



HM Government

Navigating NATO Procurement

UK Joint Delegation to NATO
Department for International Trade

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1. FOREWORD

The aim of this guide is to help UK companies interested in accessing NATO-funded business opportunities.

NATO procurement is undertaken by different entities (including NATO Agencies) on behalf of NATO. There is no central organisation responsible for procurement. There are many sources of NATO funding for various types of projects, but most capital investment projects which NATO delivers are funded by the NATO Security & Investment Programme (NSIP). This guide aims to pull together some of the key aspects of NATO procurement procedures in one place, but focuses on the NSIP.

This guide gives an indication of the current position as at the date of writing but the contents are subject to change.



Photo: NATO HQ

2. GETTING STARTED

UK JOINT DELEGATION TO NATO

The UK Joint Delegation to NATO (referenced below as the 'UK Delegation') is located in the NATO HQ building in Brussels. It is a diplomatic mission headed by the UK Permanent Representative (Ambassador) to the North Atlantic Council (NAC), and is staffed by Foreign and Commonwealth Office (FCO) and Ministry of Defence (MoD) staff. It is co-located with the UK Military Representative's office and the two staffs work closely together in integrated teams.

For basic information on doing business with NATO, your first point of call should be the UK Delegation website.

www.gov.uk/world/uk-nato

The website provides general background information on doing business with NATO and links to other relevant sites.

The UK Delegation does not have any responsibility for EU defence procurement matters although the UK Military Representative to NATO is also the UK Military Representative to the European Union. He has a separate staff located at the office of the UK Permanent Representation to the EU <https://www.gov.uk/government/world/uk-representation-to-the-eu>

DIT DEFENCE AND SECURITY ORGANISATION (DIT DSO)

The Department for International Trade Defence & Security Organisation (DIT DSO) aims to help UK companies in exporting.

It plays a key role in assisting UK companies interested in doing business with NATO. All NATO procurement opportunities that are notified to the UK Delegation are published on the DIT Exporting website under "export opportunities". Other related information such as details of NATO Industry Days and other events are also publicised via the DIT website.

<https://www.export.great.gov.uk/>

DIT DSO is also responsible for issuing Certificates/Declarations of Eligibility certifying that UK-based companies are eligible to bid for NATO projects; liaising between companies and UK Government agencies on release of documentation and for NATO security clearances (see section 10).

More generally, DIT DSO provide specialist export advice and practical assistance, working closely with Industry, the Ministry of Defence, the Home Office and Other Government Departments and Agencies.

It has two Regional Directorates staffed by experts on specific countries or geographic areas who are the first point of contact for overseas customers and for UK companies. They lead on all aspects of the export of defence and security equipment and services to the countries for which they are responsible, and they support specific Industry-led overseas marketing campaigns.

The Business Development Directorate manages events and exhibitions, undertakes market analysis, support for SME and MSB companies and provides Key Account Management for a number of major UK defence and security manufacturers. Business Development works in conjunction with the other directorates to help DIT DSO deliver efficient and effective services to industry.

3. INTRODUCTION TO NATO

WHAT IS NATO?

The North Atlantic Treaty Organisation (NATO) is an alliance of 29 countries from North America and Europe committed to fulfilling the goals of the North Atlantic Treaty signed in Washington on 4 April 1949.

The fundamental role of NATO is to safeguard the freedom and security of its member countries by political and military means. It provides a forum in which members can consult on security issues of common concern and take joint action in addressing them. The Alliance is committed to defending its member states against aggression or the threat of aggression - a key principle is that an attack against one or several members would be considered an attack against all (Article 5 of the Washington Treaty).

NATO is an intergovernmental organisation in which each member country retains its sovereignty. All NATO decisions are taken jointly by the member countries on the basis of consensus (and that includes many procurement decisions). There is no system of weighted or Qualified Majority Voting (QMV) i.e. all votes are equal. As an example, Albania's vote is worth the same as Germany's.



WHICH COUNTRIES ARE MEMBERS OF NATO?

NATO currently has 29 members following the accession of Montenegro in 2017. The full list is below:



Albania



France



Luxembourg



Slovenia



Belgium



Germany



Netherlands



Spain



Bulgaria



Greece



Montenegro



Turkey



Canada



Hungary



Norway



United Kingdom



Croatia



Iceland



Poland



United States of
America



Czechia



Italy



Portugal



Denmark



Latvia



Romania



Estonia



Lithuania



Slovakia

There is a general rule that only firms from NATO nations are eligible to bid for NATO Common Funded projects, which normally only occur in NATO member countries or in third countries where NATO forces are deployed on Alliance Operations and Missions (AOM) e.g. Afghanistan or Kosovo.

Further information is available on the NATO website: <http://www.nato.int/>

WHAT DOES NATO BUY (OR NOT)?

NATO procures a wide range of goods and services via a mechanism known as Common Funding (see page 11) such as:

- Command and Control equipment;
- Satellite communications services;
- IT hardware and peripherals;
- Software (off the shelf and bespoke);
- Consultancy services;
- Civil construction works;
- Camp services for Alliance Operations and Missions.

It should be noted that, as a general rule, NATO does NOT buy platforms (e.g. ships, planes, tanks) weapons systems or personal equipment, as Allies buy these themselves and commit to using these on behalf of NATO (see Multinational Funding, page 10).

KNOWN REQUIREMENTS

Over the next five years, NATO Common Funding will focus on requirements which support Alliance Operations and Missions and on the Alliance's most pressing capability needs. This is likely to include the following areas of work (but this list is neither prescriptive nor exhaustive):

- Counter – IED (Improvised Explosive Device): active and passive systems and sensors and related training.
- Cyber Defence: evolution of the current NATO Computer Incident Response Capability (NCIRC).
- Bi-SC (Strategic Commands) Automated Information System: Delivery of Functional Services for Air and Land Command and Control, Information System.
- NCOP (NATO Common Operational Picture).
- ACCS (Air Command & Control System) and related Theatre Missile Defence.
- DARS - Deployable Air Control Centre Recognised Air Production Sensor Fusion Post.
- Alliance Ground Surveillance (AGS): Note that the UK does not participate in AGS and therefore British firms are not eligible to bid for business.
- Afghanistan Mission Network (AMN).
- SATCOM: Upgrade of Satellite Ground Stations and provision of bandwidth.
- NATO General Communications System.

MULTINATIONAL FUNDING

In order to achieve a particular capability in a cost effective way, on an ad hoc basis groups of NATO members may join together in the pursuit of achieving interoperability, to procure capabilities on a multinational basis under a 'Memorandum of Understanding' (MOU). Sometimes, these multinational initiatives are managed by a NATO Agency, acting as the Procurement Agent on behalf of a particular group of nations.

The best known example is probably the fleet of NATO Airborne Early Warning and Control System (AWACS) aircraft based at Geilenkirchen in Germany. With multinational programmes, a nation has to participate i.e. co-fund in order to bid. UK companies cannot bid for work on the AWACS fleet since we pay our contribution in kind by making our own nationally funded AWACS aircraft available to NATO. Other examples of multinational programmes include Alliance Ground Surveillance (AGS) and the C17 Strategic Airlift Capability (SAC) and Joint Electronic Warfare Core Staff (JEWCS).

Multinational funding should not be confused with NATO Common Funding, where programmes are agreed and funded by all 29 nations, according to an established set of rules and procedures. Multinational programmes can operate according to unique rules for each programme, depending on the project/funding nations.

4. FUNDING MECHANISMS FOR NATO PROCUREMENTS

NATIONAL FUNDING

NATO has no operational forces of its own other than those assigned to it by member countries (or contributed by partner countries for the purpose of carrying out a specific mission). Each country remains responsible for national procurement of its own platforms, weapons systems, and personal equipment for its troops.

When NATO nations assign forces for use on Alliance Operations and Missions e.g. in Afghanistan or Kosovo, they generally remain responsible for provision of all their equipment and logistic support. This principle is known within NATO as “costs lie where they fall”. However, this rule is evolving gradually and more theatre-level enabling capabilities for operations are now eligible for NATO Common Funding than was the case in the past.

N.B. UK Delegation does not generally have visibility of **nationally funded** procurement opportunities. Companies interested in such opportunities should contact the appropriate country desk in DIT DSO or consult the MoD DE&S website.

COMMON FUNDING

Common Funding includes three budgets or programmes into which all NATO nations pay an annual contribution based on an agreed cost share formula; the Civil and Military Budgets and the NATO Security Investment Programme (NSIP). The Military Budget (operations and maintenance costs) and NSIP (capital investment) are together known as Military Common Funding. They are the only funding areas where the NATO authorities identify requirements and set priorities in line with the Alliance’s objectives and priorities.

The basic rule governing which projects are eligible for Common Funding is the “**Over and Above**” rule. A project may be eligible for Common Funding if it is **over** what already exists in the NATO or national inventory and **above** what a nation could reasonably be expected to make available to NATO from national resources or for its own national military purposes. For example, the UK’s Air Defence Radars are not eligible for Common Funding as they would be required to defend the UK’s airspace whether we were in NATO or not. However, if we wished to feed the signal from those radars to other NATO entities, the required connectivity would be eligible. NATO Common Funding is only used to procure ... “the most austere facility (or minimum asset characteristics) required to meet a specific NATO military need”. This is known as the **Minimum Military Requirement (MMR)**. It is important to recognise this when preparing your bid and offer exactly what has been requested to ensure bid compliance and credibility. Providing more than this – even at relatively little extra cost – can cause problems in the contract award process.

NATO SECURITY INVESTMENT PROGRAMME

The NATO Security Investment Programme (NSIP) is managed by the NATO Investment Committee. This has yearly expenditure levels of approximately €700M. It is financed from national defence budgets, supervised by the Investment Committee, with projects implemented by NATO member national authorities (referred to as the Host Nation – see Section 5 for further detail) and NATO Agencies (acting as the ‘Host Nation’). The NSIP funds the investment aspects of:

- deployed theatre HQ and critical theatre-level enabling capabilities for NATO led operations and missions;
- the overarching elements of the NATO-wide communications and information systems;
- the airfield infrastructure for the NATO Airborne Early Warning capability (the AWACS fleet);
- the core Air Command & Control Software (the ACCS system); the Active Layered Theatre Ballistic Missile Defence (ALTBMD) adaptations, and a number of critical backbone radar systems;
- the NATO static and deployable Combined Air Operations Centres, deployable ARS and radar systems, and deployable HQ communication systems in support of the Combined Joint Task Forces and NATO Response Forces;
- Critical strategic airfield, naval base, and storage infrastructure considered “Over & Above” what could reasonably be expected to be funded from national budgets (including Aviano and Ramstein airbases, Kabul International Airport, NATO pipeline systems in Central and Northern Europe, Italy, Greece and Turkey). Operation and maintenance costs of such facilities are a national responsibility.

NATO CIVIL BUDGET

The Civil Budget funds:

- the operation and maintenance of the NATO HQ facility and site (national Delegations are nationally funded);
- the salaries, pensions and travel and per diem costs of the International Staff working at the NATO HQ;
- the Information Offices in Moscow and Kiev;
- the International Board of Auditors for NATO (IBAN);
- the NATO HQ Public Diplomacy Programme and related activities;
- the NATO HQ 'Science for Peace & Security' programme;
- the NATO HQ Partnership for Peace support activities;
- the NATO HQ Defence Against Terrorism Programme of Work.

The Civil Budget is financed from national Foreign Ministry budgets (in most nations), supervised by the Budget Committee, and implemented by the NATO International Staff. The UK share of the budget is around 10%. As an example, in 2016, the budget was circa €184M.



Picture: New NATO headquarters concept and transport arrangements © SPF Mobilité et Transport BELIRIS

NATO MILITARY BUDGET

The Military Budget funds the operation and maintenance costs of:

- NATO's integrated command structure;
- the International Military Staff and the NHQC3 Standardisation Office;
- the overarching elements of the NATO-wide communications and information systems;
- deployed theatre HQ and critical theatre-level enabling capabilities for NATO led operations and missions;
- the NATO Airborne Early Warning capability (the AWACS fleet) and the Active Layered Theatre Ballistic Missile Defence (ALTBMD) Programme Office;
- the NATO static and deployable Combined Air Operations Centres, deployable ARS and radar systems, and deployable HQ communication systems;
- the Joint Warfare Centre, the Joint Forces Training Centre, the Joint Analysis Lessons Learned Centre, the NATO Defence College, NATO CIS School, the NATO Programming Centre, the NATO Science & Technology Programme;
- ACT experimentation funds, the NATO Centre for Maritime Research & Experimentation (CMRE);
- Some limited Partnership for Peace (PfP) and Mediterranean Dialogue (MD) support activities.

In all cases the provision of military personnel remains a nationally funded responsibility. The Military Budget is financed from national defence budgets (in most nations), supervised by the Budget Committee, and implemented by the individual budget holders. The NATO Military Budget is in fact composed of over 50 separate budgets with an overall total in excess of €1.4bn for 2016; much of this is allocated to committed maintenance costs of NSIP funded operational capabilities. The UK share of the budget is around 10%.

5. WHO AND WHERE ARE THE BUYERS IN NATO?

Strategic Commands (Allied Command Operations and Allied Command Transformation) nominate a 'Host Nation' for each NSIP project which is then responsible for the procurement and project implementation. During the Cold War, the majority of NSIP funds were spent on fixed defensive infrastructure projects and most projects were run by NATO member countries, hence the term. Since 1994, there has been a major shift towards expenditure on projects supporting deployable or expeditionary capabilities; on Command, Control, Communications, Computing, Intelligence, Surveillance, and Reconnaissance (C4ISR) capabilities, and on capabilities directly supporting Alliance Operations and Missions.

NATO Agencies can also act as Host Nations on behalf of the Alliance. The NATO Communications and Information Agency (NCIA) is the lead Host Nation for C4ISR projects both in NATO nations and in operational theatres. NATO Support Agency (NSPA) has increasingly become the Host Nation of choice for non-C4ISR and civil works projects for AOM.

TERRITORIAL NATIONS

NATO member countries usually act as Host Nations for civil works projects on their national territories and are known as "Territorial Host Nations". They also sometimes host C4ISR projects. Even where a territorial Host Nation is allocated, NATO policy states that International Competitive Bidding (ICB) should be used unless the Host Nation can present a compelling case for not doing so. All projects subject to International Competitive Bidding and notified to the UK Delegation will be publicised on the DIT website.

ALLIED COMMAND OPERATIONS (ACO)

The mission of [Allied Command Operations \(ACO\)](#) is to safeguard NATO's European territory extending from the northern tip of Norway to the eastern border of Turkey. [Supreme Headquarters Allied Powers Europe \(SHAPE\)](#) is the headquarters of ACO and is located in Casteau, near Mons, Belgium.

ACO has its own procurement office as do its two subordinate Joint Force Command (JFC) operational headquarters at Brunssum (Netherlands) and Naples (Italy). They mainly spend Military Budget funds rather than NSIP. Many of these are smaller projects for building support services e.g. cleaning, gardening, guarding. JFC Brunssum (Afghan Resolute Support Mission) in particular has been active in contracting some significant outsourced military capabilities for Alliance Operations and Missions. Projects subject to

ICB procurement notified to the UK Delegation are publicised on the DIT website as well as on the NATO Business Portal.

<http://www.nato.int/cps/en/natohq/62249.htm>

ALLIED COMMAND TRANSFORMATION (ACT)

[Allied Command Transformation \(ACT\)](#) is based in Norfolk, Virginia, USA. Its standing priorities are to: Transform NATO's military capabilities; prepare, support and sustain Alliance operations; plan and deliver NATO education and training programmes, implement [NATO Response Force \(NRF\)](#) and other deployable capabilities and assist transformation of Partner capabilities. Projects subject to ICB procurement (which include consultancy opportunities) will usually be publicised on the UKTI DSO website as well as on as well as on the NATO Business Portal.



Photo: Headquarters Supreme Allied Commander Transformation (HQ SACT)

NATO AGENCIES

There are two NATO Agencies. These are: the NATO Communications and Information Agency (NCIA) and the NATO Support and Procurement Agency (NSPA).

NATO COMMUNICATIONS AND INFORMATION AGENCY (NCIA):

The [NATO Communications and Information Agency \(NCIA\)](#) is the NATO agency responsible for developing, procuring and the through-life support of Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) capabilities for NATO, and for providing unbiased scientific advice and support to NATO authorities. It has offices in both Brussels and The Hague.

NCIA provides a variety of services to NATO including:

- CIS Services to Operations;
- CIS support to Exercises directly related to Operations;
- Cyber Defence Capabilities;
- CIS Support to Exercises.

In addition the NCIA is responsible for the central planning, system engineering, implementation and configuration management for the NATO Air Command and Control System (ACCS) Programme.

ACCS will replace most of the existing air defence systems in NATO Europe with a single system which, at the tactical level, will provide the capability to plan, task and execute defensive, offensive and support air operations. The initial contract was signed with Air Command Systems International (ACSI) in November 1999. Software development is virtually complete and a lengthy period of integration and testing has begun. ACSI have done business with a large number of sub-contractors for various aspects of the ACCS programme. Forthcoming projects are publicised on the DIT website.

Further information on the Agency's role and structure can be downloaded from the NCIA's website <http://www.ncia.nato.int>.

As authorised by the NATO Investment Committee, for NSIP projects, NCIA uses a range of International Competitive Bidding (ICB), Basic Ordering Agreements (BOAs), limited competition and sole source procurement methods depending on the nature of the individual project. It has also taken a leading role in the development of the "Best Value" evaluation methodology which can be used by NATO for complex or high risk projects.

Details of some of the NCIA's procurement opportunities are posted on the Agency's bulletin board. Over time, the site will be expanded to cover the full range of

opportunities. UK companies who are interested in the C4ISR area are encouraged to set up a Basic Ordering Agreement (BOA) with NCIA.

<https://industry.ncia.nato.int/suppliers/Pages/bb.aspx>

NCIA Brussels

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NCIA The Hague

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NATO SUPPORT AGENCY (NSPA):

The [NATO Support Agency \(NSPA\)](#) is NATO's principal logistics support management agency. NSPA's main tasks are to assist NATO nations by organising common procurement and supply of spare parts and arranging maintenance and repair services necessary for the support of various weapon and other systems.

In recent years, NSPA has become increasingly involved in providing logistic support for Alliance Operations and Missions such as [RSM](#) in Afghanistan and [KFOR](#) in Kosovo. A variety of goods and services have been supplied, either in-house or through contracts let by NSPA, including:

- turn-key construction of containerised and hard structure facilities;
- camp services including maintenance, catering and laundry;
- office & IT equipment;
- food supply;
- fuel supply;
- de-mining and force protection; and
- engineering works such as the repair and renovation of roads, bridges and railways, snow and ice clearance and the construction of air and seaports.

In addition to companies nominated by NATO nations under normal ICB procedures, NSPA's Procurement Division also uses an internal database, known as the Source File to invite bids from suppliers of goods and services. UK firms who believe their goods and/or services may be of interest to NSPA customers are strongly recommended to [register](#) online in the Source File via the NSPA website and will open up access to the full range of NSPA procurement opportunities, including those national or multinational projects which

are not circulated to national Delegations at NATO HQ and which will therefore not appear on the UKT&I DSO website.

Further details can be obtained from:

<http://www.nspa.nato.int/en/organization/procurement/supplier.htm>.

NSPA UK Liaison Officer
11 Rue De La Gare
L-8325 Capellen
G.D. Luxembourg
Tel: (00352) 30636983
uklo@nspa.nato.int

NATO INTERNATIONAL STAFF (IS)

The Executive Management Division of the NATO International Staff is responsible for the operation and maintenance of the existing NATO Headquarters complex in Brussels. The day to day running costs of the HQ complex are funded from the Civil Budget. There are regular opportunities to supply both equipment and building services. Projects subject to ICB procurement and notified to the UK Delegation are publicised on the DIT website. The full range of business opportunities issued by the Procurement Service of the NATO IS can be accessed via their BizOpps Portal.

<https://www.ebidexchange.com/Default.aspx?cid=76ed5801-ead4-4d13-b2cc-930a96e1dd48>

NATO INTERNATIONAL MILITARY STAFF (IMS)

The International Military Staff (IMS) is the executive body of the NATO Military Committee (MC). It provides staff support to the MC and is responsible for the preparation of assessments, studies and other papers on NATO military matters. The IMS also ensures that decisions and policies on military matters are implemented by the appropriate NATO military bodies. The IMS provides the essential link between the political decision-making bodies of the Alliance and the NATO Strategic Military Commanders (SACEUR and SACT) and their staffs.

The IMS procure a limited range of equipment and consultancy services funded by the Military Budget. Projects subject to ICB procurement and notified to the Delegation are publicised on the DIT website.

CONFERENCE OF NATIONAL ARMAMENTS DIRECTORS (CNAD)

The Conference of National Armaments Directors (CNAD) is the senior NATO committee responsible for armaments cooperation. The CNAD meets twice a year in plenary session and is attended for the UK by the Chief Executive Officer of Defence Equipment and Support and Deputy Chief of Defence Staff (Military Capability). It oversees a network of over thirty subgroups working on capability development. The groups are attended by national technical experts and exist to share information, promote interoperability and standardisation and to develop and deliver multinational capabilities across the spectrum of current and future Alliance operations. Day to day issues of the CNAD are managed by the National Armament Directors Representatives (NADREPs) in the UK Delegation. The CNAD meets in permanent session fortnightly and in Partners format monthly. Additional information regarding the CNAD can be found on the NATO website at http://www.nato.int/cps/en/natolive/topics_49160.htm.

NATO INDUSTRIAL ADVISORY GROUP (NIAG)

The NATO Industrial Advisory Group is a high level advisory body which sits in the 'CNAD family', with membership from the defence trade association network in each nation. The NIAG have an annual budget to part-fund studies in support of the capability development groups or those of political interest to NATO (e.g. Interoperability and Transatlantic Defence Industrial Cooperation). Industry interest in this group is to give technical direction and industry advice, rather than on any return on investment. The UK Delegation to the NIAG is currently headed by ADS which takes the trade association lead for the NIAG and distributes relevant information to other UK defence trade associations. Further information can be given (and is distributed) by <http://www.adsgroup.org.uk/>.

DEFENCE AGAINST TERRORISM PROGRAMME OF WORK (DAT POW)

NATO is also developing cutting-edge technologies to protect troops and civilians against terrorist attacks. An annual budget is dedicated to this capability development stream. There are ten lines of development, each with a lead nation. There is often scope for collaboration with industry, as the work is aimed at technology at a state of near-readiness. The projects include: Counter-IED and explosive ordnance disposal; detecting and defeating CBRN weapons; helicopter and large aircraft survivability; protecting harbours, ships and critical infrastructure; and developing non-lethal capabilities. If your company has something which might be of interest to these areas of work you should contact the relevant lead nation for that item and/or the national technical expert who participates in the programme. More information can be found online or from the UK NADREP at http://www.nato.int/cps/en/natolive/topics_50313.htm.

6. WHAT PROCUREMENT METHODS ARE USED BY NATO?

There is no single set of procurement rules for NATO. The rules and method of procurement are dependent on the funding source, the Host Nation involved, the type of goods/services required, and/or the degree of urgency involved.

The official NATO definition of Host Nation (HN) is:

“...a participating country, or a NATO Agency, which is responsible for implementing a Security Investment project.”

If the project only involves implementation within one nation (e.g. radar procurement), the relevant nation will usually be selected as HN but may use an agency as their procurement agent. Also, in a few cases, a nation may be selected as HN when the project affects only a small number of nations. Whilst this is the general framework, it is important to recognise that each project is different, and there are exceptions. The principal methods in use are:

- International Competitive Bidding (ICB);
- NSIP procurement regulations - NATO Operations and Missions;
- Best Value procurement;
- National Competitive Bidding (NCB);
- Limited Competition;
- Sole/Single Source;
- Basic Ordering Agreement (BOA);
- NSPA procurement regulations;
- Civil Budget general contract specifications.

The main elements of each of these methods are set out in the following pages.

The NSIP procurement procedures are detailed in AC/4-D/2261 (1996 Edition) and were designed primarily for civil works infrastructure projects. Later, they were also used for other NSIP projects. These procedures are based upon contract award to the bid that complies, both administratively and technically, with the requirements of the Invitation for Bid (IFB), and gives the lowest price. This is known as the Lowest Compliant Bid (LCB).

INTERNATIONAL COMPETITIVE BIDDING (ICB)

International Competitive Bidding (ICB) is the default procurement method for all NSIP funded projects and for many other Common Funded projects within NATO. Any request by a Host Nation to deviate from ICB procurement must be agreed by the Investment Committee at the time of project authorisation.

For NSIP projects, this procedure is governed by document AC/4-D/2261 (1996 Edition) – commonly known as “D/2261” or just “2261”. A copy of the document is available on the UK Delegation website in Acrobat (pdf) format.

Guiding principles

The guiding principles in the procedures are;

- *“to assist the timely implementation of NSIP projects so that the operational needs of NATO are met and the available resources are used in the most cost effective way;*
- *to foster an environment conducive to maximising the participation of qualified firms in the NSIP;*
- *to avoid discrimination against firms of participating countries interested in participating in NSIP projects”.*

AC/4-D/2261 establishes the responsibilities and rights of Host Nations, companies, participating countries and the Investment Committee up to and including contract signature. An annex to the document also sets out the dispute procedures. The procedures were set up to ensure that the procurement meets only the NATO Minimum Military Requirement (MMR) for the project as soon as possible and at the least possible cost. In simple terms, for the majority of projects, the lowest cost and technically compliant bid wins, although implementation risk is also a key consideration.

NSIP PROCUREMENT REGULATIONS – NATO ALLIANCE OPERATIONS AND MISSIONS (AOM)

General Principles

The aim of all procurement for Alliance operations is to deliver the capabilities required as quickly as possible with due consideration of investment costs and achieved wherever possible through a competitive bidding process.

NSIP Procurement Regulations for Alliance Operations and Missions (AOM) apply primarily to in-theatre requirements that are in direct support of NAC-approved operations and that fall under approved funding arrangements. The procurement regulations apply to Territorial Host Nations, NATO Agencies, and Strategic Commands.

Use of Standard ICB for Procurements for Alliance Operations and Missions

The use of standard ICB procurement (AC/4-D/2261) in support of Alliance operations has, in practice, often been restricted by the timelines specified for the various steps of the process. The required operational date set by military authorities has been the driving force behind decisions to adopt faster and simpler methods of procurement.

Alliance Operations and Missions ICB

An alternate procurement procedure for AOM has been developed that speeds up the process but also keeps the fundamental principles outlined in AC/4-D/2261. This is known as AOM ICB. This becomes the default method for procurements in support of AOM. The procedure was revised in 2011 and is laid out in document AC/4-D(2011)009-Rev1. The main features of this procedure are reduced timelines for various steps, use of the Internet for notifications of intent, lack of automatic extensions to the bidding period, and a simplified dispute procedure.

Other Agreed Procurement Methods for Projects in Support of Alliance Operations and Missions

Host Nations now have discretionary rights to propose procurement methods previously agreed by the IC to expedite capability delivery into theatre. These include limited competition, NCB+ etc. The choice of procurement method is confirmed by the IC on a case-by-case basis at the time of project authorisation.

BEST VALUE PROCUREMENT (BV)

Background

Experience has shown that the lowest compliant bid did not always represent the most cost-effective solution for NATO, particularly for complex projects, where technology can change quickly. An attempt to overcome the shortcomings of the basic ICB procedure in these cases has been made with the introduction of the Best Value (BV) evaluation procedure. This takes into consideration several factors relating to the overall value and quality of the offer - such as the bidder's recognised international certifications, supportability and through-life costs, management approach, quality assurance regime, delivery schedule, and technical merit.

Main Differences between Standard ICB and Best Value (BV)

Best Value procedures are a variant of the standard ICB procedures as laid down in document AC/4-D/2261(1996 Edition). The procedures laid down in that document apply equally to the BV procedure, with the following exceptions:

- Under standard ICB procedures, contract award is based upon the lowest compliant bid. Under BV procedures, contract award would be based upon the quality of the bids in how the proposal meets the requirement, as well as the bid price.
- Under standard ICB, the technical portions of the bid are evaluated only to determine compliance with the technical requirements. Under the BV procedure, the technical evaluation consists of rating each bid based upon how well it responds to the requirements of the "cahier des charges", which is expressed in a set of evaluation criteria that, in accordance with their importance, are assigned different weighting factors. It involves a much more detailed technical evaluation.
- The dispute procedures also differ from those in Annex 1 of AC/4-D/2261(1996 Edition).

Use of the Best Value Procedure

The BV procedure is intended to be used mainly for those projects where the contractor's selection should not be made exclusively on the basis of the lowest compliant bid. It is appropriate for, but not necessarily limited to, the following cases:

- complex system acquisitions dependent on extensive system integration and/or software development efforts with significant implementation risk;
- less complex acquisitions that feature at least one identifiable area of significantly high implementation risk;
- procurements based, primarily, on performance/functional specifications where innovative technical solutions are encouraged and bidders are expected to submit differing approaches; and
- the acquisition of services based on complex/advance technology and/or specialized methods, where depth and quality of experience and expertise of companies and individuals are critical to performance and success of projects.

BV will not be used for standard goods and services of a non-complex and low risk nature available in general in the market place, i.e. Commercial Off The Shelf (COTS).

Best Value Requirements in the “Cahier des Charges” (bidding documents)

The bidding documents released to industry are comprehensive, these include a “Cahier des Charges”, which varies from project to project. It includes the criteria authorised by the Investment Committee, which will be subject to evaluation in descending order of importance, and the basis on which the price criterion will be evaluated i.e. investment or life-cycle cost. Additionally, the “not-to-exceed” cost (125% of the authorised amount) is included plus those administrative and contractual criteria which must be met in order to consider the bid compliant.

Technical criteria will normally make up 50% of the overall weighting with price constituting the remaining 50%. The Host Nation may propose alternate weighting arrangements but these will be limited to technical criteria weights of in between 40% and 60% of the overall weighting. If they are not agreed, the overall weighting reverts to the default 50/50 technical/price breakdown.

NATIONAL COMPETITIVE BIDDING (NCB)

If a project is small scale, urgent, requires specific national expertise or experience, or is otherwise unlikely to attract interest from bidders outside the Host Nation, then use of National Competitive Bidding procedures may be requested at the time of project authorisation. For NSIP projects, use of this procurement method requires the specific agreement of the Investment Committee.

By definition, these NCB procedures will vary from nation to nation. Eligible companies from all participating nations may still express their interest in bidding, but Notifications of Intent to Invite Bids (NOIs) will be circulated according to the procedures of the Host Nation and not those in AC/4-D/2261 – e.g. NOIs will normally not be forwarded to national Delegations at NATO HQ. The bidding procedure will also be run according to national rules and extensions for translation of bid documents would not normally be allowed.

NATIONAL COMPETITIVE BIDDING (PLUS)

As with NCB above, this is sometimes requested by a nation for reasons of expediency. Procedures follow NCB rules as detailed above, but are open to all NATO nations, with documents translated into either English or French. This requires specific agreement of the Investment Committee.

LIMITED COMPETITION

Similarly, a Host Nation may request the use of Limited Competition procurement. This may specify named companies or may limit the competition in some other way, e.g. by specifying that only suppliers of specific NATO approved equipment (e.g. cryptographic kit) may bid. For NSIP projects, use of this procurement method requires the specific agreement of the Investment Committee.

SOLE SOURCE

Exceptionally, a Host Nation may request Sole Source procurement to a named company. This may be for reasons of extreme operational urgency or commonality with previously supplied equipment. For NSIP projects, use of this procurement method requires the specific agreement of the Investment Committee and would only be granted if a compelling case was made by the Host Nation.

BASIC ORDERING AGREEMENT (BOA)

NATO member nations have approved a contracting procedure known as a [Basic Ordering Agreement \(BOA\)](#), which is widely used by the NATO Communications and Information Agency (NCIA). These procedures were developed as an accelerated and cost effective acquisition method for Commercial-Off-The-Shelf (COTS) products including hardware, software, and services. A typical example is the procurement of personal computers where the innovation cycle and price reduction is so fast that even an accelerated ICB process would provide the last generation of equipment at prices overtaken by events.

A full definition of a BOA is given in AC/4-D(2002)002(Final), but in essence a BOA is the primary part (A) of a two-stage contracting procedure whereby: (A) The framework contract is negotiated and placed centrally with a supplier for a special range of goods. All basic contract provisions (covering Terms and Conditions) are agreed including prices or a definitive pricing methodology. (B) Individual orders for retail quantities may then be placed against the central contract by local offices for local delivery usually following a Competitive Bidding procedure. Note: BOAs are sometimes called *System Contracts* (US) or *Demand Ordering or Enabling Contracts* (UK).

Unless otherwise specified in AC/4-D(2002)002(Final), the provisions of AC/4-D/2261(1996 Edition) continue to apply to competitive bidding using BOAs.

The BOA guidelines were developed for projects for which the NCIA is Host Nation but this does not preclude other Host Nations from using the BOAs as well.

Currently, BOAs cover:

- Communication and Information Systems (CIS);
- a wide variety of commercial computer products including hardware (PCs);
- a large range of software;
- information technology support and maintenance services;
- consultancy and engineering support;
- other office machinery including photocopiers.

The UK Delegation strongly recommends that UK companies interested in supplying these (and other) types of products and services to NATO should register for a BOA.

Once you have successfully registered, you will be automatically notified of appropriate opportunities according to the categories of goods and services you are registered for. The opportunities that you will be alerted to will depend on the capabilities that you have declared. Therefore care is required in selecting the relevant categories. Improvements in

the BOA website are planned that will allow companies to update their information through a 'self- service' facility.

Companies interested in negotiating a BOA should contact the NCIA at:

BOA Coordinator

NATO Communications and Information Agency

Tel.: +32 (0)2 707 8319 (direct)

Fax: +32 (0)2 707 8770

E-mail: <mailto:boa@ncia.nato.int>

Further information including FAQs, BOA categories, and points of contact can be found on the NCIA website:

<http://www.ncia.nato.int/>

NATO SUPPORT AGENCY (NSPA) REGULATIONS

NSPA obtains the goods and services necessary to meet its customer requirements from contractors located in any of the [NSPO \(NATO Supply Organisation – part of NSPA\) nations](#). In some instances, NSPA uses services provided by military organizations within the NSPO Nations. In particular cases, NSPA can use suppliers from a PfP (Partnership for Peace) nation.

Goods and services are, in principle, procured through an international competitive bidding process, in compliance with [NSPO's Procurement Regulations](#).

NSIP and Military funded Procurements

When NSPA processes NSIP or Military funded projects, the rules contained in the Bi-Strategic Command Procurement Directive 60/70 and the International Competitive Bidding (ICB) as set out in document AC/4-D/2261 or the accelerated Alliance Operations and Missions ICB as set out in document AC/4-D(2007)0003 are also applicable.

NSPO Procurement Regulations

The NSPO Regulations cover the full range of procurement activities conducted by the Agency and include directions related to the general principles of procurement, the source selection and international solicitation process as well as the criteria for the award of contracts of different values. The way to conduct contract administration is also well defined in the regulations.

It also includes standard General Provisions for Maintenance and Supply contracts which will be contained in the Request for Proposals issued to industry to allow a fair competition.

The transparency of the procurement process is such that FBO (Future Business Opportunities) as well as contract awards above a certain threshold are made public through the procurement page of the NSPA portal.

The NSPO Procurement Regulations foresee a balancing of the production mechanism by which the bidder – from a poorly placed country or less well placed country in terms of industrial return – gets the possibility to align his offer with the lowest offer received. The regulations say:

“NSPA shall balance the distribution of production exclusively among NSPO member nations to the greatest practicable extent possible. The following shall apply:

The industrial return position of each NSPO member nation is determined using the ratio between the value of contracts placed in the country and the value of sales made to the country. Depending on their ratio, countries fall into one of the following categories:

- well placed;
- less well placed;
- poorly placed.

The most economical RFP compliant offer will be accepted. However, when making financial comparison of offers, the member position in terms of industrial return shall be taken into consideration under the conditions defined in the NSPA Procurement Operating Instructions.”

CIVIL BUDGET GENERAL CONTRACT SPECIFICATIONS

The General Administrative Rules for Civil Budget funded projects are circulated with the Notification of Intent to Invite Bids (NOI) for each individual project. Any specific administrative rules for that project will also be attached. Civil Budget projects subject to ICB procurement will be publicised on the DIT website.



Picture: New NATO headquarters concept © SOM + assar architects

7. NOTIFICATION OF INTENT TO INVITE BIDS

Under both ICB procedures (LCB and BV), a Host Nation must issue a Notification of Intent to Invite Bids (NOI) at the earliest possible moment (which may be before the project authorisation is given). The NOI must be submitted to NATO Delegations and in the UK's case will be sent on to DIT for publication on their website. The NOI should normally be issued at least 28 days before the final date by which firms must make known their wish to be invited to bid. The NOI must include:

- a summary description and rough cost estimate of the project;
- if available, the reference number of the IC fund request document;
- an indication as to how the project might be divided into different contracts and lots;
- if known, the anticipated time to complete the project;
- the final date by which firms must have formally expressed their desire to be invited to bid;
- the date by which the Host Nation intends to distribute the “cahier des charges” or bidding documents containing technical, administrative and contractual requirements/conditions;
- the intended closing date for bids;
- the bid validity date;
- the type of classified information (if any) which must be passed to firms to enable them to bid and its classification;
- the contact details of the office/person responsible for handling bids;
- the project reference number.

8. WHO IS ELIGIBLE TO BID FOR NATO PROJECTS?

Eligibility Rules

The basic rules for eligibility for NATO military Common Funded projects are set out in NATO document AC/4-D/2261, which governs International Competitive Bidding procedures for NSIP projects (see page 22 for further details). Any deviation from these rules requires specific project by project unanimous agreement in the Investment Committee.

AC/4-D/2261 states that:

“...A Host Nation must admit to the bidding any eligible firm of another participating country”.

“...none of the work, including project design, labour and services shall be performed other than by firms from and within participating countries”.

“...no materials or items of equipment shall be manufactured or assembled by a firm other than from and within a participating country”.

A “participating country” usually means any of the 28 nations of NATO who are contributing to the Common Funded costs of a particular capability.

Similar eligibility rules apply to Military Budget funded procurements which are governed by Bi-SC Procurement Directive 60-70.

Please bear in mind that these eligibility rules also apply to any sub-contractors you use.

9. SIX STEPS TO SUCCESSFUL BIDDING

STEP 1: DO YOUR RESEARCH!

Although you cannot lobby NATO and cannot suggest that NATO needs to buy your product (as NATO procurement is driven by a requirement for a particular capability), in many ways NATO is like any other market – you have to do your research on what opportunities are coming up and what changes have occurred. This can best be done by regularly visiting websites that advertise NATO opportunities. There are a variety of websites which publish NATO funded opportunities e.g. by specific Host Nations. The UK government publishes all opportunities notified to us on the DIT website.

NATO business opportunities can be accessed via the NATO Business Opportunities Portal. Other useful links for so companies interested in accessing NATO commercial opportunities are:

- [NCIA BULLETIN BOARD \(ICB and BOA\)](https://www.ncia.nato.int/Industry/Pages/Home.aspx)
<https://www.ncia.nato.int/Industry/Pages/Home.aspx>
- NSPA PROCUREMENT WEBPAGE
<https://eportal.nspa.nato.int/>
- PROCUREMENT SERVICE OF THE NATO INTERNATIONAL STAFF WEBPAGE
<https://www.ebidexchange.com/Default.aspx?cid=76ed5801-ead4-4d13-b2cc-930a96e1dd48>

Details of all NATO business opportunities notified to the UK are posted on the DIT website; they do not go on the UK Delegation to NATO website. However, there are other opportunities which are not necessarily notified to us and which can be found on individual nations procurement web sites, e.g. www.fbo.gov the US site for Federal Business Opportunities and [bund.de Administration Online](http://bund.de) for German opportunities. UK companies are therefore advised to check all relevant websites on a regular basis.

STEP 2: REGISTER YOUR INTEREST TO BID

When a UK company sees an NOI on the DIT website, it will state that companies wishing to be added to the bidders list for the project and to receive the formal Invitation for Bids (IFB) need to ask their national authorities to provide a Certificate/Declaration of Eligibility (DoE). The UK authority is the DIT Defence and Security Organisation (DIT DSO).

If companies are interested in bidding, they should contact DIT DSO as soon as possible (dsonato.businessopps@trade.gov.uk) and request that a DoE should be forwarded to the Host Nation. DIT DSO will send the certificate direct to the Host Nation. Companies cannot submit the declaration themselves.

The declaration has a standard wording, and it is important to note that for every project, companies will require a new Declaration of Eligibility from DIT DSO each time. The only exception is for Basic Ordering Agreement (BOA) procurements, where the original declaration issued for the BOA is valid for all subsequent bids made using that BOA agreement. N.B. Companies may have a BOA set up, but they would still need individual DoE's for projects that were then run on standard ICB procedures.

STEP 3: MONITOR WEBSITES TO TRACK WHEN INVITATIONS FOR BIDS ARE RELEASED

The next step is usually the issue of the Invitation for Bids (IFB). The Host Nation is free to issue the ICB documents either in its own language or in one of the official NATO languages but is encouraged to use one of the official NATO languages (English or French). The bidder responses must be in either the official language of the Host Nation or in one of the official NATO languages unless the choice of language is specifically determined by the Host Nation in the "cahier des charges" (or bidding document). The closing date for submission of bids shall not be less than 84 days for large scale or complicated projects or 42 days for others.

STEP 4: EXPECT THE UNEXPECTED

In today's economic climate, like many other organisations, NATO has to spend its resources effectively. At the moment, the NSIP is under significant budgetary pressures, so it is important to remember that timescales, resources and requirements often change in line with NATO priorities. Your management structures need to be comfortable with this potential uncertainty and take this into account when planning.

STEP 5: BID PRICING

Clear bid pricing is essential. All companies must bear in mind the need to price to meet the Minimum Military Requirement AND NO MORE. Providing an alternative solution, but not explaining how it meets the MMR will result in non compliance, and your bid will be rejected on legitimate grounds. You need to make your cost breakdown clear, and if providing alternative solution options, make your base price clear with additional costs per option. Unless otherwise agreed by the Investment Committee, fixed price contracts (with or without price variation clauses) will be used.

STEP 6: SUBMIT YOUR BID ON TIME

Bid deadlines are fixed, but in certain circumstances, a Delegation can request an extension, on specific grounds. Procedures for requesting extensions to these bidding deadlines are set out in AC/4-D/2261. Industry cannot ask for an extension – the request must come from a Delegation, which would normally need detailed information on why an extension is requested. Host Nations only give one extension at a time, and will not accept late submission of documents if an extension has not been formally notified by a Delegation and confirmed to all parties.

10. SECURITY ISSUES

PERSONNEL AND SITE CLEARANCES (PSC)

Usually, NATO Notifications of Intent (NOIs) are UNCLASSIFIED in order to facilitate wide distribution to industry. The NOI will normally specify the level of personnel and site security clearance required by prospective bidders. The bidding documents themselves may include information classified up to NATO SECRET and prospective bidders may have to take part in site surveys of sensitive areas, therefore sometimes, Host Nations will ask for confirmation of security clearance before a bid is accepted.

The Defence Business Services National Security Vetting (DBS NSV) and its FCO counterpart (FCO Services), are the providers of NSV to the whole of government (excluding the intelligence agencies). Further details and forms are available at:

<https://www.gov.uk/security-vetting-and-clearance>

If a company site and/or its personnel already hold a national UK security clearance, this can be converted to the equivalent NATO clearance. DIT DSO confirm (in consultation with MoD) the levels of security clearance held by companies who log their interest in bidding via the DIT website: www.export.great.gov.uk under 'Export Opportunities'. This will then generate an email to DIT DSO who will then issue a 'Declaration of Eligibility' to the Host Nation. DIT DSO can be contacted at: dsonato.businessopps@trade.gov.uk

Companies requiring clearances for UK nationals employed by a UK company working on a NATO classified contract, the sponsor under this situation will vary. If a UK company holds a Facility Security Clearance (FSC), the company will be the sponsor and submit PSC requests to the UK vetting authority directly. If the UK company does not hold a FSC then the NATO body or Agency which is the contracting authority is deemed to be the prime sponsor and must provide the UK company with a letter (template at Annex B) confirming the requirement for the PSC. The UK company will use the letter to obtain 'sponsor status' in order to be able to process PSC applications via the DBS NSV Cerberus electronic clearance process. Responsibility for processing vetting applications for contractors working on NATO classified contracts rests with the DBS NSV.

Non-UK companies requiring clearance for UK national employees working on a NATO classified contract can themselves act as the sponsor, but the NATO contracting authority must first provide the non-UK company with a letter (template at Annex B) confirming the requirement for the PSC. The non-UK company will use this letter to obtain "sponsor status" in order to be able to process PSC applications via the DBS NSV Cerberus electronic clearance

process. Responsibility for processing vetting applications for contractors working on NATO classified contracts in this case also rests with the DBS NSV.

NATO does not accept bids from companies that have not received a Facility Security Clearance (FSC) for classified contracts, so MoD industrial security will initiate clearance for UK companies subject to evidence of the intention to bid for a specified NATO contract. For further information and documents, please see:

<https://www.gov.uk/defence-equipment-and-support-principal-security-advisor>

NATO VISIT PASSES

Requests for passes for all visits to NATO HQ should be addressed to the International Visits Control Office (IVCO) also located at Abbey Wood at least 10 days before your proposed visit.

If you have the appropriate UK security clearance and are not a frequent visitor, you will usually be issued with a single visit unescorted pass. You will be able to move around most areas of NATO HQ unescorted, but will not be allowed to act as escort for another person. If you can prove a need for frequent visits, the NATO Office of Security (NOS) may issue an annual pass. To retain an annual pass, you must show evidence of frequent visits. NOS will check this through the computer records of the automated security gates at NATO HQ.

If you wish to make a short notice visit to NATO HQ, you can call the person you are visiting and arrange to be met at the main reception desk. You will need to be escorted throughout your visit. Please try to give at least 24 hours advance notice to your host. Further details are available at the link below:

<https://www.gov.uk/defence-equipment-and-support-principal-security-advisor>

ANNEX A: LIFECYCLE OF A NSIP PROJECT

This text and diagram are aimed at explaining the steps taken in the preparation, approval, contract, delivery, and acceptance of an NSIP procurement. This should help new industry participants to quickly understand many of the basic terms used and likely programme timescales.

The process has several optional steps (shown in red italics in the process diagram on page 46). The actual steps used on a particular programme are chosen on a case by case basis. The choice depends on the complexity, novelty, value and the procurement method being used. The steps are decided dynamically by the Host Nation as the programme proceeds depending on the perceived risks and uncertainty that need to be managed.

A project originates from a capability gap which the Bi-SCs have identified. This is then considered by the Resource Policy & Planning Board, who give formal confirmation of eligibility and affordability of a Capability Package (the Investment Committee has delegated authority to confirm eligibility for Common Funded AOM projects).

1. Establishing the Capability Need

➤ Bi-SCs identify capability gap

The BI-SCs (ACO/ACT) identify/capture capability gaps that need to be addressed through modification/enhancement of existing equipment or facilities, or the acquisition of new capabilities.

➤ Requirement defined & implementing Host Nation (HN) appointed

After the requirements are formally analysed and refined, the Bi-SCs propose an implementing Host Nation. This will be either a Territorial Host Nation or a NATO Agency.

➤ HN develops project plan

The Host Nation will develop an initial plan to deliver the project. The International Staff from the NATO Office of Resources will review the plans to ensure they are realistic and have taken account of other NATO capabilities and any related projects.

➤ HN request to Investment Committee for Advance Planning Funds

The Host Nation will present the outline project for consideration by the Investment Committee. The purpose of this initial screening is to formally confirm the HN and release Advance Planning Funds. This allows the HN to commit resources to undertake the necessary preparatory work of clarifying the requirements.

2. Project Initiation

In this phase, the Host Nation works on clarifying the requirements both in terms of the detailed requirements, refining the project timelines and funding profile.

➤ **Preparation & approval of Type B Cost estimate (TBCE)**

The Type B Cost Estimate is the proposed costed solution prepared by the Host Nation. It will be coordinated with the Bi-SCs (ACT and ACO) to ensure the requirements align with other capabilities and can be supported in service. The Host Nation then prepares the Type B Cost Estimate, articulating a technical solution, which takes account of the Bi-SCs views. Large complex programmes may take many months to complete these activities. Type B Cost Estimates are currently screened by the Working Group of National Technical Experts.

➤ **Market Survey (when held)** [In parallel with TBCE preparation]

The Host Nation may approach national Delegations to seek advice on which companies may have the necessary capability to participate in specific programmes. This activity is likely to be considered when a niche skill or specialist product is required, and may issue a market survey with a list of questions to help them clarify what technology is currently available.

➤ **Information Day (when held)** [In parallel with TBCE preparation]

This is an opportunity for the Host Nation to brief Industry on the programme and the approach being taken. This can also be a good opportunity for companies to consider partnering opportunities.

➤ **Industry Workshop (when held)** [In parallel with TBCE preparation]

These are opportunities for Industry to discuss the requirement and their views on the technology that could be offered. This helps the Host Nation to refine the TBCE, taking account of current Industrial capability. Because there is no formal contractual process at this point, holding of one-to-one discussions are permitted and can be a valuable way of improving mutual understanding.

➤ **Technical project screening by WGNTe**

The Host Nation presents the TBCE to the Working Group National Technical Experts (WGNTe). This is often in two stages – an information briefing followed about a month later by the formal screening. The WGNTe screens the proposal and considers the

detailed technical solution and issues such as interoperability and conformance with Minimum Military Requirement, concluding with an endorsed technical proposal.

➤ **HN Request to Investment Committee for 1st stage Authorisation**

A screening report prepared by the NATO International Staff will be considered by the Investment Committee. If the programme passes IC scrutiny, and the physical scope and procurement strategy is agreed, then approval is given to the Host Nation to proceed in preparing the statement of work. This does not constitute authority to issue the IFB.

3. Project Execution

During this stage the project has received full financial approval and authority to proceed. Industry can now be made aware of the requirement and timescales.

➤ **Host Nation prepares, co-ordinates and obtains approval for statement of work**

The Host Nation will fully articulate the requirement and finalise the procurement strategy.

➤ **Notice of Intent to Issue Bids (NOI) issued**

The Host Nation may choose to release the NOI at this point. At this time the programme aspects are more closely scoped and certain. Lower risk/lower value projects are likely to be released at this point.

➤ **Request For Bidders' Views RFBV [Draft IFB document] (when authorised)**

The Host Nation may seek Bidders' views to help reduce risk in the programme. A draft Invitation for Bid will be issued under the IFB process to support this activity. This allows bidders to see and comment on the technical detail, proposed approach, terms and conditions etc. This is a valuable process that helps NATO de-risk programmes.

➤ **Host Nation request to Investment Committee for authority to Issue the IFB (A2IFB)**

This authority from the Investment Committee allows a managed release of NSIP funding. At this point the IC grants the Host Nation the authority to issue the IFB in line with the agreed procurement strategy and includes formal authorisation of the physical scope, financial scope and funds. If given, this is the point where NATO has a binding commitment to fund a particular project, providing that it stays within an indicated profile, and that the MMR remains valid.

➤ **Release of Invitation to Bid (IFB) (within 3 months of A2IFB)**

Invitations for bids are released through the Delegations to NATO. The UK makes these available via the DIT website. Companies are reminded that they need Certificates of Eligibility (COE/DOE) for each and every bid. The IFB has to be released within 3 months of the A2IFB or IC approval re-confirmed if the IFB release is delayed.

➤ **Bidders Conference (when held)**

With more complex projects these conferences are used to engage with industry to explain details of the final requirements and to formally capture clarification issues.

➤ **Bid closing**

Dates are usually closely adhered to – extensions are rare and require strong justification. Any company requesting an extension must do so via its national Delegation. Before you submit your bid you need to ensure that you have followed all instructions precisely on the content and format of the proposals, and answered the specific exam question. Providing options that are more technically advanced than the required statement of work is acceptable, but your bid must address how it will fill only the stated MMR in order to be both credible and compliant.

➤ **Host Nation evaluates bids and selects source**

The HN will form an evaluation board for each bid. Members of the IC do not sit on any evaluation board. This process can be lengthy especially for large, complex programmes competed on Best Value basis.

➤ **Notation to nations of winning bid and imminent contract award**

Nations are alerted by the HN that one of their suppliers has won the specific bid and that contract award is imminent. This allows the management of any formal announcements.

➤ **Host Nation conducts final negotiations with winner and awards contract**

The Host Nation will conclude any final negotiations on the contract terms and conditions with the winning contractor and award the contract.

➤ **Production & delivery of capability in line with A2IFB timelines**

This includes the actual execution of the project through to delivery and acceptance procedures. Depending on the nature of the programme this may last for several months, and more often, years. The HN will monitor the programme and ensure timelines remain on track. If any change in the A2IFB timelines are identified, the Investment Committee must be informed to confirm affordability.

4. Project Closure

Upon completion, NATO projects require formal certification (of system acceptance) to verify the required capability has been delivered and to audit the financial elements of the project. This is a contractual milestone. These activities may occur some considerable time after the final delivery from the suppliers as the performance of the capability in the hands of the user may require long term evaluation.

➤ **HN request for JFAI**

Once a project has been satisfactorily completed, the Host Nation will request the NATO Office of Resources to arrange a Joint Final Acceptance Inspection.

➤ **NOR performs JFAI**

The NATO Office of Resources performs the Joint Final Acceptance Inspection of the project. This ensures that the work undertaken is in accordance with the scope of work authorised. As soon as this report is accepted by the Investment Committee it is added to the NATO inventory.

➤ **HN and NOR complete COFFA**

The Host Nation and NATO Office of Resources initiate the financial acceptance of the project. This is undertaken by the International Board of Auditors for NATO (IBAN) who will audit the project. Once successfully audited, a Certificate of Final Financial Acceptance is produced that sets out the amounts established by the audit and certify the expenditure for the audited project.

Project Lifecycle

Stage and Timescale

NATO COMMON FUNDED INVESTMENT PROJECTS

<p>Project Start-up Typically ~3 Months</p>	<p>Bi-SCs identify capability gap</p> <p>Requirement defined & implementing Host Nation (HN) appointed</p> <p>HN develops project plan</p> <p>HN request to Investment Committee for Advance Planning Funds</p>
↓	
<p>Project Initiation Typically 3-9 Months</p>	<p>Preparation & approval of Type B Cost Estimate (TBCE) also refine requirement with Bi-SCs</p> <p style="text-align: right;"><i>Market Survey (when held)</i> <i>Information Day (when held)</i> <i>Industry Workshop (when held)</i></p> <p>Technical project screening by WGNT</p> <p>HN Request to Investment Committee for 1st Stage Authorisation (Scope & Financial Estimate plus profile)</p> <p><i>(Note: If IFB will be released within 3 months, request includes authorisation to issue the IFB)</i></p>
↓	
<p>Project Execution Typically several Months or Years</p>	<p>HN prepares, co-ordinates and gets approval for statement of work</p> <p>Notice of Intent to Issue Bids (NOI) issued to Delegations</p> <p style="text-align: right;"><i>Request For Bidders' Views RFBV [Draft IFB document] issued via IFB process (when authorised)</i></p> <p>HN request to Investment Committee for authority to Issue the IFB (A2IFB) <i>(Note: If not previously authorised)</i></p> <p>Release of Invitation to Bid (IFB) (within 3 months of A2IFB)</p> <p style="text-align: right;"><i>Bidders Conference (when held)</i></p> <p>Bid closing date</p> <p>Host Nation evaluates bids and selects source</p> <p>Notation to IC of winning bid and imminent contract award</p> <p>Host Nation conducts final negotiations with winner and awards contract</p> <p>Production & delivery of capability in line with A2IFB timelines <i>(Note: HN must notify IC of any changes to A2IFB timelines)</i></p>
↓	
<p>Project Close Time depends on complexity</p>	<p>HN request for JFAI</p> <p>NOR performs JFAI</p> <p>HN and NOR complete COFFA</p>

JFAI: Joint Final Acceptance Inspection **COFFA:** Certificate of Final Financial Acceptance

ANNEX B:

**TEMPLATE OF THE LETTER TO BE PROVIDED BY A NATO ORGANISATION IN SUPPORT OF NATO
PERSONNEL SECURITY CLEARANCES FOR PERSONNEL EMPLOYED IN UK CONTRACTORS
AWARDED A NATO CONTRACT**

To whom it may concern

Subject: APPLICATION FOR NATO PERSONNEL SECURITY CLEARANCES

1. **[Insert name and full address of UK contractor]** are conducting work for **[Insert name of NATO Agency/Organisation]** on **[Insert subject and brief details of the contract]**.
2. The work requires the above mentioned contractor's personnel involved in the contract to have access to NATO classified information at the level of CONFIDENTIAL or above and/or unescorted access to **[Insert details of establishment/s]**
3. It is requested that the personnel listed at Annex be vetted in accordance with C-M(2002)49 to obtain a NATO Personnel Security Clearance to be permitted access to information and material marked up to and including NATO SECRET.

Signed by an appropriate authorised employee of the NATO Agency

ANNEX C:**ACRONYMS**

A2IFB	Authority to issue Invitation For Bids
ACCS	Air Command and Control System
ACO	Allied Command Operations
ACT	Allied Command Transformation
ADS	AeroSpace Defence Security
AGS	Alliance Ground Surveillance
ALTBMD	Active Layered Theatre Ballistic Missile Defence
AMN	Afghanistan Mission Network
AOM	Alliance Operations and Missions
ARS	Air Operations Centre, RAP Production Centre & Sensor Fusion Post
AWACS	Airborne Warning And Control System
Bi-SC	Bi-Strategic Command (ACO and ACT)
BOA	Basic Ordering Agreement
BV	Best Value
C3	Command, Control and Communication
C4ISR	Command, Control, Communications, Computing, Intelligence, Surveillance and Reconnaissance
CAOC	Combined Air Operations Centre
CAT	Capability Area Team
CBRN	Chemical, Biological, Radiological and Nuclear
C-IED	Counter – Improvised Explosive Device
CIS	Communication and Information Systems
CMRE	NATO Centre for Maritime Research & Experimentation
CNAD	Conference of the National Armaments Directors
COFFA	Certificate Of Final Financial Acceptance
COTS	Commercial Off The Shelf
DAT POW	Defence Against Terrorism Programme Of Work
DIT	Department for International Trade
DoE	Declaration of Eligibility
DSO	Defence and Security Organisation
DVA	Defence Vetting Agency
FBO	Federal Business Opportunities
FCO	Foreign and Commonwealth Office
FSC	Facility Security Clearance
HN	Host Nation
IBAN	International Board of Auditors for NATO
IC	Investment Committee
ICB	International Competitive Bidding
IFB	Invitation For Bids
IMS	International Military Staff
IS	International Staff
ISAF	International Security Assistance Force
IVCO	International Visits Control Office

JFAI	Joint Final Acceptance Inspection
JEWCS	Joint Electronic Warfare Core Staff
JFC	Joint Forces Command
JFTC	Joint Forces Training Centre
JWC	Joint Warfare Centre
KFOR	Kosovo Force
LCB	Lowest Compliant Bid
LCC	Life Cycle Cost
MBC	Military Budget Committee
MC	Military Committee
MMR	Minimum Military Requirement
MNC	Major NATO Command
MoD	Ministry Of Defence
MOTS	Military Off The Shelf
NAC	North Atlantic Council
NADREP	National Armament Directors Representative
NATEX	National Technical Expert
NATO	North Atlantic Treaty Organisation
NCB	National Competitive Bidding
NCIA	NATO Communication and Information Agency
NIAG	NATO Industrial Advisory Group
NOI	Notice Of Intent
NOR	NATO Office of Resources
NOS	NATO Office of Security
NRF	NATO Reaction Force
NSIP	NATO Security Investment Programme
NSPA	NATO Support Agency
PfP	Partnership for Peace
PSC	Personnel and Site Clearances
QMV	Qualified Majority Voting
RAP	Recognised Air Picture
RFBV	Request For Bidders' Views
RFP	Request For Proposals
RTA	Research and Technology Agency
SAC	Strategic Airlift Capability
SACEUR	Supreme Allied Commander Europe
SACT	Supreme Allied Commander Transformation
SC	Strategic Commands
SHAPE	Supreme Headquarters Allied Powers Europe
THN	Territorial Host Nation
WGNTTE	Working Group of National Technical Experts