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**Transforming NATO HQ:
The Latest Hurrah**

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Key Points

- * The need for NATO Headquarters reform is more acute than in the past.
- * Allies recognized the need for reform in a decision on 15 March 2005 which launched a far-reaching study of “all aspects of the processes that are undertaken in the NATO Headquarters”.
- * In response, the Secretary General presented a comprehensive, detailed set of proposals to Ambassadors designed to simplify business, strengthen accountability and develop a committee process to produce comprehensive advice for the North Atlantic Council.
- * Allies’ reactions were mixed, some considering that the proposals went too far and others that they did not go far enough.
- * As a result, the Secretary General is implementing, on a trail basis, proposals that do not require ministerial approval.
- * Proposals being implemented include use of lead committees to integrate advice for Council and co-location of the International Staff and International Military Staff divisions dealing with partnership issues.
- * While the current reform effort has been watered down, reform efforts continue.
- * Timing and a link to a clear political agenda are important considerations for reform success.

Transforming Nato HQ: The Latest Hurrah

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Why is HQ reform important?

Trying to make NATO HQ work better is not new; there have been many efforts in the past. Some have helped and some have not, and some have been reversed in later reorganizations.

NATO may not be immersed in the worst crisis of its history, as the report of former Prime Minister Aznar's Foundation for Analysis and Social Studies suggested late last year, but the crisis and the need for reform are real.¹ The difficulties and the need for reform are more acute than previously because of:

- Dramatic changes in the security environment;
- NATO's own radical changes in policies, roles, membership, military capabilities and partnerships, that is, the Alliance's continuing "transformation";
- Continuing transatlantic tensions, particularly differing threat perceptions, divergent views on how to respond, and the increasing gap in military capabilities;
- NATO's increasing operational tempo and the number, variety, complexity and geographic spread of NATO-led operations;
- Difficulty reaching decisions and providing the necessary resources to implement decisions once taken. As Lord Robertson noted in 2004, some consider that decision-making is "too slow and cumbersome to deliver on time"²; and
- Resource constraints, unlikely to abate, which make it imperative that NATO HQ operates as efficiently and cost effectively as possible.

Unaddressed, these problems will continue to impede NATO's ability to deliver what allies have agreed they want:

- (1) to support NATO operations;
- (2) to improve capabilities;
- (3) to support activities with partners and
- (4) to build support for NATO and its operations.³

The March 2005 decision

Recognizing the need for change, on 15 March 2005 NATO Ambassadors agreed to a far-reaching study of NATO HQ reform including all aspects of the processes at NATO headquarters designed to:

- (1) Ensure that North Atlantic Council⁴ consultations and decision-making are as efficient as possible;
- (2) Bring greater coherence to budgetary and resource processes; and
- (3) Organize the staff in the best way to support these processes.⁵

Secretary General de Hoop Scheffer appointed Ambassador Jesper Vahr, former Danish Deputy Permanent Representative to NATO, to lead the review and head the Secretary General's Reform Group.

The SG's Reform Proposals

Ambassador Vahr based his work on four key requirements:

- To simplify how business is done at NATO HQ;
- To strengthen accountability, to the Council and to the Secretary General;
- To develop a committee process to produce comprehensive advice to the Council so that it can make decisions based on all the required information;
- To organize the HQ to reflect what allies want NATO to achieve, that is, its core outputs.

Based on these principles, the Secretary General presented a comprehensive set of proposals to Ambassadors, which included radical structural as well as procedural changes.⁶ Based on my understanding of these proposals, which dealt in detail with the whole spectrum of HQ reform issues, they appeared to be logical, coherent, creative and far reaching. The proposals included:

- A major restructuring of NATO HQ based on two categories of NATO HQ outputs: core and enabling outputs. The core outputs, (1) operations, (2) capabilities and (3) consultations and cooperation with partners, would be supported by enabling outputs such as resources, public diplomacy and intelligence. Three "super" policy divisions, supported by enabling divisions, would deliver the core outputs. This would have been a radical departure from the way NATO has been organized to date.
- Improving how the Council functions, including: (1) prioritizing issues on which policy decisions would be needed; and (2) establishing a senior-level body just below the Council to help prepare discussions and assist in monitoring implementation.⁷
- Designating already existing committees to act as a lead committee for identified subject items to present Council with comprehensive recommendations, taking all the relevant information from other committees into account.

- Developing a comprehensive, coherent capabilities focus by grouping together planning disciplines where the greatest synergy could be achieved under a single Assistant Secretary General.
- Harmonising and aligning the military and civil budget processes and integrating them with the resource cycle run by the Senior Resource Board (SRB), and streamlining and amalgamating currently disparate resource-related staff structures to foster integrated, comprehensive action.
- Closer interaction of the IS (International Staff) and IMS (International Military Staff) for greater efficiency, better advice and faster results. This was to be achieved by co-locating civilian and military officers working on the same sets of issues, starting with resources and defence policy and capabilities.

Reactions

Allies did not react with enthusiasm to these proposals. On some issues Allies had mutually exclusive views, with some Allies arguing that the proposals went too far and others that they did not go far enough. In consequence, the Secretary General decided to pursue proposals for procedural reform which did not merit ministers' attention or require their approval and to continue to consider more fundamental conceptual and structural issues. He identified the IS/IMS relationship as a priority for which he would table a pilot project. He subsequently issued a paper in which he outlined a number of pragmatic procedural measures to be tested on a trial basis.

State of Play

A number of procedural measures which are being implemented on a trial basis, some slowly include:

- Identifying lead committees to present comprehensive policy recommendations to Council on selected issues;
- An enhanced role for the Council Coordination Committee to prepare Council meetings;
- Council to engage in guidance discussions before committees begin to draft recommendations;
- Committees to agree only upon recommendations forwarded to Council rather than on entire documents;
- Time-limited taskings;
- A review of committees to ensure that they are relevant to NATO's current priorities and to see which ones in the same functional areas could be merged or dropped;
- A pilot project, after the Riga Summit, to co-locate the IS and IMS Partnership Divisions.

In addition, Allies agreed that the Senior Resource Board will assume a lead policy and planning role on all military resource areas, and there is agreement to look into

identifying a single senior resource staff advisor for the Secretary General and Council, probably the Chairman of the Senior Resource Board.

Finally, the Secretary General mandated the Assistant Secretary General for Executive Management (ASG/EM), Major General (retired) Douglas Dempster, to take the reform process forward. This is a significant departure; special groups have been established to deal with these kinds of issues in the past.

Assessment

What does this all mean? Why did things turn out as they have? Is there another, better way to try to reform NATO HQ?

As usual there is both bad news and good news.

The bad news is that the current reform process has been progressively and substantially watered down. Compared to what nations and the Secretary General (SG) hoped for and what the SG initially proposed and considering the time and effort put into the process, the results are unfortunately meagre. The modest measures agreed or being tested do not constitute far-reaching, radical reform. Some necessary and many good ideas have been lost in the process. Some measures, such as the review of all committees, are even contrary to the initial focus of the Reform Group which was on high-level committees and how they work and interact with the NAC, rather than on the number of committees, which has not led to significant improvements in the past.

Further bad news is that the lack of more extensive reform has diminished, but not extinguished, the impetus for reform for the time being and the credibility of the reformers. It is hard to imagine that further significant reform is likely in the near future.

But there is also good news.

Some positive steps have been taken. Some of the procedural measures being implemented are useful and, in some cases, particularly the use of lead committees, have been working well and appear to be largely accepted.⁸

Concerning structural reforms, any effort at IS-IMS co-location is desirable, and co-locating the Partnership Divisions may lead to further co-location. This process of co-location will not be easy; there is already discussion of how to ensure that co-location is reciprocal, not just IMS officers moving off to the IS. I was also encouraged to learn that the Chairman of the Military Committee has indicated that he will take forward an initiative in the IMS on how to cooperate with the IS. This good idea reflects a recognition of the need to improve IS/IMS relations.

The resource measures are also useful, and there are some expectations that these steps will lead to further improvements. Some have already been taken forward; the resource committees are reviewing their terms of reference and staff level preparations are underway for the establishment of a NATO Office of Resources.

Moreover, all the life has not gone out of the reform effort. The Secretary General remains committed to reform, and useful ideas have been developed which could be resuscitated. At a recent seminar the Secretary General emphasized the need to modernize defence planning procedures, consolidate the capability focus at NATO HQ and improve synergy between the IS and IMS. The 8 June 2006 meeting of

ministers of defense stated that, “We also continue to pursue transformation at NATO Headquarters through the adoption of more efficient and effective ways of working and by continuing to prioritise resources in accordance with Alliance objectives.”⁹

In mid-May, the Assistant Secretary General for Executive Management (ASG/EM) issued a paper on NATO HQ Governance, which may lead to an internal study to document the decision-making process and, perhaps, draft terms of reference for officials and committees. Of greater importance is the possibility that ASG/EM could become an in-house focal point for systematic enhancement of the effectiveness of NATO HQ structures and processes and provide an in-house point of contact for change management.

A final but very important item of good news is that NATO HQ continues to function, not perfectly, not as efficiently as one would wish in a perfect world, but to usually good effect in our imperfect and challenging world.

Why is HQ reform so difficult?

To understand why more extensive reform was not achieved, it is useful to consider why reforming NATO HQ is so difficult. One would think that there would be wide support among Allies for proposals to simplify and clarify, to establish clear lines of responsibility, to provide integrated recommendations to Council, to enhance Council’s focus on strategic issues and to better support the achievement of agreed objectives. While Allies offered rhetorical support, numerous impediments hindered progress.

NATO HQ is a complicated structure, an accretion of years of additions, developments and changes. Its organization is not always logical and is difficult to understand, much less reconfigure. NATO HQ has still not fully adjusted to the radical changes implemented under Lord Robertson in 2003, and staffs are suffering from an acute case of “reform fatigue.” Most see few gains in efficiency or effectiveness from the last reorganization; some see just the opposite, and many suspect that HQ reform is really about cutting staff, which is what some delegations have in mind.

Strong national vested interests, in some cases related to a desire to maintain a national hold on a key position or specific substantive area also impede reform. The organization of national delegations to address the NATO committee structure is another factor which can lead to resistance to change. During the reform process some delegations are inclined to engage in “freewheeling”, that might not necessarily reflect their capital’s approach to the issue.

Proposals for change introduce risk, to which allies are very adverse. The more radical the proposal, the greater likelihood of resistance. It is not just doubt that the alliance has anything to gain but concern, in some cases, that other allies may gain at their expense.

In addition, there are vigorously competing views on what changes would make sense. Some nations want substantial changes; others more modest ones, making it difficult to reconcile these positions. One or two nations do not want to see a more efficient NATO HQ if that means a more political (that is EU-competitive) NATO as opposed to NATO focused on defence activity. And some nations do not want a stronger HQ if this would weaken the Military Command Structure. These differences contribute to resistance to change.

Of paramount importance, the debate about NATO reform is unambiguously political, and the difficulty should not be underestimated. Reform is not always amenable to precise methods of analysis, and in the end, nations retain the ultimate decision on any proposal, however logical it may be or seem.

The Private Office

In an effort to be provocative, I will offer my views on three issues: the Private Office, IS-IMS relations and consensus.

I have chosen the private office as I feel strongly about it, based on my 11-year experience as a member of the international staff, including three as a Deputy Assistant Secretary General. The private office system could be described charitably as “sub-optimal”. Note that I did not say that individual officers are sub-optimal; some are very good.

The private office is neither a full-scale cabinet office nor an office that merely oversees the paper flow, but an awkward amalgam of the two. It insulates the SG from his senior ASGs, diminishes their authority, places substantive responsibility in the hands of relatively junior and sometimes inexperienced officials and slows things down.

There are at least two possible approaches to reform the private office: (1) Increase ASG access to the SG and decrease the private office’s substantive role, so it is focused more on managing the paper flow, or (2) Maintain the substantive role of the private office, but make it function more effectively by increasing the size and seniority of the staff, but without undermining the ASGs’ authority. Based on my experience at NATO, I would opt for the first approach.

The SG’s recent establishment of a HQ Policy Board (HQPB), in which he meets weekly with the ASGs to agree policy guidelines before taking issues to nations, is an important step forward that can be seen as having emerged from the reform process.

IS-IMS Relationship

When I chaired the NATO + Working Group on NATO HQ working methods in 2001, the one area that I was told was “out of bounds” was the Military Committee. Moreover the working group was not able to reach agreement on IS-IMS interaction, the only issue which was not agreed.

From an organizational perspective, having two separate staffs focusing on the same or closely related issues is duplicative, cost ineffective and results in numerous problems. It inhibits and slows necessary staff interaction. The IS and IMS sometimes provide conflicting views and advice, which creates friction that the Private Office or the Secretary General must resolve. The “stove-piping” is inefficient and does not facilitate consideration of all relevant positions.

Recognizing the special status of the Military Committee and that it requires dedicated staff support, on balance it would be desirable to merge at least those elements of the IS and IMS that deal with the same or closely related issues as soon as possible for the following reasons: (1) More effective and rapid, consolidated advice for the Secretary General and NATO committees; (2) Reduced overlap and duplication; (3) Greater synergy between the IS and IMS; (4) Adherence to the

principle of a single chain of command; (5) Some modest savings in personnel and support costs that would contribute to a more cost-effective organization.

Since agreement to merge staff elements is out of the question, an effort should be made to maximize co-location and to use task forces with unambiguous tasking authority for both IS and IMS participants.

In case I have not been provocative enough, one of the arguments used to oppose merging the staffs or even co-locating them is the danger of “contaminating” the IMS with political considerations, which would diminish the ability of the Military Committee to provide “pure” military advice. I’m a great believer in military advice and, it goes without saying, in purity, but I have serious doubts about how much “pure” military advice is working its way up through NATO allies’ national bureaucracies. Since all Chiefs of Defence (CHODs) work in a political environment, in almost every case non-military considerations are carefully factored in.

Consensus

Two points about consensus must be emphasized. Both points are relevant to a major objective of the reform effort – assuring timely decision making.

- Consensus decision-making is essential for alliance cohesion and solidarity and no ally is prepared to give up their right to say no.
- While it is useful to pursue ways to speed up decision-making and far-reaching NATO HQ reform, I strongly believe that the main impediments to making decisions are political differences among allies, not the structures and procedures for decision-making.

Allies can take decisions, even very sensitive and complicated ones, quickly when the pressure of external events is greater than the internal differences among them. Nonetheless, consensus decision-making can frequently be a protracted process requiring extensive and intensive consultations.

Conclusions

It is worth asking whether alternative approaches might work better in the next hurrah, the next push for reform. One key factor is timing. The likelihood for significant change increases when linked to a clear political agenda. For example, the 1999 Strategic Concept had clear implications for the staff and committee structure. Recently, negotiation and agreement by ambassadors to the Comprehensive Political Guidance might have provided a hook for reform, particularly in the capabilities area, but this opportunity was missed. Instead the management mechanism adopted have imposed an additional bureaucratic layer over the current structure.

Considering these difficulties, is NATO reform "from the inside" possible? Some suggest seeking advice from a sophisticated consulting firm, citing the approach used to reform the NATO Command Structure as a successful precedent. But the disastrous experience with outside business experts following Lord Robertson’s effort to improve how the HQ worked argues against following such an approach. NATO, a very complicated organization, is not a business. NATO reform requires an intimate understanding of the organization and of the political parameters within which it operates.

Allies should be able to agree that a more proactive, agile, streamlined, cost effective NATO HQ is in their interests, but reaching agreement is demonstrably difficult. Some argue that a crisis is needed to bring about reform; pessimists might suggest that a disaster is needed.

For my part, I see a both problem and an opportunity. The problem is NATO's culture. Senior management has (though there are exceptions) a largely diplomatic background and comes from an environment where "management" is, if not disdained, left to others, while the senior managers focus on the "real" work of policy development and political discussion. In a controlled or static environment this approach may work, but when change becomes necessary, the organization discovers that it lacks managers with the necessary skills to capture and manage change – because the organization has placed minimal value on developing those skills.

This lack of application of change management skills was one of the reasons why the otherwise compelling case for change put forward by the Secretary General and Ambassador Vahr failed. There can be a role for outside experts here but, as in the example I cited earlier, if there is insufficient skill in-house to act as intelligent interlocutors and implementers, then the initiative is likely to stall. So NATO HQ must give greater priority to efforts to recruit people with change management skills and the proven experience of applying them in a variety of environments.

Then there is the opportunity, which I see as a combination of continuing although modest reform efforts, the passage of time, the pressure of events and eventually the construction of the new HQ building. These factors could encourage significant change in the conduct and culture of business – that final heave into the 21st century – if it is properly planned, properly structured, and properly managed. Can NATO rise to the challenge? I am an American, and so, by nature, an optimist -- and I think it can.

Of course, we must remember first and foremost that no matter how efficient the staff, the delegations or the internal processes, NATO HQ reform will never be worth much if the nations don't share a sense of common purpose and believe that engagement through NATO is in their common interest.

To end on a somewhat lighter note, when NATO again reaches a decisive point in the reform process, as I am confident it will, it's worth remembering what an American philosopher (and New York Yankees' baseball catcher) Yogi Berra said: "If you come to a fork in the road, take it."

Endnotes

¹ Bardaji, Rafael, L., NATO: An Alliance for Freedom, FAES Fundacion para el Analisis y los Estudios Sociales, Madrid, 2005, p. 8.

² George Robertson, "Transforming NATO to Meet the Challenges of the 21st Century", in Daniel S Hamilton (ed), *Transatlantic Transformation: Equipping NATO for the 21st Century*, Washington, DC, Center for Transatlantic Relations, 2004, pp25-36.

³ NATO, NATO Handbook 2005/2006, available on line at <http://www.nato.int/docu/home.htm#Reference>, accessed 8 June 2006, p. 59.

⁴ Hereafter referred to as the Council or NAC.

⁵ Jaap De Hoop Scheffer, remarks at NATO staff meeting on 17 March 2005.

⁶ These proposals were presented at an Away Day which focused on HQ reform on 25 October 2005.

⁷ This senior body was not intended to be a standing committee operating on the basis of consensus – and would not have a “dry run” on Council discussion, but would rather informally lay the groundwork for those discussions to take place. Some delegations saw this as a first step towards weakening the consensus principle.

⁸ The designation of which committee will have the lead on an issue will have significant political ramifications as it will set the tone of the discussion and is a policy decision. For that reason the designation of a lead committee is to be decided by Council on a case-by-case basis.

⁹ NATO, Final communiqué, Meeting of the North Atlantic Council In Defence Ministers session held in Brussels on, 8 June 2006, available online at <http://www.nato.int/docu/pr/2006/p06-064e.htm>, accessed 9 June 2006

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According to the Merriam-Webster on-line dictionary "hurrah" means: excitement, fanfare, cheer, fuss. "The Last Hurrah" was a novel by Edwin O'Connor about politics in Boston, which was made into a film.

Want to Know More ...?

See:

Hans Binnendijk & Richard Kugler, "The Next Phase of Transformation: A New Dual-Track Strategy for NATO," in Hamilton, Daniel S, (ed), *Transatlantic Transformation: Equipping NATO for the 21st Century*, pp37-73

Daniel S. Hamilton (ed), *Transatlantic Transformation: Equipping NATO for the 21st Century*, Washington, DC: Center for Transatlantic Relations, 2004

Karl-Heinz Kamp, "NATO-Summit 2006: The Alliance in Search of Topics," Konrad Adenauer Stiftung, No. 156/2006, Berlin February 2006.

John Kriendler, "NATO Headquarters Transformation: Getting Ahead of the Power Curve," Conflict Studies Research Centre, Special Series, 5/29, June 2005.

<http://www.da.mod.uk/CSRC/documents/Special/05%2829%29-JK.pdf>

Leo Michel, "NATO Decisionmaking: Au Revoir to the Consensus Rule?", *Strategic Forum*, Institute for National Strategic Studies, National Defense University, No 202, August 2003, pp. 1-8.

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