

2023 ANNUAL REPORT ON NATO COMMON FUNDING

Report by the Resource Policy and Planning Board and the Military Committee

1. Allies and NATO need to allocate the necessary resources to implement the decisions the Alliance took at the 2021 Brussels, 2022 Madrid and 2023 Vilnius Summits to strengthen deterrence and defence. Allied solidarity is ever more pressing at a critical time for Euro-Atlantic security. Solidarity is also demonstrated by Allies' contributions to common-funded capabilities required to address shortfalls, readiness, enablement, interoperability, modernisation and innovation for the collective good and interest of NATO. In 2023, Allies committed EUR 3.18 billion in common funding, of which EUR 3.14 billion was expended on capabilities benefitting the whole Alliance.
2. 2023 reinforced common funding's indispensable and distinctive role at NATO, which remained a powerful expression of equitable burden sharing and resolve amongst Allies. In 2023, it continued to operate as a key enabler and force multiplier in meeting NATO's Level of Ambition, supporting the three core tasks (deterrence and defence, crisis prevention and management, and cooperative security), the implementation of the Concept for Deterrence and Defence of the Euro-Atlantic and the NATO Warfighting Capstone Concept. Allies' cooperation on common funding is not only politically visible, but also practically valuable. As in previous years, common funding provided tangible support to the Alliance: namely, to the well-functioning of the NATO Command Structure, Allies' consultations and decision-making, and the programmatic activities of the NATO HQ. Complementarily, it supported core enabling capabilities for the Alliance – such as sustaining infrastructure for collective use and Consultation, Command and Control – through the NATO Security Investment Programme.
3. NATO's deterrence and defence posture is based on, among other factors, an effective combination of cutting-edge weapons systems and platforms, and forces trained to work together seamlessly. Investing in defence also means investing in the necessary common-funded capabilities that enable Allies to interoperate, enhance readiness, and ensure effective Command and Control. Common funding supports a wide range of capabilities, enabling the Alliance to Consult, Command and Control, prepare, inform, engage, project, defend and sustain. In 2023, NATO common funding supported critical capabilities for the Alliance's collective use. This is particularly salient in the current security environment undergoing radical change – with capabilities such as the NATO Airborne Early Warning and Control Force, and the NATO Intelligence Surveillance Reconnaissance Force acting as the Alliance's 'eyes in the sky'. Essential enabling military infrastructure for logistics and sustainment contributed to NATO's ability to conduct strategic deployment of headquarters, forces and capabilities in support of deterrence. Moreover, NATO's common-funded civilian-military activities with our network of partners strengthened cooperative security, and Alliance Operations and Missions contributed to crisis prevention and management efforts. Common funding also enabled NATO's public diplomacy engagements and messaging to our publics on our shared values.

4. Beyond capabilities which have historically been common-funded, 2023 was also a year when additional requirements were newly resourced through common funding. These concern collective NATO training and exercises strengthening NATO's ability to Command and Control forces from the strategic down to the tactical level, increasing the capacity of partners, and supporting unique Memorandum of Understanding entities permanently assigned to NATO. These requirements contribute to strengthening the executability of the Concept for Deterrence and Defence of the Euro-Atlantic and its Family of Plans.

5. Common-funded capability delivery, particularly when it comes to schedule and scope, remains an area in need of improvement. Although targeted mitigation and remediation measures are adopted for several capabilities, more systemic approaches are required to address schedule delays. Efforts are underway through the Communication Information Systems Delivery Action Plan, the review of NATO's common funding procurement policy and acquisition processes, the operationalisation of the Adopt/Buy/Create policy, the resource policy in support of Information Communication Technology Obsolescence Mitigation, the accountability and performance management framework to be delivered in 2024, and progress reports of the Common Funded Capability Delivery Governance Model. Moreover, the nexus of planning and delivery will also be strengthened through prioritised requirements in the Strategic Capability Delivery Plan.