



**A Report by NATO's
Joint Analysis and Lessons Learned Centre**



JALLC/CG/10/194

27 July 2010



Outsourcing NATO Logistics

Commercial Logistic Support Solutions in NATO Operations

Outsourcing NATO Logistics

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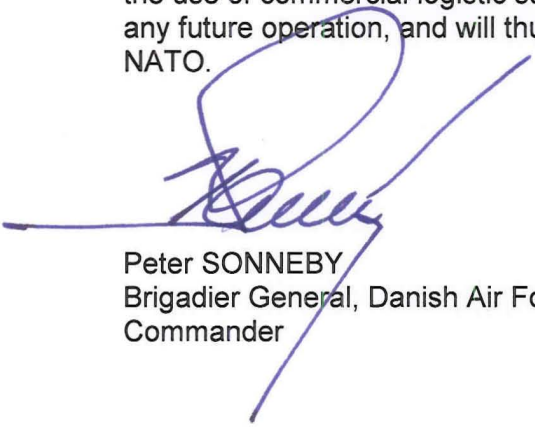
FOREWORD FROM THE COMMANDER

I am pleased to present this Analysis Report on Outsourcing NATO Logistics for your consideration, discussion and further action as appropriate.

This report recognizes that although national arrangements provide the majority of logistic support, NATO has progressively assumed a greater role in arranging commercial logistic support solutions. It assumes that, for the foreseeable future, NATO will continue to arrange commercial logistic support because NATO arrangements for commercial logistic support increase the visibility of logistic support for the NATO Commander and help nations to meet their collective responsibility for logistic support.

The analysis found that NATO lacks a systematic risk assessment and risk management programme for commercial logistic support, and that lessons from the current use of commercial logistic support are not being documented and shared. NATO should also consider the routine use of pre-mission arrangements and a contract integrator in order to meet readiness requirements and enhance the planning and management of NATO arranged commercial logistic support solutions.

Although this report is based predominantly on recent experiences in Afghanistan with the use of commercial logistic support, I believe that the findings could be applied to any future operation, and will thus be useful to logisticians and planners throughout NATO.



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Outsourcing NATO Logistics

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The recommendations included in this report require endorsement by the Strategic Commands and/or its principal customer. To know which recommendations have been endorsed, please contact SHAPE FOR RER FSL Lessons Learned or HQ SACT CAPDEV PPM LLI or check the NATO Lessons Learned Database.

Executive Summary

MISSION

The Joint Analysis Lessons Learned Centre (JALLC) was tasked by Supreme Allied Commander Transformation (SACT) to conduct an analysis of NATO's outsourcing of logistics and produce an analysis report with recommendations to enhance the planning and management of commercial logistic support solutions for NATO operations.

The following analysis requirement and analysis objectives (AO) were agreed with the customer, SHAPE SPT LOG:

Analysis Requirement: Determine how NATO can enhance the planning and management of commercial logistic support solutions in support of operations.

AO-1. Determine ways to enhance planning and management of commercial logistic support solutions in accordance with elements from NATO Logistics Vision and Objectives and consideration of doctrine, organization, training, materiel, leadership, personnel, facilities and interoperability.

Sub AO-1.1. Identify means that could ensure consideration of commercial logistic support solutions during the Operational Planning Process.

Sub AO-1.2. Identify lessons learned from theatre-level contracts on current operations that could be used to enhance the management of commercial logistic support solutions in support of operations.

BACKGROUND

Outsourcing, or commercial logistic support as it is known in NATO, is an important contributor to the military forces engaged in NATO operations. The extent of the commercial logistic support used by deployed forces is enormous. It is estimated that over 95% of ISAF Logistic Support is provided via contractors. Members of every troop contributing nation (TCN) have been fed, fuelled or supported in some way by commercial logistic support to NATO Forces in the Balkans and Afghanistan.

Commercial logistic support has proven to be an important part of enabling greater multinationality in logistic support to NATO-led operations. However, although logistics support to NATO forces is clearly defined as a collective responsibility in NATO doctrine, nations are struggling to operationalize collective responsibility for logistics, leaving NATO to progressively assume more responsibility for multinational logistic support, which in turn has implications for how commercial logistic support can ultimately best contribute to NATO's multinational operations.

Today, NATO arrangements for commercial logistic support provide Class I (food and water) and Class III (fuel) supplies, facilitate Airport of Debarcation operations, provide transportation and perform many other vital services to sustain NATO forces in Afghanistan. This analysis is based upon the assumption that, for the foreseeable future, NATO will continue to arrange commercial logistic support, and as a consequence, needs to improve its capability to consider commercial logistic support during its planning process and to manage commercial logistic support.

METHODOLOGY

The JALLC considered the current status of NATO arranged commercial logistic support by examining how relevant organizations, processes and technology could facilitate its improvement. JALLC examined NATO logistic efforts in Afghanistan, attended meetings of the Senior NATO Logisticians Conference (SNLC) and Logistic

Working Groups, and reviewed relevant NATO and national documents to develop conclusions and recommendations to meet the analysis requirement and objectives.

MAJOR CONCLUSIONS

The conclusions from this analysis fall into three main areas that NATO needs to focus on if it is to improve its ability to arrange commercial logistic support:

- First, NATO needs to develop and implement a systematic risk assessment and management programme for NATO-arranged commercial logistic support.
- Second, NATO needs to improve its ability to plan commercial logistic support through formalizing its use of pre-mission arrangements such as dormant contracts and early contracting authority and employment of a contract integrator.
- Third, NATO needs to improve its ability to manage commercial logistic support by documenting and sharing commercial logistic support lessons, by better coordinating in-theatre oversight of commercial logistic support and by improving visibility of funding and manpower being used for NATO arranged commercial logistic support.

Risk Assessment

Some perceive that commercial logistic support poses greater risk than military logistic support and are thus uncomfortable considering it as an option. This is particularly true when considering NATO commercial logistic support because while national arrangements for contract support use national risk assessment and management programmes to mitigate risk, NATO does not have a systematic risk assessment and risk management programme for its arrangements. A systematic NATO risk assessment and risk management programme would improve awareness of the risks associated with the use of NATO commercial logistic support and could encourage greater consideration of NATO commercial logistic support as an option during planning.

An important element of a systematic risk assessment and risk management programme is a consolidated list of risk categories informed by lessons from current operations. Many categories of risk that are relevant to commercial logistic support have been identified since the last consolidated list of risk categories for commercial logistic support was published in 2005 (AJP-4.9 Modes of Multinational Logistic Support). The list of risk categories for commercial logistic support needs to be updated with these categories.

Planning

The responsiveness of commercial logistic support is an essential element of NATO logistic readiness. The responsiveness of commercial logistic support depends on pre-coordinated agreements between the nations and pre-mission arrangements by NATO such as those Basic Ordering Agreements and Basic Contract Instruments developed by the NATO Maintenance and Supply Agency (NAMSA) for the NATO Response Force (NRF). Early Contracting Authority and Dormant Contracts using NATO common funding are other, not yet approved, pre-mission arrangements that could improve commercial logistic support responsiveness. NATO pre-mission arrangements support the principle of collective responsibility and improve readiness through more rapid response from NATO commercial logistic support solutions.

A contract integrator is a pragmatic means of advising and assisting NATO logisticians in the planning and management of NATO's commercial logistic support options. NAMSA is NATO's appointed contract integrator for the NRF and has been used by

NATO as a contract integrator in Kandahar Air Field and Kabul International Airport, where it demonstrated operational expertise by supporting NATO contract management oversight in the theatre. However, in ISAF, NAMSA and the Theatre Head of Contracts (THOC) both manage contracts for NATO but appear to have limited interaction with and visibility of each other. This appears to be caused by a lack of clarity in the delineation of roles and a lack of staff available for liaison. There is concern that this may result in inefficiency and higher costs.

Management

It was found that although lessons from the use of commercial logistic support in ISAF counter-insurgency operations seem to be identified continuously, they are not being effectively documented or shared. There is a need to document and share lessons from the use of commercial logistic support so that the list of risk categories for commercial logistic support can be updated and continuous improvement can be made to NATO's overall capability to arrange commercial logistic support. Documenting, and sharing, NATO lessons is required by NATO Lessons Learned Policy and Bi-SC Lessons Learned Directive.

Uncoordinated approaches to contracting and acquisition by NATO and ISAF Troop Contributing Nations in Afghanistan mean that ISAF does not have good oversight of its commercial logistic support arrangements and have led to a phenomenon termed *contract fratricide* whereby ISAF contributors end up bidding against each other for local supplies, rather than working together to negotiate the best deal.

There is concern that NATO commercial logistic support solutions for ISAF lack the transparency necessary to ensure good value for money and to ensure that funds do not go to illegitimate actors. The International Board of Auditors for NATO (IBA) April 2009 report included an audit of NATO commercial logistic support solutions which provided some transparency of NATO arrangements for contract logistic support. Subsequent studies of NATO commercial logistic support through the IBA programme of work, with more in depth analysis, would likely improve this transparency.

There is also a lack of transparency regarding the number of NATO contract personnel in ISAF. The number of contractors supporting NATO Forces in Afghanistan is estimated at 200,000, but no one really knows. This is adding to friction regarding the Military Technical Agreement in Afghanistan because NATO is not able to provide the Afghan government with a clear picture of which individuals and companies are legitimately covered by the agreement. A complete census of contract personnel supporting NATO is needed to determine the number and identity of NATO contractors in Afghanistan. As part of this census, the ability to identify host nation personnel contracted by NATO is necessary to be able to determine NATO's impact on the host nation's economy and for monitoring implementation of NATO's Afghan First Policy. The Synchronized Pre-Deployment and Operational Tracker (SPOT) management system used by the US Armed Forces provides census data on personnel employed in contract commercial logistic support by the United States, and may be a useful system for NATO to consider.

KEY RECOMMENDATIONS

Risk Assessment

HQ SACT should develop doctrinal guidance for a systematic risk assessment and management programme for NATO arranged commercial logistic support.

SHAPE should provide guidance for how commanders and planners should conduct risk assessment and management according to NATO's systematic approach. They

should include a consolidated list of risks categories relevant to commercial logistic support and updated to reflect recent lessons from operations.

Planning

NATO should consider allowing NATO common funds to be used for Early Contracting Authority and Dormant Contracts.

SHAPE should use a contract integrator to advise and assist in the planning and management of NATO commercial logistic support solutions for operations.

Management

SHAPE, HQ ISAF, NAMSA and other NATO entities as appropriate, should routinely document and share lessons identified from the use of commercial logistic support in accordance with the NATO Lessons Learned Policy and the Bi-SC Lessons Learned Directive. Documented lessons should be entered directly into the NATO Lessons Learned Database (LLDb) or if the NATO LLDb cannot be accessed, staff should send lessons in the Bi-SC Lessons Learned Directive approved format via email to jallclldbpc@jallc.nato.int.

SHAPE should define the relationship between NAMSA and the THOC in ISAF and ensure manning allocations are sufficient to ensure that a coordinated approach for all NATO contracting and acquisition in theatre is achieved.

NATO should make greater use of the NATO IBA to audit NATO arranged commercial logistic support on NATO operations.

SHAPE should develop the means to collect census data on all contract personnel employed in commercial logistic support to NATO in ISAF. The US SPOT system should be considered as one possible system for doing so.

Distribution

Action:

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HQ SACT

Information:

NATO HQ IS-DPP (LOG)

JFC BRUNSSUM

JFC NAPLES

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HQ ISAF

HQ KFOR

SHAPE ACOS J4

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HQ SACT ACOS CAP REQ

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Introduction

“Over 95% of [International Security Assistance Force] ISAF Logistic Support is provided via contractors. The number of contractors supporting NATO is estimated around 200,000; but no one really knows!” – Brigadier General Stephen Lyons, HQ ISAF CJ4 (Reference A)

“The number of military contractors in Afghanistan rose to almost 74,000 by June 30, 2009, far outnumbering the roughly 58,000 U.S. soldiers on the ground at that point. As the military force in Afghanistan grows further, to a planned 68,000 by the end of the year, the Defense Department expects the ranks of contractors to increase.” – The Wall Street Journal (Reference B)

BACKGROUND

1. Outsourcing, or commercial logistic support as it is known in NATO, is an important contributor to the military forces engaged in NATO operations. The extent of the commercial logistic support used by deployed forces is enormous. Members of every troop contributing nation (TCN) have been fed, fuelled or supported in some way by commercial logistic support to NATO Forces in the Balkans and Afghanistan. Commercial logistic support has proven to be an important part of enabling greater multinationality in logistic support to NATO-led operations. However, although logistics support to NATO forces is clearly defined as a collective responsibility in NATO doctrine, nations are struggling to operationalize collective responsibility for logistics, leaving NATO to progressively assume more responsibility for multinational logistic support, which in turn has implications for how commercial logistic support can ultimately best contribute to NATO’s multinational operations.

The Expanding Role of Commercial Logistic Support

2. The use of commercial logistic support by individual nations is becoming ever more prevalent in NATO operations. Commercial logistic support to military forces is used by many nations to complement leaner combat services and logistic support force structures. In the Balkans, nations, many of which did not have sufficient organic military logistics support capability to provide the necessary logistic support for the extended period of time required for the mission, turned to commercial logistic support to make up the gap. Commercial logistic support solutions were also used by nations to support NATO forces in Kosovo and are extensively used by the United States in Afghanistan to support both US and NATO forces.

3. NATO first began considering commercial logistic support with the creation of the Ad-Hoc Working Group to study Third Party Logistic Support Services (TPLSS) in 1997 and it was introduced as a mode of multinational logistics support into NATO forums in 2000 (Reference C). During the June 2005 Defence Planning Committee session of the Ministers of Defence, it was agreed that imaginative approaches to exploit the potential of multinational cooperation and, where appropriate, contracting civilian capabilities should be pursued in order to reduce shortfalls caused by there being fewer military logistic units available within NATO (Reference D). Commercial logistic support was then formalized in doctrine as a mode of multinational logistic support with the publication of AJP-4.9 *Modes of Multinational Logistic Support* in 2005 (Reference E).

4. In 2009, the Joint Analysis and Lessons Learned Centre (JALLC) found more evidence of commercial logistic support solutions being used in NATO operations in Afghanistan than of any other mode of multinational support. In Afghanistan today,

nearly all of the logistic functions that can be outsourced according to NATO doctrine (Reference E) are, to one extent or another, being provided by commercial logistic support solutions. Commercial logistic support contracted by several nations collectively or directly by NATO is one way in which multinational logistic support is being achieved.

NATO Responsibility for Logistics Support

5. Traditionally, nations were responsible for their own logistic support but, after the Cold War and based on experiences with logistic support to multinational forces in the Balkans, NATO formally adopted the concept of Collective Responsibility for logistic support in the late 1990's, culminating with its inclusion in the publication of AJP-4 *Allied Joint Logistic Doctrine* (Reference F). At the same time, NATO doctrine recognizes that, ultimately, "Nations bear ultimate responsibility for ensuring the provision of logistic support for its forces allocated to NATO"¹.

6. Collective responsibility requires active participation by all TCNs to plan and execute logistic support. However, it has proven difficult to meet collective responsibility. The lack of national military logistic force capability, national caveats, and other constraints affect TCNs' ability to meet their collective responsibility. A key problem with respect to collective responsibility for logistics, which was presented at the Senior NATO Logisticians' Conference (SNLC), is that many nations still hold the opinion that logistics is a national responsibility. According to the Director for Logistics, J4 US Joint Staff, "we must move beyond this and continue to find ways to work together to 'operationalize' collective responsibility as our key to success," (Reference H).

7. Because of the constraints affecting TCNs and their view that logistics is a national responsibility, NATO commanders' command authority for logistics is normally limited to coordination of logistic resources, requiring more time and effort by the NATO commander and staff to achieve a collective logistics solution. This increases the burden on NATO and NATO commanders to ensure that adequate logistic support is available. As a consequence, NATO has increasingly taken on the task of directly contracting for commercial logistic support and in doing so, it has potentially crossed over from helping nations meet their collective responsibility to assuming a NATO responsibility for this support, and with this, implicitly accepted the associated responsibilities for risk assessment (see Chapter 2), planning (see Chapter 3) and management (see Chapter 4) of commercial logistic support solutions for NATO operations. This study is based on the assumption that NATO will, for the foreseeable future, continue to arrange commercial logistic support, and therefore has a need to improve its ability to plan and manage these arrangements.

ANALYSIS REQUIREMENT AND OBJECTIVES

8. The Supreme Allied Commander Transformation (SACT) tasked the JALLC in the 2009 Programme of Work (Reference I) to provide the customer, SHAPE J4, with an examination of NATO's use of commercial logistic support. This paper is the result of that task, and addresses the customer-agreed Analysis Requirement and Analysis Objectives (AO) below.

Analysis Requirement: Determine how NATO can enhance the planning and management of commercial logistic support solutions in support of operations.

AO-1. Determine ways to enhance planning and management of commercial logistic support solutions in accordance with elements from NATO Logistics Vision and

¹ This statement from AJP-4 was retained in the latest edition, AJP-4(A) (Reference G)

Objectives (see Table 1) and consideration of doctrine, organization, training, materiel, leadership, personnel, facilities and interoperability.

Sub AO-1.1. Identify means that could ensure consideration of commercial logistic support solutions during the Operational Planning Process.

Sub AO-1.2. Identify lessons learned from theatre level contracts on current operations that could be used to enhance the management of commercial logistic support solutions in support of operations.

Table 1: Excerpt of NATO Logistics Vision and Objectives 2009-2018 (Reference J)

Objective #	NATO Logistics Vision and Objectives Element
2.1	In order to ensure that multinational logistics support considerations influence the development of capabilities for NATO, review and further develop Integrated Logistics Support guidance that addresses the material support requirement in the context of multinational operations taking into account considerations such as common performance specifications, Supply Chain Management, and a seamless sustainment process.
2.3	Develop a concept addressing logistics support across the full spectrum of operations, building on current policy and supporting doctrine.

PURPOSE AND SCOPE OF THE REPORT

9. The purpose of this JALLC report is to contribute to Allied Command Operations' (ACO) capabilities by recommending improvements for planning and management of NATO commercial logistic support to deployed forces engaged in NATO operations. Although the majority of evidence from operations was drawn from Afghanistan, recommendations in this report could be applied to any operation.

10. In accordance with the study objectives, this paper will focus exclusively on commercial logistic support arranged or funded using NATO common funds. Although national arrangements for commercial logistic support contribute to NATO operations, it is beyond the scope of this report to recommend changes to them.

11. The findings from this study relating to how NATO could enhance the planning and management of commercial logistic support solutions in support of operations are presented in three chapters:

- a. The first of these chapters addresses the need for NATO to develop and implement a systematic risk assessment programme for commercial logistic support.
- b. The second of these chapters addresses the need for NATO to approve the routine use of pre-mission arrangements and a contract integrator in order to improve its planning of commercial logistic support.
- c. The third of these chapters describes areas, identified during the course of the study, where NATO could improve the way it manages its commercial logistic support. These areas are: documentation of lessons identified; contract management in the area of operations; collection of census data on contract personnel; audit of the use of NATO common funds for commercial logistic support; and computer network support for commercial logistic support solutions.

Definition of Terms

12. Outsourcing, the term used in the title of this project in the JALLC Programme of Work, means to obtain goods or a service by contract from an outside supplier².

² Concise Oxford English Dictionary, Eleventh Edition.

TPSS is the term used to describe this support in AJP-4.9, Modes of Multinational Logistic Support (Reference E). The NATO logistics community tends to refer to contract “commercial logistic support” solutions in lieu of “outsourcing” or TPLSS.

13. Commercial logistic support as defined by NATO in the SNLC Concept for TPLSS (Reference C) is:

“Commercial logistic support is this element of organized, advanced preparation which distinguishes it from ad hoc contracting activity.... It entails a long-term approach to large-scale logistics provision, requiring detailed negotiations and on-going management action”.³

METHODOLOGY

14. The JALLC examined NATO logistic efforts in Afghanistan, attended meetings of the SNLC and Logistic Working Groups, and reviewed relevant NATO and national documents in order to obtain an overview of contract commercial logistics and meet the analysis requirement and objectives as defined by SHAPE.

15. The JALLC took the following measures in developing this study: (A composite illustration of source material can be found in Annex C).

- Inputs were not limited to any single national interest or entity.
- JALLC interviews targeted logisticians and key staff members within NATO at strategic, operational and theatre HQs for relevant data to support the study. This effort included members of the J8 staff at each level.
- Evidence included direct observations of the SNLC and Logistic Staff Meetings of the SNLC as well as correspondence, reports, and notes from these meetings. Data from International Defence Logistics Conferences (2008 and 2009) was also considered.
- Data was obtained from interviews with key NATO Maintenance and Supply Agency (NAMSA) staff members at NAMSA and in Afghanistan.
- Supporting data included doctrinal source material, personal observations, documents, correspondence, briefing materials and other reports within NATO and open source material from the public domain via news journal releases and relevant websites.

16. Coordinating drafts of this report were shared with SHAPE, key stakeholders and contributors within NATO for their review and comments as a final quality control measure.

FACTORS AFFECTING THE ANALYSIS

17. The high tempo of ISAF operations with the associated workload of the personnel involved (Reference K) limited opportunities for these personnel to meet with the JALLC to support initiation of this project. Final approval of the Analysis Requirement and AOs was ultimately provided in July 2009 (Reference L) and established the foundation for this project. Once the Analysis Requirement and AOs were established, the follow-on meetings were extremely productive, collegial and mutually beneficial.

18. The data collection plan for this study included a deployment into Afghanistan. Issues affecting the deployment that impacted the analysis timeline and data collection opportunities in-theatre included:

³ Reference C, Annex 1, paragraph 7, pages 1-2.

- Access to theatre was halted for several weeks due to the national elections in Afghanistan and later suspended pending the outcome of the debate over the need for a second national election to be held.
- During stand up of the new ISAF Joint Command (IJC) HQ, access to the Area of Operations (AOO) and availability of key ISAF staff from August to September 2009 was limited.
- The relocation of NATO from Kabul International Airport (KAIA) South to KAIA North added to the challenges faced by NAMSA and KAIA staff to provide accommodation and real-life support to visitors and reduced their availability to assist with study interviews.
- Constant rotation of personnel into and out of theatre limited opportunities to identify and document lessons from staff with the most in-theatre experience.
- Limited flight availability and several flight cancellations restricted inter- and intra-theatre travel during October and November 2009.

2

Contract Commercial Logistic Support and Risk

“The SNLC has set the target/goal of providing a full range of contracted (commercial) support options on short notice and on a contingency basis, within acceptable risk parameters...” – SNLC report to the Ministers of Defence, 06 June 2008 (Reference M)

RISK IN COMMERCIAL LOGISTIC SUPPORT IN NATO OPERATIONS

19. This chapter discusses the use of NATO arranged commercial logistic support as a mode of multinational logistics which should be used within acceptable risk parameters. Risk categories to support a systematic NATO commercial logistic support risk assessment and risk management programme are also discussed.

20. Some in NATO express concern about the risk with using contracted commercial logistic support, because it is feared that if this support were lost, it could compromise a NATO mission. Risk assessment is required in NATO planning (strategic, operational and tactical), and risk management is a continuous process during mission execution. NATO Nations define their own programmes for risk assessment and management.

21. Although commercial logistic support is filling a gap in capacity and capabilities, it is not a panacea for NATO’s logistic challenges. The use of commercial logistic support is a mode of multinational logistics which should be used within “acceptable risk parameters”.⁴

WHAT ARE “ACCEPTABLE RISK PARAMETERS” FOR COMMERCIAL LOGISTIC SUPPORT?

22. Risk assessment and management is considered to be a best practice in civil enterprises⁵ and military organizations, and it is common practice to use a risk log/ risk register to list any risks identified. A risk register will identify (Reference O):

- Who or what could be affected?
- What is the probability of risk occurring?
- Management control measures to monitor the situation and mitigate problems.

23. This is necessary as a foundation for a systematic risk assessment and management programmes. Risk programmes can not eliminate risk entirely. However, they can minimize risk if they are used. Many risk programmes use a risk register/risk log with identified risk categories and acceptable risk parameters.

24. NATO guidance for operations often refers to risk. The trial version of *ACO Comprehensive Operations Planning Directive* (Reference P) requires a risk assessment during mission planning. Risk assessment is also required by NATO doctrine for commercial logistic support in AJP-4.9 (Reference E), in *NATO Policy on Contractor Support to Operations* (Reference D), and in the *Assessment and Way Ahead for the Planning and Management of Logistics Contracting for NATO Operations*

⁴ SNLC Logistics Report to NATO Defence Ministers (Reference M).

⁵ Risk assessment and management continue for the duration of a project according to *Managing Successful Projects with PRINCE2* (Reference N). PRINCE2 is the de facto standard used by the Government of the United Kingdom and internationally.

(Reference Q). Despite the requirement for risk assessment and management being clear, none of the documents provide guidance about how NATO logisticians should perform risk assessment or risk management.

25. The only NATO reference that JALLC could find containing details of how to conduct risk assessment and use a risk register was the *NATO Code of Best Practice for Command and Control Assessment* (Reference R), but these instructions were not designed to support risk assessment for commercial logistic support planning and management. JALLC could not find any NATO guidance in use for a systematic approach to risk assessment or risk management in NATO. As a consequence of vague or unclear guidance, different standards for acceptable risk parameters may be applied by the Joint Force Commands (JFC) in the planning and management of commercial logistic support.

26. JALLC concludes that current guidance is insufficient to provide a systematic approach to risk assessment and management for NATO commercial logistic support. Proper guidance would define the acceptable risk parameters for commercial logistic support in order to standardize the planning and management of commercial logistic support solutions for NATO operations. Therefore, HQ SACT should develop doctrinal guidance for a systematic risk assessment and management programme for NATO commercial logistic support. SHAPE should then provide guidance as to how commanders and planners should conduct risk assessment and management according to NATO's systematic approach.

Risk Categories Commonly Associated With Commercial Logistic Support

27. It is common practice for a systematic approach to risk assessment and management to begin with a list of all potential (expected) risks. The JALLC found risks categorized in AJP-4.9 and in a NATO Consultation, Command and Control Agency (NC3A) study⁶ about contract support. JALLC expanded its search for risk associated with contract commercial support to other sources, including the NATO Lessons Learned Database (LLDb). However, no lessons about risks associated with commercial logistic support could be found in the NATO LLDb (inquiry made on 30 April 2010). The data in Table 3 provides a comparison of risks identified in AJP-4.9 and in the NC3A study. There are some items in common, and NC3A introduces some additional, relevant risk categories commonly used in business project management.

28. The list presented in Table 3 is not all inclusive. Operations in ISAF continue to provide experience and lessons which suggest additional risk categories exist. For example, HQ ISAF⁷ has discussed the link between commercial logistic support solutions and counter-insurgency (COIN) operations. HQ ISAF contends that COIN requires improved transparency of contracting to mitigate the risk of engagement with illegitimate actors, prevent overpayment, avoid contributing to corruption at any level, and to enable direct contributions into host nation (Afghan) economic development via jobs, enhanced job skills and social reinvestment. Lessons from the use of commercial logistic support during COIN operations could be used to develop additional risk categories relevant to NATO arranged commercial logistic support.

29. JALLC concludes that, although many relevant risks have been identified (see AJP-4.9 and the NC3A study), these risks are not consolidated, which minimizes their value to NATO planners for NATO arranged commercial support solutions. More risks relevant to contract commercial support may be included from lessons from NATO experience in ISAF. A consolidated list of these risks is a step towards development of

⁶ NC3A Study on *Host Nation and Contractor Support to Operations* (Reference S)

⁷ ISAF Deputy Chief of Staff (DCOS) Resource Management shared these concerns during his presentation to the SHAPE Operational Logistics Conference, 28 April 2010.

a risk register for a systematic risk programme for NATO and NATO arranged commercial logistic support solutions. This information needs to be updated as new risks are identified from lessons during NATO operations. SHAPE should develop and maintain an up-to-date consolidated list of risk categories associated with commercial logistic support.

Table 3: Comparison of Risk Categories Identified

Risk Categories by Source			
AJP-4.9 (2005)		NC3A Study (2008)	Documented Lessons Identified including the NATO LLDb⁸
Reliability (to support the Mission) Force Protection (Threat)	=	General Operational Risk to Accomplish Mission Force Protection (Threat)	No documents found
		Market Risk	No documents found
		Readiness	No documents found
Quality	=	Quality of Goods & Services	No documents found
		Contractor Training	No documents found
Operational Security/	=	Operational Security	No documents found
Legal Issues	=	Legal Issues	No documents found
		Financial / Economic Factors	No documents found
		Command and Control	No documents found
		Chemical, Biological or Radioactive Environment (excludes use of Contractor)	No documents found
Loss of Military Capacity	=	Loss of Military /Risk to Force Planning	No documents found

CONCLUSION

30. NATO requires that a risk assessment be made before selecting commercial logistic support as an option, but guidance for a systematic risk assessment and management programme appears to be insufficient to ensure that a standardized approach is applied across NATO. For NATO arranged commercial support, a consolidated and up-to-date list of relevant risk categories is a precursor for a systematic risk assessment and management programme. However, NATO currently has no consolidated list of risk categories. Also, lessons from NATO's use of commercial logistic support are necessary to keep the list of risk categories up-to-date, but could not be readily found.

RECOMMENDATIONS

31. HQ SACT should develop doctrinal guidance for a systematic risk assessment and management programme to ensure that risks associated with the use of NATO commercial logistic support solutions are adequately considered. SHAPE should provide guidance as to how commanders and planners should conduct risk assessment and management according to NATO's systematic approach.

32. SHAPE should develop a consolidated list of risks categories relevant to commercial logistic support which includes lessons identified from current operations.

⁸ The NATO LLDb is described in the two Strategic Commands' (Bi-SC) Directive 80-6 (Reference T) and can be found at: <https://lldb.jallc.nato.int/lldb/>. There were no lessons or entries about contract risk when the NATO LLDb was examined (30 April 2010).

33. SHAPE, HQ ISAF, NAMSA and other NATO entities, as appropriate, should document lessons identified from commercial logistic support solutions in the NATO LLDb to further help SHAPE to keep the list of risk categories up-to-date.

3

Planning Considerations for Commercial Logistic Support to NATO Operations

“The early determination and decision to integrate civilian contractors coupled with their engagement in the planning process is essential to reduce the time contractor mobilization requirements.” – NAMSA Assessment of the Practical Application of Early Contracting Authority (Reference U)

OVERVIEW

34. NATO readiness relies on responsive commercial logistic support, which in turn requires effective logistics planning. This chapter examines how planning for commercial logistic support can be enhanced. Effective planning for commercial logistic support relies on the use of logistic enablers in the form of pre-mission arrangements and a contract integrator⁹. Besides the immediate improvement such enablers can have on the speed and efficiency of planning, they can also result in greater acceptance of the collective responsibility for logistics among all actors.

35. National efforts to prepare for collective responsibility begin with military readiness and national assets and should include development, coordination, and use of basic ordering arrangements (BOA), cross servicing arrangements and agreements for bilateral and multilateral support, and may include national or NATO contract logistic support. These arrangements should be accomplished as pre-mission planning activities by nations. NATO’s pre-planning includes development of appropriate basic contract instruments (BCI), and, if approved, may someday include use of Early Contracting Authority or use of Dormant Contracts. Together, by defining the roles and expectation for Nations and NATO in contract integration and giving the commander greater oversight and control of the logistics support he can expect, these logistic enablers can help all actors meet their Collective Responsibility for logistics, especially when combined with a risk assessment programme as described in Chapter 2.

PRE-MISSION ARRANGEMENTS

36. Without a standing logistics capability or rapid response military logistic units immediately available, it is difficult for NATO to meet readiness requirements for NATO Response Force (NRF) missions. The NRF plans for rapid deployment and depends on commercial logistic support to ensure it can meet its notice-to-move requirements. The use of pre-planned commercial contracts to perform selected logistic support services was recognized by the SLNC in March 2000 (Reference C) as a way to improve readiness. The NRF logistic concept includes the use of pre-mission arrangements for commercial logistic support. The NRF focus on pre-mission arrangements enhances logistic readiness, reduces crisis response time, and may provide additional benefits of risk reduction and cost avoidance.

37. There are a variety of pre-mission arrangements that NATO can use to meet commercial logistic support requirements. The following is a short summary of the pre-mission arrangements available to NATO logistic planners:

⁹ A contract integrator is a profit or non-profit agency or organization employed by NATO and/or nations to plan and coordinate contractor support to operations within a defined scope or project (Reference Q).

- A Basic Ordering Agreement (BOA) is the first part of a two-stage contracting process where all basic contract provisions are agreed to, including prices or a definitive pricing methodology. In the second part, individual orders for goods or services can then be placed against the central contract by local offices for local delivery. NC3A has established BOAs on behalf of NATO with several vendors, and equivalent arrangements are common in the United States or the United Kingdom¹⁰ to assure commercial support.
- A Cross Servicing Agreement, as stated in AJP-4(A) and AAP-6, is that support performed by one service or national element for other services or national elements and for which national elements may be charged. It is essentially an agreement to provide logistic support between two parties in exchange for reimbursement which permits nations and other actors to exchange logistic support.
- A Basic Contracting Instrument (BCI) is not a contract. It is an arrangement used by NAMSAs, acting as NATO's contract integrator, which provides the framework, terms and conditions that will be included in a contract if one is established. A BCI is a pre-agreement which saves time in moving towards a formal contract. The difference between a BCI and a contract is that with a BCI there is no guarantee that the contractor will perform, and there is no commitment by NATO that there will ever be any business (money) for the contractor. If there is a requirement, then the BCI is a mechanism to expedite the process. A BCI facilitates communication, and pre-defines a contractual relationship, but does not guarantee support until the requirement is defined (in a contract) and funded¹¹. BCIs set up by NAMSAs for the NRF include food, HQ camp service, bulk water, fuel, field camp services for staging areas, and more BCIs are being coordinated (Reference V).
- Early Contracting Authority is that authority assigned to the Supreme Allied Commander Europe that allows a contractual obligation to be entered into for the execution of planning and other related mobilization activities needed to achieve a degree of readiness that will permit timely delivery of contracted services in support of a potential NRF mission (Reference U). Early Contracting Authority has not been approved, but has been discussed within SHAPE as a practical way to ensure that commercial logistic support is available for NATO missions. Unlike BCIs, Early Contracting Authority contracts are full contracts entailing a commitment of NATO common funds, potentially prior to official North Atlantic Council approval of the mission the contracts will support.
- A Dormant Contract is a contract valid for an agreed period of time that stipulates all terms and conditions for defined supplies or services that the contractor is required to deliver in case and at the time or order by the customer (Reference Q). The use of Dormant Contracts has not been approved as an arrangement for commercial logistic support in NATO. This type of contract arrangement commonly requires an expenditure of funds to assure access to commercial goods or services when required, even if this support is never delivered. This concept is not widely accepted within NATO HQ, and is only presented here as another alternative to enable commercial logistic support readiness.

38. Since Early Contracting Authority and Dormant Contracts provide assurance that commercial logistic support will be delivered on time and in required quantities, these pre-mission arrangements are most desirable to planners. However, they both require a commitment of NATO common funding prior to official political agreement that a

¹⁰ See http://boa.nc3a.nato.int/boa_guidelines.html, last accessed 01 June 2010.

¹¹ As defined by NAMSAs subject matter experts.

mission will take place. The decision to commit common funds to pre-mission arrangements for commercial logistic support must be balanced against the risks of failure to meet NATO's readiness requirements. As noted above, the NRF depends on commercial logistic support; therefore JALLC believes that the value of pre-mission arrangements that assure mission-ready commercial logistic support justifies their potential cost.

39. In an effort to assess the potential time savings from using Early Contracting Authority and Dormant Contracts, JALLC used data collected by SHAPE J5 staff about the time required to establish contracts. The SHAPE data was presented to JALLC as the "Average Time Required for Projects where capabilities need some development of adaption" and is summarized in Table 4. This is not a definitive timeline for all projects; it is an illustration based on available data. Because each contracting situation is unique, the length of time (weeks) could vary greatly between simple support needs or complex operational requirements. However, this data illustrates that pre-contracting arrangements can improve response time (logistic readiness) when commercial logistic support solutions are required.

Table 4: Estimated Time Required for Contracting¹²

Phases of Contract and Implementation	Average Time Required for Projects where capabilities need some development of adaption	
1. Bidding Process	8 weeks	
2. Industry Considers and Responds	6 weeks	
3. Evaluation Process	3 weeks	
4. Prepare Contract	4 weeks	
Sub-Total of Preparation Time	21 weeks	
	Initial Operational Capability	Full Operational Capability
5. Delivery & Implementation:	+8 weeks	+20 weeks
Estimated Total Required	29 weeks	41 weeks

40. The same data from Table 4 was used to draw Figure 1, which shows the expected delivery time horizon of using Early Contracting Authority/Dormant Contracts pre-mission arrangements alongside the expected delivery time horizon with current contracting processes. Using current contracting processes, it can take up to 41 weeks to achieve Full Operational Capability (FOC). By using pre-mission arrangements like Early Contracting Authority and Dormant Contracts, the estimated 21 weeks to prepare the contract could all occur prior to the start of the mission, and FOC could potentially be achieved by 20 weeks. This supports a NAMSAs assessment that Early Contracting Authority can ensure that the NATO commander is better able to meet operational timelines for NATO missions (Reference U).

¹² Source: SHAPE J5 Planning Data Sample, May 2009

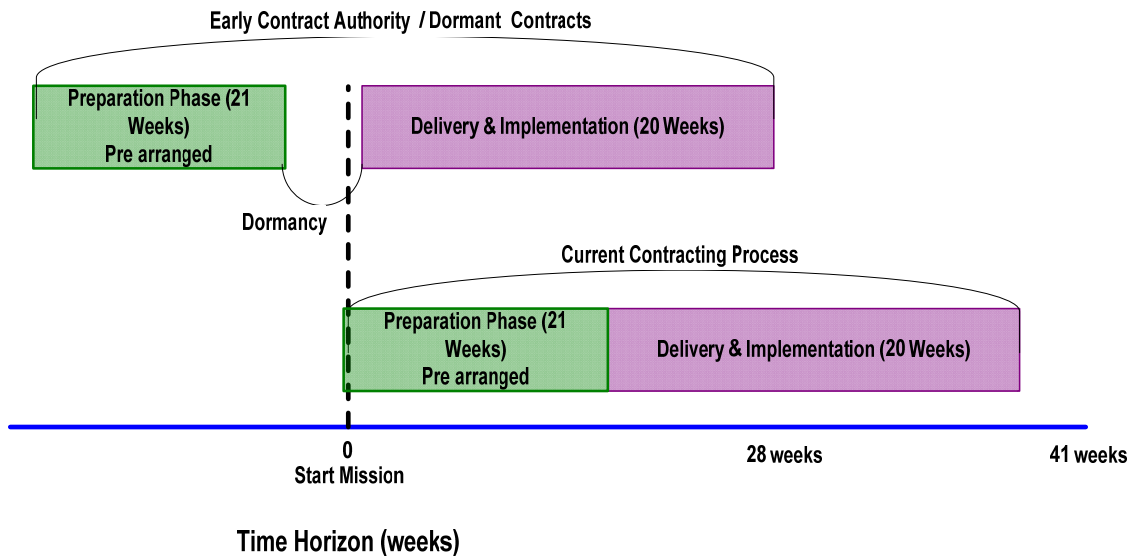


Figure 1: Planning Time Required for Crisis Response Operation Project

41. The following discussion compares the relative advantages of using Early Contracting Authority and Dormant Contracts in pre-mission arrangements to current NATO contract processes:

a. Response Time: Early Contracting Authority and Dormant Contracts should achieve FOC status earlier than current processes when measured from the start of the mission. Current processes need up to 41 weeks from the start of the NATO mission, which may be unacceptable for some mission requirements such as disaster relief operations. Early Contracting Authority and Dormant Contracts could reduce this time to 20 weeks.

b. More Competitive Bids at Better Quality: Early Contracting Authority and Dormant Contracts offer more time and opportunity to identify companies and solicit competitive bids than current processes where everything has to happen as quickly as possible. Pre-mission arrangements provide more time to facilitate identification of low cost / high quality competitive bids with assured commercial support at the best quality. Detailed risk assessments may be initiated earlier to consider other support options if needed.

c. Best Price or Total Cost Comparison: Early Contracting Authority and Dormant Contracts may promote some savings by leveraging the planning time available. Commercial logistic support (e.g. meals/fuel) is reimbursed by users and therefore some of the cost of setting up Early Contracting Authority Contracts or Dormant Contracts may be amortized over time by user fees. Data is not available to support a cost comparison of the long-term costs of maintaining a dormant contract against the potential savings of having a contract in place when needed. A cost-effectiveness study would be needed to determine which option produces the greatest overall benefit.

d. Predictability: NATO and Nations could have greater visibility of goods and services available before an operation if Early Contracting Authority and Dormant Contracts were used. Since Early Contracting Authority and Dormant Contracts already have committed funding, they provide greater predictability than BCIs. NATO and Nations could determine more readily how collective responsibilities could be met before deployment, and pre-negotiated costs for goods and services could also provide greater predictability of financial obligations. Selected contractors and managers could also obtain clearances to engage in initial mission planning and support when needed.

42. As pre-mission arrangements, Early Contracting Authority and Dormant Contracts appear to provide a readiness and cost advantage over current contract processes in nearly all of the four categories discussed. JALLC could not find data that would enable a comprehensive comparison of costs of Early Contracting Authority and Dormant Contracts versus costs of current NATO contracting processes.

43. JALLC concludes that pre-mission arrangements using Early Contracting Authority and Dormant Contracts can improve readiness by assuring that NATO arranged commercial logistic support is available when needed. Common funding is necessary to achieve this. There may be other benefits from pre-mission arrangements but it is impossible to fully analyze these without comparing costs for each possibility. Nevertheless, Early Contracting Authority and Dormant Contracts could improve logistic readiness and facilitate planning for commercial logistic support solutions, but with the caveat that common funding must be available.

A CONTRACT INTEGRATOR

44. Contract integrators advise and assist in planning commercial logistic support for NATO missions, and can also provide management oversight of commercial logistic support. Management oversight of commercial logistic support is necessary to overcome problems highlighted by the International Board of Auditors for NATO (IBA) when they reviewed logistic support in the Kosovo Force (KFOR) and ISAF. IBA found that, "frequent rotation of (in-theatre) military staff, the lack of continuity, and limited knowledge of NATO funding rules and procedures pose a significant obstacle to the successful implementation of projects, through Project Submission Requirements Processes," (Reference W). Management oversight is also necessary to ensure that commercial logistic support meets contract specifications.

45. Several nations consider it valuable to involve contractors in the NATO planning process, but security concerns and the vast number of potential contractors makes this impractical.¹³ A more pragmatic approach is to use a contract integrator to represent the interests of the contractors and to advise the logistic and financial staff on commercial logistic support options during the operational planning process.

46. NAMSA is the contract integrator for NATO¹⁴ and normally manages the enduring, strategic contract support requested by SHAPE, leaving the financial community to handle all other contracting requirements for NATO. NAMSA was nominated by SHAPE in 2006 to be the contract integrator for the NRF and other expeditionary operations. In 2007, NAMSA was appointed as NATO's contract integrator for Kandahar Air Field (KAF), and was subsequently chosen to expand this support into KAIA. By midyear 2010, NAMSA will be the contract integrator for the contracts that maintain and operate these Airports of Debarkation (APOD). Almost every aspect of commercial logistic support at these strategic facilities will be overseen by NAMSA in 2010.

47. The value of NAMSA as a contact integrator was acknowledged by the Director of Logistics, US Joint Chiefs of Staff in remarks to the SNLC, where he stated, "NAMSA was a key enabler which served to offset the need for the United States to bring in additional capability, and allowed us to leverage contracted capability in theatre to our best advantage" (Reference H).

¹³ Quadrilateral (Canada, Australia, United Kingdom, and United States) Logistics Forum Meeting Notes, November 2009 (Reference X)

¹⁴ It must be emphasized that NAMSA is not the only contract integrator available to NATO.

48. There are several advantages in general of using a contract integrator—and in particular of using NAMSA—to manage contracts with a large number of contractors. These include:

- A contract integrator can serve as the central point of contact from the command to the myriad of contractors. Commanders and staff at KAIA and KAF use NAMSA personnel as their point of contact for visibility / management of contract support, and technical advice and assistance through regular meetings and video teleconferences.
- A contract integrator can provide greater continuity in theatre, thereby providing better oversight of long-term contract management. In ISAF, members of J4 and J8 contracting officers usually rotate every six months, and the Theatre Head of Contracting (THOC) usually remains for one year. In contrast, the NAMSA personnel had been in country for at least a year and/or had prior rotations in ISAF. NAMSA also employs a personnel rotation model whereby the members of a team for a particular task will rotate in and out of theatre, facilitating continuity of high-level expertise in theatre and at the supporting HQ.
- A contract integrator can provide a better understanding of NATO funding and contracting procedures. This is especially true when NAMSA is used. It was observed that J4 and J8 staff personnel are usually replaced by a person with strong national experience, but limited NATO experience. In contrast, NAMSA personnel had extensive NATO experience and familiarity with NATO procedures.
- NAMSA personnel have NATO security clearances. Vetted NAMSA personnel can access NATO classified networks and communication systems in order to engage in logistic planning at any level, monitor operations, and perform a continuous assessment of support needs in theatre. It is not certain whether other (non-NATO) contract integrators would be able to get such access to NATO systems.

49. It seems that NAMSA's role as NATO's contract integrator is gaining acceptance as NAMSA becomes more visible through their increasing involvement with contract commercial logistic support in NATO Missions. JALLC interviewed NATO logisticians and J8 personnel in various HQs supporting NATO forces in Afghanistan (ISAF) and in Kosovo (KFOR) on different occasions between 2007 and 2009. Opinions gathered over this period are summarized here:

- Opinions expressed in 2007 within NATO about contract integration, and specifically NAMSA, were generally not favourable. Those interviewed did not provide clear evidence to justify their opinions, and their comments were almost entirely focused on the price of the goods or services provided through NAMSA.
- NAMSA was included in the IBA 2008 audits, which take a critical look at the effectiveness of processes and organisations. There were no findings in IBA 2008 audits that were unfavourable to NAMSA as an organization or to its processes.
- During interviews in 2009, views expressed about NAMSA as a contract integrator were favourable. Interviewees in NATO HQ, JFC Brunssum and ISAF were able to cite personal experiences with NAMSA support, spoke of good working relations with NAMSA staff, and valued NAMSA's contributions in Afghanistan. Over 25 key NATO logisticians and staff members (in Europe and Afghanistan) consistently expressed the view that contract integration (from NAMSA) was a key enabler for logistic support to current NATO operations.

- Recent stakeholder meetings in KAF and KAIA provide evidence of positive interaction and coordination with NAMSA as a contract integrator. At these meetings, stakeholders generally see NAMSA as part of the solution towards optimizing commercial logistic support.

50. Logistics is a national responsibility and therefore nations remain free to choose whether they wish to use NAMSA as a contract integrator, but as more nations take a favourable view of NAMSA as a contract integrator it is likely that more nations will choose to use NAMSA in this role. This would be generally beneficial to NATO by promoting unity of effort, unity of command and unity of purpose on NATO operations.

51. JALLC concludes that NATO would benefit from the use of a contract integrator to represent commercial logistic support options in the planning process. NAMSA has demonstrated operational experience in supporting NATO planners and provides management oversight in the theatre for a multinational logistic programme.

ENHANCING COLLECTIVE RESPONSIBILITY

52. The use of logistic enablers in the form of pre-mission arrangements and contract integration, combined with introduction of a risk management programme, can go some way to enhancing fulfilment of collective responsibility. Furthermore, if NATO is involved in the contracting process, the commercial logistic support solutions which result can provide the NATO commander visibility over the logistic support that the contract provides. A contract integrator (such as NAMSA) can here advise and assist in planning, addressing these variables and coordinating NATO's, TCNs', and commercial contractors' contributions towards achieving unity of purpose.

53. JALLC believes that, as a multinational logistic option, NATO contract commercial logistic support can facilitate meeting collective responsibilities during the NATO planning process, while single nation initiatives may not achieve the same benefit. This hypothesis can be tested using the *NATO versus National Approach to Contracting* decision matrix provided in Annex D, which weighs considerations based on the Principles of NATO Logistics and NATO doctrine against a national or a NATO applied commercial solution. This decision matrix is a rudimentary model for illustration purposes and cannot take into account the different weighting of the factors it considers or the overall desirability of national versus NATO-arranged commercial solutions for specific contracts, but it does appear that NATO-arranged commercial logistic support can provide advantages in achieving collective responsibility for multinational logistic support that cannot be realized with individual national arrangements.

54. This is illustrated conceptually in Figure 2. The pre-mission arrangements described earlier in this chapter, on the left side of Figure 2, offer an early opportunity for TCNs and NATO to overcome difficulties with collective responsibility. By discussing these arrangements, Nations and NATO can cooperatively plan how to deliver all aspects of logistics support, taking into account one another's requirements and constraints, before a specific mission is identified. Contract integration by NATO provides a central focus for these discussions and can facilitate achievement of unity of effort and unity of purpose. This would give the eventual NATO commander of any mission for which the pre-arrangements are activated greater oversight and control of logistics support, and help all actors meet their collective responsibility for logistics.

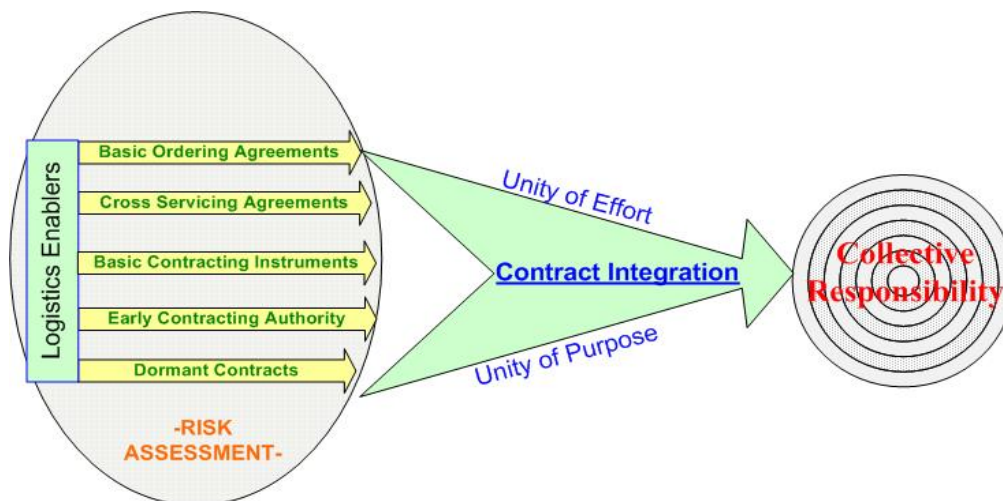


Figure 2: A Conceptual Illustration of how Logistics Enablers can facilitate collective responsibility

CONCLUSION

55. Commercial logistic support arrangements take time to establish, but pre-mission arrangements (by NATO and nations) such as BOAs, Cross Servicing Agreements and BCIs will improve the response time for multinational logistic support. In addition to these measures, NATO may choose to approve common funding to implement Early Contracting Authority and Dormant Contracts, which will enable rapid response commercial logistic support for NATO's most critical commercial logistic support needs.

56. A contract integrator can advise and assist during the NATO Planning Process to enhance the effective use of commercial solutions. A NATO contract in the area of operations provides management oversight and improves visibility of NATO commercial logistic support solutions to enhance unity of command.

57. Commercial logistic support is used to support the NRF. The use of NAMSAs to set up pre-mission commercial logistic support arrangements for the NRF and act as its contract integrator should enhance its logistic readiness. This set up may be a model for NATO logistic planners to use under other circumstances when commercial logistic support is required by NATO.

58. In doctrine, NATO and the Nations have a collective responsibility for logistic support in operations. Logistics enablers in the form of pre-mission arrangements and contract integration can help nations and NATO to achieve unity of purpose and unity of effort and, ultimately, meet their collective responsibility.

RECOMMENDATIONS

59. Early Contracting Authority and Dormant Contracts are options to improve planning and readiness of commercial logistic support solutions which NATO should consider, with the caveat that common funding must be available to in order to implement them. A cost-effectiveness study should be conducted to examine this issue further.

60. SHAPE should use a contract integrator to advise and assist in the planning and management of commercial logistic support solutions, and coordinate with the myriad of commercial logistic support providers for all NATO missions.

4

Observations/Lessons from NATO's use of Commercial Logistic Support

OVERVIEW

61. Previous chapters of this report concentrated on the factors relating to NATO's consideration and planning for the use of commercial logistic support solutions. In this chapter, the focus shifts to address the lessons identified which could enhance NATO management of commercial logistic support solutions in support of operations. These lessons are limited to observations collected during the JALLC team's ISAF deployment in November 2009. These lessons must be supplemented by the lessons identified by NATO forces engaged in direct support to the ISAF mission, and should not replace any lessons provided by NATO personnel with direct, more current evidence.

DOCUMENTING LESSONS

62. During interviews with JALLC team, individuals from various NATO HQs and NAMSA referred to their organizations' Lessons Learned about commercial logistic support. However, when asked to provide documentation or notes about lessons learned, none were provided to JALLC for review, or could be found in NATO's LLD¹⁵.

63. NATO organizations are adapting logistic processes and management practices. For example, there was a problem with reliability of deliveries. The contractors and HQ ISAF realized that they had no way of knowing where their vehicles were and when to expect delivery. Now, the NATO Movement and Transportation cell in the IJC is tracking vehicles and convoy movements to forecast when a delivery will arrive, and identify any unexpected delays.

64. Although a valuable lesson was learned, the study team was not able to find documentary evidence of the above example. Such documentation could be used in developing requirements for commercial logistic support vehicle fleets. In addition, other examples of logistics lessons learned were quoted without any documentary evidence, and there are no entries in the NATO LLD¹⁵ about contract logistics in NATO operations. The team also found evidence of lessons for cost avoidance that had not been documented. This failure to document logistics lessons means that although NATO is continuously improving its logistic processes and management practices, it is missing opportunities to preserve the knowledge gained from experience in order to realize long-term, systemic improvements in its logistic capability.

65. It is possible that documented logistics lessons exist, but no one in the extensive list of logistics personnel that the JALLC team spoke to could produce documents of such lessons. Therefore, it is likely that little or no logistics lessons documentation exists which can be readily shared. This was a conclusion of the IBA *Annual Activities Report 2008*, published 30 April 2009 (Reference W), which reported that KFOR and ISAF staff were unaware of the extent of lessons learned documentation available and that documentation of lessons specifically related to logistics is limited. The IBA report went on to say that frequent staff rotations meant that institutional knowledge about previous challenges and solutions were not being kept. The report recommended that

¹⁵ There were no related entries found when NATO LLD¹⁵ was examined (30 April 2010).

in order to improve this situation, NATO should train KFOR and ISAF staff on the existence and use of the NATO LLDdb.

66. The Bi-SC Directive 80-6 (Reference T) is designed to ensure that lessons from the NATO command structure and NATO-led operations are documented and shared as part of a formalized Lessons Learned process within every command. Central to the process in Bi-SC Directive 80-6 is the role of the NATO LLDdb as a common tool to manage lessons with applicability beyond the originating HQ. During data collection in ISAF, there was little evidence to suggest that Bi-SC Directive 80-6 was being applied in the IJC; there were no lessons learned personnel, no lessons learned cell in the IJC, and no lessons directly from the IJC are in the NATO LLDdb. IJC-level lessons were not being collected, documented, and shared.

67. At some locations bandwidth and network limitations have added to the difficulty in getting lessons into the LLDdb. In an effort to overcome some of these problems, for the past year, JALLC has invited organizations to submit lessons using the Observation-Discussion-Conclusion-Recommendation format via email.

CONTRACT MANAGEMENT IN THE AREA OF OPERATIONS

68. NAMSA is NATO’s contract integrator at KAF and KAIA. According to interviews, the chains of command at KAF and KAIA use the NAMSA Team Leader / Representative to provide contract management oversight and problem solving skills in order to ensure that products and services are delivered for Real Life Support and APOD operations. NAMSA representatives in theatre interact with the command group at KAIA and KAF through logistics channels (DCOS CJ4/ J4 / A4), and via regular video teleconferences which can include HQ ISAF, SHAPE, and NAMSA HQ. Table 5 gives a sample of contract real life support options in use at KAF and KAIA.

Table 5: Real Life Logistic Support Functions

Contract Real Life Support Options in Use	
Class I / catering / bottled water	Runway Lighting (Electrician Support)
Cleaning / Trash Removal	Runway Repair
Laundry Service	Construction / Infrastructure
Airfield Operations /Airfield Services	Building Maintenance
Airfield Vehicle Maintenance / Repair Parts	Utilities/ Power Generation/ Water & Sewage
Miscellaneous Installation Service & Support	

69. NAMSA personnel in theatre act as programme and project managers. NAMSA places representatives in the AOO to harmonize contracts and optimize commercial logistic support. NAMSA (and its representatives in theatre) manage NATO arranged contracts that are not otherwise managed by the J8 community or the THOC.

70. NAMSA representatives in the AOO directly support the NATO chain of command, and promote savings by applying their contract knowledge. A partial list of activities facilitated by NAMSA representatives in the AOO follows:

- a. The NAMSA representative at KAIA saved time and avoided unnecessary expenditure of NATO funds by applying direct knowledge of the several supporting contract statements of work to use an existing contract to build an earth berm between a boundary roadway and the airport runway, instead of adding another contractor as had been expected. Estimated cost avoidance/savings were 270 000 Euros, plus weeks of time saved.

b. NAMSA representatives also facilitated a grooved runway / runway repair at KAIA by collaborating with KAF to share contracted support and equipment. Estimated cost avoidance was approximately 500 000 Euros with months of delay prevented.

c. The Government of the Islamic Republic of Afghanistan (GIROA) owns and operates KAIA. However, when the KAIA runway lighting system required repair to maintain operations, GIROA lacked the expertise to get the lighting fixed in a timely fashion. A NAMSA representative facilitated the use of NATO contract support to keep the airport operating.

71. The JALLC did observe one shortcoming in the use of a contract integrator in ISAF. There appears to be little or no connection between NAMSA's contracting effort in ISAF and the THOC in ISAF. This observation was supported by interviews with key staff members in Afghanistan and illustrated by HQ ISAF organizational charts (2009–2010). The contract integrator works more closely with logisticians (J4) than with the financial controllers (J8) or THOC. The length of THOC and NAMSA personnel's tours in theatre provides stability, but limited interaction between these two offices may reduce efficiency or effective oversight of some contracts. During interviews, both workload and available manpower were described as constraints that limit interaction between these organizations in theatre.

72. A potential problem from having multiple contract managers in theatre is illustrated by the following example. The price of gravel in Afghanistan increased to over 10 to 20 times the original price. The HQ ISAF CJ4 proposed that the gravel price increases were due to demand from ISAF contributors bidding against each other and referred to this phenomenon as *contract fratricide*. This issue is representative of local (ad hoc) contracting rather than a more consolidated effort by NATO and Nations. It is mentioned in this paper because it was raised during interviews as a topic at SHAPE, JFC Brunssum and ISAF HQ.

73. NATO and Nations would benefit from a coordinated approach to contracting and acquisition in a fragile Host Nation economy with scarce resources and could thereby avoid contract fratricide. This might lead to more stable prices for goods and services than can be achieved by multiple uncoordinated TCN bidders. A coordinated approach to in-theatre contracting could be facilitated by a contracting cell led by the THOC and consisting of J4, J8, and the NATO contract integrator. This contracting cell could serve as a focal point to coordinate the negotiation of prices.

CENSUS DATA OF PERSONNEL ENGAGED IN NATO COMMERCIAL LOGISTIC SUPPORT IN OPERATIONS

74. HQ ISAF lacks comprehensive data about how many contracts and how many contractors are supporting NATO in Afghanistan, and currently there is no NATO-wide system in use to gather this data.

75. According to Brigadier General Stephen Lyons, HQ ISAF CJ4, "Over 95% of ISAF Logistic Support is provided via contractors. The number of contractors supporting NATO is estimated around 200 000; but no one really knows!" (Reference A). Major General De Vos, HQ ISAF DCOS-Resource Management, expressed the same concern regarding this lack of visibility in his remarks at a SHAPE Logistic Operations Conference (Reference Y).

76. The use of contracts and contractors in Afghanistan represents a significant financial investment by NATO and TCNs. This has an economic impact on the host nation, but this impact is difficult to define.

77. NATO's lack of awareness of who it has under contract is exacerbating friction between NATO and GIROA regarding the Military Technical Agreement in Afghanistan.

NATO contract personnel should be covered by the Military Technical Agreement but GIRoA has been requiring some NATO contract personnel to pay taxes and fees for which they should be exempt. NATO is not able to provide GIRoA with accurate information regarding which contract personnel are covered by the agreement.

78. Identification of Afghan personnel paid by NATO contracts could be one of the measures of effectiveness of this initiative. However, comprehensive data is not currently available to determine an accurate number of Afghans employed. A national study presented to the United States Congress (Reference Z) reports that as of March 2009, there were approximately 68 000 contractors working for the United States Government in Afghanistan, 9378 were US citizens, 7043 were third country nationals, and 51 776 were local nationals. Local nationals made up more than 75% of contract personnel in Afghanistan employed by the United States. Although this reflects US (national) data, it is evidence that such data collection is possible, and it provides a metric for the United States' Afghan First Program.

79. The Synchronized Pre-Deployment and Operational Tracker (SPOT) is a US Department of Defense system used to record, track and account for all contractors in theatre¹⁶. This facilitates transparency of contractor support. The United States has offered to provide this system to the United Kingdom. This system is an example of technology which could serve as a basis for a similar NATO-wide system.

TRANSPARENCY OF NATO COMMERCIAL LOGISTIC SUPPORT IN OPERATIONS

80. There are numerous reports in the media about allegations of corruption within Afghanistan and these allegations include all levels of Government in Afghanistan. NATO leadership is sensitive to these allegations because they undermine the legitimacy of the GIRoA and perceptions about NATO. Transparency of contract processes is considered essential in NATO to prevent the misuse of resources and to avoid any perception of corruption.

81. Interviews with NATO/ ISAF staff provided the following comments about accounting and oversight:

- a. During a discussion with ISAF staff, officers were confident that they had oversight of the large scale contracts. However, a concern was expressed that some sub-contractors in Afghanistan may be operating without sufficient NATO oversight to prevent the misuse of resources. No specific evidence could be provided, but this concern indicates a potential lack of visibility or oversight of sub-contractors.
- b. HQ ISAF DCOS Resource Management highlighted the need for contract oversight and accountability by stating that NATO could lose international credibility if any contracting process unintentionally funds corruption in government or insurgent organizations.

82. IBA expertise could be helpful to examine specific concerns about NATO arranged logistic contracts in ISAF.

¹⁶ Business Transformation Agency – Defense Business Systems Acquisition Executive Portfolio; Synchronized Pre-deployment and Operational Tracker (SPOT); http://www.bta.mil/products/dbase_programmes.html; Last access 30 April 2010.

NETWORK SUPPORT FOR COMMERCIAL LOGISTIC SUPPORT SOLUTIONS

83. As observed in ISAF, information exchange and management is complicated by the number of security protocols and systems required. This complexity is represented by the array of six network systems required to support one movement officer in ISAF HQ. Only one network system (NATO Unclassified) was identified as necessary for visibility of the majority of commercial logistic support for Class I/ Food and Class III/ Fuel to ISAF Forces.

84. The NATO Unclassified system is mainly used to maintain contacts with contractors (like Supreme Food Service AG and NCS Logistics). It is also used to provide information about their convoys. For example, Supreme Food Service uses an internet page (accessible with login and password) to access a *Google Earth* based tool that provides information about their convoys' composition and the material (Class I / III) they transport.¹⁷ The NATO Unclassified system serves as a common network connection for contract logistics communication and their tracking systems.

85. The connection of the NATO Unclassified network to NATO logistic planning programmes enhance participation in the use of NATO logistic planning tools, enable greater participation of non-NATO nations, and would enable greater participation by commercial logistic support providers in the NATO planning process. Encryption must ensure that security is maintained.

86. JALLC recommends that NC3A should develop means to connect NATO Unclassified to NATO logistics planning tools to enable greater participation of commercial logistic support providers and other relevant actors supporting and supported by the NATO mission.

CONCLUSION

87. NATO Logistics Lessons are being implemented, but not documented. Documentation of lessons enhances the transparency of operations for NATO members, and Lessons Learned are essential to improve the planning and management of commercial logistic support solutions in the long-term. Within KFOR and ISAF, it appears that staff lack the training needed to use the NATO LLDdb to share and access logistics lessons. In ISAF, a lack of focus on Bi-SC Directive 80-6 Lessons Learned is hindering the collection, documentation and sharing all types of Lessons Learned. Connectivity issues with the NATO LLDdb contribute to the lack of lessons available in that system.

88. Management oversight of contract support is improved by the situation awareness achieved by functional experts in theatre, who are sensitive to the risk and opportunities available. Several of the cost saving accomplishments seen in ISAF would not have been possible without the situation awareness, technical knowledge, and in-theatre (onsite) programme management of NAMSA personnel in the field. Therefore, maintaining contract management expertise in the AOO is essential.

89. Management oversight and acquisition is complicated by NATO and national contract managers in theatre not coordinating their efforts. NAMSA and the THOC both manage contracts in theatre for NATO but due to workload and manpower constraints lack interaction or visibility. TCNs and NATO not coordinating their contracting can result in contract fratricide. A coordinated approach to contracting and acquisition by NATO and the TCNs in the host nation economy is needed.

¹⁷ HQ ISAF Chief CJ4, Briefing on Movement Visibility (Reference AA).

90. NATO makes extensive use of contracts and contractors in Afghanistan, but the lack of detailed information about these contracts and contractors makes it difficult to ensure transparency of the funds expended, avoid any perception of corruption, accurately assess the NATO impact on the host nation economy or plan future NATO contracting requirements. The US SPOT system may be adapted for use by NATO to this end.

91. NATO is sensitive to the need for oversight of NATO resources. External audits on the use of NATO resources can improve transparency.

92. The NATO Unclassified network is the primary network needed for visibility of commercial logistics support, but it does not currently connect with NATO logistics planning tools. This connection is needed for commercial logistics support providers and other relevant actors to participate more in planning and management of logistics.

RECOMMENDATIONS

93. SHAPE, HQ ISAF, NAMSA and other NATO entities, as appropriate, should re-examine internal processes to ensure collection, documentation, and sharing of lessons learned in accordance with Bi-SC Directive 80-6. Specifically:

a. All staff should use the Observation-Discussion-Conclusion-Recommendation format to document lessons within the associated HQ and submit them to Lessons Learned personnel for review by the chain of command.

b. After review by the chain of command, relevant lessons should be entered into the NATO LLDdb directly or may be submitted to JALLC permanent Representative in ISAF at ISAF_HQ_JALLC_NS@hq.isaf.nato.int. If there are problems using the LLDdb, lessons in an Observation-Discussion-Conclusion-Recommendation format may be emailed to jallclldbpc@jallc.nato.int.

94. HQ SACT should implement IBA's report recommendation to train KFOR and ISAF staff on the existence and use of the NATO LLDdb.

95. NAMSA should continue to provide personnel for contract management in the theatre of operation for the oversight of NAMSA arranged commercial logistic support. NAMSA should evaluate where additional expertise is needed to cover all aspects of legal, engineering and financial contract management support in-theatre to prevent gaps in its oversight of commercial logistic support solutions.

96. SHAPE should define the relationship between NAMSA and the THOC in ISAF and examine manning allocations to assure visibility and ensure management oversight of all NATO contracts.

97. NATO forces should use a unified approach to contracting and acquisition in a Host Nation. This approach should be coordinated with THOC, J8, J4 and NAMSA.

98. SHAPE should develop a census report of contractors, similar to the quarterly report used by US Central Command, to identify the contract personnel who support logistics in the host nation in order to ensure accountability for contract personnel in theatre. In order to accomplish this census, SHAPE could adapt the US SPOT system. SHAPE should encourage nations to participate in this effort to ensure visibility of all contract personnel in theatre.

99. The programme of work for IBA should be expanded to include emerging areas of concern about NATO-arranged (contract) logistics support in ISAF to improve transparency of this use of NATO common funding.

100. NC3A should develop means to connect the NATO Unclassified network to NATO logistics planning tools to enable greater participation of commercial logistic

support providers and other relevant actors supporting and supported by the NATO mission.

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Annex A

Glossary of Acronyms

AAP	Allied Administrative Publication
AJP	Allied Joint Publication
AO	Analysis Objective
AOO	Area of Operations
APOD	Airport of Debarkation
BCI	Basic Contract Instrument
Bi-SC	Of the Strategic Commands
BOA	Basic Ordering Agreements
COIN	Counter-Insurgency
DCOS	Deputy Chief of Staff
FOC	Full Operational Capability
GIRoA	Government of the Islamic Republic of Afghanistan
IBA	International Board of Auditors for NATO
IJC	ISAF Joint Command
ISAF	International Security Assistance Force
JALLC	Joint Analysis and Lessons Learned Centre
JFC	Joint Force Command
KAF	Kandahar Air Field
KAIA	Kabul International Airport
KFOR	Kosovo Force
LLDb	Lessons Learned Database
MC	Military Committee
NAMSA	NATO Maintenance and Supply Agency
NC3A	NATO Consultation, Command and Control Agency
NRF	NATO Response Force
SACT	Supreme Allied Commander Transformation
SNLC	Senior NATO Logisticians' Conference
SPOT	Synchronized Pre-Deployment and Operational Tracker
TCN	Troop Contributing Nations
THOC	Theatre Head of Contracting
TPLSS	Third Party Logistic Support Services

Annex B

Lessons Learned Database Entries

The following Lessons will be entered into the NATO LLDdb managed by JALLC. These are the lessons JALLC considers relevant and in accordance with the Bi-SC Lessons Learned Directive. These do not represent the only important findings of this report, and therefore readers are encouraged to read the main body of this report in its entirety to ensure all findings are fully taken into consideration.

LLLDdb Item # 1070

Documentation of Lessons identified from NATO's Use of Contract Commercial Logistic Support

Observation

During interviews with JALLC, individuals from various NATO HQs and NAMSA referred to their organization's lessons learned from the use of commercial logistic support. However, when asked to provide documentation or notes about lessons learned, none could be provided to JALLC for review, or found in NATO's LLDdb as required by Bi-SC Directive 80-6.

Discussion

It is possible that logistics LL documentation exists, but no one (in the extensive list of logistics personnel) that the study team spoke to could produce documents of such lessons. Therefore, it is likely that little or no logistics LL documentation exists and what does exist is not being shared. This was a conclusion of the International Board of Auditors for NATO (IBA) Annual Report 2008, published 30 April 2009 which reported that KFOR and ISAF staff were unaware of the extent of lessons learned documentation available and that documentation (of lessons) specifically related to logistics is limited. The IBA report went on to say that frequent staff rotations meant that institutional knowledge about previous challenges and solutions were not being kept. The report recommended that to improve this situation, NATO should train KFOR/ISAF staff on the existence and use of the NATO LLDdb.

The NATO LLDdb is not considered user friendly in its current configuration and is being re-examined. At some locations bandwidth and network limitations added to difficulty getting lessons into the LLDdb. In an effort to overcome some of these problems, for the past year, JALLC has invited organizations to submit lessons using the Observation-Discussion-Conclusion-Recommendation format via email.

Conclusion

NATO Logistics Lessons are being implemented, but not documented and shared in accordance with Bi-SC 80-6. Within KFOR and ISAF, it appears that staff lack the training needed to use the NATO LLDdb to share and access documented logistics lessons. Technical issues with the NATO LLDdb contribute to a lack of lessons available in that system.

Recommendation

ISAF HQ and ISAF Joint Command and KFOR HQ should re-examine internal processes to ensure collection, documentation and sharing of lessons learned in accordance with Bi-SC Directive 80-6. Specifically:

- All staff should use the Observation-Discussion-Conclusion-Recommendation format to document lessons within the associated HQ and submit them to LL personnel for review by the chain of command.

- After chain of command review, lessons should be entered into the NATO LLDdb directly, or may be submitted to JALLC LNO presence in ISAF at ISAF_HQ_JALLC_NS@hq.isaf.nato.int. If there are problems using the LLDdb, the lessons identified should be arranged in (Observation, Discussion, Recommendation and Conclusion) format found in Bi-SC Directive 80-6 and emailed to jallclldbpc@jallc.nato.int for processing.

NATO should implement IBA's report recommendation to train KFOR and ISAF staff on the existence and use of the NATO Lessons Learned Database.

LLLDdb Item # 1071

Contract Management Oversight in Area of Operations

Observation

At KAIA and KAF, the chain of command use the NAMSA Team Leader / Representative to provide contract management oversight and problem solving skills to ensure products and services are delivered for Real Life Support and APOD operations.

Discussion

NAMSA representatives engage with the command group at KAIA and KAF through logistics channels (DCOS/J4/A4) and via regular VTC. These VTCs could include HQ ISAF, SHAPE, and NAMSA HQ.

NAMSA deploys representatives into the AOO to manage contract commercial logistic support. NAMSA personnel in the AOO act as Programme /Project Managers. NAMSA provides oversight for some NATO contracts, and other contracts are under J8/ or THOC management.

Contract oversight and management requires contract knowledge. Specific issues for legal aspects of contracts, engineering issues, and financial issues usually require additional augmentation or Reach Back support.

As examples of contract oversight and management, the NAMSA representative at KAIA saved time and avoided unnecessary expenditures of NATO funds by applying his knowledge about several supporting contract Statements of Work. The task- to build an earth berm /barrier between a boundary roadway and the airport runway, ultimately used an existing contract for the task to enhance security instead of buying services and contracting other support. Estimated cost avoidance/savings 270K in Euros, plus weeks saved.

NAMSA representatives also facilitated a grooved runway / runway repair at KAIA by collaborating with KAF to share contracted support and equipment. Estimated cost avoidance was approximately 500K Euros and months of delay were prevented.

The GIRoA owns and operates Kabul International Airport. However, when the KAIA runway lighting system required repair to maintain operations, GIRoA lacked the expertise to get the lighting fixed in a timely fashion, a NAMSA representative facilitated the use of NATO contract support to keep the airport operating.

Conclusion

Management oversight of contract commercial logistic support is provided by the situation awareness of functional experts in theatre who are sensitive to the risks and opportunities available. Several of the cost saving accomplishments seen in ISAF would not have been possible without the situation awareness, technical knowledge and in-theatre (on site) programme management of NAMSA personnel in the field. Therefore, maintaining contract management expertise in the AOO is essential to provide this oversight.

Legal aspects of contracts, engineering issues, and financial issues require specialized expertise which may be provided by augmentation or reachback support. Additional specialists in theatre would be helpful to expand the scope of oversight which could be provided to commercial logistic support solutions.

Recommendation

NAMSA should continue to provide personnel for contract management directly into theatre. NAMSA and NATO should evaluate where additional expertise is needed to cover all aspects of legal, engineering and financial contract management support in-theatre to prevent gaps in its oversight of commercial logistic support solutions.

LLLDb Item # 1072

Census Data of Personnel engaged in NATO's Use of Commercial Logistic Support in Operations

Observation

NATO lacks detailed information about contractor personnel engaged in supporting NATO operations in Afghanistan, and currently there is no NATO-wide system in use to gather this data. Visibility and oversight of contracting has been highlighted as a requirement by HQ ISAF Staff.

Discussion

There is extensive use of contracts and contractors to support the ISAF operation from Nations and NATO channels. Some nations have their own systems that can provide detailed accountability of contract personnel or census data. The following is an example:

- According to the HQ ISAF data, "Over 95% of ISAF Logistic Support is provided via contractors. The number of contractors supporting NATO is estimated around 200,000; but no one really knows!" according to BG Stephen Lyons, HQ ISAF. MG De Vos, HQ ISAF DCOS RM expressed the same concern about this lack of visibility in his remarks at a SHAPE Logistics Operations Conference
- A report presented to the United States Congress states that as of March 2009 of the approximately 68,000 contractors in Afghanistan, 9378 are US citizens, 7043 are third country nationals and 51,776 are local nationals. Local nationals make up more than 75% of contract personnel in Afghanistan employed by the US. Although this reflects US data, it is evidence that such data collection is possible, and it provides a metric for the U.S. Afghan First Programme.

The inability to account for all contract commercial logistic support personnel supporting ISAF is an issue with contributes to the friction between NATO and the

Government of the Islamic Republic of Afghanistan (GIROA) over the Military Technical Agreement (2004).

The US uses a programme called The Synchronized Pre-Deployment and Operational Tracker (SPOT) as a US DoD system to record, track and account for all contractors supporting US Central Command. This facilitates visibility of contract logistic support personnel, and is an example of an approach and technology which could serve as a basis for a NATO-wide system.

US Central Command currently provides valuable metrics, including the number of host nation personnel (local nationals) used to support operations in Afghanistan.

Conclusion

NATO makes extensive use of contracts and contractors in Afghanistan, but lack of detailed information about contracts and contractors in Afghanistan makes it difficult to accurately assess NATO impact on host nation economy or plan future NATO contracting requirements.

The identification of all contract commercial logistic support personnel in ISAF could help to mitigate some of the friction between NATO and the Government of the Islamic Republic of Afghanistan over the Military Technical Agreement.

The US has a system (called SPOT) which maintains an inventory of contractors supporting US Central Command. The lessons learned by the US from using this systematic approach may be useful to NATO.

Recommendation

SHAPE should develop a system similar to SPOT to identify and account for the contract commercial support personnel in Theatre.

LLLD Item # 1073

Transparency of NATO Common Funding for Commercial Logistic Support in Operations

Observation

Transparency of contract processes is often cited in briefings as an essential element to prevent misuse of resources. However, there is little or no mention of a systematic internal and external audit programme to improve visibility or transparency.

Discussion

The use of external agencies to audit corporate enterprises is a standard business practice to validate and refine internal accounting controls and processes. The NATO International Board of Auditors (IBA) conducted a pilot assessment of NAMSA in 2008, and it appears more work is to be done with NAMSA. A 2009 IBA report was pending publication as this report was being prepared. IBA expertise could be also helpful to examine specific concerns about contract logistics in ISAF.

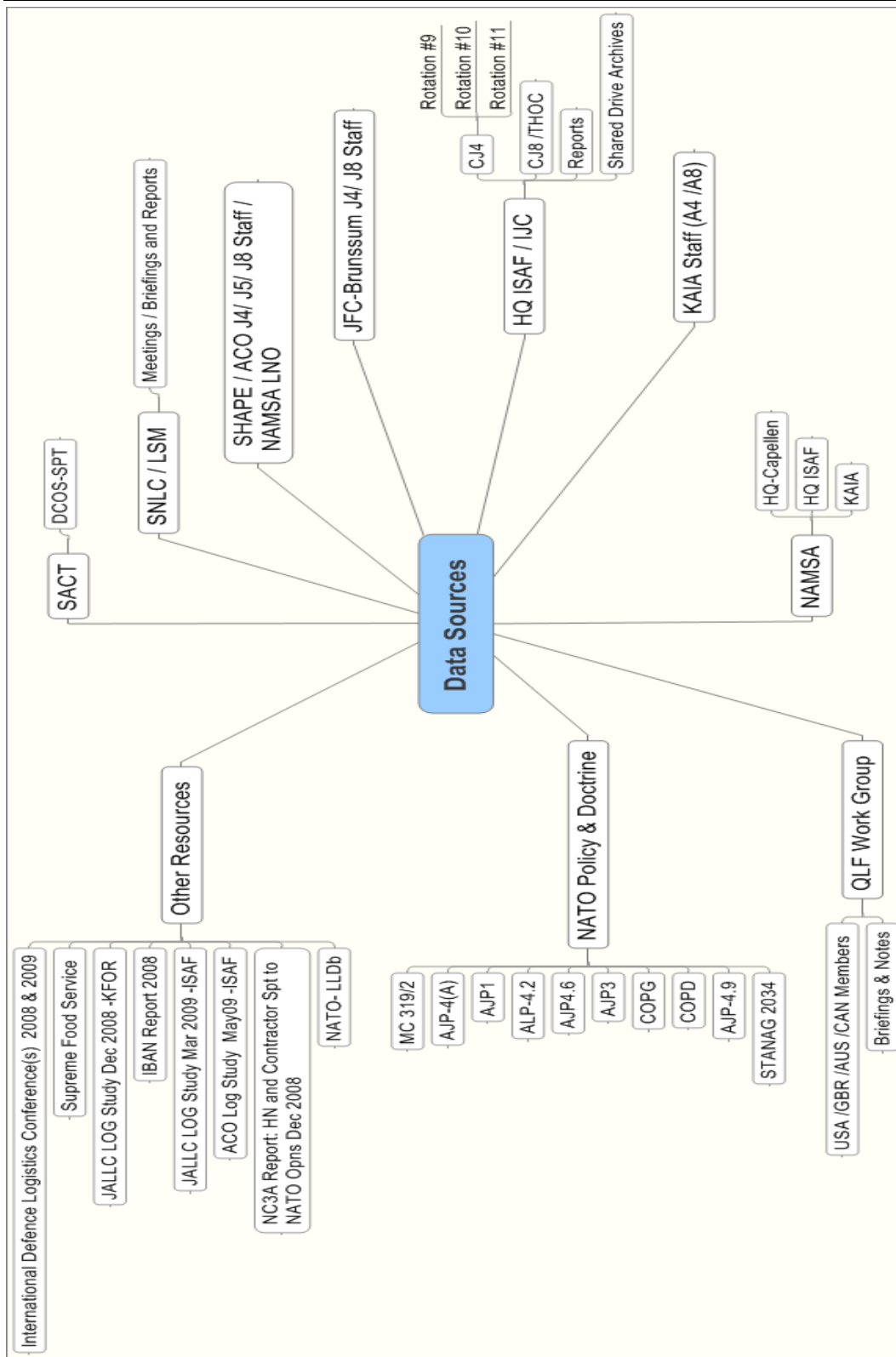
Conclusion

NATO is sensitive to the need for oversight of NATO resources. External audits about the use of NATO resources can improve transparency. IBA is a NATO agency with the expertise to conduct of audit of ISAF resources.

Recommendation

NATO should make greater use of the International Board of Auditors for NATO (IBA), and identify specific areas of interest to include in the IBA Programme of Work to enhance transparency, and obtain further recommendations to improve NATO arranged commercial logistic support solutions

Annex C Sources of Material used in this Project



Annex D

Decision Matrix for National versus NATO Approach to Contracting

An example of decision matrix to consider benefits of single Troop Contributing Nation (TCN) versus NATO Contracting.

NOTIONAL DECISION MATRIX APPROACH TO PLANNING OPTIONS: National Approach vs NATO Log Contract Options in Planning						
NATO Principles and Policy*	Military Principles IAW AJP-1**		Log Principle*	TCN	NATO	Comments
	NATO Unity of Command	NATO Unity of Effort/Purpose	Collective Responsibility	Contract Score	Contract Score	
Primacy of Operational Rqmnts						
TCN/National Contract Initiatives	no=0	no=0	yes=1	1		
NATO Contracting Initiative	yes=1	yes=1	yes=1	.	3	
Responsibility (to NATO Commander)						
TCN/National Contract Initiatives	no=0	no=0	yes=1	1	.	
NATO Contracting Initiative	yes=1	yes=1	yes=1	.	3	
Authority						
TCN/National Contract Initiatives	no=0	no=0	yes=1	1		
NATO Contracting Initiative	yes=1	yes=1	yes=1		3	
Cooperation						
TCN/National Contract Initiatives	no=0	no=0	yes=1	1		
NATO Contracting Initiative	yes=1	yes=1	yes=1		3	
Assurance & Quality						
TCN/National Contract Initiatives	yes=1	yes=1	yes=1	3		National Standards
NATO Contracting Initiative	yes=1	yes=1	yes=1		3	NATO/EU Standards
Visibility & Transparency						
TCN/National Contract Initiatives	no=0	no=0	yes=1	1		
NATO Contracting Initiative	yes=1	yes=1	yes=1		3	
Interoperability						
TCN/National Contract Initiatives	yes=1	yes=1	yes=1	3		National Standards
NATO Contracting Initiative	yes=1	yes=1	yes=1		3	NATO Standard
Legality						
TCN/National Contract Initiatives	yes=1	yes=1	yes=1	3		National Standards
NATO Contracting Initiative	yes=1	yes=1	yes=1		3	NATO Standard
Integrated to NATO Planning & Force Generation						
TCN/National Contract Initiatives	no=0	no=0	yes=1	1		
NATO Contracting Initiative	yes=1	yes=1	yes=1		3	
				15	27	
				Comparative Totals		
				TCN	NATO	
*MCM 319/2 NATO Principles and Policies for Logistics						
**AJP-1 describes Principles of Allied Joint and Multinational Operations						