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ISSUES, QUESTIONS AND DIFFICULTIES RELATED TO USING CONTRACTOR SUPPORT TO OPERATIONS

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ABSTRACT: It is a basic requirement of successful multinational operations that the necessary resources should be at NATO's or nations' disposal in the required time, quantity, and quality. For this, the Contractor Support to Operations (CSO), which is one important pillar of the operations logistics support, assumes more and more roles. The contractors' basic task is to supplement the capability- or capacity gaps showing up in the military or in the Host Nation Support. Besides this, CSO frees up military capacities and, at the same time, the military can achieve new and necessary expertise. However, the consideration to use contractors requires a thorough discretion from the early stage of the operation planning process. This should cover not only the capabilities of the potential civilian companies and the military requirements, but military planners should also take into account the interests of the enterprises that may provide support to the operations. As the demand for civilian services grows, so does the competition between national defence forces for the most suitable suppliers with the best capabilities and capacities. The authors' aim is to draw attention to the importance of understanding the contractors' interests and limitations, as well as to give some suggestions on harmonizing the military and civilian service providers' goals to the benefits of both parties.

KEYWORDS: logistic support, Contractor Support to Operations, commercial contracted capability, interests of the military and contractors, competition

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INTRODUCTION

There are different ways of researching the necessary logistic support for an operation but the CSO makes a more and more significant contribution to them. Nations and NATO have realized the added value of civil companies to military missions. It is absolutely clear that the organic military assets and supplies, packed and used for the deployment of units, cannot satisfy the military needs in the long run. In addition, it does not make sense to bring all necessary materials and supplies to the theatre when deploying, or to operate a supply chain for all supply classes, arranging for the transportation of every single day of supply from home bases. Host Nation Support (HNS) can provide a solution to supplement the military needs to a certain degree, furthermore, through different types of multinational logistic cooperation we can establish additional capabilities.

Contractors have an absolutely different approach to military operations. Civilian companies are eager to provide support to the nations or NATO but the nature of this cooperation is different. Although companies make a profit of cooperation, to the military it may seem that their willingness is without any preconditions. It is not true. The main role of the CSO is to fill in the gaps in the logistic capabilities, caused by the lack of military and HNS capabilities and capacities. Although, generally we can state that the market is ready to support military operations, military planners and leaders must not forget that companies work for profit. The market has its own rules, which the companies have to observe if they want to keep their enterprise functional and prosperous.

Besides the commercial rules of the market, we have to understand that contractors have their limitations too. Many of those are the same that limit the commanders' freedom of action or the start and seamless flow of an operation. NATO and nations always identify the issues, problems, and limitations which may hamper their work and those which block or restrain them from using contractors for whatever reason, but the interests of the market are less considered.

However, taking into account the issues, problems, limitations, and interests of civilian companies would make the logistic planning process more effective and would save working hours and manpower capacities for both the companies and military. And time is a key factor when considering the start of a new mission or deployment of forces, especially, if a nation or NATO have to deploy their units in very high readiness. One way or another, besides the identification of military goals, logistics resources, and limitations, it is absolutely reasonable for military planners to take into consideration those of the civilian market as well. It would be beneficial for both parties.

LOGISTIC SUPPORT OF MULTINATIONAL OPERATIONS

Before analysing the operational logistic support, it is necessary to define the types of military operations. According to the AJP-3.4¹ we can classify the military operations as warfare operations and military operations other than war. During the past two decades, the Hungarian Defence Forces – as NATO ally – have taken part in military operations other than war (MOOW). It includes those activities that belong to Non-Article 5 operations. These actions can be divided into different “areas” and additional sub-areas that are the following:²

- Peace Support: The Peace Support Operations (PSOs) can contain activities which use diplomatic, civilian and military means as well, to restore or maintain peace. These can be:
 - Conflict Prevention: with that we try to prevent disputes from escalating into armed conflicts;
 - Peacemaking: we can speak about peacemaking if a conflict have already started and the current situation has to be managed by diplomatic means and help of military support. Diplomatic means can be mediation, negotiation, isolation, sanctions,

¹ *AJP-3.4 Allied Joint Doctrine for Non-Article 5, Crisis Response Operations*, NATO Standardization Agency 2010.

² *AJP-3.4*. 39–55.

- or other activities, and military actions can also be taken, for example, as a threat of intervention;
- Peace Enforcement (PE): These operations are coercive in nature and are carried out when the consent of opposing sides to the conflict has not been achieved or might be uncertain. The difference between PE and other PSO activities is that the mandate allows more freedom of action for the commander concerning the use of force so he/she has opportunities to apply a wide range of options;
 - Peacekeeping: with such operations the deployed forces monitor and facilitate the implementation of a peace agreement. If it is necessary – for example: in case of the loss of consent – PK could evolve into PE operations;
 - Peacebuilding (PB): These are a set of procedures and tasks with which we can support the reinstatement of normal, everyday life. PB may include mechanisms to identify and support structures that will consolidate peace and foster the sense of confidence.
- Counter-irregular Activities: they may include acts of a military, political, psychological or economic nature, carried out by indigenous or non-state actors. In such a situation, NATO and the UN use different means, for example: military, political and economic actions to maintain peace and order. These can be the following:
- Counterinsurgency (COIN): COIN operations often include military education and training programs because it is the properly trained and motivated local military forces that can perform the most effective actions in this category.
 - Counterterrorism: those activities with which the interested parties are able to neutralize terrorism before and after hostile acts are carried out. It is conducted by specially organized, equipped, and trained Counter-Terrorist (CT) forces.
- Support to Civil Authorities: it embraces all of tasks, measures and military activities that provide temporary support, which includes Military Assistance to Civil Authorities and Support to Humanitarian Assistance Operations.
- Search and Rescue: SAR may be carried out in support of any NATO operation and if it is necessary, NATO could assist the national SAR efforts as well.
- Non-combatant Evacuation Operations (NEOs): In general, NEOs are national diplomatic initiatives in which NATO or UN forces and organizations take part in a supporting role. NEOs can be defined as operations conducted to relocate non-combatants threatened in a foreign country.
- Extraction operations: they can be described as missions where NATO-led forces assist in or cover the withdrawal of a military mission from a crisis region.
- Sanctions and embargoes: they are designated to force a nation to follow international law or to conform to a resolution or mandate.
- Freedom of Navigation and Overflight Operations: These operations are carried out to demonstrate international rights to navigate sea or air routes.

It can be seen that different operations may be conducted by a member state of NATO or the UN. Naturally, logistic support has to comply with and follow the operational requirements. It is essentially important to make logistic support available in the full spectrum of NATO operations. It means that resources – which are necessary to conduct operations without failure – must be provided in the adequate quantity and quality, in time and place with optimal cost expenditure. Logistic organizations that conduct support of forces directly, and the National Support Element, which is responsible for support in theatre, have to be able to

coordinate with the Joint Logistic Support Group and to make use of services provided by Host Nation Support and CSO. The planning and operation of a supply chain may depend on different factors which can be the following:³

- the requirements that are defined in the operational plan;
- nature of the operational tasks and estimated time of implementation;
- distance of the area of operations, the opportunities of the strategic transportation;
- geographical and climatic characteristics of the operational area;
- infrastructure of the area of operations;
- use of support, resources, and services that can be provided in the area of operations.

It may be said that a lot of factors could affect the logistic support of an operation. The logistic organization and personnel have to pay attention to these and, in line with the characteristics of the operation, the supply must be properly organized and planned. However, what kind of materials and equipment should be provided in a multinational operation? The NATO Logistics Handbooks classify materials and equipment in five classes, which may help the organizations to distinguish those supplies that have to be provided for a mission. In accordance with STANAG,⁴ materials and equipment are classified as follows:

- Class I: Items of subsistence, e.g. food and forage, which are consumed by personnel or animals at an approximately uniform rate, irrespective of local changes in combat or terrain conditions.
- Class II: Military equipment for which allowances are established by tables of organization and means, e.g. clothing, weapons, tools, spare parts, vehicles.
- Class III: This class includes petroleum, oil and lubricants for all purposes, (except for operating aircraft, e.g. gasoline, fuel, oil or greases, contained in Class III/a – aviation fuel and lubricants).
- Class IV: Military equipment and materials for which initial issue allowances are not prescribed by approved issue tables. It normally includes fortification and construction supplies as well as additional quantities of items identical to those authorized for initial issue (Class II) such as additional vehicles.
- Class V: It includes ammunition, explosives and chemical agents of all types.

With classification of materials and equipment, the logistic organizations, units, and subunits are able to determine which supplies and services could be provided by the theatre Host Nation Support and CSO, relying on national resources or a Logistics Lead Nation (LLN). Naturally, there are some equipment and materials that belong to national responsibility, irrespective of the nature of the operations, e.g. armaments, personal equipment, or tracked and wheeled military vehicles. However, there are also some materials that may be provided by Host Nation Support or CSO, e.g. related accommodation services and infrastructure, transportation network (requisitioning of airport, seaport, road and railway) or use of logistic store-base. Also, there are some materials and services that may be provided by a LLN, e.g. food, operating of airfield, or fuel. Thus, organizing supply may depend on technical agreement, HNS capabilities or the circumstances of an operation.

³ *Ált/217 – Hungarian Defence Forces Joint Force Logistics Doctrine*, 3rd edition. (in Hungarian) (Budapest: Hungarian Defence Forces, 2015) 198.

⁴ *NATO Logistics Handbook*. NATO Standardization Agency, 2012. 27.

Logistic support of a multinational operation may be achieved through two-level support and multi-channel supply. Two-level support would mean in this context, that e.g. in a huge extended operation, a supply chain may be built up by relying on home bases in our country and, in the theatre, by using a National Support Element. Regarding the sources of supplies and services, the military can use different channels. Materials and services can be provided by civilian service providers, military storebases, HNS, or through multinational logistic support.

According to operational experience, services and supplies provided by HNS and civilian service providers have a definite importance. In an extended operation, e.g. ISAF operation, it happened many times that the materials and equipment – requested by the forces deployed to the theatre – arrived only six months later than the requested date. Our mission experience was similar: HUN PRT⁵ requirements, sent to the superior military organizations in February, were satisfied only in October in the theatre by the logistic units and subunits.⁶

We mentioned that there were supplies, provided only from national resources, but in some cases there were a lot of materials and equipment which could have been provided also by HNS or commercial companies, but we did not employ them because we did not have information about these opportunities in theatre. If we want to increase the effectiveness of a supply chain, we have to examine all opportunities that a theatre can offer for the logistics. It means that HNS capabilities and services provided by CSO have to be explored at the beginning of operations. If we know what materials, equipment, and services can be provided through such a method, we can decrease the delivery time and storage costs so we can shorten the supply chain. But we have to face a lot of challenges if we want to apply contractor support in an operation.

WHY DO NATO NATIONS USE CONTRACTOR SUPPORT TO OPERATIONS? WHAT IS IT USED FOR?

If we want to give a short and simple answer for this question, the quote below referring to the US military, exemplifies best the use of contractors:

“Joint Publication 4-10, Operational Contract Support” makes the point that the United States “has always used contracted support in military operations at various levels of scope and scale.” “We have contracted for everything from shoes and rifles to medical support, maintenance and repairs, security, intelligence, engineering support, and much more.”⁷

So, basically, we can say that CSO is not purely a logistics or sustainment function, since the military employs contractors for intelligence, construction, facility management and operation, training, force protection, linguistic services, base services, and communication too. In fact, nowadays, all major operations rely on CSO significantly. In some cases, contractors may be able to substitute for military forces, which allows for the reduction of the military footprint in the joint area of operations. This can speed up the operational tempo,

⁵ Hungarian Provincial Reconstruction Team.

⁶ Szajkó, Gy. and Fábos, R. “Ideas on Possibilities of Development in Military Logistic Chain.” (in Hungarian) *Katonai Logisztika*, 28/1–2. 2020. 169.

⁷ Williams, D. K. and Latham Jr., W. C. “Sustainers should understand operational contract support”. *Army Sustainment*, May-June 2016. Focus. 4.

improve domestic political support, and civilian enterprises can also be used to overcome mission-related force strength restrictions as well.

Employing contractors in military operations is not new, of course. The number of civilian service providers grows continuously, e.g. the proportion of contractor to military personnel was 1:55 in Vietnam, 1:1 in Iraq and 1.43:1 in Afghanistan.⁸ Considering the different fields of contractors' employment, the table below can give us a real picture of the use of contractors in operations.

OIR (Iraq and Syria) Summary

The distribution of contractors in Iraq and Syria by mission category are:

Base Support	1,097	19%
Construction	435	8,10%
IT/Communications Support	267	4,80%
Logistics/Maintenance	1,722	31,20%
Management/Administrative	271	5,20%
Medical/Dental/Social Services	19	0,20%
Other	70	1,20%
Security	364	6,50%
Training	23	0,50%
Translator/Interpreter	656	15%
<u>Transportation</u>	<u>399</u>	<u>8,30%</u>
Total	5,323	

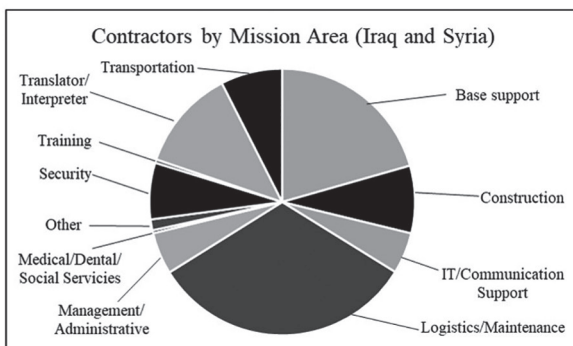


Figure 1 *Contractor Support to Operation Inherent Resolve*

Source: *Contractor support of U.S. operations in the USCENTCOM Area of Responsibility. ODASD (Program Support), July 2018*

When the military considers using contractors, the main goal is to receive the required capabilities. Those capabilities are delivered through contracts. Therefore, the properly chosen type of contract, the contracting techniques, also the effective contracting process are key for receiving the necessary supplies and services in time. Regarding the start of the contracting process, we can speak about planned and ad-hoc contracting. We can initiate a contracting process for capabilities not met through the previously held force generation process or other modes of different support. We can call this a planned contracting. But the military can start a process also as a response to unforeseen new requirements which come up during an already ongoing operation. In this case, we can start an ad-hoc contracting process. The latter gives the commander a greater flexibility to overcome unforeseen hurdles, but it also includes the risk of non-compliance of the contractor, delayed delivery of services, high costs, or simply reluctance of service providers to bid against the requirements, which are short-notice in most cases.

Therefore, planning the sources of the required supplies and services, including CSO, needs to be considered at the very early stage of the operation planning process, also the advantages, disadvantages and limitations of using civilian service providers. Furthermore, the military has to identify alternate sources, and plan other contingency solutions in case the contractors cannot comply.

⁸ *EU Concept for Contractor Support to EU-led military operations.* (Brussels: Council of the European Union, 2014) 9.

ISSUES, QUESTIONS, LIMITATIONS OF THE MILITARY'S SIDE

There are limitations, risks, and other considerations that national military forces or NATO have to keep in mind when planning the use of contractors to support their operations. There is always a threat of the disruption of an ongoing service or that a contractor is not able to comply with requirements. Military planners know very well several methods to mitigate the risk of threats, e.g. through considering and planning contractor support as early as possible or appointing and applying a Contract Integrator (in case of NATO it is the NATO Support and Procurement Agency — NSPA). Some of the considerations, from a military point of view, have already been very well collected in the NATO Logistics Handbook (such as: type of operation, phase of operation, force protection and operational security),⁹ which include the risks originating from those considerations. One way or another, the characteristics and phase of an operation have a great influence on choosing this type of support at all, and force protection or security related considerations may impose additional tasks on the military (like: the military to provide security and medical support to contractors). But now, let us focus mainly on those things which have not been mentioned yet.

If the NATO nations, like Hungary, contemplate employing civilian service providers to support their operations, they have always had the opportunity to examine the experience already gathered in this field. It is evident that the US military has a huge knowledge on using CSO, so it is worth studying its achievements. Having realized the limitations, risks and problems, the US military established some governing principles of using contractors and incorporated them in its doctrines. These principles are as follows:

- Contractors do not replace force structure. They augment Army capabilities and provide additional options for meeting support requirements.
- Depending on mission, enemy, terrain, troops, time, and civilian considerations, contractors may deploy throughout an area of operations and in virtually all conditions.
- Commanders are legally responsible for protecting contractors in their area of operations.
- Contractors must have enough employees with appropriate skills to meet potential requirements.
- Contracted support must be integrated into the overall support plan.
- Contingency plans must ensure continuation of service if a contractor fails to perform.
- Contractor-provided services should be invisible to the users. Any links between Army and contractor automated systems must not place additional burdens on soldiers.
- The Army must be capable of providing critical support before contractors arrive in the theater or in the event that contractors either do not deploy or cannot continue to provide contracted services.
- Although contractors can be used as an alternative source of capabilities at theater or corps level, commanders must remain aware that, within a given operation, using contractors could decrease flexibility.
- Changing contractor activities to meet shifting operational requirements may require contract modifications.

⁹ NATO Logistics Handbook. 162.

These basic principles provided the framework for developing doctrine and policy for contractors on the battlefield. They are applicable to contractor efforts today and on the future battlefield.¹⁰

The Russian aggression in Ukraine in 2014 created some new challenges and limitations when considering CSO. NATO tried to address the new Russian challenge, and, as a result, new defence concept (Deterrence and Defence), new NATO entities and missions (like NATO Force Integration Units, Very High Readiness Joint Task Force, enhanced Forward Presence) or enhancement of existing formations (such as enhanced NATO Reaction Force) were brought to life. Speed, flexibility and reliability got a much higher emphasis than before in operation support. The extremely high readiness time created new types of requirements from the nations and NATO for operations or possible operations. Due to the mentioned very high readiness, the importance of pre-arranged Assured Access Contracts (AACs) or dormant contracts grew significantly. Although other ways of shortening the lead time of the establishment of a new commercial contracted capability also exist through different contracting techniques (like pre-selection of potential contractors), these methods were not effective enough any longer.

Some may think that with establishing AACs the very high readiness related issues have been solved, but it is not true in every instance. Besides the already known risks and limitations (e.g. disruption of services, too high price of the services – due to the growing and separate requirements) new ones have emerged. Some of them are the following:

- the industry cannot support the requirements, especially at (very) short notice;
- the industry is reluctant to support the requirements, in other words the requirements may not be attractive enough due to time or notice limitations or because of the disproportion between the invested costs, time period and efforts (to establish a new contracted capability) and the benefits of the contractor (e.g. too much efforts for a short run dormant contract);
- contractors to provide fuel (or other supplies) from other than Russian sources;
- NATO and national military forces have to compete with the civilian companies for the resources (e.g. in case of military rail transportation in Europe due to the lack of capable rolling stocks);
- the Contract Integrator (CI – NSPA) cannot support the increasing number of requirements of the nations due to lack of capacities, etc.

In addition, we cannot speak about isolated cases because nations, appearing either individually or collectively with their requirements in the market, and the NSPA experience the same issues and problems. That is why it became extraordinarily important for the military to understand the contractors' limitations and interests. NATO and nations must re-determine their requirements, re-plan their concept or operations if needed, and have to figure out how to use the CSO in the most effective way. Since in the new defence concept the nations assuming responsibilities, e.g. as framework nations (FWN) of the VJTF, face similar challenges, the contracting procedures and contracted capabilities should also provide a solution to meeting the requirements of all rotating FWNs.

¹⁰ Fortner, J. A. "Institutionalizing Contractor Support on the Battlefield". *Army Logistician*, 32/4. 2000. 13.

When talking about a solution, it can be a new individual commercial contracted capability for one single nation that other nations can also join. However, actually, establishing a multinational solution would be more reasonable. It can be a scalable multinational framework contract, a new partnership or a project group under the aegis of an existing partnership, specialized for a certain type of supply or service, making possible the new solution to be available for all those participating nations that are interested in it. NSPA (as a Contract Integrator), through its partnership offices as common platforms, has a great role in collecting, consolidating, synchronizing the national requirements and building consensus for multinational solutions through the civilian service providers from the industry. The authors' firm belief is that the significance of multinational solutions will grow in the future and for this, a better understanding of the market is essential.

ISSUES, QUESTIONS, LIMITATIONS OF THE CONTRACTORS' SIDE

When speaking about operations, we can say that the military is aware of its own requirements related to support to operations. Although the nature of operations may change from time to time due to technical developments, different geographical locations or other reasons, NATO and nations, through their operation planning mechanism, are able to define or redefine their basic requirements towards the industry.

However, when discussing the support provided by civilian service providers to military, direct and indirect support to operations should be considered. CSO includes mainly provisions of different supplies (but primarily food, bottled water, fuel), services (minor or major construction works, transportation, base services, real life support, etc.) and some additional engineering support with assets which are ready for use within a relatively short time period (e.g. elements of already existing deployable capabilities, like containerized housing units, tents, power generation with technical support and labour to operate and maintain those assets). Establishing new contracted capabilities for these supplies and services may require a shorter period of time (e.g. in case of the NSPA, it takes approx. 4–6 months) generally.

Longer military operations may require significant engineering and construction works as well, which happened e.g. in Afghanistan when series of development projects were executed at the Kabul International Airport. Such significant construction works may take for several years from designing the plans until the completion of building works.

Besides, the above-mentioned civilian companies have a very huge role in developing weapon systems, military vehicles, and other military equipment. Those weapon systems and equipment are inevitable for the successful military operations. The civilian companies, with the development of new weapon systems and equipment, through their involvement in the whole life cycle management of those systems, support the operations in an indirect way as well. Many times, contractors prepare technical assets, different capabilities primarily for the inventory of the national defence forces (e.g. a deployable medical ROLE 2 package to be stored at a home base but available in case of needs during an operation), or they provide repair and maintenance services as well in the theatre or at home bases to the military assets and vehicles.

The military requirements towards the companies, involved in Life Cycle Management of weapon systems, vehicles and other military equipment, are well collected in an article by Balázs Taksás, and are the following:

- To manufacture appliances meeting the technological standards of the present. (Technological level)
- To create their products and services in an affordable and competitive way. (The principles of economy)
- To be able to support the maintenance of appliances and to be able to operate the manufacturing or their services both in peacetime and in wartime. (Security of Supply)
- “There is no hierarchy among these three requirements, as they are all equally important, therefore it can be named *The Trinity of Defense Industry*.”¹¹

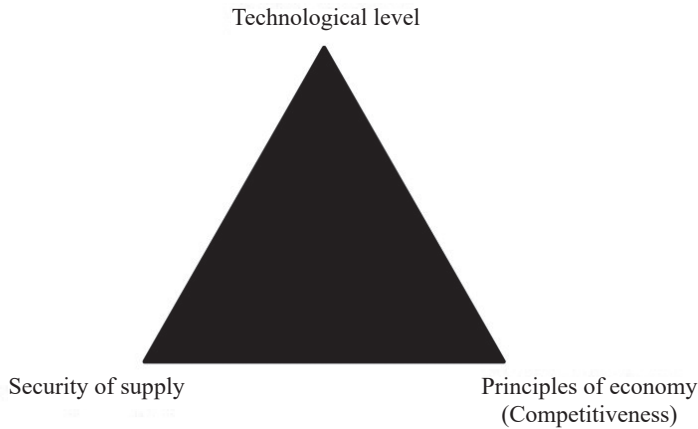


Figure 2 Drawn by the authors, based on Balázs Taksás: “*The Trinity of defense industry*.”
Source: Prepared by Balázs Taksás

Regarding the defence industry, one of the biggest challenges of the 21st century for the companies is how to keep the balance among the elements. It may happen that when the contractor strengthens one element it entails the weakening of the other two.

Similar requirements have been formulated, as CONDO principals (Contractor on Deployed Operations) in a promotion publication of a commercial service provider, the Persides Ltd.:

Persides is able to offer an assured CSO end-to-end solution in terms of capturing and refining deployed support requirements. Providing bid/proposal management and subsequent management of a deployed contractor support service upon award of contract whilst remaining compliant with the following CONDO principles:

- Contract Sponsor must provide an assured service for the Military Commander using contractors in circumstances that do not involve unacceptable military risk.
- In providing CONDO capabilities, it is accepted that they should be attractive or profitable for the contractor whilst demonstrating value for money for the MoD.
- The operational circumstances within which CONDO capabilities are delivered must be as safe and secure as possible for the workforce.¹²

¹¹ Taksás, B. “The Trinity of defense industry.” *Economics and Management*, 8/1. 2019. 71.

¹² “Contractor Support to Operations (CSO) & Contractors on Deployed Operations (CONDO) – Providing enduring in-theatre technical support to front line operations.” Persides. 29 May 2014. https://www.military-systems-tech.com/sites/militarysystems/files/supplier_docs//CONDO.pdf Accessed on 3 February 2022.

Some of the above-mentioned requirements can be reached through the already existing and well-known cooperation between the military and industry, like the security for the workforce. NATO has already realised this very valid requirement from the industry, that is why the employment of contractors, depending on the type or the phase of an operation, with the proper security and health provisions, is thoroughly considered.

But making a military requirement attractive and guaranteeing that the provision of service will be profitable for the contractor create a new challenge. The main reason of that is the nature of the new type of requirements the nations developed after 2014. For example, the VJTF concept requires pre-arranged AAC capabilities, so that the units can deploy at the determined extremely short Notice-To-Move time. Planning the supply and support requirements of the VJTF units causes a challenge even for military planners, since the time and place of delivery of the required materials or services are not really known. Although pre-planned response plans have been created by NATO, which identified possible JOAs, the only thing that is clear is that the supplies and services will be required quickly after an activation of the units in high readiness.

If the military planners find the way of formulating their requirements in a way that the contractors are able to bid against, it still does not guarantee that providing the required service brings profit to the contractor. An AAC requires supplies, materials, transport assets or services to be pre-planned and to be put aside for the military in case of needs. In other words, the contractor is expected to assume a commitment for the required duration (which is one year in case of the VJTF readiness) but it is not sure that this committed service pays back the contractor's costs and efforts. When discussing this point, we enter into a debate with István Balla who claims in his essay, that with the size of the service fee, it is possible for the military to create a strong interest that can minimize the risk of non-compliance of the contractor.¹³ We think that it is not always true, mainly if we speak about the support to VJTF through commercial contracted capabilities. First of all, other nations' military forces (or a civilian company from the industry that competes for the same capacity or capability) may pay more and we lose the chance to obtain the required service. Secondly, in case of an AAC or dormant contract, the contractor is able to calculate the possible profit that it loses with putting its capabilities and capacities aside for the military, but at the same time it may lose a certain share of the market. So, withdrawing its capacities from the market, its rivals would fill this supply or service gap, offering their services and exploiting this situation. This disadvantage cannot be calculated and cannot be imposed on the military, in addition it is not sure whether the contractor can regain its previous status in the market. Furthermore, in some cases, the time, money, and efforts invested in the establishment of the new contracted capability may not pay back within the one-year contract duration which covers the readiness time of the VJTF. This problem, as a striking example, came up recently during the preparation phase of the German VJTF in connection with establishing rail transport services for the units in very high readiness.

From this point of view, the support to the European Union Battle Groups (EUBGs) is even more challenging. The EUBG units are only on 6 month standby. The place of delivery of the possible supplies and services is not known, just like in the case of NATO's very high readiness units. These military formations are also expected to move at short notice so, most

¹³ Balla, T. "Civilian and military assets in light of contracted logistical services." (in Hungarian) *Katonai Logisztika*, 10/3. 2003. 51.

probably, they cannot be sustained without pre-set AACs. However, as it was mentioned previously, this type of contract may not be attractive enough for potential contractors even if the military may need to pay a significant amount of stand-by fee. The civilian service providers prefer those commitments that guarantee their benefit. That is why multiyear contracts and ones that ensure the profit and visibility of service providers in the market are favoured. But these objectives cannot be achieved without actual and factual deliveries. In other words, contractors can be used for dormant contracts but their interest is the establishment of additional contract package(s) as well, which includes actual delivery of supplies and or services too. Pure dormant contracts themselves may generate reluctance of civilian service providers. It is NATO and the nations' responsibility to figure out how to make their requirements attractive, which are able to satisfy the needs of the military and the contractor too.

SUMMARY

As it turns out from this article, the use of CSO generates numerous challenges. The goal of the military is to have civilian service providers deliver value for money without endangering the effectiveness of an operation. By today, the contribution of the contractors, with their special expertise and technical know-how, has become a vital part of the nations' force projection capability. Besides the many positive effects on the operations, it still seems to be a challenge for both parties to cooperate in the most effective way. For this, it is expected from both the contractors and the military to have a better understanding of the other's interests and goals. Integration of the contractors in the military planning is a part of this process, which is not new. But what is more important, NATO and its member states should include the aforementioned requirements in the military training and educational material as well. The NATO or Hungarian, doctrines and guidances, dealing with CSO, should be supplemented by some new chapters that detail the basic operation of the civil service providers, the potential risks of using them, the possible mitigation of those risks and the limitations of applying CSO. This guidance could also depict the business model of some of the most significant and successful civilian service providers, but certainly the basic goals, interests of the contractors should be listed. These documents should also include the military considerations related to this topic, the phases of the operational planning process with the relevant military actions; furthermore, some new contracting techniques should also be detailed. In short, the documents would serve as a source for training and planning by providing a collection of very compact and comprehensive series of practical guidances for CSO. To prepare such a training material, the military can rely on the experience and expertise of the NATO, EU and national Contract Integrators too. Through paying more attention to the training process, bringing some knowledge of idiosyncrasies of the commercial service providers, the military could reach the full integration of CSO to the military operation from planning to execution.

Our firm belief is that the units in high readiness should be supported not only by training but also through multinational commercial solutions that could provide support to the different nations with their units in rotation. In our understanding, solutions mean new type of commercial contracted capabilities, which guarantee the contractors that their time, costs and efforts will pay off. And on the other hand, the military will also be ensured that their operations will be supported as required. Since the nations' requirements for their VJTF units in rotations are very similar, it is feasible to establish contracted capabilities that are flexible and scalable enough to be used by the next nation in rotation and other nations to

have the opportunity to join these capabilities. Contract Integrators can facilitate the establishment of such capabilities providing a platform to collect and consolidate the requirements, where a consensus can be built in developing the exact requirements. Furthermore, they can provide their knowledge of the market and use the most proper contracting techniques to develop the best commercial contracted solution. Having a good understanding of the operation, interests, and goals of the contractors, the military would be easily aware of what to expect from them, and would avoid imposing unrealistic requirements, or wasting time and manpower to non-executable requirements.

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