



UNITED STATES PERMANENT REPRESENTATIVE  
ON THE  
NORTH ATLANTIC COUNCIL

21 April 2010

Dear Mr. Secretary General:

I have the honor to forward letters from nine Alliance Defense ministers on the subject of Reform.

I am forwarding a copy of this letter to my colleagues on the NAC and the Chairman of the Military Committee.

Sincerely,

Ivo H. Daalder  
Ambassador

Enclosure:  
As Stated.

His Excellency  
Anders Fogh Rasmussen,  
Secretary General  
of the North Atlantic Treaty Organization,  
Brussels.

more than a mirage. We stand ready to support your efforts with both ideas and political capital.

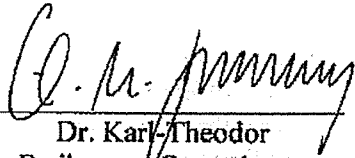
Regards,



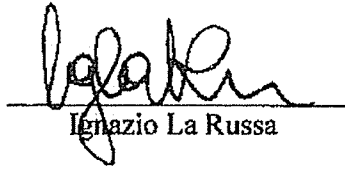
Martin Barták



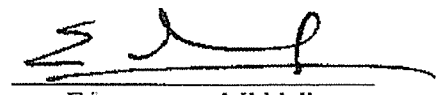
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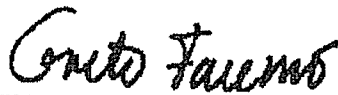
Dr. Karl-Theodor  
Freiherr zu Guttenberg



Ignazio La Russa



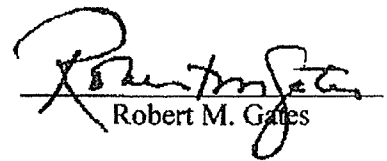
Eijmert van Middelkoop



Grete Faremo



Bob Ainsworth



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Ministry of Defence

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Mr Anders Fogh Rasmussen  
Secretary-General to NATO

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Date 13 April 2010  
Subject NATO Reform

**Our reference**  
BS2010

**By intervention**  
Ambassador Frank Majoor  
The Netherlands Permanent  
Representative to NATO

**Copy to**  
HDAB  
CDS  
DV&C

**Term classification**  
1 year

**Date definition**  
13 April 2010

**Dealt with by**  
J.N. Zijlstra

**No. of pages + appendices**  
4

*Please quote date, our  
reference and subject when  
replying.*

*Dear Anders,*

We have an unprecedented opportunity to achieve substantial and much-needed reform of the North Atlantic Alliance at the Lisbon Summit this November. Our meeting of NATO defence ministers in Istanbul gave a big push to reform efforts already ongoing, emphasizing the high ambitions Ministers have for reform. We must capitalize on this renewed momentum to produce concrete proposals for discussion at our next meeting in June. While this work must be appropriately linked to the new Strategic Concept to be approved in November, we should begin work now on reforms that can be implemented upon approval of the new Concept, if not earlier.

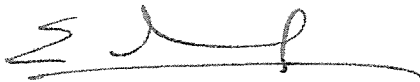
Our goal must be clear—to make the Alliance a more effective and efficient organization for addressing 21st Century threats and challenges. In doing so we should take a strategic approach, pushing for far-reaching organizational and structural changes. It is clear that this reform effort must be led by you; we realize too that all nations must support you by sacrificing their own national interests when necessary for the good of the Alliance to get agreement on sensitive reform measures.

We have attached an annex with several ideas to serve as “food for thought” for your proposals. These include specific suggestions to improve resource management, command structure, NATO Agencies, and NATO Headquarters. While there is a range of views among us on reform, we believe you should consider these ideas as part of a package to bring about the comprehensive reform we need. In addition, we pledge to commit to resource our renewed Alliance with the required manpower and funding.

To be effective, all elements of reform require an implementation plan, firm time lines, and provisions for review, including by Ministers. Some of the more sensitive reforms may require a special process to address political concerns and we welcome your thinking on this topic. We look forward to seeing your overall proposals for the way ahead at our meeting in June.

In closing, the Strategic Concept will undoubtedly chart the way ahead for our Alliance for years to come. However, without real reform, our vision will likely prove to be nothing more than a mirage. We stand ready to support your efforts with both ideas and political capital.

*Minister of Defence*

A handwritten signature in black ink, consisting of a stylized 'E' followed by a series of loops and a long horizontal stroke at the bottom.

E. van Middelkoop

**Bestuursstaf**  
Ministry of Defence

**Date**  
13 April 2010

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## Four Major Initiatives for NATO Reform

Bestuursstaf  
Ministry of Defence

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This annex illustrates the high ambition we have for NATO reform and its comprehensive nature. This list is not exhaustive, details remain to be agreed, and advice from NATO military authorities (including the Military Committee) will be important. We believe NATO reform should include initiatives in the following **four major areas**:

**Resources: As Defense ministers, we have stressed the urgent need to put in place a reformed financial management process.**

NATO resource processes need to be better aligned with Alliance priorities, and include clear procedures for programming, prioritization and budgeting. While our goal must be to fully resource Alliance taskings, we must maximize efficiency and cost effectiveness. Decisions at the Council should be informed by resource implications and there must be better financial awareness at all levels of NATO decision making, including the operational chain of command. Towards this end, the number of resource committees should be reduced to provide more comprehensive advice, and their chairpersons should be members of the International Staff to provide better accountability.

The NATO Office of Resources (NOR) must play a central role in NATO's financial processes, and consideration should be given to expanding its responsibilities to include oversight of all financial matters. National auditing experts, collaborating with the NOR and NATO's International Board of Auditors (IBAN), will play an important role in helping to find the most effective ways for improving financial governance and performance within NATO.

Finally, we would like to see a comprehensive review of how common funding could be redesigned to better underpin Alliance priorities and objectives.

**Command Structure: We should seek an effective, lean and flexible NATO Command Structure (NCS) with responsibilities appropriately allocated between its two strategic commands and able to implement NATO's support for the comprehensive approach.**

The NCS should be affordable, scalable, and able to support deployable operations. We believe the number of headquarters should be reduced substantially. Recommendations for the NCS should be made without reference to geography, and no existing headquarters or its location should be sacrosanct.

While ACT and ACO have yet to provide their recommendation for a new NCS, an approach for consideration could be to consolidate subordinate operational headquarters to no more than two Joint Force Commands, while retaining a single deployable command capability, together with a single Air and a single Maritime Component Command, capable of supporting both Joint Force Commands. We must also find better ways to use the capability of Force Structure Headquarters in Alliance operations. Whatever the final decision on a new command structure, we would propose to set a target of significantly less than 10,000 posts to man it (towards a 7,500 level), with savings being redirected to higher priority Alliance tasks.

Finally, for every headquarters within the NCS, we should seek common and increased host nation support funding criteria for the commands that remain, to ensure that countries benefiting from hosting commands contribute an appropriate part of the cost and reduce the burden on the Alliance as a whole.

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**NATO Agencies: The ongoing review of NATO Agencies should be greatly enhanced and accelerated, especially since these Agencies have oversight over billions of Euros of investment and employ more personnel than the International Staff and International Military Staff combined.**

While ongoing work on maximized use of shared services by Agencies is commendable and should continue to be pursued, this review is not comprehensive enough to recommend the deep reforms we believe are necessary. A new and far reaching effort needs to be undertaken to identify and recommend ways to improve cost effectiveness of Agency work, in addition to modernizing governance arrangements.

For example, we recommend consolidating the existing 14 agencies into a smaller number of organizations, perhaps as few as three centered on the core functions of Acquisition, Logistics and Communications, with a single support structure.

**NATO Headquarters: Our vision should be a modern and efficient top-level headquarters able to provide informed, timely direction and guidance.**

NATO HQ should manage the prioritized employment of resources to best effect. NATO decision making should be improved at every level to enable leaders to proactively address security challenges. This includes more rapid flow of information to the NAC and senior committees, enhanced intelligence support, and provision of comprehensive political guidance to NATO Military Authorities to underpin work tasked to them.

We see a great deal of merit to proceeding immediately with complete co-location of the International Staff (IS) and International Military Staff (IMS) and full integration of administrative support. Co-location can foster a more collaborative relationship between the staffs, and can not only make staffing more efficient and thorough (as well as improve information flow), but can lead to the use of joint committees and papers.

Capability development and transformation remain important, and in the area of defense planning, we should organize the staff (across NCS, NATO HQ and agencies) to more efficiently support the new NATO defense planning process. Together with the ongoing HQ review, we expect such steps to result in significant improvements in HQ management. As a result, we should set concrete and challenging targets to substantially reduce the number of committees, to decrease the number of personnel, and to achieve significant savings.