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Date: February 2006

OSD RDT&E BUDGET ITEM JUSTIFICATION (R2 Exhibit)APPROPRIATION/ BUDGET ACTIVITY
RDT&E/ Defense Wide BA# 7

PE NUMBER AND TITLE

1001018D8Z - NATO Alliance Ground Surveillance (AGS)

Cost (\$ in Millions)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Total Program Element (PE) Cost	25.300	25.068	41.670	53.230	57.504	62.667	72.821
P018 NATO Alliance Ground Surveillance (AGS)	25.300	25.068	41.670	53.230	57.504	62.667	72.821

A. Mission Description and Budget Item Justification: (U) This project supports the U.S. share of the cost for NATO to acquire a ground surveillance capability similar to what their owned and operated Airborne Warning and Control System (AWACS) provides for air surveillance.

(U) The North Atlantic Council (NAC) validated the requirement in 1995 for a NATO-owned and operated core air-to-ground surveillance capability supplemented by interoperable national assets. Since then, the Major NATO Commanders have consistently made Alliance Ground Surveillance (AGS) their number one equipment acquisition priority.

- October 1997, NATO Conference of National Armaments Directors (CNAD) approved AGS NATO Staff Requirement (NSR)
- April 1999, NATO Washington Summit Defense Capabilities Initiatives (DCI) included need for a NATO-owned and operated core system for ground surveillance
- September 2001, Reinforced NAC (RNAC) re-affirmed need for a NATO-owned and operated AGS capability by 2010
- November 2002, NATO Prague Summit approved Prague Capabilities Commitment (PCC) that includes an airborne ground surveillance capability
- December 2003, AGS Steering Committee approved in principle the merger of NATO AGS and the Trans-Atlantic Cooperative AGS Radar (TCAR) sensor projects.
- May 2004, CNAD endorsed the Trans-Atlantic Industrial Proposed Solution consortium's selection as the program of record to enter the Design and Development Phase. The TCAR team was directed to merge with the AGS program.

(U) In May 2004, the NATO AGS Steering Committee approved an updated Master Schedule supporting a 2010 Initial Operating Capability (IOC) with Full Operational Capability (FOC) by 2013. A Risk Reduction Study (RRS) was completed in November 2005. The RRS provides the Nations a higher degree of confidence in six areas of concern: program management; harmonization with other pending NATO aircraft programs; interoperability with existing national systems; compatibility with the NATO intelligence, surveillance and reconnaissance architecture; integration of the Transatlantic Cooperative AGS Radar (TCAR); and affordability.

B. Program Change Summary	FY 2005	FY 2006	FY 2007
Previous President's Budget (FY 2006)			
Current BES/President's Budget (FY 2007)	25.300	25.068	41.670
Total Adjustments	25.300	25.068	41.670
Congressional Program Reductions			
Congressional Rescissions			
Congressional Increases			
Reprogrammings			

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SBIR/STTR Transfer

Other

C. Other Program Funding Summary: Not Applicable.**D. Acquisition Strategy:** Not Applicable.**E. Performance Metrics:** Not Applicable.

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APPROPRIATION/ BUDGET ACTIVITY RDT&E/ Defense Wide BA# 7			PE NUMBER AND TITLE 1001018D8Z - NATO Alliance Ground Surveillance (AGS)				PROJECT P018	
Cost (\$ in Millions)		FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
P018	NATO Alliance Ground Surveillance (AGS)	25.300	25.068	41.670	53.230	57.504	62.667	72.821
<p>A. Mission Description and Project Justification: (U) This project supports the U.S. share of the cost for NATO to acquire a ground surveillance capability similar to what their owned and operated Airborne Warning and Control System (AWACS) provides for air surveillance.</p> <p>(U) The North Atlantic Council (NAC) validated the requirement in 1995 for a NATO-owned and operated core air-to-ground surveillance capability supplemented by interoperable national assets. Since then, the Major NATO Commanders have consistently made Alliance Ground Surveillance (AGS) their number one equipment acquisition priority.</p> <ul style="list-style-type: none"> • October 1997, NATO Conference of National Armaments Directors (CNAD) approved AGS NATO Staff Requirement (NSR) • April 1999, NATO Washington Summit Defense Capabilities Initiatives (DCI) included need for a NATO-owned and operated core system for ground surveillance • September 2001, Reinforced NAC (RNAC) re-affirmed need for a NATO-owned and operated AGS capability by 2010 • November 2002, NATO Prague Summit approved Prague Capabilities Commitment (PCC) that includes an airborne ground surveillance capability • December 2003, AGS Steering Committee approved in principle the merger of NATO AGS and the Trans-Atlantic Cooperative AGS Radar (TCAR) sensor projects. • May 2004, CNAD endorsed the Trans-Atlantic Industrial Proposed Solution consortium's selection as the program of record to enter the Design and Development Phase. The TCAR team was directed to merge with the AGS program. <p>(U) In May 2004, the NATO AGS Steering Committee approved an updated Master Schedule supporting a 2010 Initial Operating Capability (IOC) with Full Operational Capability (FOC) by 2013. A Risk Reduction Study (RRS) was completed in November 2005. The RRS provides the Nations a higher degree of confidence in six areas of concern: program management; harmonization with other pending NATO aircraft programs; interoperability with existing national systems; compatibility with the NATO intelligence, surveillance and reconnaissance architecture; integration of the Transatlantic Cooperative AGS Radar (TCAR); and affordability.</p>								
B. Accomplishments/Planned Program:								
Accomplishment/Planned Program Title						FY 2005	FY 2006	FY 2007
						225.300	0.000	0.000
<p>(U) FY 2005 Plans:</p> <p>Program Activities:</p> <ul style="list-style-type: none"> - Execute the initial stages of the Procurement Strategy - Staff the Design and Development MOU - Prepare the Design and Development contract - Develop the SOW for the Design and Development phase - Complete the RFP for the Design and Development phase 								

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<ul style="list-style-type: none"> - Complete the Risk Reduction Study - Secure additional funding based on establishing an executable program - Continue interoperability efforts with the Joint STARS and ASTOR programs - Participate in AGS Steering Committee and TCAR Executive Committee meetings 			
Accomplishment/Planned Program Title	FY 2005	FY 2006	FY 2007
	0.000	25.068	0.000
(U) FY 2006 Plans: Program Activities: <ul style="list-style-type: none"> - Execute Design and Development contract - Participate in affordability and technical Working Groups. - Improve and expand NATO alliance relationships relative to the industrial co-development. - Ensure ministerial support for AGS continues - Oversee integration testing and design work putting the TCAR radar onto the manned and unmanned platforms - Oversee design and integration work on the ground elements of the AGS system - Secure Congressional approval to enter into the MOU and sign Design and Development contracts 			
Accomplishment/Planned Program Title	FY 2005	FY 2006	FY 2007
	0.000	0.000	41.670
(U) FY 2007 Plans: T&E Independent Activities: <ul style="list-style-type: none"> - Provide for a professional user interface to the NATO AGS program office - Provide radar engineers to the AGS program office - Continue executing Design and Development Phase. - Participate in technical and operational Working Groups. - Improve and expand industry and professional association with NATO allies - Address Congressional, GAO, IG Actions regarding program issues as they arise - Ensure effective oversight of the program is provided by continuing to participate in the AGS Steering Committee 			
C. Other Program Funding Summary: Not Applicable.			
D. Acquisition Strategy Pending Department and Congressional approval, the U.S. will sign a Multi-national Memorandum of Understanding (MMOU) committing the government to NATO-derived shares of the Design and Development Phase in 2005. The MMOU will support the contract and acquisition strategy now under development at the NATO AGS Support			

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Staff in Brussels. FY 2005 funds will fund the U.S. share of a NATO AGS Risk Reduction Study.

E. Major Performers Not Applicable.

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