the AGS system and in September 2009 Canada signed the Program MOU (PMOU). The PMOU, along with the AGS Charter, sets the legal, organizational and budgetary framework for the AGS program and launches both the NATO AGS Management Organization and the NATO AGS Management Agency (NAGSMA) to take charge of the program. Following the Department's decision to join the AGS program, DND/CF officials have been working towards the implementation of requirements and ensuring intra-departmental coordination through various stakeholder meetings and WGs. As an AGS member nation, Canada is expected to realize industrial benefits from this program.

Financial Arrangements

The AGS system is based on a hybrid funding model and is dependent upon contributions from each AGS member nation to the core capability, host-nation support contributions, and potential common funding through NSIP and the Military Budget. Canada is the fourth largest contributor after the US, Germany and Italy—the four major contributors account for over 87 percent of the total cost of the core capability.

Canada's national cost share for AGS is 7.6832 percent and the one-year actual expenditure of \$549,468, which is approximately 0.07 percent of the NATO Contribution Program. The budgeted amount for FY 2009/10 was \$10,152,420 and was not spent due to the program slippage. The conservative forecast of DND NATO Contribution Program funding over 20 years for the core program is estimated to approach \$500 million.

While it has not yet been determined if the AGS in-service support will be common-funded by all NATO nations, the amount budgeted by DND prudently anticipates in-service support costs being shared by the 14 nations contributing to the core capability. Additional funding for the core capability can also be expected during the 20-year time frame for operational retrofits and upgrades to payload capabilities. Common funding expectations will place additional pressures on the NSIP and Military Budget, both of which are already experiencing an unprecedented level of demand on limited resources.

The NATO AGS Capability Package, developed to outline the expectations of common funding within the NSIP, was distributed to all NATO nations for national review in May 2010. Although Canada has signed the PMOU as a contributing nation, the AGS Concept of Operations, the AGS Concept of Employment and the AGS Capability Package, with their attendant costs, have not yet been approved by NATO nations and

issues relating to NATO common funding remain unresolved. Concerns have already been raised that some of the Capability Package forecasts may be too low or insufficient to cover costs. The AGS Capability Package has not yet been approved.

There is a financial and operational risk if any AGS member nation that funds the core capability chooses to leave the program. However, the financial impact to the AGS member nations and to the operational capability of the core system will not be significant unless one of the other major contributors leaves. In 2009, Turkey and Poland chose not to sign the PMOU and left the program. In June 2010, Denmark announced its intent to withdraw from the Program. In December 2010, Denmark, with a cost share of 3.4339 percent, confirmed its withdrawal. Besides reducing the number of participating nations from 15 to 14, the impact of Denmark's departure, including economic arrangements, is being determined according to the provision of the AGS PMOU.

Relevance

Complementary to NAEW&C capabilities, the AGS will support NATO operations by providing stand-off situational awareness on the ground for deployed NATO forces. However, notwithstanding the planned new operational capability for NATO and the anticipated industrial benefits to Canada, some concerns about the program have been expressed within DND. Specifically, given limited defence funding, concerns focused on the relevance of AGS as the apportioned funding neither advances planned departmental force structure initiatives, nor directly enhances national sovereignty capabilities.

Performance

Official 2009 DND funding documentation and the NATO PMOU anticipated the AGS system Initial Operational Capability (IOC) in 2012, with Full Operational Capability (FOC) in 2015. As of May 2010, official NATO documentation assesses a slippage in dates: IOC in 2014 with FOC by 2017.

The PMOU states that IBAN will audit NAGSMA financial accounts each year and that IBAN audit reports will be made available to all participants. In addition, the program General Manager is tasked to provide additional specific data or records to national auditors as needed. However, performance measures for the AGS system are yet to be developed. While the AGS system has not yet become operational, it was interesting to note that, within the NATO Contribution Program, AGS was the only activity flagged by the majority of evaluation interviewees as being of concern. While some of the concerns are outside of the scope of the NATO Contribution Program evaluation, they are important to note given the potential risks they present to the success of the program, both from a national and a NATO perspective.

In summary, the evaluation identified the following concerns:

- The AGS program will have staffing implications for the CF. Plans are progressing for 57 CF personnel to be assigned to support Canada's AGS contribution, in addition to five administrative support positions.

- The AGS system is contingent upon multiple existing NATO CIS capabilities and the necessary completion of other non-AGS, but related, CIS Capability Packages. This may impose additional program, technical and financial risks to the AGS program.
- The PMOU has been signed by the participating member nations, but the AGS Concept of Operations, AGS Concept of Employment and AGS Capability Package, each with their attendant costs, have not yet been approved by NATO nations. In addition, NATO common-funding support to AGS has not yet been approved. This leaves many fundamental funding and operational questions presently unanswered.
- The national C4I capabilities required to receive, handle and integrate AGS-derived raw and processed data in Canada are not yet defined.
- The benefits of receiving raw AGS data as an AGS member nation, compared to receiving only processed data that can be received by all NATO nations, are not defined.
- The operational capabilities of the expected sensor package may not be sufficient to support a wide range of NATO operations, such as maritime surveillance and interdiction.
- Whether the requirement for consensus in NATO will hinder the operational employment of AGS.
- Whether the cost of the program to Canada, as an AGS member nation, is disproportional to the anticipated industrial benefits accrued to Canada.

Finding

It is anticipated that the AGS system will provide NATO with a needed operational capability. However, compounded by Denmark's decision to withdraw from the program and the current global fiscal climate, there are significant technical and cost risks associated with this program.

Secretarial Note: On 3 August 2011, Canada made a statement to NATO regarding its intention to begin withdrawing from the AGS program, with Canada's full effective withdrawal in the spring of 2012.

Recommendations

Conduct a comprehensive assessment of the AGS program to determine the overall DND/CF resource impacts, operational risks, departmental relevance and available alternatives.

OPI: VCDS

OCI: ADM(Mat)

Continue to provide funding to the AGS program through the NATO Contribution Program, pending the outcome of the recommended comprehensive assessment.

OPI: ADM(Fin CS)

Strategic Lift Capabilities

Name	Strategic Lift Capabilities
DND/CF POC	CANOSCOM/Canadian Materiel Support Group (CMSG)
DND/CF OPI or OCI	OPI: Comd CANOSCOM OCI: ADM(Mat)/DGIIP; Comd CEFCOM
Membership since	2004: air lift capability (Strategic Air Lift Interim Solution (SALIS)—membership was discontinued in December 2010) 2003: sea lift capability
CAN cost share	7.6% air lift (SALIS) 16.7% sea lift
CAN \$ allocation FY 2005/06-2009/10	Budget: strategic lift (combined) \$21,006,000 Actual: \$3,835,184 air lift (SALIS) Actual: \$911,011 sea lift
DND/CF allocation pays for	Air lift (SALIS): annual fees for assured access; NAMSA procurement activities; administrative costs Sea lift: annual fees for assured access; NAMSA procurement activities
Activity funding sources	Air lift: 18 member/partner nations Sea lift: 9 member nations
Audit or review FY 2005/06-2009/10	Nil

Table 6. Summary of DND/CF Involvement in the Strategic Lift Capabilities from 2005/06-2009/10.

Description

During the evaluation period of 2005/06-2009/10, the NATO Contribution Program activity “Strategic Lift Capabilities” included both air lift and sea lift programs (see Table 6). Strategic air lift and sea lift were part of the Defence Capabilities Initiatives (DCI) launched by NATO Heads of State and Government at the 1999 Washington Summit. Included in the 58 DCI shortfalls were two specific shortfalls in the area of deployability and mobility (DM). These were DM-2 “Describing the lack of coordination of strategic lift assets” and DM-3 “Describing the lack of assured access of strategic lift assets.” The Prague Capabilities Commitments, agreed by Alliance Heads of State and Government at the Prague Summit in 2002, further developed these programs to provide nations with the strategic lift capabilities to move equipment for forces earmarked for rapid deployment in support of NATO or European Union (EU) operations.

Air Lift. In 2004, DND signed the MOU for an Interim Strategic Air Lift Capability for Outsized Cargo, more commonly known as SALIS. The initial contract was set up for three years with subsequent renewals on an annual basis. SALIS is a multinational consortium comprised of 16 NATO nations and two partner nations, which charters Russian and Ukrainian An-124-100 Antonov transport aircraft, capable of carrying 120 tons of unusually large or “outsized” cargo over long distances on an assured access basis. The contract provides two Antonov aircraft on full-time charter, two more on six

days' notice and another two on nine days' notice. Air lift is coordinated by the Strategic Air Lift Coordination Centre, co-located with the European Air lift Centre in Eindhoven, the Netherlands.

Sea Lift. On 10 December 2003, DND signed a Multinational Implementation Arrangement (MIA) to acquire and manage an assured access contracted sea lift capacity. On 2 July 2009, DND signed a subsequent MIA for an assured access contracted sea lift capacity. Nine nations formed the Multinational Sea Lift Steering Committee (MSSC) to bridge the previously identified strategic sea lift capability gap by developing a Sealift Capability Package comprised of contributed sea lift assets and Assured Access Contracts (AAC). This is a commercial chartering arrangement between six members that are financial contributors to the AACs and three nations that offer residual capacity on their strategic sea lift vessels. The purpose of the MIA and the MSCC is to set out principles and procedures for the provision of additional sea lift capacity, to reduce shortfalls in the short term, and to take action collectively to resolve shortfalls in the longer term.

The MSSC has a rotational chairmanship. Canada held the chair in 2005/06 and is tentatively scheduled to do so again in 2012. The Canadian representative to the MSSC is provided by the CMSG while CANOSCOM sends a representative to the Movement Coordination Centre Europe (MCCE) Working Board. While affiliated with the MCCE, the MSSC is independent of MCCE control.

Financial Arrangements

Both the air lift (SALIS) and sea lift arrangements in the NATO Contribution Program activity "Strategic Lift Capabilities" use a multinational funding model, where nations that are signatories to the MOUs contribute funding on a cost-share basis. For FY 2005/06-2009/10, the combined budgeted amount for Strategic Lift was \$21,006,000. The actual amount for Air Lift (SALIS) was \$3,835,184 (approximately 0.46 percent of the NATO Contribution Program) and for Sea Lift was \$911,011 (approximately 0.11 percent of the NATO Contribution Program).

Air Lift. Contributions to SALIS cover each member's share for the contracting authority with regard to services charges for preparing and conducting the procurement, administrative costs, annual costs of assured access and a cost share of the NATO/EU requirement for 4,800 flying hours. The cost-share formula is based on an adjusted NSIP cost-share calculation, and Canada's share is at 7.6 percent. The MOU further commits Canada to pay for the flying hours it uses. Call letters for contributions are sent to the CANOSCOM Comptroller three times per year.

The national cost share for SALIS covers both administration and operating costs. Administration fees cover costs for the NAMSA staff dedicated to the administration of the SALIS budget and the operating costs, which include items such as airfield costs and fuel. In FY 2007/08, ADM(Fin CS)/DCMFA moved the SALIS expenses from the NATO Contribution Program to DND Vote 1 (Operations) funding.

Sea Lift. Canada is a cost-contributing nation, providing a financial contribution to the MSSC rather than offering residual capacity on a cargo ship presently retained by DND on full-time charter. The national cost-share formula is based on the NSIP contributions for each of the nine contributing nations. Canada's NSIP ratio of 5.5 percent equates to 47.84 percent of the MSSC administration fee, making Canada the largest cash-contributing nation. The NATO Contribution Program provides administrative funding towards annual NAMSA procurement activity fees which provides Canada with "assured access" to the multinational sea lift capability. Even if the multinational sealift capability is not used by Canada, the administration fees for "assured access" are levied annually. Additional operating or activation fees are then levied once a nation makes use of the available sea lift assets. Calls for contributions are received in June, November and March.

Relevance

Strategic lift capabilities are required to enable the CF to move forces and equipment to areas outside of Canada, in accordance with GoC priorities. This can include military, humanitarian assistance and disaster relief operations. Therefore, strategic lift capabilities are relevant as they enable the CF to fulfill its core operational missions as required by the GoC.

Performance

The key performance measure for strategic lift is that the shipment arrives at its destination. While other performance measures, such as timeliness or cost, may be indicators of the efficiency or effectiveness of the strategic lift, these are factors that can be beyond the control of either DND/CF or the lift programs. Timeliness, for example, can depend upon many variables, such as unpredictable weather or non-guaranteed access to another nation's airports and harbours.

Air Lift. Participants of the SALIS agreement each have an annual allocation of hours and each nation prepays a portion of those total allocated hours. As outlined in the MOU, Canada has 150 "annual committed flying hours" that are paid for annually. The evaluation team was informed that while all of Canada's allocated paid flying hours were used last year, the total number of paid hours was not used in previous years.

In 2009, CANOSCOM staff questioned the practicability of the SALIS arrangement as some nations were block-booking hours which subsequently impeded assured access and decreased the availability of airlift assets for other nations. In order to meet DND operational requirements, CANOSCOM staff had been contracting air lift through the open market, where comparable rates and increased global flexibility resulted in economical, unimpeded access to airlift assets. Therefore, it was determined that there were no real savings or tangible benefits to maintaining membership in SALIS. In 2009, Canada notified the SALIS Steering Board of its withdrawal from the program effective December 2010. This follows the agreed SALIS MOU requirements and will result in no penalties to Canada.¹²

¹² Confirmed in the SALIS MOU, page 11, section 12.

Sea Lift. While membership in the MSSC provides DND assured access to a multinational sea lift capability, the MSSC multinational sea lift assets have not yet been used by Canada. Instead, DND has made extensive use of national full-time charter arrangements. For example, interviewees indicated that to support CF requirements for Operation HESTIA, DND utilized the existing full-time charter and then arranged a second contract for another ship. While DND is not utilizing an asset to which Canada contributes funding, CANOSCOM staff are demonstrating the flexibility to access and utilize sea lift assets, programs or other international arrangements which best meet the operational requirements of the CF.

Finding

Strategic lift capabilities are relevant as they enable the CF to fulfill core operational missions. Canada continues to pay annual administration fees for “assured access” even when the multinational sea lift capability is not used. Additional operating or activation fees are then levied once a nation makes use of the available sea lift assets.

Recommendations

Conduct a comprehensive assessment of the strategic sea lift program to determine the overall DND/CF resource impacts, operational risks, departmental relevance and available alternatives.

OPI: Comd CANOSCOM

Continue to provide funding to the strategic sea lift program through the NATO Contribution Program, pending the outcome of the recommended assessment.

OPI: ADM(Fin CS)

NATO Rapid Deployable Corps

Name	NATO RDC
DND/CF POC	NMR SHAPE
DND/CF OPI or OCI	OPI: Chief of Staff VCDS OCI: Comd CEFCEM; Chief of the Land Staff (CLS)
Membership since	1992
CAN cost share	<ul style="list-style-type: none"> • 2.56% NATO RDC–Allied Rapid Reaction Corps (ARRC) HQ • 7.92% NATO RDC–Turkey HQ • 0.21% NATO RDC–Eurocorps HQ O&M/Training/Exercises
CAN \$ allocation FY 2005/06-2009/10	Budget: \$3,053,000 Actual: \$1,696,484
DND/CF allocation pays for	Support to the exercise program, training activities, O&M costs of the NATO Rapid Deployable HQ
Activity funding sources	Member nations
Audit or review FY 2005/06-2009/10	NATO RDC IBAN audit of 2005/06/07 HQ ARRC IBAN audit of 2008 RDC–Italy IBAN audit of 2003/04/05 RDC–Turkey IBAN audit of 2003/04/05/06

Table 7. Summary of DND/CF Involvement in the RDC from 2005/06-2009/10.

Description

As summarized in Table 7, NATO's RDCs are operational, multinational, high-readiness HQ that can be quickly deployed at short notice to lead NATO forces on a wide range of missions, both within and beyond NATO member nation territory. The RDC concept was established as part of the ongoing efforts to transform NATO's force structure. Open to personnel contributions from all NATO nations, the RDC's key function is to provide NATO with rapidly deployable command elements.

Six NATO RDCs belong to NATO's integrated military structure as part of the NATO force structure. With the exception of the Eurocorps, the RDCs operate under the direct operational command of the Supreme Allied Commander Europe (SACEUR). The RDC can command and control forces from the size of a brigade numbering thousands of troops up to a corps of tens of thousands of troops. Missions conducted by the RDC can include disaster management, humanitarian assistance, peace support to counter-terrorism and high-intensity war fighting. An RDC was deployed to Pakistan as part of the NATO disaster assistance following the October 2005 earthquake. In addition, various RDC have commanded ISAF and had roles in NATO operations in Bosnia and Kosovo.

The NATO RDC participates in the NATO Response Force (NRF) which is a high readiness force that can be deployed at short notice whenever needed. Under the NRF rotational system, a designated RDC assumes command of the land component of the NRF for a fixed six-month period, with the operational command of the NRF alternating between NATO's Joint Forces Command Brunssum, Joint Forces Command Naples and

Joint HQ Lisbon. Prior to assuming command, the RDC undergoes an intense six-month training and operational evaluation program to test its procedures for planning and conducting combined joint crisis response operations. Upon successful completion of the program, it is certified as a NATO Rapid Deployable HQ.

The NRF is designed to be capable to a range of different missions, anywhere in the world for Article 5 collective defence operations or non-Article 5 crisis response operations. In 2004, elements of the NRF were a security component for the Summer Olympics in Athens and were deployed to support the presidential elections in Afghanistan. In 2005, the NRF aircraft delivered relief supplies following Hurricane Katrina. From 2005 to 2006, NRF elements were used in the disaster relief efforts following the Pakistan earthquake, led in part by the NATO RDC.

Financial Arrangements

The DND/CF actual contribution to the RDC for the period 2005/06-2009/10 was \$1,696,484. This was 0.2 percent of the overall NATO Contribution Program. The budgeted amount for the period was \$3,053,000. The lower actual amount is due to several factors. Personnel and support costs were reduced due to a consolidation in NATO RDC-Turkey and NATO RDC-UK; planned exercises were either cancelled or came in under budget; and the exchange rate was noticeably more advantageous for the Canadian dollar. The share percentages range as follows:

- 2.56 percent NATO RDC–ARRC HQ
- 7.92 percent NATO RDC–Turkey HQ
- 0.21 percent NATO RDC–Eurocorps HQ: Operations, maintenance, training and exercises

Funding of the NATO RDC is based on a hybrid model. The NATO RDC receives funding by RDC member participants, but is primarily sponsored by one or more “framework nations” which provide the bulk of the HQ personnel, equipment and financial resources. NATO Contribution Program funding to the NATO RDC covers support to the exercise program, training activities and the O&M costs of the NATO Rapid Deployable HQ. However, the NATO RDC receives NATO common funding for its deployment and redeployment in support of NATO operations.

During FY 2005/06 to 2008/09, Canada provided support to the following NATO Rapid Deployable HQ through the NATO Contribution Program:

- NATO RDC–ARRC HQ
- NATO RDC–Turkey HQ
- NATO RDC–Eurocorps HQ
- NATO RDC–Spain HQ

From FY 2009/10 onwards, Canada’s support to the NATO RDC through the NATO Contribution Program includes, but is not limited to:

- NATO RDC–ARRC HQ
- NATO RDC–Turkey HQ

The annual budget is prepared by the NATO RDC Senior Policy and Resource Committee (SPRC), to which the Staff Assistant (SA) (National) to the Canadian NMR SHAPE is the Canadian Representative. The annual call letters for national contributions are received and verified by NMR SHAPE who then forwards them to ADM(Fin CS)/DCMFA 3 for payment.

Relevance

According to documentation and interviews, one of the key goals of NATO in creating the RDC was to provide NATO with rapidly deployable command elements to lead the land component of the NRF. A goal of the NRF, in addition to being a rapidly deployable operational joint force for NATO, is to be a leading force of NATO's military transformation. The NRF was created to ensure that all participating NATO nations, especially new member nations, are trained and ready to participate in NATO operations and deploy to NATO standards. The NRF training results in certification, whereby NATO confirms the readiness of designated national forces to be deployed and be interoperable.

Participation in the RDC provides Canada with an opportunity to show leadership in training roles, contributes to our knowledge and expertise, supports NATO expeditionary capabilities and helps ensure that the forces from NATO nations with which the CF will work in future NATO missions are interoperable. The RDC provides Canada with an opportunity to contribute to international peace and stability.

Performance

Performance measurements for the RDC include the number of nations that have successfully completed the six-month training and operational evaluation of the ability to conduct crisis response operations. This would indicate the number of nations that meet the levels of the NATO standards and that are then certified as NATO RDC and capable of commanding the NRF land component.

According to interviewees, this NATO activity faced resistance as nations were reluctant to enrol in the NRF, which impacted the RDC. However, the decision to common-fund deployment and redeployment has resulted in an increased participation in the activity.

The IBAN conducted financial audits on the HQ ARRC for the years 2004/05/06. For 2006, among many observations, the IBAN found that the Command had used shared funds for a purpose that was not authorized in the budget, there was an incomplete report of payments/receivables, and that adherence to appropriate budget control procedures was needed. The IBAN also conducted audits on the RDC–Italy in 2003/04/05 and the RDC–Turkey in 2003/04/05/06. Both received unqualified audit opinions, but with recommendations for slight accounting improvements.

Finding

Canada's participation in NATO RDCs provides CF interoperability with allied forces and supports CF learning and teaching opportunities.

Recommendations

Continue to provide funding to the NATO RDC through the NATO Contribution Program.

OPI: ADM(Fin CS)

Continue to promote improvement to the NATO RDC administrative practices by advocating the implementation of the IBAN audit recommendations.

OPI: VCDS (through NMR SHAPE)

NATO Maintenance and Supply Agency

Name	NAMSA
DND/CF POC	ADM(Mat)/DGIIIP
DND/CF OPI or OCI	OPI: ADM(Mat)
Membership since	1958
CAN cost share	5.45% NATO Maintenance and Supply Organization (NAMSO) administration 5.37% NAMSA AC/135 activities
CAN \$ allocation 2005/06-2009/10	Budget: \$2,855,000 Actual: \$2,522,191
DND/CF allocation pays for	NAMSO administration NAMSA AC/135 activities
Activity funding sources	28 member nations
Audit or review 2005/06-2009/10	IBAN audits annually

Table 8. Summary of DND/CF Involvement in the NAMSA from 2005/06-2009/10.

Description

The NAMSA (see Table 8) is NATO's principal logistics support management agency whose main role is to assist NATO nations by organizing common supply, maintenance, procurement, contract management, and engineering and technical support. This is available whenever two or more nations operate the same system and decide to use NAMSA's support facilities. NAMSA consolidates nations' requirements, centralizing logistics management activities, conducting competitive bidding processes, and controlling the cost and quality of services rendered to members. NAMSA is organized into four directorates: Logistics Programmes and Operations, Procurement, Finance, and Resources.

As a contracting agency, NAMSA conducts its work by the "no profit, no loss" principle and acts as an extension of nations' procurement and logistics organizations. According to its mandate, NAMSA is not a contractor and is not competing with national procurement or logistics organizations.

NAMSA also provides support for the NATO Codification System (NCS) and in the developing area of online, Internet-based logistics for the management, exchange, sharing and procurement of materiel. The NCS provides a range of services to enable NAMSA member countries, NATO HQ and NATO Agencies to exchange information on millions of items of supply to support logistics operations through the use of a common system for identification, classification and stock numbering. The NCS is managed by the Group of National Directors on Codification (AC/135).

NAMSA's activities are overseen by NAMSO, which is comprised of the legislative entity, the Board of Directors (BoD) and the Executive Agency NAMSA. NAMSO is formed by all 28 NATO nations and was created in 1958 by the NAC approval of the NAMSO Charter. It is a NATO NPLO which has received organizational, financial and administrative independence from the NAC. NAMSO's role is to maximize the effectiveness of logistic support provided to NATO forces and to minimize the cost to NATO nations.

NAMSO's BoD issues directives, makes general policy decisions, provides guidance for the operation and administration of the Agency, enters into agreements, approves contracts, makes budgetary and financial decisions and exercises management control of the Agency. It reports directly to the NAC. From DND, the Director of International Materiel Cooperation from ADM(Mat) is the Canadian representative on the NAMSA BoD and a CF representative in BNATO is a member of the subsidiary Finance and Administration Board which reviews NAMSA finances and resources prior to their tabling at the BoD.

NAMSO and NAMSA have agreements with and support several NATO bodies, usually to provide logistics support, communication and information systems and depot-level maintenance, including SHAPE, NATO C3 Agency (NC3A), AC/135, NCS, NATO CIS and the NATO Helicopter Management Agency.

Financial Arrangements

For the period 2005/06 to 2009/10, the DND/CF actual contribution to NAMSA was \$2,522,191, which is approximately 0.3 percent of the NATO Contribution Program. The budgeted amount was \$2,855,000. Canada's cost share is 5.45 percent for NAMSO administration and 5.37 percent for NAMSA AC/135 activities. The payments provide funding to support the general administration costs of NAMSA and the NAMSA-supported NCS. The funding allocated to NAMSA does not include funding to other NATO activities of which Canada is a member and which NAMSA supports (e.g., depot-level maintenance and warehousing for the NAEW&C program) and does not include funding for other NAMSA contracts which support CF participation in NATO-led operations.

NAMSA acts on behalf of nations and its activities must be fully visible to all nations; it cannot carry a liability. For disbursement of NSIP funds, which are received for NATO common-funded projects in Afghanistan, NAMSA is deemed to be a host nation. These common-funded payments are at the same nation percentage formula as other NATO projects common-funded at 28 nations. These are paid through the NATO Contribution Program but under NSIP contributions and not NAMSA.

Relevance

Participation in NAMSA provides DND/CF with opportunities to demonstrate leadership in an international organization and to bring forward examples of efficiency and best practices from Canada. By being on the BoD, Canada can help to shape and influence the administrative practices of NAMSA and NAMSO, thereby increasing the opportunity to develop a more effective organization.

Performance

The founding NAMSA charter outlines suggested outputs and outcomes. These could be formatted into collectable measurements which could then be measured to assess performance. However, the evaluation team was unable to determine if this information is being collected and is unaware of any evaluations that have been conducted by NAMSO or NAMSA. IBAN conducts annual audits of both NAMSO and NAMSA.

NAMSA has grown since 2006 and it has increased in popularity due to the operational requirements of NATO in Afghanistan. So that each NATO nation does not need to establish its own contracting capability *in-situ* and seek out suppliers, NAMSA consolidates the contracting process so that nations are not competing against each other for the limited contracting resources. Having NAMSA manage the contracting process requires less administrative staff for each respective nation, thereby lowering individual country costs. In addition, as NATO nations rotate through Afghanistan, NAMSA provides continuity and can implement best practices from previous contracting arrangements.

According to those interviewed, NAMSA provides unique expertise and services that are not available elsewhere. NAMSA involvement in getting contracts for real life support in Afghanistan have been invaluable and, as a client, Canada has saved considerable resources in having NAMSA provide Global Positioning System services. NAMSA staffs are well experienced and consult well with all nations. The evaluation team was advised that NAMSA is “value-added” to the CF deployment in Afghanistan.

Canada and Canadian companies could make better use of NAMSA, but this was more an issue of Canadian regulations and rules with regard to contracting and procurement processes than any concern with NAMSA. However, this focus was outside the scope of this evaluation.

Finding

NAMSA, when deployed, has proved to be relevant to CF requirements and has provided an invaluable service. While NAMSA has a positive reputation, performance data should be collected to enable an assessment of whether NAMSA is achieving its outcomes efficiently and effectively.

Recommendations

Continue to provide funding to NAMSA through the NATO Contribution Program.

OPI: ADM(Fin CS)

Contribute to the improvement of NAMSA accountability by promoting the development of performance metrics.

OPI: ADM(Mat) (through NAMSA representative on the BoD)

Intelligence Fusion Centre

Name	IFC
DND/CF POC	Program: IFC Chief Current Operations (CAN billet) Activity budget: Staff Assistant to NMR SHAPE
DND/CF OPI or OCI	OPI: Chief of Defence Intelligence (CDI) OCI: Comd CEFCOM; NMR SHAPE
Membership since	2006
CAN cost share	2.55% (in 2010)
CAN \$ allocation FY 2005/06-2009/10	Budget: \$116,000 Actual: \$169,988
DND/CF allocation pays for	O&M
Activity funding sources	<ul style="list-style-type: none"> • 24 member nations • NSIP/Military Budget
Audit or review FY 2005/06-2009/10	IBAN audit of 2009 scheduled

Table 9. Summary of DND/CF Involvement in the IFC from 2005/06-2009/10.

Description

The IFC (Table 9) was established by an MOU signed in 2006 to provide timely, all-source, comprehensive and effective network-enabled operational and strategic intelligence for SACEUR and subordinate commanders of ACO. This is in support of the planning and execution of NATO operations, especially the NRF and the Combined Joint Task Force. The IFC produces political baselines, country studies, warning products on crisis hotspots, trend lines and in-depth event studies. It does not produce tactical reports or daily intelligence briefs.

While all NATO nations are invited to become members of the IFC, as of April 2010, there were 23 member nations who sent representatives. Member nations are encouraged to share information with the IFC and to support national requirements. Participants may be provided with specific rooms to establish national connectivity, if there is a requirement. Approximately 180 military and civilian personnel work at IFC, with one-third of the positions being filled from the American Defense Intelligence Agency.

The IFC is part of the NATO force structure and has been granted international status as a NATO international military organization. As the IFC is permanently assigned to NATO, it supports the NATO Command Arrangements, but it is not part of the NATO command structure. The IFC is co-located with the US European Command Joint Analysis Centre (JAC) at RAF Molesworth, UK, so that it can benefit from existing infrastructure and logistics support.

Financial Arrangements

The DND/CF actual contribution to the IFC for the period 2005/06-2009/10 was \$169,988, which was approximately 0.02 percent of the overall NATO Contribution Program. The budgeted amount was \$116,000. Canada's contribution was calculated at a share of 2.55 percent (2010).

According to the IFC MOU, the approved budgeted cost for the IFC is to be paid by member nations as a percentage of their actual share of the peacetime IFC staffing allocation. Such costs may include communications, IFC-directed travel and training, utilities, supplies, miscellaneous office support requirements, alterations and modifications of the facility and facility operations, management and repair.

The IFC MOU indicates that connectivity to NATO command and control networks, communications and information circuits, designated as mission-critical will be funded in accordance with MC 317 and other relevant NATO documents.

The IFC multinational budget is approved by the IFC SPRC, which is made up of representatives of the signatories to the IFC MOU. The SPRC membership usually meets bi-annually to consider and resolve any issues arising from the administration of the multinational budget, and also approves the annual financial statement.

The Canadian Representative to the SPRC is the SA to the Canadian NMR SHAPE. The senior CF representative at the IFC is the IFC Chief Current Operations, who also provides input to the SA NMR SHAPE for the SPRC meetings. The semi-annual call letters for national contributions are received and verified by SA NMR SHAPE who then forwards them to ADM(Fin CS)/DCMFA 3 for payment.

Relevance

For DND/CF, participation in the IFC provides opportunities for CF personnel to participate in a joint intelligence fusion centre in a multinational environment, to develop skills and be interoperable, to garner a greater awareness of other military and civilian member nations' cultural nuances, to demonstrate leadership within a NATO organization, and to demonstrate a commitment to NATO expeditionary capabilities. This work complements DND/CF intelligence analysis conducted through CDI and other intelligence areas within DND/CF.

Canada benefits from participation in the IFC by acquiring enhanced situational awareness and intelligence concerning NATO operations, access to national intelligence from NATO member nations, an opportunity to oversee intelligence production to the benefit of CF contributions to NATO operations, participation in the feedback loop to improve the product, and value-added exchanges with Americans who are co-located at the base. While a unique feature of the IFC is that its analysts produce a multi-source intelligence product that can be disseminated to all NATO members, this raises questions about the level of intelligence that can be contained in such widely distributed documents and the resulting value and effect of the products.

Canada directly benefits from being a member of IFC when CF personnel are participating in NATO operations, including Afghanistan and NATO maritime operations. However, final IFC intelligence products would still be available to Canada even if Canada were not an IFC member nation.

Performance

There are no completed IBAN audits of the IFC, and the Canadian representatives at the IFC were unaware of any internal audits or reviews of IFC. However, an IBAN audit was scheduled to be started in 2010. An IFC contractor Statement of Work located during the evaluation contained objectives that could be construed as performance measures; however, there does not appear to be a performance measurement framework against which metrics are collected and analyzed to determine performance levels. The IFC tracks the number of reports produced and the number of formal requests received for products. For example, IFC received over 150 requests for information from ISAF in 2009.

The IFC does not conduct formal, standardized client surveys or questionnaires with regard to its products. However, the IFC informally solicits feedback on its products through its liaison officers assigned to ISAF, KFOR and Operation Ocean Shield. IFC members also receive verbal or e-mail informal feedback. The Deputy SACEUR General Sir McColl commented in December 2008 that:

“The development of the IFC has produced a step change in our ability to synergize the various national assets and in turn deliver the analysis and guidance that we need. I was particularly impressed by the cumulative specialist experience of your analysts that ensures credible and value added assessment. I am in no doubt that the IFC is of such importance that one wonders how we ever managed without it.”

Although the Canadian representatives raised no concerns with the IFC, it should be noted that there is no measurement of whether the products are producing the required effect or if they are fulfilling the need they were created to address. The IFC MOU states that the IFC will ensure that its intelligence products reach all HQ, both static and deployed. While the IFC may track the number of reports produced and to whom they are distributed, this does not measure the effectiveness of the product or its impact.

It was indicated that some NATO nations have been cutting their national intelligence centres as they have come to rely on IFC for intelligence products. It was also noted that a NATO Special Forces HQ MOU has been signed to stand up a dedicated IFC branch to support the work of the Special Forces at NATO, specifically with regard to NATO Special Forces in Afghanistan. This request came from the newly created NATO Special Operations HQ. However, these only indicate that the IFC is expanding and do not provide any measurement of the quality of the work. To support the Special Operations Forces (SOF) expansion, Canadian representatives are recommending that CF participation at IFC be expanded to include another full-time position.



Finding

Canada's participation in IFC is relevant. However, there are no current performance measures and performance metrics are not collected to determine the performance or effect of the IFC products.

Recommendations

Continue to provide funding to the IFC through the NATO Contribution Program.

OPI: ADM(Fin CS)

Contribute to the improvement of IFC accountability by promoting the development of IFC performance metrics and the IFC collection of performance data.

OPI: CDI (through IFC representative)

Joint Air Power Competence Centre

Name	JAPCC
DND/CF POC	Program: JAPCC Subject Matter Expert (CAN billet) Budget: NMR SHAPE
DND/CF OPI or OCI	OPI: CAS OCI: NMR SHAPE; Canadian Forces Aerospace Warfare Centre (CFAWC)
Membership since	2005
CAN cost share	1.45% (was 2.90% until 2009)
CAN \$ allocation FY 2005/06-2009/10	Budget: \$305,000 Actual: \$190,840
DND/CF allocation pays for	O&M
Activity funding sources	17 member nations
Audit or review FY 2005/06-2009/10	IBAN audit of 2005; 2006/07/08 scheduled ACT re-accreditation 2009

Table 10. Summary of DND/CF Involvement in the JAPCC from 2005/06-2009/10.

Description

The JAPCC, summarized in Table 10, is a multinational NATO COE that was created in 2005 to examine Joint Air Power Transformation issues at the strategic level. It acts as an advocate for the effectiveness and relevance of air, land and maritime integrated operations. The JAPCC also contributes Joint Air and Space expertise to Alliance decision-making processes through NATO Committees, WGs and forums. As a COE, the JAPCC supports the NATO Command Arrangements, is not part of the NATO Command Structure and is not eligible for NATO common funding.

The JAPCC is tasked to provide support to concept development and experimentation; doctrine development; standardization and interoperability issues, capabilities and defence planning; education and training; exercise; and lessons learned.¹³

During the evaluation period, the CF representative at JAPCC reported to the National Liaison Representative (NLR). The NLR is the national member of the JAPCC Senior Resource Committee (SRC) which reviews and approves the annual operating budget of JAPCC and the budget call letters that go to nations. The program of work is discussed at the JAPCC Executive WG meeting which is attended by the designated CAS representative. As of the summer of 2010, the JAPCC Canadian representatives report to the NMR at SHAPE in Mons.

¹³ JAPCC MOU, page 7, section 3, article 3.3.

Financial Arrangements

The DND/CF actual contribution to JAPCC for FY 2005/06-2009/10 was \$190,840, which was approximately 0.02 percent of the NATO Contribution Program. The budgeted amount was initially \$167,000 but was raised to \$305,000 in 2006/07. Canada's national contribution share to JAPCC was 2.90 percent. The contribution share is calculated based on the relative number of posts "owned" by each nation. As Canada went from two posts to one in 2008, in 2009 the contribution share was reduced to 1.45 percent, which lowered the actual costs paid by Canada.

The DND/CF contribution to JAPCC, through the NATO Contribution Program, covers costs to operate and maintain the facility and the JAPCC equipment, including general operating expenses and temporary duty travel costs when related to JAPCC activities. As the framework nation, Germany provides the facility free of rent. Sponsoring nations contribute to the budget according to their number of staff officer posts.

Relevance

As a sponsoring nation of the JAPCC, Canada is able to monitor and influence the development of Joint Air and Space Power in NATO at the operational and strategic levels. The JAPCC contributes to improving NATO interoperability with Canadian procedures and assists other nations in aligning with NATO standards and doctrine. It provides Canada with immediate access to JAPCC reports and studies, prior to their distribution through official NATO channels. It also provides access to doctrinal work that is directly transferable to CF requirements.

The CF participation enables an exchange of information with the CFAWC in Trenton, which facilitates the development and interoperability of Canada's air and space power capabilities with NATO and other NATO nations.

Performance

In 2009, the JAPCC was re-accredited by Allied Command Transformation and in 2006 the IBAN conducted an audit of the 2005 JAPCC financial statements. An unqualified opinion was issued, which included some minor observations but indicated no major concerns.

The JAPCC has produced annual reports since 2007 which indicate the products and activities completed throughout the year, as well as a list of the program of work for the upcoming year. These are posted on JAPCC's Internet site. While the annual JAPCC program of work and budget are approved on a yearly basis by all nations contributing personnel to the JAPCC, a formal performance measurement framework does not appear to have been established. There do not appear to be any internal evaluations or data collection of performance metrics.

A decision was made in 2007 to drop one of the Canadian positions at JAPCC based upon financial and overall CF manning considerations. It took a year for the funding to be adjusted due to the MOU obligations. Subsequently, it was decided to revisit the CF commitment to JAPCC with a view to reinstating the Canadian position due to a maturing

of the relationship between the JAPCC and the CFAWC. Those interviewed stated that the JAPCC provided value to Canada and that there are considerations to increase the staff currently sent from Canada.

Finding

The JAPCC is relevant. However, there are no formal performance measures to enable an assessment of whether the JAPCC is fulfilling its stated goals.

Recommendations

Continue to provide funding to the JAPCC through the NATO Contribution Program.

OPI: ADM(Fin CS)

Contribute to the improvement of JAPCC accountability by promoting the development of JAPCC performance metrics and the JAPCC collection of performance data.

OPI: CAS (through JAPCC representative)

Combined Joint Operations from the Sea Centre of Excellence

Name	CJOS COE
DND/CF POC	Program: CJOS COE Branch Head (CAN billet) Budget: NMR SHAPE
DND/CF OPI or OCI	OPI: Chief of the Maritime Staff (CMS) OCI: NMR SHAPE; Canadian Forces Maritime Warfare Centre (CFMWC)
Membership since	2006
CAN cost share	6.45%
CAN \$ allocation FY 2005/06-2009/10	Budget: \$698,000 Actual: \$144,695
DND/CF allocation pays for	O&M
Activity funding sources	13 member nations
Audit or review FY 2005/06-2009/10	ACT re-accreditation 2010

Table 11. Summary of DND/CF Involvement in the CJOS COE from 2005/06-2009/10.

Description

As summarized in Table 11, the CJOS COE was created in 2006 to provide multinational joint maritime (expeditionary) expertise to lead transformation of NATO maritime capabilities. The CJOS COE supports the NATO Command arrangements, but is not part of the NATO Command Structure, and is not eligible for NATO common funding. The CJOS is hosted by the US and co-located with the Commander US Second Fleet HQ in Norfolk, Virginia.

The CJOS COE provides advice to improve doctrine, training and interoperability of joint maritime forces within a multinational context. The CJOS COE produces doctrine and conceptual papers, provides advice, organizes an annual conference and annually develops a prioritized program of work that is based upon the requirements of its clients who include NATO commands, sponsor nations, international agencies, academic institutions and other enterprises.

CJOS COE continually seeks coordination with the US Strategic and Operational Commands; NATO entities such as the NATO Standardization Agency, NATO Undersea Research Centre, ACO; and sponsoring nations, other COEs and academic institutions. The principal aim is to ensure programmed activities reflect best practices while ensuring the level of integration is consistent and relevant to NATO priorities and operational objectives.

The CJOS COE maintains a particular focus on NATO Joint Maritime Expeditionary Operations to develop sound and logical solutions to operational challenges of benefit to NATO. The CJOS COE develops concepts from a maritime perspective, looking outward three to five years so as to support NATO maritime force generation requirements and defence acquisition initiatives.

The Canadian NLR at ACT in Norfolk is the national member of the Steering Committee (SC) which functions as a BoD for the CJOS COE. The CJOS COE produces the annual program of work, based upon requested tasks, and call letters for national contributions. The SC approves the prioritization of the program of work to ensure the work remains consistent with NATO's and the sponsoring nations' strategic maritime interests, and deliver optimal results within the prescribed budgeted resources.

A recent addition to the SC includes the creation of the Director's Required Experts to Support the Steering Committee (DRESS Committee). Held annually, this meeting seeks national strategic guidance and expertise from the Flag or General Officer level that would serve to shape future outcomes for CJOS COE's programmed activities. Canada's National representative at DRESS meetings has been delegated to the Commander Maritime Forces Atlantic (MARLANT) by CMS. However, reporting lines to the appropriate strategic-level office have yet to be formalized.

Financial Arrangements

The DND/CF actual contribution to CJOS COE for FY 2005/06-2009/10 was \$144,695, which was approximately 0.017 percent of the NATO Contribution Program. The budgeted amount was initially \$800,000 which was reduced to \$698,000 in 2006/07. Contributions commenced in 2006/07, and Canada's national contribution share to CJOS COE is 2.90 percent. The actual amount is an accurate reflection of Canada's share of the operating costs, which were unknown when the budget was initially prepared.

The contribution covers each nation's per capita share of O&M, costs for offices and CIS. The facilities and equipment are covered by the host nation. Additional costs to cover national requirements are covered by the specific nation.¹⁴

The annual call letter for contributions is sent from CJOS COE directly to ADM(Fin CS)/DCMFA 3 for payment.

Relevance

The CJOS COE has evolved to focus on more strategic and high-end operational-level maritime issues, as opposed to the tactical application of force "from the sea." Participation in the CJOS COE provides Canada with an opportunity to influence the development and writing of strategic maritime policies, develop new operational concepts and doctrine which allows Canadian participants to inform national offices (such as CFD, SJS, CMS, MARLANT, Maritime Forces Pacific (MARPAF) and the CFMWC in Halifax) of new strategic and operational developments in NATO and US maritime operations and to seek their input in shaping future outcomes. CFD, SJS, CFMWC and CFAWC have the opportunity to provide direction in shaping the CJOS COE program of work.

¹⁴ MOU Concerning the Establishment, Administration and Operation of the CJOS COE, pages 9-10, sections 8/9.

While Canada already has a well-integrated system for scheduling Canada-US training, the CJOS COE staff can facilitate live or fleet synthetic training opportunities for all NATO nations. This provides Canada's naval officers with opportunities to interact with and learn from other NATO and partner navies. Through the CJOS COE, Canada is also able to provide expertise and leadership in coordinating training requirements for other CJOS COE member nations and other allied partners.

By participating in the CJOS COE, Canada has access to pertinent information, is seen as a contributing nation and has a level of bilateral influence as a result of the CJOS COE being co-located with the US Second Fleet HQ. While many CJOS COE participating nations also use their representative as their liaison to the US Second Fleet HQ, Canada fulfills this role through a separate exchange officer billet that is external to CJOS COE.

The Canadian CJOS COE staffs are engaged in operational and strategic naval issues and requirements. Meanwhile, the Canadian exchange officer is more involved in tactical-level administrative coordination, such as Canadian ship visit requirements.

Performance

The *MOU Concerning the Functional Relationship Regarding the CJOS COE* contains criteria in its scope and responsibilities section that could be construed as performance indicators. Until recently, CJOS COE did not appear to share the data or prepare reports on its performance due to a major network change over of the US NIPRNET to Navy/Marine Corps Intranet. New protocols have recently been incorporated to provide easier access to the weekly, monthly and quarterly reports which are forwarded to the Canada NLR.

ACT is looking at managing the COEs differently and has started a process of re-accreditation. The CJOS COE is the first COE being reviewed under the new system, which includes questions focused on performance and the achievement of objectives. However, the draft questions reviewed during the evaluation did not examine impact or effect. The CJOS COE staff provided the evaluation team with examples of effect, such as the CJOS-produced document "Maritime Security Operations (MSO) Concept Development," which was presented to the NATO MC in the spring of 2010. Upon its approval, this CJOS COE document will establish the way ahead for NATO MSO concepts. Canada was a key contributor to the MSO project due to Canada's experience in interagency collaboration.

In addition, the CJOS COE developed Experimental Tactic (EXTAC) 789 on counter-piracy operations which was provided to the UK Maritime Warfare Centre in July 2010. This EXTAC combines the best practices of several nations including Canada into a single document that supports operational planning for counter-piracy operations. The CJOS COE has also produced a technical and operational guide that outlines the requisite qualifications for integrating foreign combat-carrier-fitted aircraft to operate from US carriers. This document has provided a significant opportunity for achieving greater tactical options through enhanced interoperability. The French navy is now operating under this concept and it has opened the door for other navies to use the same guide. Similar approaches are being developed in operational Sea Basing and Maritime Security Operations.



The CF member of the CJOS COE maintains a close relationship with the NLR, working as a liaison for national issues and providing a direct avenue for the Strategic Command to interact with the CJOS COE on a national basis.

Finding

CJOS COE is relevant and is achieving its stated outcomes.

Recommendation

Continue to provide funding to the CJOS COE through the NATO Contribution Program.

OPI: ADM(Fin CS)



NATO Special Operations Coordination Centre/NATO Special Operations Headquarters

Name	NSCC NSHQ (renamed as of 1 March 2010)
DND/CF POC	Comd Canadian Special Operations Forces Command (CANSOFCOM)
DND/CF OPI or OCI	OPI: Comd CANSOFCOM
Membership since	2009
CAN cost share	1.37% in 2009
CAN \$ allocation FY 2005/06-2009/10	Budget: (NSCC was not included in the budget) Actual: \$44,590
DND/CF allocation pays for	O&M
Activity funding sources	<ul style="list-style-type: none"> • Member nations • NSIP/Military Budget
Audit or review FY 2005/06-2009/10	Nil (new activity)

Table 12. Summary of DND/CF Involvement in the NSCC/NSHQ from 2005/06-2009/10.

Description

The NSCC (Table 12) was established as part of the NATO SOF transformation initiative, aimed at increasing their ability to train and operate together, as was agreed at Riga in November 2006 by the NATO Alliance Heads of State and Governments. The roles and responsibilities of the NSCC were approved by the MC in the NATO SOF Transformation Initiative Advice document. Located at SHAPE, the NSCC initially was a coordination and advisory centre without a command function. It became the NSHQ effective 1 March 2010 and is now recognized as an international military body. The NSCC MOU has been revised to reflect these changes.

The NSHQ is mandated to enable and support NATO special operations across the Alliance and provide a focal point for NATO special operations expertise to SACEUR and other ACO commanders. The NSHQ is to provide timely, effective, SOF advice in support of the planning and execution of operations; coordinate and synchronize NATO SOF in support of the force generation process; translate SOF strategic estimates into SOF requirements; develop and publish NATO SOF policies and doctrine to promote interoperability and standardization; coordinate, synchronize and support NATO SOF education, training and exercises; and coordinate capability development through a NATO Federation of SOF Training Centres.

The NSHQ is a multinational and joint organization which is an MOU HQ that is outside the NATO command structure. Its positions are voluntary national contributions (VNC) and participants may include non-NATO nations, international organizations and non-governmental organization participating in NATO activities or NATO-led operations.

Financial Arrangements

The DND/CF actual contribution to the NSCC for the period 2009/10 was \$44,590, which was approximately 0.005 percent of the overall NATO Contribution Program. Canada's contribution was calculated at a share of 1.37 percent. While paid through the NATO Contribution Program, the NSCC/NSHQ is not listed as an activity for the evaluation period of 2005/06 to 2009/10 or the subsequent five-year cycle.

The NSHQ-approved budgeted costs that are paid by the participants may include communications, contract support, communication life-cycle replacement costs, NSHQ-directed travel and training, utilities, lease or rental of facility, supplies, office support requirements, and facility maintenance and repair. Connectivity to NATO command and control networks and other communications designated as mission-essential will be funded in accordance with MC 317. As the framework nation, the US provides the initial facilities and equipment for the establishment of the NSHQ.

Up to June 2010, the cost share was determined by each participant's actual number of claimed NSHQ posts divided by the total number of claimed posts by all participants. Claiming two of 143 positions, Canada's percentage was 1.37 percent. This calculation was not affected by unfilled posts or temporary augmentees. As of 1 July 2010, Canada holds three out of 149 positions and the calculation of cost-share percentages are being renegotiated.

The annual budget is prepared by the SPRC, to which the NSHQ SNR and the NMR SHAPE are the Canadian representatives. The annual call letter for national contributions is received and verified by NMR SHAPE who then forwards it to ADM(Fin CS)/DCMFA 3 for payment.

Relevance

It is anticipated that participation in the NSHQ will provide opportunities for CF personnel to participate in a joint SOF centre in a multinational environment, to develop skills and be interoperable with NATO nations, to garner a greater awareness of other military and civilian member nations' cultural nuances, to demonstrate leadership within a NATO organization, and to demonstrate a commitment to NATO expeditionary capabilities. This work should complement DND/CF SOF analysis conducted through the CANSOFCOM organizations within DND/CF.

Performance

As this is a new activity, there are no audits or reports. The NSCC MOU indicates that audits will be conducted by IBAN as authorized by the SPRC.

While the NSCC MOU provides a list of tasks, there does not appear to be a performance measurement framework against which metrics will be collected and analyzed to determine performance levels and achievement of outputs and outcomes.

Finding

The NSHQ is relevant. However, performance measures have not yet been established to enable an assessment of whether the NSHQ is fulfilling its stated goals.

Recommendations

Continue to provide funding to the NSHQ through the NATO Contribution Program.

OPI: ADM(Fin CS)

Contribute to the improvement of NSHQ accountability by promoting the development of NSHQ performance metrics and the NSHQ collection of performance data.

OPI: Comd CANSOFCOM (through NSHQ representative)



NATO Special Working Group Electronic Warfare Trials (Naval)

Name	Maritime Capabilities Group 8 (MCG/8)
DND/CF POC	CMS/Director Maritime Requirements Sea (DMRS)
DND/CF OPI or OCI	OPI: CMS OCI: Comd MARLANT OCI: Comd MARPAC
Membership since	1997
CAN cost share	6.67%
CAN \$ allocation FY 2005/06-2009/10	Actual: \$29,644
DND/CF allocation pays for	MCG/8 activities
Activity funding sources	15 member nations
Audit or review FY 2005/06-2009/10	Nil

Table 13. Summary of DND/CF Involvement in the Special Working Group (SWG) Electronic Warfare (EW) Trials (Naval) from 2005/06-2009/10.

Description

In 1997, 14 nations signed a Letter of Agreement to form the SWG/4 (see Table 13) that would share the costs to support EW trials conducted under the responsibility of the Group. The purpose of the Group was to ensure that the trials would remain self-supporting, that the nations would share the costs of certain trials assets, the analysis and evaluation of trial data, and the production of a report for future trials.

The SWG/4 is now the MCG/8 and is a sub-group of the NATO Naval Armaments Group (NNAG). The NNAG focuses on all warfare areas, including EW, and is one of three armaments groups under the auspices of the Conference of National Armaments Directors (CNAD). The CNAD constitutes NATO's senior decision-making body dedicated to armaments issues and operates directly under the North Atlantic Council. The MCG/8 also links to the following:

- NATO EW Advisory Committee (NEWAC), which is responsible for the development of NATO's EW policy, doctrine, operations and educational requirements and contributes to the development of command and control concepts. It reports to the MC;
- NATO Research and Technology Organization's Technical Panel "Sensors and Electronics Technology" (SET); and
- NC3A (for EW).

MCG/8 is now comprised of 15 NATO member nations whose aim is to enable increased interoperability and standardization in operations and in EW equipment to ensure that NATO's maritime EW capabilities can exploit and dominate the electromagnetic spectrum. The MCG/8 provides a NATO venue to exchange EW information for the development of anti-ship missile defence (ASMD) tactics and to achieve solutions to specific maritime EW operational matters, primarily by the use of EW trials.

A significant activity of MCG/8 members is the annual EW trials, consisting of 4–6 days alongside and at sea, coordinated on a rotational basis. These trials are designed to progress NATO EW interoperability and tactical development. Each set of trials is unique and all participating nations have equal input. They are hosted by one of the participating nations responsible for the coordination, planning and execution of the trials, as well as the conduct and report of the analysis of the results. In addition to naval vessels from NATO nations, participants include a number of national and/or international civilian/scientific measurement teams. Canada and the US co-hosted the 2010 EW trials, which took place during OP HALCYON 14-25 June 2010 in the MARLANT operating area. It was noted in the exercise documentation that "NATO countries will be participating" and that "the exercise will include opportunities for MCG/8 Maritime Electronic Warfare to progress trials."

Financial Arrangements

The DND/CF actual contribution to the MCG/8 for the period 2005/06-2009/10 was \$29,644, which was approximately 0.004 percent of the overall NATO Contribution Program. The Canadian share percentage was at 6.67 percent.

The host nation for the trials normally funds the management and post-trial analysis; however, each participating nation funds its own participating assets, whether they are ships, supporting aircraft or EW support equipment (stimulators, simulators, signature management equipment, etc.). The MCG/8 fund into which Canada pays a fixed percentage covers \$81,000 to the host nation to assist in offsetting the trial management costs.

A representative from DMRS/Above Water Warfare attends the WG meetings on behalf of the Director General Maritime Force Development in CMS.

Relevance

Canada participates actively in maritime EW trials within the Australia, Canada, UK and US community; however, the MCG/8 trials still provide additional benefits, such as access to European EW assets that are not available nationally or through the US Naval Research Laboratory (NRL). The MCG/8 trials also provide a means of viewing new European EW technology and progressing EW and anti-ship missile defence interoperability with other NATO allies.



Performance

NATO EW objectives focus on the effectiveness of EW systems and EW procedures as well as developing interoperability and identifying mutual interference issues. Areas of interest cover blue water and littoral radio frequency wave spectrum scenarios and also focus on electro-optic capabilities. While these are consistent with national EW objectives, participation in MCG/8 trials offers the opportunity to assess Canadian system performance in an alliance/coalition environment, which is a priority for naval tactical development. All nations have an opportunity to ensure that national objectives can be incorporated into the overall EW trials program. This will be of particular interest to Canada as the Halifax-class frigates undergo their modernization project, providing an opportunity to test EW systems.

Participation in MCG/8 trials provides Canadian access to European assets that are not available nationally or through the US NRL such as:

- Italian, French, German, British and Norwegian missile seeker heads and missile seeker simulators—radio frequency, electro-optic, and infrared;
- Communication jamming;
- Portable high-resolution Radar Cross Section (RCS) assets. High-resolution RCS is able to give exact locations of major reflectors on the ship as well as measurement of radio frequency decoys;
- Access to portable infrared imaging and sensor measurement; and
- Ability to trial or observe trials of new anti-ship missile defence decoys.

Participation also provides a cost-effective means to pursue national EW tactical development on top of more expensive national and non-NATO allied trials. It also provides a venue to exchange EW information on ASMD tactics and solutions to maritime EW operational issues.

CF representatives on the WG had no issues or concerns with the activity and had no recommendations for changes.

Finding

The SWG EW Trials (Naval) are relevant and provide an essential contribution to naval EW combat readiness through trials to increase EW interoperability, operational standards and the development of ASMD tactics with participating nations.

Recommendation

Continue to provide funding to the SWG EW Trials (Naval) through the NATO Contribution Program.

OPI: ADM(Fin CS)

NATO Special Working Group Electronic Warfare Trials (Air)

Name	Aerospace Capability Group 3 (ACG/3) Subordinate Group 2 (SG2) EW Trials
DND/CF POC	CAS/Director Air Requirements (DAR)
DND/CF OPI or OCI	OPI: CAS OCI: 1 Canadian Air Division (1 Cdn Air Div) Assistant Deputy Minister (Science and Technology (ADM(S&T)) [Defence Research and Development Canada (DRDC) (Ottawa); DRDC (Valcartier)]
Membership since	1980
CAN cost share	6.67%
CAN \$ allocation FY 2005/06-2009/10	Actual: \$47,431
DND/CF allocation pays for	ACG/3 (SG2) membership and activities
Activity funding sources	18 member nations
Audit or review FY 2005/06-2009/10	Nil

Table 14. Summary of DND/CF Involvement in the SWG EW Trials (Air) from 2005/06-2009/10.

Description

As shown in Table 14, the NATO Air Force Armaments Group (NAFAG), through its subordinate Groups and WGs, is responsible for promoting cooperation and standardization of aerospace armaments via joint activities and information exchange. The NAFAG is one of the three Main Armament Groups subordinate to the CNAD. CNAD constitutes NATO's senior decision-making body dedicated to armaments issues and operates directly under the NAC. Like the MCG/8, the NAFAG also has a connection to the NEWAC, SET and NC3A.

The ACG/3 on "Air Survivability" is comprised of NATO member nations whose aim is to increase the survivability of NATO nations' aerospace assets, enhance interoperability issues, and develop coherent procurement strategies through a process of technical standardization, cooperation in research, development, demonstrations and equipment procurement. Supporting these initiatives is SG2 on EW Self-Protection Measures for Joint Services Airborne Assets. For Canada, participation in ACG/3 (SG2) provides an opportunity to derive the benefits of NATO collaboration in the execution of comprehensive EW trials on aircraft to determine the effectiveness of self-defence systems against potential threats.

The CF representative to SG2 is in DAR 3, which is responsible for Maritime Air/EW and Avionics. This directorate is in the Director General Air Force Development within CAS. In addition to attending SG2 meetings, the CF representative coordinates Canadian input to the EW trials, addresses SG2 section items and disseminates trial results and EW reports to DND authorities.

Financial Arrangements

The DND/CF actual contribution to the SWG/2 for the period 2005/06-2009/10 was \$47,431, which was approximately 0.006 percent of the overall NATO Contribution Program. The Canadian percentage is at 6.67 percent.

The annual call for contributions is sent to the CAS/DAR representative. A copy is also sent to BNATO, who forwards the call letter to DCMFA 3 for payment.

Relevance

The information from the NATO EW Trials has been informative for Canadian EW procurement decisions. The trials have also been instrumental for adjusting EW techniques and procedures, which has enabled the CF to protect against threats to Canadian air assets.

Performance

Immediate results are derived from trial data which is recorded and disseminated through trial reports. The effectiveness of NATO EW trials are confirmed through additional Canadian operational trials which validate the equipment, tactics, techniques and procedures that have been adjusted due to the EW trial findings. Intermediate effects are related to the development of guidance documents and Standardization Agreements (STANAGS) that result from the trials. The ultimate result is to have Canadian air assets that are better protected against a variety of threats.

Finding

With access to the NATO EW Trials, DND/CF does not have to conduct and fund additional trials beyond those normally conducted nationally. Due to the high quality and volume of data generated by the NATO-conducted trials, a similar national capability would not be cost-effective.

Recommendation

Continue to provide funding to the SWG EW Trials (Air) through the NATO Contribution Program.

OPI: ADM(Fin CS)

NATO-Russia Council

Name	NRC
DND/CF POC	ADM(Pol)/D NATO Pol
DND/CF OPI or OCI	OPI: ADM(Pol) OCI: BNATO
Membership since	<ul style="list-style-type: none"> • 2002: CAI • 2003: Defence Industrial and Research and Technology Cooperation • 2005: Project on Counter-Narcotics Training for Afghan National Security Forces
CAN cost share	4.0745%
CAN \$ allocation FY 2005/06-2009/10	Budget: \$735,000 Actual: \$205,403
DND/CF allocation pays for	<ul style="list-style-type: none"> • CAI • Defence Industrial and Research and Technology Cooperation • Project on Counter-Narcotics Training for Afghan National Security Forces
Activity funding sources	<ul style="list-style-type: none"> • Voluntary National Contributions (special projects) • 28 members NATO Civil Budget (NRC) • 28 members NATO Military Budget (NRC)
Audit or review FY 2005/06-2009/10	Nil

Table 15. Summary of DND/CF Involvement in the NRC from 2005/06-2009/10.**Description**

Established in 2002, the NRC provides a forum where the 28 NATO member nations and Russia can work together as equal partners (see Table 15). This replaced the Permanent Joint Council, a forum created by the 1997 NATO-Russia Founding Act on Mutual Relations, Cooperation and Security, which remains the formal basis for NATO-Russia relations. Considered to be “at 29” rather than “28+1,” the NRC provides a framework for consultation, consensus building and cooperation on security issues and areas of common interest. The areas include counter-terrorism, defence reform, military-to-military cooperation, counter-narcotics training of Afghan and Central Asian personnel, theatre missile defence, crisis management, non-proliferation, airspace management, civil emergency planning, scientific cooperation and environmental security.

The NRC has a number of WGs, committees and practical cooperation activities, with experts who progress issues in specific key areas. Under the DND/CF NATO Contribution Program, Canada participates in the CAI WG and in the Defence Industrial and Research and Technology Cooperation group. In 2006/07, Canada commenced participation in the NRC Project on Counter-Narcotics Training.

The CAI is exploring ways to improve cooperation in airspace management to combat terrorist threats to civil aviation. The group is establishing modalities for the reciprocal exchange of data on civil and military air traffic information and compares members' airspace management practices. The group focuses mainly on cooperation at the northern Europe-Russia border.

Since 2003, the NRC has been examining defence reform and interoperability. The NRC agreed to undertake a study of the practical and effective modalities for defence industrial—as well as research and technology—cooperation through the Defence Industrial and Research and Technology Cooperation group. There will be a phased approach to the study with the two parts being funded and conducted separately by NRC members.

In December 2005, NATO foreign ministers agreed to launch the Pilot Project for Counter-Narcotics Training of Afghan and Central Asian Personnel. Its aim was to foster security in and around Afghanistan by helping address the threats posed by the trafficking in narcotics. It seeks to build local capacity by providing courses for mid-level officers from Afghanistan, Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan. The two-to-three week training courses focus on the theory and practice of key counter-narcotics strategies and techniques such as interdiction, search and seizure, interviewing, surveillance and intelligence. Course participants are expected to pass along the skills acquired to their peers and personnel under their command. The United Nations Office for Drugs and Crime (UNODC) acts as the Project's executive agent.

Financial Arrangements

While NRC activities are primarily funded by the NATO Civil Budget, which is paid by DFAIT, VNCs from NATO members cover initiatives such as the CAI WG and the study on Defence Industrial and Research and Technological Cooperation. The NATO Contribution Program provides funds for these two groups and in 2006/07, funding for the NRC Project on Counter-Narcotics Training for the Afghan National Security Forces was added.

For the period 2005/06-2009/10, the DND/CF actual contribution to these initiatives was \$205,403. This was approximately 0.03 percent of the overall NATO Contribution Program. The budgeted amount for the period was \$735,000. The share percentage was at 4.0745 percent. The fully budgeted amount was not used as some of the initiatives did not complete the projects that were planned.

As these are special initiatives, payments are only made as required. In FY 2009/10, a \$64,128 contribution funded the CAI. During FY 2005/06-2009/10, there were no contributions made to the Defence Industrial and Research and Technological Cooperation group. In FY 2006/07, a \$141,275 contribution was paid towards the Project on Counter-Narcotics Training for the Afghan National Security Forces, in accordance with the February 2007 MND agreement in Seville.

Call letters for these NRC initiatives are sent to BNATO for review and verification prior to being sent to ADM(Fin CS)/DCMFA 3 for payment.

Relevance

For NATO, the NRC is the principal mechanism for advancing the relationship between NATO and Russia. The NATO Secretary General Mr. Anders Fogh Rasmussen made it his priority to improve relations with Russia, noting in December 2009 that the NATO-Russia relationship is “an indispensable security bridge across Europe” and that this cooperation “has great potential to bring better security to all our citizens.” He added that “a trusting, productive NATO-Russia relationship is important not just for European security, but indeed for global security.”

The CAI contributes to enhancing confidence building among NATO participants and Russia, and it strengthens common defences against the potential terrorist use of aircraft. Although Canada’s airspace is not an area of focus, the CAI opens up lines of communication and builds common practices with Russia. This capability may be available in the future to link Canada’s airspace with Russia, whose airspace is contiguous with Canada’s at the North Pole.

Performance

The CAI project contributes towards improving air safety and security, as well as building mutual trust between NATO and Russia. It has resulted in the development of a joint air traffic coordination system that provides a shared radar picture of air traffic and early notification of suspicious air activities between areas of northern Europe and Russia. For the Defence Industrial and Research and Technology Cooperation, the first study was undertaken on Research and Technology Cooperation, followed by Industrial Cooperation, which is ongoing. Once the system becomes operational in Europe by 2011, further expansion of the capability between North America and Russia may be possible.

The Executive SC for the Project on Counter-Narcotics Training for the Afghan National Security Forces consists of representatives of the donor nations participating in the Project, including Canada. It met on a regular basis to assess progress and review on-going preparations for the training courses in 2007. The Committee met with representatives of the UNODC, as well as with high-level representatives of the beneficiary countries, to ensure that their specific training needs were adequately addressed by the NRC training envisioned in the Project. The NRC and the UNODC monitor jointly with the beneficiary countries’ authorities the process of professional reintegration of the trained officers into their home agencies upon completion of their NRC training.

Finding

The CAI, Defence Industrial and Research and Technological Cooperation, and the Project on Counter-Narcotics Training for the Afghan National Security Forces are relevant as they contribute towards building trust between NATO and Russia and enabling Canada to show leadership in an international organization.

Recommendation

Continue to provide funding to the NRC practical cooperation activities CAI, Defence Industrial and Research and Technological Cooperation, and the Project on Counter-Narcotics Training for the Afghan National Security Forces through the NATO Contribution Program.

OPI: ADM(Fin CS)

OCI: ADM(Pol)



Munitions Safety Information Analysis Center

Name	MSIAC
DND/CF POC	ADM(Mat)/Director Ammunition and Explosives Regulation (DAER)
DND/CF OPI or OCI	OPI: ADM(Mat) OCI: ADM(S&T); ADM(Mat)/Director Ammunition and Explosives Management and Engineering; CLS/CMS/CAS Armament Staffs
Membership since	1991
CAN cost share	7.14%
CAN \$ allocation FY 2005/06-2009/10	Budget: \$760,000 Actual: \$ 608,693
DND/CF allocation pays for	Annual operating costs of the MSIAC
Activity funding sources	12 member/partner nations
Audit or review FY 2005/06-2009/10	IBAN audit of 2005/06/07

Table 16. Summary of DND/CF Involvement in the MSIAC from 2005/06-2009/10.

Description

As summarized in Table 16, the MSIAC is a NATO Project Office under the auspices of the Defence Investment Division of NATO HQ. It is funded by 12 nations, including both NATO and non-NATO members. Through its permanent staff of technical officers, MSIAC provides direct support to its members on matters of munitions safety in design, manufacturing, storage and disposal. MSIAC resources also support the standardization efforts of the CNAD Ammunition Safety Group (CASG or AC/326), which, in turn, supports all NATO member nations.

Created in 1991 as the NATO Insensitive Munitions Information Center, in 2004, it became the Munitions Safety Information Analysis Center to provide a broader scope to its work. The Center now covers munitions safety across the full life cycle of munitions and incorporates more insensitive munitions (IM) technology.

The MSIAC's mission is to develop expertise in the field of IM, conduct workshops and technical meetings, provide explosives and munitions training courses, and support NATO AC/326. The areas of expertise are energetic materials (e.g., explosives), warhead technology (e.g., bombs and shells), propulsion technology (e.g., guns and rockets), munitions systems (e.g., design and safety) and munitions logistics (e.g., transport and storage).

The MSAIC Project Office consists of an SC, National Focal Point Officers and an Information Analysis Centre. The SC is made up of one voting representative from each member nation and an elected chairman.

Financial Arrangements

The DND/CF actual contribution to the MSIAC for the period 2005/06-2009/10 was \$608,693, which was approximately 0.07 percent of the overall NATO Contribution Program. The budgeted amount for the period was \$760,000. The Canadian cost-share percentage was 7.14 percent.

The costs of MSIAC's program of work are covered through memberships fees based on shares as set out in the MSIAC MOU. Large nations are assessed two shares while small nations are assessed one share. Canada is considered a small nation and is assessed one share annually.

The MSIAC SC meets twice a year to review the MSIAC's finances, progress of work, applications for new work tasks and three-year strategic plan. As the national contributions fully cover the MSIAC budget, MSIAC products and services are free of charge to customers.

Relevance

Canada has been able to advance its interests and initiatives in ammunition safety through its participation in MSIAC. Within DND/CF, the requirements of ADM(S&T), ADM(Mat) and the armaments staffs of the three environments have benefited directly from MSIAC support to AC/326. By virtue of DND's membership in MSIAC, Canadian defence industries are also permitted access to a subset of MSIAC services.

Membership in the MSIAC provides DND/CF with the opportunity to contribute to international peace and security and provide leadership in an international organization, while ensuring that the CF is able to deliver excellence in its programs.

Performance

The IBAN has conducted regularly scheduled audits of the MSIAC financial statements. The audit of the MSIAC 2006 financial statements issued a qualified opinion because the contributions were not accounted for in compliance with IPSAS. An audit of the 2007/08 financial statements was scheduled for 2009, but the results were not available at the time of the evaluation.

ADM(Mat), through DAER, monitors the activities of the MSIAC through its permanent membership on the MSIAC SC. To date, the SC has proven to be a positive forum through which Canada has been able to advance its interests, particularly in the areas of support to its initiatives in AC/326 and the advancement of software products for munitions safety analysis.

Membership in MSIAC provides Canada with access to the MSIAC munitions safety information databases and software products. It has also served as a conduit through which Canada has been able to establish bilateral communications with other member nations on specific issues of munitions safety.



According to those interviewed, funding has been one area of significant concern to several of MSIAC's member nations. The MSIAC dedicates approximately 20 percent of its resources to the support the AC/326 program of work, from which all NATO nations have derived significant benefits from MSIAC in the area of munitions safety. However, only 12 NATO and Partners for Peace nations are members of MSIAC and financially support its activities. As Canada also has a very significant interest in AC/326, this has been a lesser concern for us.

Finding

The MSIAC is relevant as it provides the CF with an opportunity to develop expertise and to contribute towards developing international standards.

Recommendation

Continue to provide funding to the MSIAC through the NATO Contribution Program.
OPI: ADM(Fin CS)



NATO Naval Forces Sensor and Weapon Accuracy Check Sites

Name	NATO FORACS
DND/CF POC	CMS/Director Maritime Policy, Operations and Readiness (DMPOR)
DND/CF OPI or OCI	OPI: CMS OCI: Comd MARLANT, Comd MARPAC
Membership since	1994
CAN cost share	11.32% (variable, based on actual/projected facility use)
CAN \$ allocation FY 2005/06-2009/10	Budget: \$3,860,000 Actual: \$3,851,092
DND/CF allocation pays for	Facility operations: 70% fixed costs and 30% usage
Activity funding sources	<ul style="list-style-type: none"> • 8 member nations • Other facility user nations • NSIP for capital expenditures
Audit or review FY 2005/06-2009/10	IBAN audit of 2005; 2006/07/08 scheduled ISO 9001:2000 Certification 2008

Table 17. Summary of DND/CF Involvement in the NATO FORACS from 2005/06-2009/10.

Description

NATO FORACS (see Table 17) is a multinational NATO project that enables NATO ships, submarines and maritime aircraft to have their sensor, weapon and navigation systems comprehensively calibrated to clearly defined accuracy standards. The calibration is applicable for the development and assessment of new and upgraded systems, to validate system performance following new construction and overhaul, and to provide real-time operational capability assessments. The range facilities can also test a unit's full combat system in dynamic conditions. The three instrumented fixed NATO FORACS ranges are NATO facilities, operated by Greece, Norway and the US. A deployable FORACS test capability is also available to NATO forces and has been used by Canadian naval assets and MARPAC.

The management of the NATO FORACS is conducted by the SC which is responsible for all policy and budgetary matters relating to executing the objectives of the Project. The SC meets twice annually and comprises representatives from each FORACS member nation, with representatives of ACO, ACT and the project management as non-voting members. Canada is represented on the SC by a staff officer from DMPOR in CMS. Periodic attendance is also represented by the Commanding Officer of the Naval Engineering Test Establishment (NETE) who provides technical expertise. DMPOR and NETE staffs also attend the FORACS Strategic Planning Group meetings and Range Users meetings.

Financial Arrangements

The NATO FORACS project is based on a hybrid funding model, as the eight FORACS member nations and other user nations fund the operational costs, while the NSIP provides common funding for FORACS capital expenditures. Canada's assigned cost share is 11.32 percent, but this can fluctuate as cost shares are re-evaluated every five years. Non-signatory user nations pay a pro-rated cost for services received.

For the period FY 2006/07-2009/10, Canada's budgeted contribution for NATO FORACS was \$3,860,000 and the actual contribution totalled \$3,851,092. During the evaluation period, this amounts to approximately 0.46 percent of the NATO Contribution Program.

All FORACS budget and funding decisions are decided by unanimous consent of the FORACS SC. The annual call letter is sent to BNATO and it is reviewed by the Military Budget Committee representative. Once verified, the call letter is then sent to ADM(Fin CS)/DCMFA 3 for payment.

Relevance

Through the FORACS facilities, Canada can provide input into the measurement of CF naval combat readiness, thereby better enabling the CF to defend Canada and Canadian interests while contributing to international peace and security. As a NATO FORACS member, Canada has direct input to the required capabilities and desired future capabilities of the FORACS facilities.

Interviewees indicated that their participation in NATO FORACS enabled Canada to contribute to determining the direction of the program and to provide leadership in an international organization. They demonstrated where Canadian input contributed to the direction of FORACS.

Performance

For DND/CF, participation in the NATO FORACS provides the opportunity to assess new and upgraded systems, validate system performance following construction or overhaul and provide real-time operational capability assessments. Both the static and dynamic calibration measurements establish confidence and enhance interoperability among member naval forces, providing confirmation that information and data can be accurately passed from sensors to weapon systems and to other NATO units. To certify the material and operational effectiveness, readiness and interoperability of maritime units, NATO FORACS facilities have been used by individual navies, the NATO Standing Naval Maritime Group and by naval units deployed on Operation Enduring Freedom–Afghanistan¹⁵ and Operation Active Endeavour.¹⁶

¹⁵ Operation Enduring Freedom–Afghanistan is a joint US, UK and Afghan operation in Afghanistan, which is separate from ISAF, which is an operation of NATO nations including the US and UK.

¹⁶ Under Operation Active Endeavour, NATO ships patrol the Mediterranean Sea and monitor shipping to conduct counter-terrorist operations.



FORACS documentation and interviews indicated that it has developed and implemented a balanced scorecard methodology to report, measure and manage its performance. A metric set has been adopted that represents a “balanced” set that addresses critical success factors in the FORACS structure: Operational Perspective; FORACS Business Perspective; FORACS Internal Operations Perspective; and Organizational Health Perspective. This has allowed the FORACS to measure, manage and report what is important to the member nations. These metrics and measurements are detailed in the annual NATO FORACS Corporate Plan and, since 2002, have been reported at the semi-annual SC meetings.

The FORACS facilities provide a more comprehensive and capable sensor, weapon and navigation systems testing than DND’s domestic testing facilities can provide. Also, the deployable FORACS capability has enabled Canada to conduct more naval testing while expending less travel time, down time and fuel.

As a member nation, Canada receives preferential scheduling and range access opportunities. This results in a more efficient use of time and better planning abilities. With Canada’s Halifax-class frigates undergoing the Halifax-class Modernization project, preferential and scheduled access to the program will become more important as the ships complete this refit. This will enable Canada to develop a predictable and sequenced program of testing for the frigates’ new and upgraded maritime navigation, above-water and underwater sensors and emitters.

The evaluation team was informed that FORACS continues to be very receptive to member nations’ requirements. In response, the program is increasing its capability by moving towards providing Operational Capability Confidence Checks, which will further enhance the relevance of FORACS by not only testing the accuracy of ships systems but by testing the ability and performance of a ship’s staff to react to various threats.

While Canada receives benefits from being a member of NATO FORACS, it was noted if it were not a member, Canada could still have access to all FORACS facilities as a NATO nation. However, availability to FORACS facilities as a non-member would be on an “as available, user-pay basis” which would not provide Canada any influence on facility capability upgrades, nor would it satisfy the navy’s forecast requirement for scheduled post-refit access.

In 2010, IBAN completed an audit of the 2005 to 2008 financial statements of the Office of the NATO FORACS, and will subsequently conduct annual financial statement audits. The ranges are audited nationally on an annual basis. In 2008, the NATO FORACS project applied for and achieved certification the ISO 9001:2000 Quality standard.

Finding

NATO FORACS is relevant and provides an essential contribution to the naval combat readiness of participating nations. It was the only program that had well-developed performance measurement and data-collection systems.

Recommendation

Continue to provide funding to NATO FORACS through the NATO Contribution Program.

OPI: ADM(Fin CS)



Central Europe Pipeline System

Name	CEPS
DND/CF POC	N/A
DND/CF OPI or OCI	N/A
Membership	1958-2006
CAN cost share Until FY 2006/07	2.0635% (O&M costs) 2.186% (Facility Neutralization/Cost Reduction Program)
DND/CF \$ allocation FY 2005/06-2007/08	Budget: \$8,731,000 FY 2005/06-2009/10 Actual: \$3,758,102 FY 2005/06-2007/08
Activity funding sources	<ul style="list-style-type: none"> • 7 NATO nations (until December 2006) • NSIP (for distribution facilities)

Table 18. Summary of DND/CF Involvement in the CEPS from 2005/06-2009/10.

Description

The CEPS, summarized in Table 18, is the largest of the NATO Pipeline Systems. The CEPS was built to store, move and deliver fuel in peace, crisis and wartime to meet NATO military needs. The CEPS also conducts commercial fuel pipeline operations to make efficient peacetime use of its services and to help offset operating costs. CEPS comprises over 5,500 km of pipeline and a storage capacity of 1.1 million cubic meters.

The CEPS is managed by the Central Europe Pipeline Management Organization (CEPMO), which is a NATO Production, Logistics or Service Organization (NPLSO). As a NPLSO, CEPMO is granted organizational, administrative and financial independence by the NAC. The CEPMO is comprised of two elements: the CEPMO BoD and the Central Europe Pipeline Management Agency, which is the executive part of CEPMO responsible for the day-to-day management of the CEPS.

During the evaluation period, seven nations belonged to the CEPS organization: five host nations (Belgium, France, Germany, Luxembourg and the Netherlands) and two user nations (Canada and the US). The UK withdrew from the CEPS in 2002.

As a member of CEPS, Canada owned and stored 10,000 cubic metres of jet fuel in the system and owned and contributed a further 5,717 cubic meters as a share of the line fill needed to operate the system. The Canadian fuel accounted for approximately 1.6 percent of the total CEPS capacity.

In November 2005, ministerial authorization was received for DND to give the CEPS BoD formal notice of Canada's intention to withdraw from the program. As the CEPS Charter called for a 12-month notice of termination of membership, Canada's departure from the CEPS was effective 31 December 2006.

Financial Arrangements

The CEPS is based on a hybrid funding model and, during the evaluation period, received funding from the seven member nations and from NATO common funding. Annual CEPS costs to Canada were based on Canada's cost share of 2.063 percent for O&M plus a cost share for a 10-year system "neutralization" program, which entailed decommissioning obsolete equipment and undertaking environmental remediation. In addition, storage costs amounted to approximately \$189,000 per year for Canada.

Until Canada's membership in CEPS ended in 2006, the total market value of the fuel owned by Canada in the CEPS system was approximately \$8 million. To close the Canadian CEPS account, negotiations were required to "net-out" Canada's existing assets (fuel stored in the system, line fill fuel share and financial balances) and liabilities (pension liabilities and future shares of the CEPS Neutralization program). Final contributions to the CEPS account, through the NATO Contribution Program, were made in FY 2007/08. Total NATO Contribution Program funding to the CEPS during the evaluation period, including close-out costs, totalled \$3,758,012, which was approximately 0.45 percent of the NATO Contribution Program for FY 2005/06-2009/10.

Relevance

The CEPS was used extensively to support the strategic deployment of Allied Forces in the Gulf in 1991 and during the Kosovo crisis. Canada did not draw on its CEPS fuel reserves during the NATO-led Kosovo operation, but during OP MIRADOR (enforcing the no-fly zone over Bosnia-Herzegovina), Canada traded with the US for fuel consumed by the Canadian Air Component in Aviano, Italy. Notwithstanding that NATO still considers the CEPS to be part of the Alliance's Minimum Military Requirement, the strategic value of the CEPS has diminished since the end of the Cold War.

Therefore, in 2005, DND assessed that it was no longer relevant for Canada to contribute to the CEPS and that the funding contributions that were made to CEPMO could be better deployed towards other alliance goals.

Finding

While the CEPs may be a well-run program, it was no longer relevant to Canadian participation and Canada's withdrawal from this program was appropriate.

Recommendation

None. Canada's withdrawal from the CEPS was effective 31 December 2006.

Findings and Recommendations

Finding. NATO and the NATO Contribution Program are relevant as they align with the priorities and goals of the Government and with the mission of DND/CF to contribute to international peace and security while demonstrating leadership in international organizations. Canada benefits from participating in NATO.

Recommendation. Continue to provide funding to NATO through the NATO Contribution Program.

OPI: ADM(Fin CS)

Finding. Overall, NATO's goals to maintain collective security and provide consultation on defence and security issues are achieved. NATO has demonstrated its effectiveness through its contributions to the improvement of the skills and capabilities of member nations, thereby increasing interoperability.

Finding. Overall, the administrative and financial components of NATO have not been performing efficiently or economically. NATO representatives were tasked to develop reforms by November 2010. Canadian representatives at BNATO are actively involved in developing NATO reform proposals.

Recommendation. Contribute to the improvement of NATO administrative and financial components by promoting the development of accountability and performance measurements.

OPI: ADM(Fin CS) (through BNATO representatives)

Finding. Overall, there are very few performance audits, there are no evaluations and performance metrics do not seem to be collected for the majority of programs and activities to which Canada funds through the NATO Contribution Program.

Finding. Official DND documentation on the NATO Contribution Program is misleading as NATO does not have acceptable governance practices, reporting is mainly limited to financial audits and there are no performance evaluations that correspond to Canadian government accountability requirements.

Recommendation. Ensure official DND documentation supporting the NATO Contribution Program accurately reflects the scope of NATO audits and controls.

OPI: ADM(Fin CS)

Recommendation. Examine at the next evaluation of the NATO Contribution Program whether NATO reforms have been implemented and if they have resulted in changes to the NATO governance, funding and review mechanisms, with regard to the programs and activities funded through the NATO Contribution Program.

OPI: CRS

Finding. The Program Manager is fulfilling the financial role of the position, but the determination of performance measurements or assessment of program information is outside the scope of the financial role of this position. The Program Manager is not in a position to strategically guide DND/CF NATO participation.

Finding. There is a general lack of awareness by program and activity representatives of the Program Manager position and the representatives are not systematically reporting back to DND or receiving guidance from the Department.

Finding. Responses to BNATO queries concerning the NATO Contribution Program have demonstrated a lack of departmental coordination. This is due to the mandated areas of responsibility and the specific focus of each departmental group. This has an impact on the ability of BNATO financial representatives to reach back to DND for comprehensive program input and advice.

Finding. The scope of the official Program Sponsor and Program Manager is too narrow to properly manage and coordinate a Program that includes activities which have the potential for far-reaching impacts on both the Department and the Government. The NATO Contribution Program, in addition to other NATO programs and activities, would benefit from a more strategic perspective that could enable the leveraging of NATO capabilities to the benefit of DND/CF.

Finding. The present NATO Contribution Program construct restricts the ability of DND to comprehensively address questions regarding non-financial matters. It constrains the provision of coordinated and holistic DND/CF responses involving departmental policy, operations, program issues or priorities with regard to the NATO Contribution Program and an understanding of their relationship to other departmental or NATO priorities.

Finding. The lack of centralization and capacity to provide comprehensive coordination and strategic guidance of DND/CF involvement in NATO activities could result in disparate departmental groups making decisions in isolation or providing conflicting advice to those DND/CF staffs involved in NATO programs. The lack of synergistic effect to the many NATO programs and activities in which Canada is involved could result in lost opportunities for Canada and a lower return on Canada's investments in NATO.

Recommendation. Design and implement a DND/CF management framework for the NATO Contribution Program and other ongoing NATO programs and activities to provide for the strategic management of the DND/CF involvement in NATO and to ensure that NATO investments are fully leveraged to the benefit of the DND/CF and Canadians.

OPI: VCDS

OCI: ADM(Fin CS)

OCI: ADM(Pol)

Finding. DND does not have an established consultation and approval process for adding new or existing NATO discretionary programs or activities to the NATO Contribution Program. This could result in departmental risks should these decisions be made in isolation or in an *ad hoc* process.

Recommendation. Develop a formal approval process for determining which core and non-core programs and activities may be considered for inclusion in and funded through the NATO Contribution Program.

OPI: VCDS

OCI: ADM(Fin CS)

OCI: ADM(Pol)

Finding. The Military Budget is relevant. However, the Military Budget is under financial pressure as requirements exceed available funding. Changes to the Military Budget administrative and financial processes are required. Funding for the Military Budget is mandatory as a NATO signatory.

Recommendation. Continue to provide funding to the Military Budget through the NATO Contribution Program.

OPI: ADM(Fin CS)

Recommendation. Continue to advocate and support improved administration and improvements to the effectiveness and efficiency of the Military Budget through the RPPB representation, Military Budget Committee representation and other fora.

OPI: ADM(Fin CS) (through DND/CF representatives to BNATO)

Finding. The NSIP is relevant. However, the NSIP is under severe financial pressure as requirements far exceed available funding. Significant changes to the NSIP administrative and financial processes are necessary. Funding for the NSIP is mandatory for all NATO signatories.

Recommendation. Continue to provide funding to the NSIP through the NATO Contribution Program.

OPI: ADM(Fin CS)

Recommendation. Continue to work towards improving NSIP accountabilities, efficiencies and economies through Infrastructure Committee representation and other related fora.

OPI: ADM(Fin CS) (through DND/CF representatives to BNATO)

Finding. Participation in the NAEW&C program enables DND/CF to improve peace, stability and security where deployed and enables CF personnel to demonstrate leadership. The NAEW&C program, through the NAEWF, provides NATO with an operational capability; however, recent operational employment has been hampered by common-funding and deployment issues.

Finding. Funding provided to the NAEW&C through the NATO Contribution Program is only a discrete component of the total DND/CF involvement to this program, which includes significant personnel and support requirements, as well as associated resources and operational costs. As such, a comprehensive evaluation of the relevance and performance of the NAEW&C Program cannot be made based solely upon an evaluation of the NATO Contribution Program.

Recommendation. Conduct a comprehensive assessment of the NAEW&C program to determine the overall DND/CF resource impacts, operational risks, departmental relevance and available alternatives.

OPI: CAS

OCI: ADM(Mat)

Recommendation. Continue to provide funding to the NAEW&C program through the NATO Contribution Program, pending the outcome of the recommended comprehensive assessment.

OPI: ADM(Fin CS)

Finding. It is anticipated that the AGS system will provide NATO with a needed operational capability. However, compounded by Denmark's decision to withdraw from the program and the current global fiscal climate, there are significant technical and cost risks associated with this program.

Recommendation. Conduct a comprehensive assessment of the AGS program to determine the overall DND/CF resource impacts, operational risks, departmental relevance and available alternatives.

OPI: VCDS

OCI: ADM(Mat)

Recommendation. Continue to provide funding to the AGS program through the NATO Contribution Program, pending the outcome of the recommended comprehensive assessment.

OPI: ADM(Fin CS)

Finding. Strategic lift capabilities are relevant as they enable the CF to fulfill core operational missions. Canada continues to pay annual administration fees for "assured access" even when the multinational sea lift capability is not used. Additional operating or activation fees are then levied once a nation makes use of the available sea lift assets.

Recommendation. Conduct a comprehensive assessment of the strategic sea lift program to determine the overall DND/CF resource impacts, operational risks, departmental relevance and available alternatives.

OPI: Comd CANOSCOM

Recommendation. Continue to provide funding to the strategic sea lift program through the NATO Contribution Program, pending the outcome of the recommended assessment.

OPI: ADM(Fin CS)

Finding. Canada's participation in NATO RDCs provides CF interoperability with allied forces and supports CF learning and teaching opportunities.

Recommendation. Continue to provide funding to the NATO RDC through the NATO Contribution Program.

OPI: ADM(Fin CS)

Recommendation. Continue to promote improvement to the NATO RDC administrative practices by advocating the implementation of the IBAN audit recommendations.

OPI: VCDS (through NMR SHAPE)

Finding. NAMSA, when deployed, has proved to be relevant to CF requirements and has provided an invaluable service. While NAMSA has a positive reputation, performance data should be collected to enable an assessment of whether NAMSA is achieving its outcomes efficiently and effectively.

Recommendation. Continue to provide funding to NAMSA through the NATO Contribution Program.

OPI: ADM(Fin CS)

Recommendation. Contribute to the improvement of NAMSA accountability by promoting the development of performance metrics.

OPI: ADM(Mat) (through NAMSA representative on the BoD)

Finding. Canada's participation in IFC is relevant. However, there are no current performance measures and performance metrics are not collected to determine the performance or effect of the IFC products.

Recommendation. Continue to provide funding to the IFC through the NATO Contribution Program.

OPI: ADM(Fin CS)

Recommendation. Contribute to the improvement of IFC accountability by promoting the development of IFC performance metrics and the IFC collection of performance data.

OPI: CDI (through IFC representative)

Finding. The JAPCC is relevant. However, there are no formal performance measures to enable an assessment of whether the JAPCC is fulfilling its stated goals.

Recommendation. Continue to provide funding to the JAPCC through the NATO Contribution Program.

OPI: ADM(Fin CS)

Recommendation. Contribute to the improvement of JAPCC accountability by promoting the development of JAPCC performance metrics and the JAPCC collection of performance data.

OPI: CAS (through JAPCC representative)

Finding. CJOS COE is relevant and is achieving its stated outcomes.

Recommendation. Continue to provide funding to the CJOS COE through the NATO Contribution Program.

OPI: ADM(Fin CS)

Finding. The NSHQ is relevant. However, performance measures have not yet been established to enable an assessment of whether the NSHQ is fulfilling its stated goals.

Recommendation. Continue to provide funding to the NSHQ through the NATO Contribution Program.

OPI: ADM(Fin CS)

Recommendation. Contribute to the improvement of NSHQ accountability by promoting the development of NSHQ performance metrics and the NSHQ collection of performance data.

OPI: Comd CANSOFCOM (through NSHQ representative)

Finding. The SWG EW Trials (Naval) are relevant and provide an essential contribution to naval EW combat readiness through trials to increase EW interoperability, operational standards and the development of ASMD tactics with participating nations.

Recommendation. Continue to provide funding to the SWG EW Trials (Naval) through the NATO Contribution Program.

OPI: ADM(Fin CS)

Finding. With access to the NATO EW Trials, DND/CF does not have to conduct and fund additional trials beyond those normally conducted nationally. Due to the high quality and volume of data generated by the NATO-conducted trials, a similar national capability would not be cost-effective.

Recommendation. Continue to provide funding to the SWG EW Trials (Air) through the NATO Contribution Program.

OPI: ADM(Fin CS)

Finding. The CAI, Defence Industrial and Research and Technological Cooperation, and the Project on Counter-Narcotics Training for the Afghan National Security Forces are relevant as they contribute towards building trust between NATO and Russia and enabling Canada to show leadership in an international organization.

Recommendation. Continue to provide funding to the NRC practical cooperation activities CAI, Defence Industrial and Research and Technological Cooperation, and the Project on Counter-Narcotics Training for the Afghan National Security Forces through the NATO Contribution Program.

OPI: ADM(Fin CS)

OCI: ADM(Pol)

Finding. The MSIAC is relevant as it provides the CF with an opportunity to develop expertise and to contribute towards developing international standards.

Recommendation. Continue to provide funding to the MSIAC through the NATO Contribution Program.

OPI: ADM(Fin CS)

Finding. NATO FORACS is relevant and provides an essential contribution to the naval combat readiness of participating nations. It was the only program that had well-developed performance measurements and data-collections systems.

Recommendation. Continue to provide funding to NATO FORACS through the NATO Contribution Program.

OPI: ADM(Fin CS)

Finding. While the CEPs may be a well-run program, it was no longer relevant to Canadian participation and Canada's withdrawal from this program was appropriate.

Recommendation. None. Canada's withdrawal from the CEPS was effective 31 December 2006.



Annex A—Management Action Plan

NATO Overview

CRS Recommendation

1. Continue to provide funding to NATO through the NATO Contribution Program.

Management Action

ADM(Fin CS) agrees.

OPI: ADM(Fin CS)

Target Date: Ongoing

NATO Governance, Funding and Review Mechanisms

CRS Recommendation

2. Contribute to the improvement of NATO administrative and financial components by promoting the development of accountability and performance measurements.

Management Action

ADM(Fin CS) agrees. This is a key objective and Canada will continue to push for reforms. There are a number of resource reform initiatives currently under way at NATO.

OPI: ADM(Fin CS) (through BNATO representatives)

Target Date: Ongoing

CRS Recommendation

3. Ensure official DND documentation supporting the NATO Contribution Program accurately reflects the scope of NATO audits and controls.

Management Action

ADM(Fin CS) agrees. Documents are reviewed and maintained at NATO Resource Committees and at the Canadian delegation to NATO. Canada will continue to take a leadership role to improve governance and accountability. The Resource Policy and Planning Board will have future reports of the IBAN referred to it for consideration and resolution of significant observations.

OPI: ADM(Fin CS)

Target Date: Ongoing



CRS Recommendation

4. Examine at the next evaluation of the NATO Contribution Program whether NATO reforms have been implemented and if they have resulted in changes to the NATO governance, funding and review mechanisms, with regard to the programs and activities funded through the NATO Contribution Program.

Management Action

CRS agrees.

OPI: CRS

Target Date: FY 2014/15

DND NATO Contribution Program Funding, Administration and Coordination**CRS Recommendation**

5. Design and implement a DND/CF management framework for the NATO Contribution Program and other ongoing NATO programs and activities to provide for the strategic management of the DND/CF involvement in NATO and to ensure that NATO investments are fully leveraged to the benefit of the DND/CF and Canadians.

Management Action

To improve the coordination of NATO issues in the Department and to improve strategic advice to senior management on DND's involvement in NATO, VCDS will investigate options to ensure consistency of messaging and an improved information flow both within L1 chains of command and to all L1 agencies with NATO responsibilities.

OPI: VCDS

OCI: ADM(Fin CS)

OCI: ADM(Pol)

Target Date: December 2011

CRS Recommendation

6. Develop a formal approval process for determining which core and non-core programs and activities may be considered for inclusion in and funded through the NATO Contribution Program.

Management Action

For DND funding and participation in programs and activities within the NATO Contribution Program, VCDS will ensure appropriate consultation processes are in place and specific departmental approval authorities are identified.

OPI: VCDS

OCI: ADM(Fin CS)

OCI: ADM(Pol)

Target Date: December 2011

Military Budget**CRS Recommendation**

7. Continue to provide funding to the Military Budget through the NATO Contribution Program.

Management Action

ADM(Fin CS) agrees.

OPI: ADM(Fin CS)

Target Date: Ongoing

CRS Recommendation

8. Continue to advocate and support improved administration and improvements to the effectiveness and efficiency of the Military Budget through the RPPB representation, Military Budget Committee representation and other fora.

Management Action

ADM(Fin CS) agrees. There are currently a number of reforms underway. Canada will provide a leadership role to improve financial management and rebalance requirements and resources.

OPI: ADM(Fin CS) (through DND/CF representatives to BNATO)

Target Date: Ongoing

NATO Security Investment Program

CRS Recommendation

9. Continue to provide funding to the NSIP through the NATO Contribution Program.

Management Action

ADM(Fin CS) agrees.

OPI: ADM(Fin CS)

Target Date: Ongoing

CRS Recommendation

10. Continue to work towards improving NSIP accountabilities, efficiencies and economies through Infrastructure Committee representation and other related fora.

Management Action

ADM(Fin CS) agrees.

OPI: ADM(Fin CS) (through DND/CF representatives to BNATO)

Target Date: Ongoing

NATO Airborne Early Warning and Control Program

Secretarial Note: On 31 August 2011, Canada made a statement to NATO regarding its intention to withdraw from the NAEW&C program. The full effective withdrawal from this program will begin no sooner than the fall of 2012.

CRS Recommendation

11. Conduct a comprehensive assessment of the NAEW&C NATO program to determine the overall DND/CF resource impacts, operational risks, departmental relevance and available alternatives.

Management Action

CAS agrees.

OPI: CAS

OCI: ADM(Mat)

Target Date: Review was completed September 2010

CRS Recommendation

12. Continue to provide funding to the NAEW&C program through the NATO Contribution Program, pending the outcome of the recommended comprehensive assessment.

Management Action

ADM(Fin CS) agrees.

OPI: ADM(Fin CS)

Target Date: Ongoing

Alliance Ground Surveillance

Secretarial Note: On 3 August 2011, Canada made a statement to NATO regarding its intention to begin withdrawing from the AGS program, with Canada's full effective withdrawal in the spring of 2012.

CRS Recommendation

13. Conduct a comprehensive assessment of the AGS program to determine the overall DND/CF resource impacts, operational risks, departmental relevance and available alternatives.

Management Action

VCDS agrees. Assessment has been completed.

OPI: VCDS

OCI: ADM(Mat)

Target Date: April 2011

CRS Recommendation

14. Continue to provide funding to the AGS program through the NATO Contribution Program, pending the outcome of the recommended comprehensive assessment.

Management Action

ADM(Fin CS) agrees.

OPI: ADM(Fin CS)

Target Date: Ongoing

Strategic Lift Capabilities

CRS Recommendation

15. Conduct a comprehensive assessment of the strategic sea lift program to determine the overall DND/CF resource impacts, operational risks, departmental relevance and available alternatives.

Management Action

CANOSCOM agrees. A review is currently being conducted.

OPI: Comd CANOSCOM

Target Date: June 2011

CRS Recommendation

16. Continue to provide funding to the strategic sea lift program through the NATO Contribution Program, pending the outcome of the recommended assessment.

Management Action

ADM(Fin CS) agrees.

OPI: ADM(Fin CS)

Target Date: Ongoing

NATO Rapid Deployable Corps

CRS Recommendation

17. Continue to provide funding to the NATO RDC through the NATO Contribution Program.

Management Action

ADM(Fin CS) agrees.

OPI: ADM(Fin CS)

Target Date: Ongoing

CRS Recommendation

18. Continue to promote improvement to the NATO RDC administrative practices by advocating the implementation of the IBAN audit recommendations.

Management Action

VCDS agrees.

OPI: VCDS (through NMR SHAPE)

Target Date: Ongoing

NATO Maintenance and Supply Agency**CRS Recommendation**

19. Continue to provide funding to NAMSA through the NATO Contribution Program.

Management Action

ADM(Fin CS) agrees.

OPI: ADM(Fin CS)

Target Date: Ongoing

CRS Recommendation

20. Contribute to the improvement of NAMSA accountability by promoting the development of performance metrics.

Management Action

In the context of “as is review,” DGIIP will collect and analyze current performance metrics by April 2011. Through consultation with all stakeholders (NAMSA clients/users) DGIIP will identify achievable and efficient performance metrics by June 2011. A gap analysis will be performed to select and/or develop missing performance metrics by August 2011. Other activities include identifying performance standards/targets by October 2011 and undertaking consultation with NAMSA and allies by January 2012. Implementation by means of the development and subsequent carrying out of data collection and analysis, documentation and reporting mechanism will be in place by April 2012.

OPI: ADM(Mat) (through NAMSA representative on the BoD)

Target Date: April 2012

Intelligence Fusion Centre

CRS Recommendation

21. Continue to provide funding to the IFC through the NATO Contribution Program.

Management Action

ADM(Fin CS) agrees.

OPI: ADM(Fin CS)

Target Date: Ongoing

CRS Recommendation

22. Contribute to the improvement of IFC accountability by promoting the development of IFC performance metrics and the IFC collection of performance data.

Management Action

Canada (through the IFC representative) will table a proposal for the IFC to develop performance metrics and collect performance data.

OPI: CDI (through IFC representative)

Target Date: December 2010

Joint Air Power Competence Centre

CRS Recommendation

23. Continue to provide funding to the JAPCC through the NATO Contribution Program.

Management Action

ADM(Fin CS) agrees.

OPI: ADM(Fin CS)

Target Date: Ongoing

CRS Recommendation

24. Contribute to the improvement of JAPCC accountability by promoting the development of JAPCC performance metrics and the JAPCC collection of performance data.

Management Action

The requirement for more formal metrics will be promoted through the CF's representative on the JAPCC Executive Working Group.

OPI: CAS (through JAPCC representative)

Target Date: FY 2012/13

Combined Joint Operations from the Sea Centre of Excellence**CRS Recommendation**

25. Continue to provide funding to the CJOS COE through the NATO Contribution Program.

Management Action

ADM(Fin CS) agrees.

OPI: ADM(Fin CS)

Target Date: Ongoing

NATO Special Operations Coordination Centre/NATO Special Operations Headquarters**CRS Recommendation**

26. Continue to provide funding to the NSHQ through the NATO Contribution Program.

Management Action

ADM(Fin CS) agrees.

OPI: ADM(Fin CS)

Target Date: Ongoing

CRS Recommendation

27. Contribute to the improvement of NSHQ accountability by promoting the development of NSHQ performance metrics and the NSHQ collection of performance data.

Management Action

CANSOFCOM (through the NSHQ representative) will help formulate performance metrics upon declaration of Full Operating Capacity by NSHQ.

OPI: Comd CANSOFCOM (through NSHQ representative)

Target Date: December 2011

NATO Special Working Group Electronic Warfare Trials (Naval)**CRS Recommendation**

28. Continue to provide funding to the SWG EW Trials (Naval) through the NATO Contribution Program.

Management Action

ADM(Fin CS) agrees.

OPI: ADM(Fin CS)

Target Date: Ongoing

NATO Special Working Group Electronic Warfare Trials (Air)**CRS Recommendation**

29. Continue to provide funding to the SWG EW Trials (Air) through the NATO Contribution Program.

Management Action

ADM(Fin CS) agrees.

OPI: ADM(Fin CS)

Target Date: Ongoing

NATO-Russia Council

CRS Recommendation

30. Continue to provide funding to the NRC practical cooperation activities CAI, Defence Industrial and Research and Technological Cooperation, and the Project on Counter-Narcotics Training for the Afghan National Security Forces through the NATO Contribution Program.

Management Action

ADM(Fin CS) agrees.

OPI: ADM(Fin CS)

OCI: ADM(Pol)

Target Date: Ongoing

Munitions Safety Information Analysis Center

CRS Recommendation

31. Continue to provide funding to the MSIAC through the NATO Contribution Program.

Management Action

ADM(Fin CS) agrees.

OPI: ADM(Fin CS)

Target Date: Ongoing

NATO Naval Forces Sensor and Weapon Accuracy Check Sites

CRS Recommendation

32. Continue to provide funding to NATO FORACS through the NATO Contribution Program.

Management Action

ADM(Fin CS) agrees.

OPI: ADM(Fin CS)

Target Date: Ongoing

Central Europe Pipeline System

CRS Recommendation

33. None. Canada's withdrawal from the CEPS was effective 31 December 2006.



Annex B—NATO Contribution Program Evaluation Matrix

Relevance

1. Continued Need for Program

- **Evaluation Question:**
 - Is there a continuing need for the programs and activities of the NATO Contribution Program?
- **Performance Indicators:**
 - Extent to which the NATO Contribution Program programs and activities continue to address a demonstrable need.
- **Data Sources:**
 - Annual GoC and DND Reports;
 - *Canada First Defence Strategy*;
 - Official DND documentation;
 - MOUs for the NATO Contribution Program programs and activities funded by the NATO Contribution Program;
 - Public or private sector reviews, reports and/or studies; and
 - Interviews.

2. Alignment with Government Priorities

- **Evaluation Question:**
 - Is the NATO Contribution Program consistent with Government of Canada policies and priorities?
- **Performance Indicators:**
 - Linkages to Federal Government priorities; and
 - Linkages to DND's strategic outcomes (PAA).
- **Data Sources:**
 - Speech from the Throne;
 - Annual GoC and DND Reports;
 - *Canada First Defence Strategy*;
 - PAA;
 - Official DND documentation; and
 - Interviews.

3. Alignment with Federal Roles and Responsibilities

- **Evaluation Question:**
 - Do the programs and activities of the NATO Contribution Program align with federal roles and responsibilities?
- **Performance Indicators:**
 - Degree of alignment with federal roles and responsibilities; and
 - Degree of alignment with DND roles and responsibilities.
- **Data Sources:**
 - Speech from the Throne;
 - Annual GoC and DND Reports;
 - *Canada First* Defence Strategy;
 - PAA;
 - Official DND documentation;
 - Public or private sector reports, studies and reviews; and
 - Interviews.

Performance (Effectiveness, Efficiency and Economy)

4. Achievement of Expected Outcomes (Effectiveness)

- **Evaluation Question:**
 - To what extent do the programs and activities funded through the NATO Contribution Program meet their expected outcomes?
- **Performance Indicators:**
 - Degree to which the programs and activities achieve their stated outcomes;
 - Level of stakeholder satisfaction with the programs or activities; and
 - Degree to which the programs or activities contribute to NATO objectives.
- **Data Sources:**
 - NATO documentation including: NATO Working Papers, Calls for Contributions for NATO programs and activities funded by the NATO Contribution Program; NATO Working Group Reports; NATO Committee Reviews and Financial Reports;
 - IBAN documentation including: Annual Activities Reports; Audits of Financial Statements; and Performance Audits;
 - MOUs for programs and activities funded by the NATO Contribution Program;
 - Annual Reports from the programs and activities funded by the NATO Contribution Program;
 - Official DND Documentation;
 - Public or private sector reports, studies and reviews; and
 - Interviews.

5. Demonstration of Efficiency and Economy

- **Evaluation Question:**
 - Are the most efficient and economical means being used to achieve the outcomes of the programs and activities of the NATO Contribution Program?

- **Performance Indicators:**
 - Evidence that this is the appropriate means to deliver these programs and activities;
 - Evidence the programs and activities are performing efficiently; and
 - Evidence that the programs and activities are providing value for money.

- **Data Sources:**
 - Annual Reports of the programs and activities that are funded by the NATO Contribution Program;
 - Program and activity Performance Measurements Frameworks;
 - Program and activity performance data;
 - IBAN documentation including: Annual Activities Reports; Audits of Financial Statements; and Performance Audits;
 - Official DND documentation;
 - Public or private sector reports, studies and reviews; and
 - Interviews.