



# ANNUAL REPORT 2022



NATO Support and Procurement Agency (NSPA)

#WEARENATO

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# INTRODUCTION



## EXECUTIVE SUMMARY

In 2022, the NATO Support and Procurement Agency (NSPA) delivered major projects and programmes in support of NATO's goals, objectives and priorities.

The new security environment made the need to invest in readiness, innovation, responsiveness and agility even more critical than in previous years. As NSPA had already been increasing readiness and resilience during the COVID pandemic, in 2022 the Agency rapidly adapted and effectively responded to new and urgent requirements from Allies, facilitating multinational procurement of supplies, assets and services.

The Support Partnership framework was particularly successful and enabled the Agency to reach important milestones. Six allies (France, Germany, Greece, Italy, the Netherlands and the United Kingdom) agreed to jointly develop and define the future of their helicopter fleets, establishing the Next Generation Rotorcraft Capability (NGRC) Support Partnership. Sweden officially became a participant in the Naval Logistics Support Partnership (NLSP), and the United States and Luxembourg established a Global Commercially Contracted Satellite Communications (GCC SATCOM) Support Partnership, opening a new era of Space cooperation within NATO.

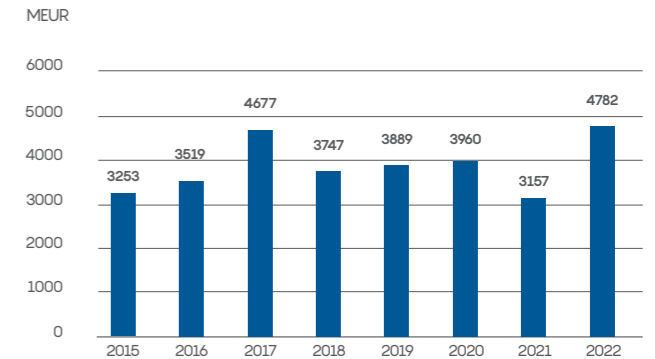


Figure 1 – NSPA Business Turnover (MEUR)

Throughout 2022, NSPA supported the NATO Fuel Supply Chain, met increasing requirements for munitions procurement, common equipment, stockpiling, prepositioning and the transportation requirements for reinforcement and sustainment. The Agency also continued to leverage the Strategic Airlift International Solution (SALIS) fleet of Antonov AN-124 aircraft for the nine participating nations with unique air transport capability as well as Outsized Cargo.





The rapid adaptation of the Agency to the new environment was well reflected in the growth of its business turnover, which reached 4.8 BEUR. This is the highest turnover ever reached by the Agency.

Some of the key acquisition and high visibility projects managed by NSPA also reached significant milestones. The Alliance Future Surveillance and Control (AFSC) Programme awarded contracts to conduct Risk Reduction and Feasibility Studies that will help redefine how NATO conducts surveillance and control after the planned retirement of the Airborne Warning and Control System (AWACS) fleet around 2035. The Multinational Multi Role Tanker Transport (MRTT) Fleet (MMF) grew with the delivery and acceptance of the 6th and 7th aircraft. The Alliance Ground Surveillance (AGS) capability roadmap was initiated to identify, prioritise and review funding requirements for sustaining system relevance.

The NATO Airlift Management (NAM) Programme continued to acquire, manage and sustain airlift assets and provided effective financial, logistical and administrative services to the Heavy Airlift Wing in order for it to fulfil the Strategic Airlift Capability's mission and mandate with approximately 2400 flight hours in 2022. The Central Europe Pipeline System (CEPS) Programme effectively coordinated the 24/7 operation, maintenance and financing of the largest NATO pipeline and storage network, transporting 11.2 M m3 of fuel.

From a compliance perspective, for the fourth year in succession, NSPA was awarded an unqualified audit opinion for compliance with NATO Financial

Regulations (NFR) and Civilian Personnel Regulations (CPR). Additionally, and also for a fourth successive year, the International Board of Auditors for NATO (IBAN) issued an unqualified audit opinion on the financial figures presented in the NSPO Financial Statements for 2021.

The Agency renewed its ISO9001:2015 certificate and reached the aspired Risk Maturity level 4 'Managed' by effectively managing its identified risks at all levels. The Agency continued to enhance its system of Internal Control and to raise its level of maturity based on the principles described in the NSPA Internal Control Framework.

At the end of 2022, the Agency conducted its third Customer Satisfaction Survey and was pleased to achieve 86% satisfaction score, successfully surpassing the target of a minimum of 70%.

In July 2022, NSPA marked its 10th anniversary, following the 2012 merger of three former NATO agencies: the NATO Maintenance and Supply Agency (NAMSA), the Central Europe Pipeline Management Agency (CEPMA) and the NATO Airlift Management Agency (NAMA).

NSPA executive management team developed a Strategic Framework for the 2023-2027 period to ensure the Agency remains efficient, effective and responsive. In applying a holistic and practical approach to this process, the team established five key Strategic Goals to ensure the Agency continues to have the right people, processes and tools to support the Alliance.



# FOREWORD

On behalf of the NSPO Agency Supervisory Board, it is my privilege to provide this introduction and congratulate the Board and the Agency on another productive year of good governance and exceptional execution.

There is no doubt that we have been living through exceptional times over the past year. We are faced with a multitude of challenges that our Alliance, and by extension NSPO, must address collectively and pragmatically.

The ASB's recent approval of the Strategic Direction and Guidance (2023-2027) was indeed timely. Responding to the requirements stemming from the rapid changes and impacts within the geopolitical, economic and technical environment will certainly have an increased effect on further developing and maintaining the Agency's acquisition, support and sustainment capabilities. The General Manager has since reflected on this Strategic Direction and Guidance and has taken a fresh view in designing a corresponding and ambitious Strategic Framework for the Agency, which was approved by our Board last December.



Implementing the Strategic Framework over the next five years would not be possible without NSPO's long-standing cooperative governance structures. In particular, the NSPO Partnership structure remains this Organisation's bedrock and continues to bring and keep Nations together by finding practical solutions to individual and collective customer requirements.

As good governance is necessary to make NATO resilient and earn Nations' trust, we can be satisfied that NSPO's longstanding governance frameworks, which adhere to NATO's institutional values and objectives, have and will continue to provide viable platforms for cooperation among Allies.

Mr Per A. Christensen

Chairperson of the NATO Support and Procurement Organisation (NSPO) Agency Supervisory Board (ASB)

On behalf of the NSPA team, I am pleased to convey a summary of the Agency's successes and business growth, which in 2022 reached 4.8 BEUR.

The new security environment led to an enhanced focus on Deterrence and Defence, resulting in increased defence budgets, with a clear and urgent requirement for multinational cooperation in the acquisition and support of defence systems.

The Agency's leadership and I conducted a comprehensive review of the Agency's vision and priorities to ensure NSPA has the right people, organisation, processes and tools to meet the demands and expectations of the Nations of the Alliance. We developed proposals to update our regulations and processes to ensure NSPA remains efficient, effective and responsive, expand our acquisition capabilities and offer concrete opportunities to consolidate demand into multi-year, multi-national contracts. The result is our Strategic Framework for 2023-2027.



The support and guidance of our customers and governance bodies has been essential in this process, and I thank all our stakeholders, including our host nations, for their continued trust in NSPA. The positive feedback I received throughout these engagements confirms the relevance and key role of our Agency in support of the Alliance and our alignment with the NATO 2030 strategy.

I look forward to leading the team of nearly 1500 talented professionals at NSPA into the next chapter of its long and successful history as the lead organisation for multinational acquisition, support and sustainment to NATO Nations.

Ms Stacy A. Cummings

General Manager of the NATO Support and Procurement Agency (NSPA)



# GOVERNANCE

The NATO Support and Procurement Organisation was established by the North Atlantic Council in 2012 as a subsidiary body created within the framework of NATO with a view to provide responsive, effective and cost-efficient acquisition, including armaments procurement, logistics, operational and systems

support and services to the Allies, NATO Military Authorities and partner nations, individually and collectively. Through its Charter, the Council has granted NSPO a clearly defined organisational, administrative and financial independence.

With the exception of a certain number of organic capabilities (e.g. NSPA Random Brokerage) or special projects, programmatic governance and oversight is typically delegated to NSPO subordinate governance bodies:

wishing to organise in common the support and services of specific activities, to oversee and govern the execution of their respective Partnership.

NSPO Programmes and Partnerships constitute an integral part of NSPO, sharing in the juridical personality of NATO and amounting to 60% of the Agency's operational turnover. At the end of 2022, NSPO comprised two (2) NSPO Programmes and thirty-four (34) NSPO Support Partnerships, supporting over 380 representatives from NATO and Partner Nations as well as other NATO bodies, collectively.

- NSPO Programme Boards, established by the Council to oversee and govern the execution of their respective Multinational Programmes (CEPS and NAM); or,
- NSPO Support or Procurement Partnership Committees, established by the ASB, on the initiative of two or more NSPO member Nations

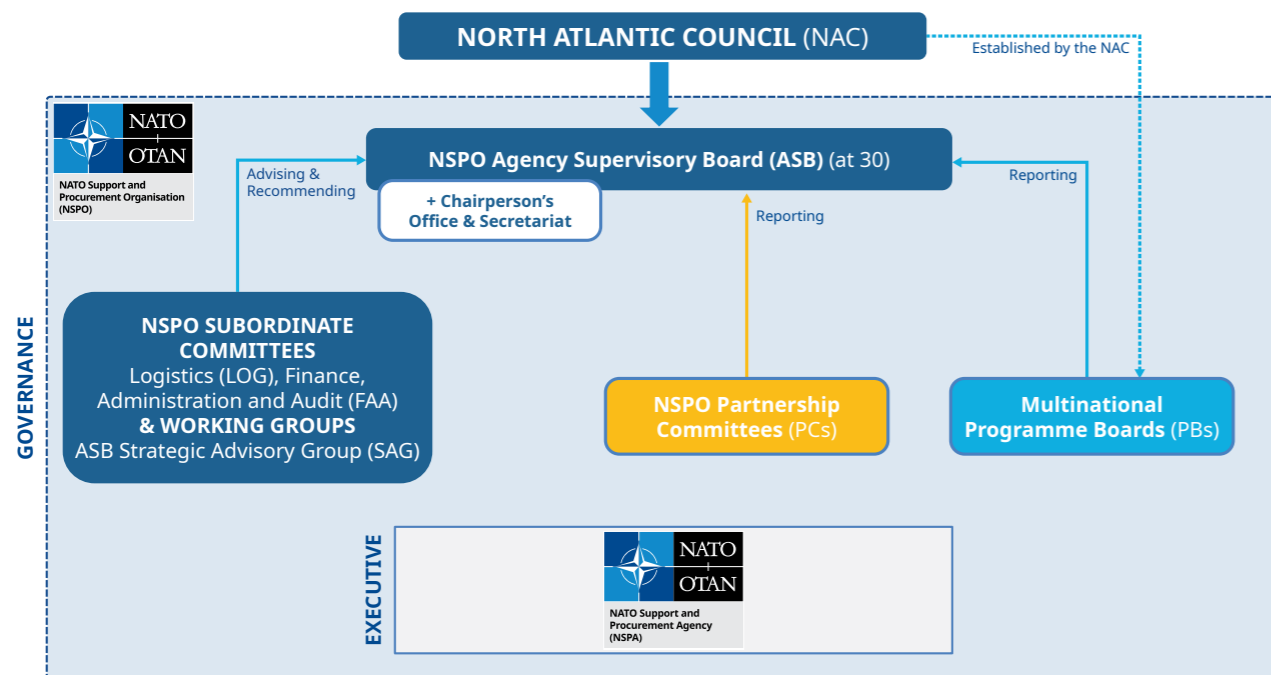


Figure 2 – NSPO Governance Structure

Governance oversight and control is exercised by the NSPO Agency Supervisory Board (ASB), the sole entity reporting to the Council on NSPO/A activities, composed of a representative of each NATO Nation. Its functions are outlined in the NSPO Charter and include, inter alia:

- approving NSPA's annual administrative budgets and personnel establishment; and
- ensuring compliance with NATO-wide policies.

- providing strategic and operational guidance through agreements, regulations and directives that enable NSPA to carry out its mission;
- monitoring NSPA's performance against annually established objectives;

ASB decisions are reached by consensus. In order to facilitate the decision-making process, the Board is assisted by three subordinate advisory bodies: the Finance, Administration and Audit Committee (FAA); the Logistics Committee (LOG); and the ASB Strategic Advisory Group (SAG).

# BUSINESS CAPABILITY DELIVERY

## SUPPORT TO OPERATIONS

- Business turnover increased to 1.7 BEUR.
- Business growth in engineering, operations, fuel, ammunitions and Global Access Services.
- Major engagement in coordination of non-lethal aid to Ukraine.
- Continuity of SALIS fleet ensured.

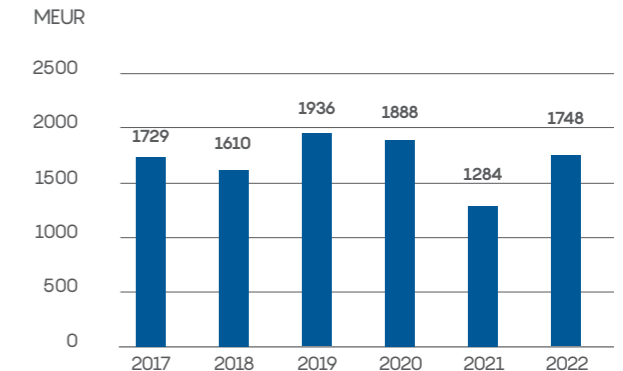


Figure 3 – Operational Commitments 2017-2022 (MEUR)

The Agency's support includes operational logistic planning, base support services, real life support services, infrastructure, airfield support, and other logistics services.

### Operating Environment:

- The war in Ukraine substantially accelerated expenditure in support of deterrence and defence, and increased Trust Fund activities in support of non-lethal aid to Ukraine.

### Successes:

- The Agency's business turnover in this area was 1.7 BEUR, exceeding both the original forecast (1.3 BEUR) and 2021 volume (1.3 BEUR), while only slightly below the 1.8 BEUR achieved in 2020 before the closure of Resolute Support Mission in Afghanistan.

- Engineering business doubled, reaching a portfolio of work over 1 BEUR with 200 projects in progress. Support of NATO Security Investment Programme also grew significantly.
- Operations business turnover increased 15% to 193 MEUR, primarily due to the expansion of support in Kosovo, but also the 62% increase in the area of naval support.
- The European Fuel Branch has seen a major expansion of activity into Kosovo, throughout Europe and now into Africa. The 2022 fuel business volume, including Naval Fuel Support Activities, was 297 MEUR.
- There has been a 30% increase in ammunition business turnover to 400 MEUR as a result of increased demand for deterrence and defence.
- Global Access Services (GAS) expanded to 15 customer nations and has reached 20K requests after two years of service.

- In the Trust Fund area, the Agency has supported various projects from Georgia to Jordan, and significantly engaged in coordination of non-lethal aid to Ukraine, including ration packs, Chemical, Biological, Radiological and Nuclear Defence (CBRN) personnel protective equipment and detectors, medical rehabilitation, fuels and lubricants.
- The Agency assured continuity of the SALIS fleet of Antonov AN-124 aircraft.
- A medical support partnership was established.
- The development of the NATO Logistic Stock Exchange continued with the establishment of outline agreements, two of which have a ceiling as high as 2.7 B USD.

### Future Focus:

- The Agency will look into the expansion of activities to support deterrence and defence activities including exercise support. This will include facilitation of Allies replenishment, stockpiling and prepositioning of munitions.
- Supporting Allies to procure common equipment in order to improve interoperability and enhance operational effectiveness will be one of the key focus areas.
- Trust Fund Support to Ukraine will continue.

## LIFE CYCLE MANAGEMENT (LCM)

- Business turnover increased to 2.8 BEUR.
- AGS, AWACS and MMF provided direct support to NATO in response to the UKR war.
- High visibility projects achieved significant milestones.
- A new era of Space cooperation opened within NATO.

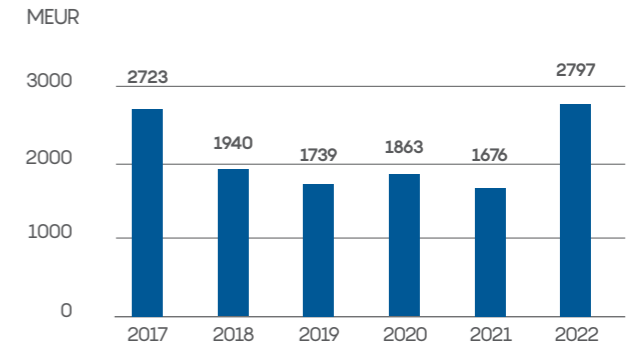


Figure 4 – Operational Commitments 2017-2022 (MEUR)

The Agency's capability spectrum includes systems acquisition and armaments procurement, full logistics fleet support, integrated logistics support and services, supply chain management and automation, strategic transport and storage, and project management in all domains.

### Operating Environment:

- Increases in national defence budgets resulted in a high level of demand with an increased priority for existing requirements and addition of new requirements.
- VAT issues continue to impact project pricing and customer billing activities, adding further complexity to contract management.

### Successes:

- The Agency's business turnover in this area also increased significantly and reached 2 BEUR exceeding its forecast (1.45 BEUR).

- In the AFSC Programme, the Agency launched three parallel contracts for Risk Reduction and Feasibility Studies to develop and analyse future multi-domain surveillance and control concepts beyond 2035.
- MMF grew with the delivery of the 6<sup>th</sup> and 7<sup>th</sup> aircraft. Belgium granted Parliamentary approval for 1100 flight hours, opening the way for the Programme to contract its 10<sup>th</sup> aircraft in 2023. The Agency awarded a multi-year contract to Airbus Defence and Space to provide Follow-on Support Services to the MMF until the end of 2032.



- The Agency initiated the AGS capability roadmap as the tool to identify, prioritise and review funding requirements for sustaining system relevance. This will support resolution of funding requirements for 2024 and beyond.
- A new acquisition project was established for NGRC on behalf of six nations to replace aging medium multi-purpose helicopters in the 2030s onwards. The Agency is launching the project team to execute the concept stage.





- In the AWACS Programme, which faces legacy system sustainment issues, the Agency focused on sustaining capable suppliers, and trying to overcome issues with aircraft radar system coolant that no longer meets current environmental standards.
- The Global Commercially Contracted Satellite Communications Support Partnership was established with Luxembourg and the United States.



- The Agency has provided direct, indirect and non-attributable support to NATO and various Nations during the war in Ukraine, increasing the workload and duty response requirements to support AWACS, MMF and AGS missions.



### Future Focus:

- The Agency will develop and implement an acquisition strategy aiming at expanding NSPA capability to support major acquisition projects for NATO and the nations.
- The Agency will continue to work on the Conference of National Armaments Directors (CNAD) initiative for NATO Flight Training Europe to help enable shared use of flight training facilities across Europe.

## CENTRAL EUROPE PIPELINE SYSTEM (CEPS)

- 11.2 M m<sup>3</sup> of fuel transported (109.1% of contracted volumes).
- 871.7 K m<sup>3</sup> stored/month (97.5% of capacity).
- 21.9 MEUR CEPS funded infrastructure projects authorized.
- 8.4 MEUR NSIP funded infrastructure projects authorized.
- 461 infrastructure projects overseen (valued at 378 MEUR).

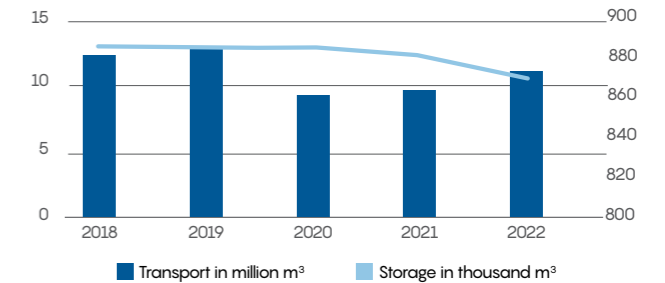


Figure 5 – CEPS Transport and Storage 2018-2022

### CEPS Programme Board

The CEPS is NATO's largest pipeline system. As an integrated cross-border, multi-product bulk petroleum distribution and storage network, the CEPS extends through 5,273 kilometers of pipeline across five NATO host nations, Belgium, France, Germany, Luxembourg and the Netherlands. Together with the USA, these six member Nations exercise governance and provide strategic direction and oversight primarily through the three annual meetings of the Programme Board.

In 2022, the Board approved the re-integration of seven former non-military depots into the system, which significantly increased the CEPS overall capacity as a key element of the NATO Fuel Supply Chain in support of NATO military requirements. The Board also oversaw the execution of the first CEPS-wide cybersecurity exercise, and approved the introduction of Sustainable Aviation Fuel into the CEPS network as of 2023.

### CEPS Programme Office

#### Operating Environment:

- In 2022, the CEPS continued to recover from the global COVID-19 pandemic based primarily on air transport activity in Western Europe with an anticipated full recovery in 2024.
- As a consequence of the war in Ukraine and the ensued energy crisis, the acceleration of energy transition efforts has led the CEPS to plan and prepare for the introduction of Sustainable Aviation Fuel (SAF) into its network banking system.

#### Successes:

- In 2022, CEPS rapidly responded to the increase of military transport demand in support of NATO Nations' response to the war in Ukraine.
- Seven non-military depots were re-integrated as CEPS NATO military depots.
- An externally evaluated CEPS dedicated cybersecurity multi-national exercise was conducted to increase the cyber resilience of the network.
- A common-use repair and recovery capability concept was developed and approved.
- The concept and design phase of a Multi-Protocol Label Switching capability was completed, leading to improved resilience of CEPS communications networks.
- In addition, CEPS initiated the implementation of the Project Management module and the establishment of a CEPS Document Management System (DMS) for increased efficiency.

#### Future Focus:

- CEPS will continue the development of a CEPS-wide cybersecurity strategy, and the implementation of a repair and recovery capability.
- Other priorities include integration of Enterprise Resource Planning/project management module, establishment of DMS, and introduction of SAF into the CEPS banking system.



# NATO AIRLIFT MANAGEMENT (NAM) PROGRAMME

- 2376 total flight hours in 2022.
- 85.5% Mission Capability (MC) rate. Highest average amongst all international C-17 operators in 2022.
- Delivering the infrastructure projects.
- Consistently high customer satisfaction feedback from the military customer.

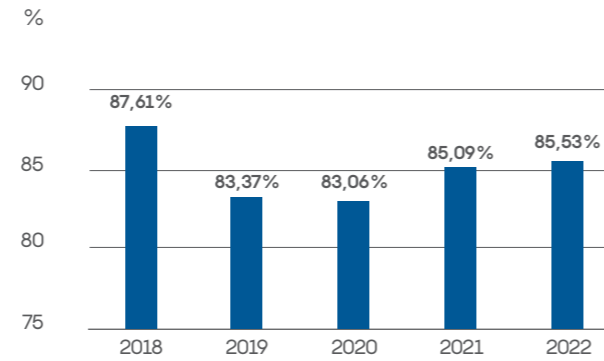


Figure 6 – SAC MC Rate % (Percentage of Fully plus Partially Mission Capable aircraft)

## NAM Programme Board

The Strategic Airlift Capability (SAC) comprised of twelve nations operates three C-17 Globemaster III aircraft. The SAC Participants rely on the NATO Airlift Management (NAM) Programme for the acquisition, management and sustainment of the fleet. The twelve Nations are represented in two governing bodies: the SAC Steering Board setting the operational requirements, and the NAM Programme Board, funding and fulfilling these requirements.

Exceptionally, the Boards met three times during 2022 and reached an important decision to continue the Aircrew Training System (ATS) programme delivery. Noting that the airframe would outlive the duration of the MOU, they started discussing a timeline for a third amendment to the MOU in order to potentially extend the SAC Programme

## NAM Programme Office

### Operating Environment:

- The operational situation has been largely shaped by the war in the Ukraine, problematic diplomatic clearance and fuel issues in Sahel missions, and restrictions due to COVID.
- The rising cost of commodities, especially jet fuel, has significantly raised the cost of operations for the SAC. This has also impacted construction and other programme costs.
- Escalating supply and obsolescence management issues that are out of NAM Programme's control are likely to negatively impact the mission capability rate for the next 3 years.

### Successes:

- NAM helped to deliver the highest average MC rates amongst all the international C-17 operators (85.5%), facilitating SAC's continued responsive operational flexibility to international crises within 24 hours of notification.

- NAM continued to manage the construction of a Combined Aerial Port facility at Pápa Air Base with a ground breaking ceremony taking place in November 2022, i.e. just over 100 days from publication of the tender.
- The construction of an Aircrew Training centre by NAM was approved by the SAC Boards in February 2022 and has been moving forward with the design contract being awarded in August. When complete, the facility will include a full motion C-17 Simulator, associated training devices and classrooms.

### Future Focus:

- NAM will continue to focus on delivering the best MC rates across the entire virtual fleet.
- The Infrastructure projects will continue with a goal of delivering a fully functional Combined Aerial Port facility in 2024, and a fully functional Aircrew Training centre in 2025.
- NAM will aim at ensuring that the future airworthiness construct remains fit for purpose with regards to the ever changing military and civilian legislative environment.





The Agency's total operational business turnover increased from 3.2 BEUR to 4.8 BEUR in 2022, which represents the highest level of operational business turnover achieved, surpassing the 4.6 BEUR of 2017. The significant increase is at least partially due to the increased inflation levels around the world.

The Agency's "administrative" costs, which include personnel and other administrative costs including infrastructure and ICT investments, were slightly higher in 2022 compared to 2021, coming in at 221 MEUR in 2022 (2021: 208 MEUR), especially due to the exceptional in-year inflation-related salary adjustment of 7% for the personnel.

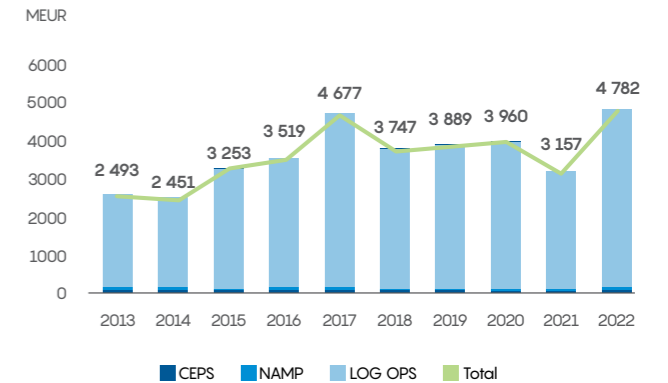


Figure 7 – NSPA Business Turnover 2013 – 2022 (MEUR)

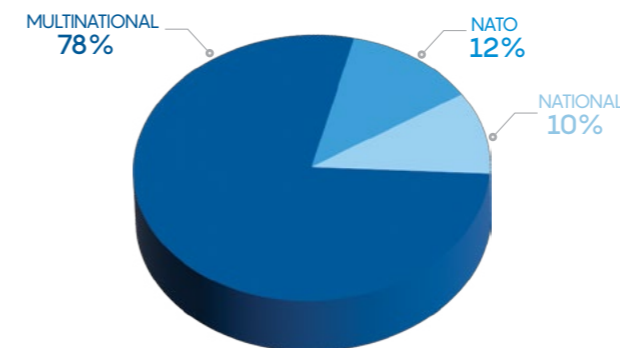


Figure 8 – NSPA Business Funding Source

Overhead costs, which include personnel costs not linked to specific customer support, infrastructure and ICT investments, and non-discretionary general administrative expenditure, constitute only 83 MEUR within the 221 MEUR: in other words, Agency overhead costs are less than 2% of operational turnover.

### Audit opinions on the NSPO Financial Statements 2021

The Agency received an "unqualified audit opinion" for compliance from the International Board of Auditors for NATO (IBAN) which confirmed that in all material respects, the financial transactions and information contained within the NSPO Financial Statements

for 2021 were in compliance with NATO Financial Regulations. In addition to the unqualified opinion on compliance, the Agency received an "unqualified audit opinion" on the financial information presented in the NSPO Financial Statements for 2021.

### Multi-year Projects in the Administrative Budget

- ERP Migration. To meet the future cross-Agency business needs using ERP solutions, the multiyear migration to the latest generation of SAP, known as S/4 HANA, has progressed. Business process improvement opportunities for Finance, Logistics, Operations and Procurement have all been identified for incorporation in the design. Concurrently, a number of related processes outside the SAP were upgraded with electronic workflows as part of an Agency Process Digitalization.
- Strategic Infrastructure Programme (SIP). The Programme, which aims to address the office space shortage and the OH&S deficiencies by renewing the Capellen site through the construction of two new office buildings, has been re-baselined and accelerated to mitigate the significant delays experienced due to the COVID pandemic and the budget risks resulting from the rising construction costs. The planned completion date is the end of 2025.

# STAKEHOLDER ENGAGEMENT AND CUSTOMER SATISFACTION

## STAKEHOLDER ENGAGEMENT (CORPORATE LEVEL)

In 2022, NSPA continued to successfully engage with stakeholders and customers through strategic communications campaigns, events, publications and coordinated activities on social media. Through the publication of over 100 web stories and hundreds of posts on social media, NSPA reached over 2M people and was mentioned over 8,000 times in main media outlets in all languages.

Internal Communications activities supported workforce engagement, and cultural change. The Agency focused on skills and knowledge development of employees, and launched an online training platform through LinkedIn Learning as well as new in-person learning initiatives.

The Agency organised 36 visits and protocol events on its sites, in addition to 14 contract signatures and 4 Industry Days, and the Agency was represented at 49 international conferences.

The Agency's Intranet provided the staff with regular status updates on Agency successes, issues pertaining to NATO, and information about internal activities. Over 350 intranet articles and three conferences with all staff members ensured workforce awareness of internal and external matters.

### ENHANCING NSPA REPUTATION

#### NSPA WEBSITE



- 111 web stories
- 350,000+ visits
- New Support Partnership Portal



- 44,690 followers (+ 13,830 from 2021)
- 92 original posts
- Reached over 1.3M people



- 5,120 followers (+ 1,490 from 2021)
- 97 original tweets
- Reached over 1M people



- 6 new corporate videos



People searched for NSPA 100,000+ times



8,000+ mentions in media - including Financial Times, Janes, Flight Global and non-English outlets (+2,000 from 2021)



- 21 General Manager's official engagements
- 5 exclusive media interviews
- 6 keynote speeches at global conferences
- 6 official presentations at NATO HQ
- 6 official TDYs to national MoDs

#### ENGAGING STAKEHOLDERS

- 36 visits and protocol events on NSPA sites
- 14 contract signature ceremonies
- NSPA participation in 45 conferences
- Supported 4 NSPA Industry Day

TOTAL REACH: **2M+** PEOPLE

Figure 9 – Stakeholder Engagement in 2022 (excluding NSPO meetings)

## CUSTOMER SATISFACTION

The Agency launched the third survey across all customer levels for all Programmes in the last Quarter of 2022. The survey reached 1805 customers and had a 28% response rate, which, while lower than the 2021 response rate of 32%, resulted in a similar total number of responses as last year. The overall satisfaction level reached 86%, which is significantly higher than the previous survey results as well as the target level of 70%. The results and assessment will be presented to the Spring 2023 Governance cycle of meetings.

The next survey is scheduled for Q4 2023. The Agency will continue to work on the improvement areas identified by the customers, and on raising the response rate.

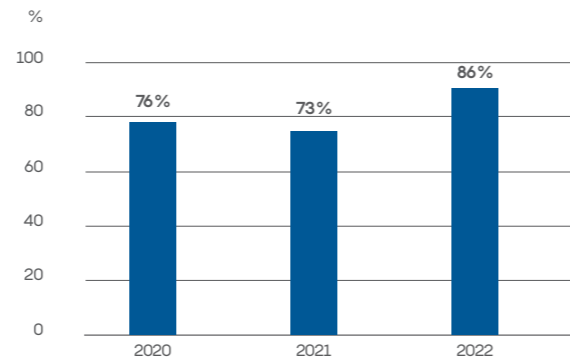
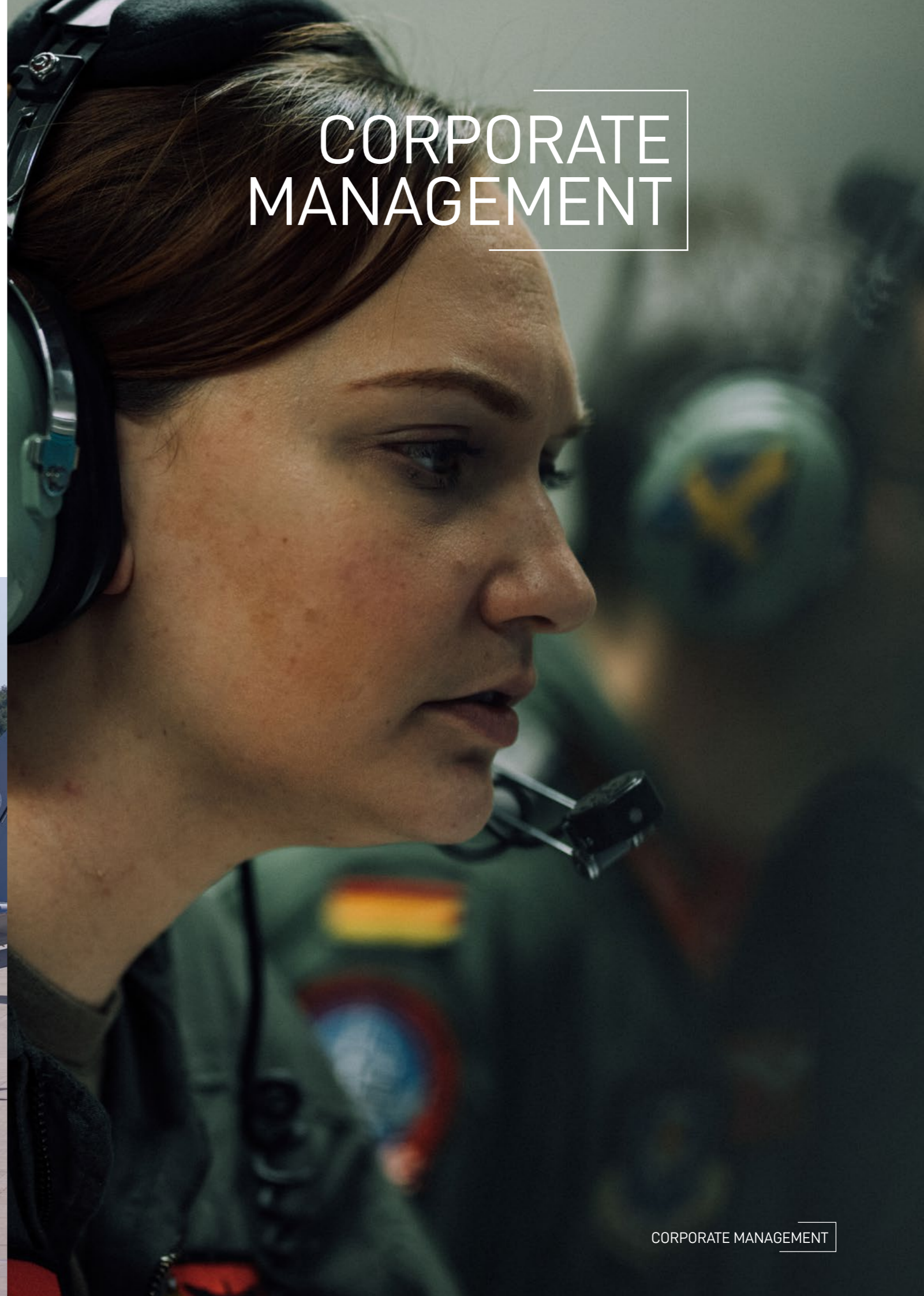


Figure 10 – Customer Satisfaction Rates (2020-2022)

## CORPORATE MANAGEMENT



# STRATEGY AND PLANNING

In 2022, the Agency conducted a comprehensive review of its strategy, rapidly adapting to the new security environment, and developed the NSPA Strategic Framework 2023-2027 that clearly defines the Agency's immediate and medium-term future, with the clear aim to continue to improve customer satisfaction and ensure the Agency remains effective,

efficient and responsive. To do so, the Strategic Framework established five key Strategic Goals: Development, Acquisition, Resources, Processes and People. The 2023 L1 Objectives have been identified in the 2023 Business Plan as the initial steps to achieve these Goals.

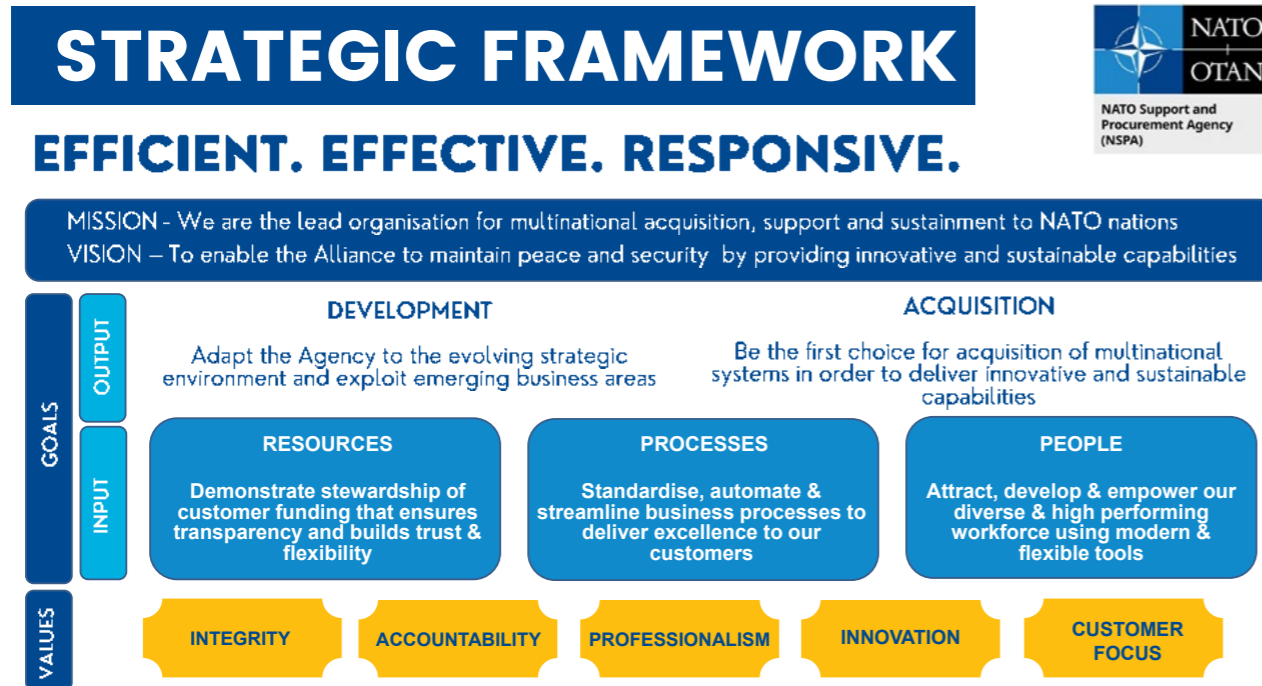


Figure 11 – NSPA Strategic Framework 2023-2027

# QUALITY AND OVERSIGHT

The Agency renewed its ISO9001:2015 certificate in 2022. This reflects positively on the excellent work of NSPA staff and demonstrates the continuous efforts to adapt the Quality Management System to the Agency's context as well as properly identifying and addressing shortfalls. Opportunities for Improvement are still to be implemented in the areas of Project Quality Assurance and Supplier performance assessment.



Moreover, NSPA continued to enhance its system of Internal Control and to raise the level of maturity of the system based on the principles described in the

NSPA Internal Control Framework. The Statement of Internal Control was signed as a result of an Agency-wide assessment of the effectiveness of controls and disclosed as part of the annual NSPO Financial Statements, for which an unqualified opinion on Compliance was given by IBAN. Significant efforts were made in 2022 to raise awareness on internal control and fraud across the whole Agency.

The Agency also continues to effectively manage the identified risks at all levels. In 2022, the Agency's risk maturity level reached the aspired level 4 'Managed'. Work continued to prepare the Agency Risk Management approach for future change and for greater integration with internal control. Three Enterprise-level Risks have endured and continue to be treated, and two new Risks that were approved by the ASB were raised in the 2022 Risk Assessment Report.

The geopolitical situation meant increased cyber risk than in previous years leading to the intensified activities including upgrade of the full cyber security infrastructure and cooperation with host nation Luxembourg to aid the continuing advances in Agency cyber protection.

# CONCLUSION AND WAY FORWARD

The Agency met the demands of the new security environment situations, provided effective support and procurement capabilities to fulfil nations' requirements and improved its internal dynamics to provide best value to its customers, whilst fulfilling the mandate and assurance requirements as a NATO body. As a result, the Agency business volume grew significantly in 2022 reaching its highest level at 4.8 BEUR.

The Agency's rapid adaptation to the new security environment and increasing demand from Allies demonstrates the Agency's flexibility and readiness. High visibility procurement and multinational acquisition projects made progress, with AFSC Risk Reduction and Feasibility Studies being launched, MMF receiving two additional aircraft, and the NGRC Programme being established. Business in engineering, operations, fuel, ammunitions and Global Access Services all saw significant growth.

CEPS promptly responded to the increase of military transport demand in support of NATO Nations' response to the war in the Ukraine and transported 11.2 M m3 of fuel in 2022, surpassing its forecast. NAM helped to deliver 2400 flight hours with the highest average MC rate (85.5%) amongst all the international C-17 operators, while progressing the infrastructure projects at Pápa Air Base.

People are key to our success. To ensure we have the right talent in the right jobs at the right time, we continue to not only recruit the right people, but more importantly, develop them to ensure they have the skills, knowledge and flexibility needed to adapt to changing organisational and customer needs.

Our team of technical, logistics, engineering, procurement, finance and support staff members delivers results. Enabled by an increasing level of automation, the Agency is moving away from manual processes to streamlined and effective project management. By delegating decisions to the lowest practical level, we will continue to deliver results that meet or exceed customer expectations.

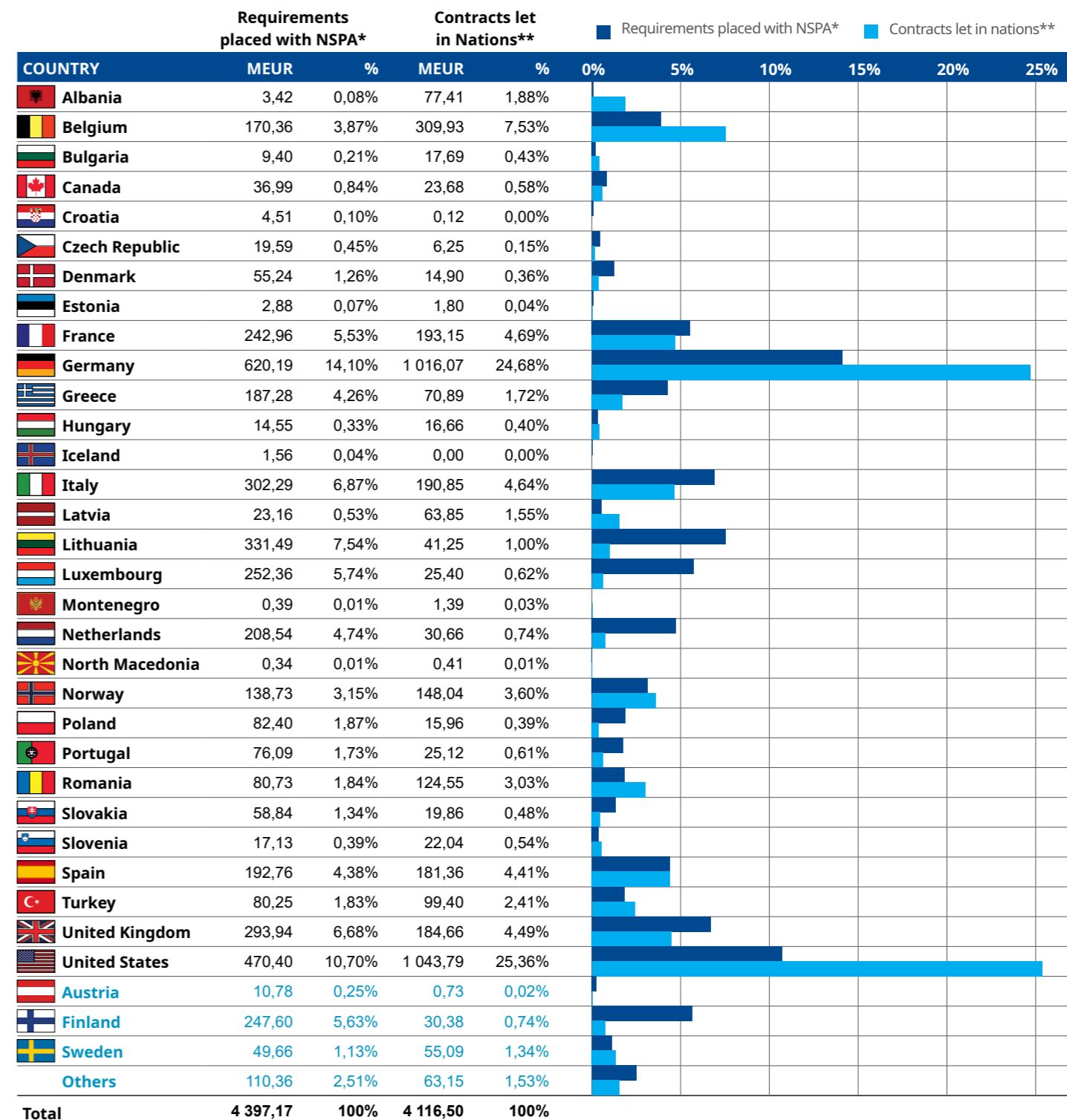
In 2023 the Agency will begin to implement the five key Strategic Goals - Development, Acquisition, Resources, Processes and People - set forth in the NSPA Strategic Framework 2023-2027 with the clear aim to continue to improve customer satisfaction and ensure the Agency remains effective, efficient and responsive. NSPA will continue to be NATO's multinational acquisition, lifecycle and services provider of choice.



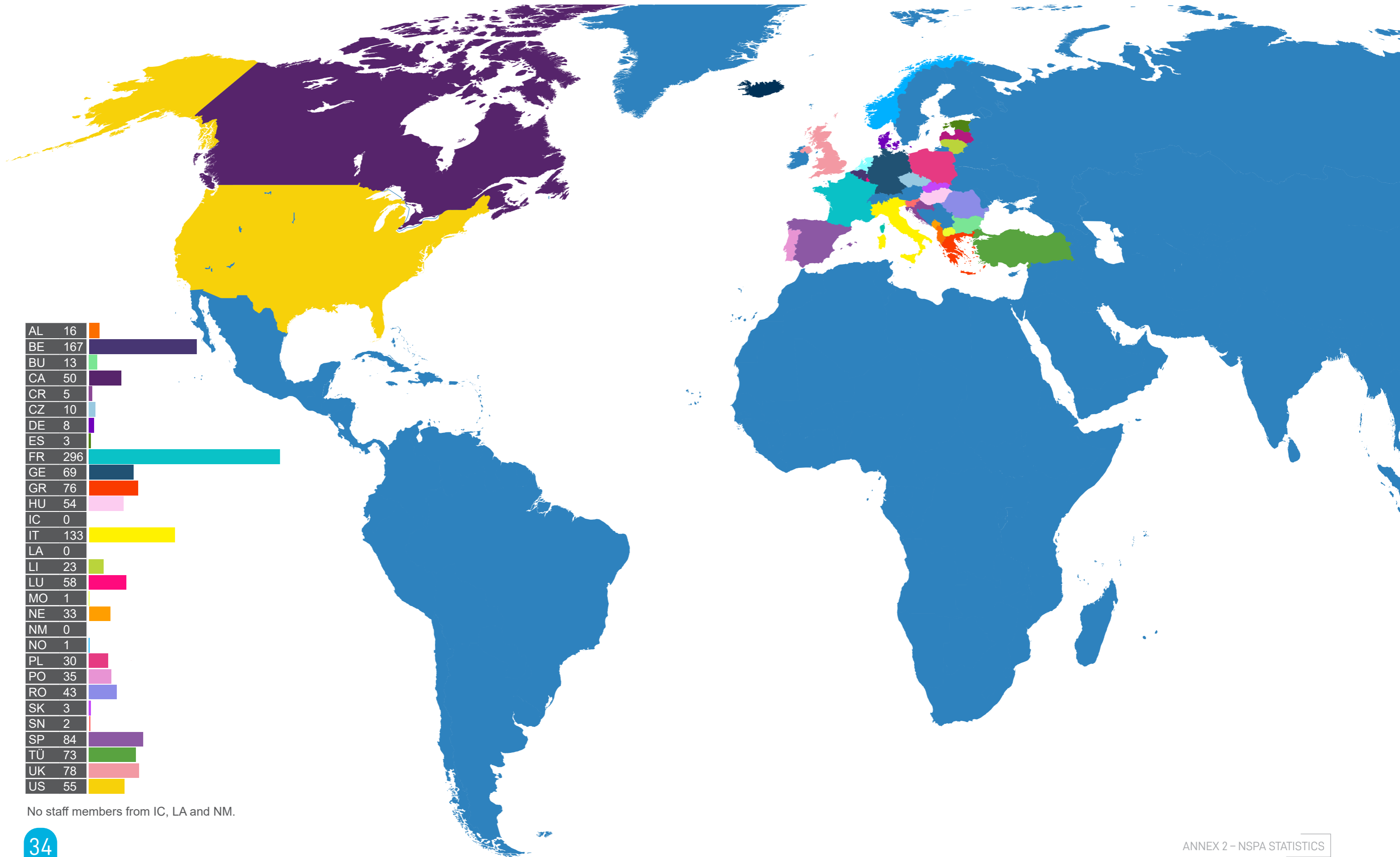


# ANNEX 2 NSPA STATISTICS

## CONTRACTS OVERVIEW



# WORKFORCE BY COUNTRY



No staff members from IC, LA and NM.



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