



**ANNUAL  
REPORT  
2019**

NATO



OTAN



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# INTRODUCTION

## Foreword by the NSPO Agency Supervisory Board Chairperson



Within NATO's regulatory framework, NSPO's corporate governance structures continue to play an essential role in creating transparency and promoting engagement between our executive Agency and the National Representatives composing the Agency Supervisory Board (ASB), Multinational Programme Boards, Subordinate Committees, and Working Groups. In particular, NSPO's long-standing arrangements

continue to serve as a model in promoting direct oversight within pragmatic multinational cooperative frameworks. NSPO Nations and the Agency are equally in a position to address interests and exercise their key responsibilities.

These enduring structures have been refined over the course of sixty years to ensure the Agency's wide range of capabilities continues to satisfy Nations' evolving requirements. These Nations, represented by their members of the CEPS and NAM Programme Boards, and of the 32 multinational NSPO Support Partnership Committees, choose the Agency to augment their defence capabilities in the areas of logistics and acquisition. Currently, there are 330 national and NATO body representatives participating in NSPO's governance frameworks.

As the Agency continues to evolve by developing new or enhancing its current capabilities to meet customer requirements, so do NSPO's governing bodies that continuously adapt to oversee and provide guidance for the Agency's activities. As an example, the ASB Strategic Advisory Group (SAG) has been serving the Board since 2018 by acting as a consultative body between the Agency and the NSPO Nations. This platform provides the National representatives and the Agency's senior management with an excellent opportunity to take part in an open and active dialogue in order to gain a common understanding and address relevant topics that affect the Agency and its customer base.

Consequently, this forum has further enhanced the Board's ability to make informed decisions, taking into special consideration the strategic effects and risks related to the Agency's ever-increasing business, growth, volume and diversity. I see the SAG continuing to play a vital supportive role for the ASB in providing strategic guidance, setting the Agency's strategic objectives, and monitoring its performance.

In this regard, I am pleased to report on the Agency's successful performance against the ASB's top objectives for 2019. First, the ASB noted with satisfaction the IBAN's recent financial audit, where the Agency achieved an unqualified opinion for both the NSPO 2018 Financial Statements and compliance. Secondly, the Agency kept within the set financial ceiling when proposing and justifying its 2019 indirect administrative cost forecasts. Thirdly, the Board noted the implementation of the Agency's Customer Satisfaction Model, which provides both a standardized approach for measuring and managing customer satisfaction and a centralized customer complaint and appreciation system.

As we look towards 2020 and beyond, I see three key governance focus areas. First is an assessment of the Agency's 2018-2022 Strategic Direction, which will be aimed to determine whether conditions have changed to the extent that the ASB will need to consider revising its current Strategic Guidance for the Agency. Then, the Board will concentrate on evaluating the Agency's assessment and proposals aimed at underpinning the future of our acquisition mission and capabilities. Finally, in light of the North Atlantic Council's recent decision to separate the Luxembourg salary scale, along with the recent ASB decision to implement Phase 1 of a multi-phase Strategic Infrastructure Programme in Capellen, I can see that controlling administrative costs will be an ever-increasing challenge.

To conclude, I would state that the contents of the NSPO / NSPA 2019 Annual Report to Council are eloquent of their efforts and achievements over 2019. There is little doubt that our Organisation, through its Executive body (NSPA), has continued to meet its objectives of providing NATO Nations and Partners with responsive and cost effective acquisition, logistics and support services. I am very pleased to congratulate the NSPO Nations and the Agency on the commendable efforts they have jointly carried out over the past year to achieve success now and to set ideal conditions to continue thriving in the future.

# Introduction by the NSPA General Manager



It is with great pleasure that I am once again able to report continued growth within the Agency. The breadth of activity is expanding at pace and the level of engagement with nations grows with each year.

The total business volume reached more than 4 BEUR for the year with operational commitments worth 3.9 BEUR. This represents a four percent growth compared to 2018 and shows that the Agency continues to provide a valuable

service to NATO nations and partners.

2019 saw significant developments for the Agency with the delivery to Sigonella of the first two Alliance Ground Surveillance (AGS) aircraft. These aircraft are currently undergoing integration testing and will be handed over to NATO on completion. This will be followed in 2020 with the delivery of the first Multi-Role Tanker Transport (MRTT) aircraft. Both of these aircraft types will be owned by the NSPO Programmes on behalf of NATO and will have similar support requirements to the existing NAM C-17 fleet. The Agency has worked tirelessly throughout the year in preparation to ensure their success as they will provide significant capability for NATO. The MRTT project is an excellent example of the close cooperation that is possible between OCCAR and the Agency.

Providing logistics support in operational areas continues to play a key part of the demands placed on the Agency with a total growth of 20%. Much of this growth was in support of the deterrence and defence. Key increases were seen in both fuel delivery and infrastructure. Fuel is provided in Afghanistan, Kosovo and Europe and demand is expected to continue to grow for some time. There is also a significant number of infrastructure projects being managed in the same theatres as well as increasing use of the available deployable camps. We continue to provide support of food, water, accommodation services and infrastructure management in bases in Afghanistan, Kosovo and Mali.

We have also progressed developing our acquisition capability proceeding into the high level technical concept phase of Alliance Future Surveillance and Control (AFSC) and taking delivery of the first of 139 Light Armoured Tactical Vehicles for Portugal and two helicopters for Luxembourg. We purchased Advanced Anti-Radiation Guided Missiles through the USA Foreign Military Sales procedure for Germany and developed Ground Based Air Defence projects for Portugal and Slovakia.

Traditional weapon system support was provided through the Support Partnerships for 90+ weapon systems in the Agency portfolio. These projects covered Air Surveillance, Ground Based Air Defence, Fixed and Rotary Wing Aircraft, Maritime support, Land Combat Vehicles, Rockets and Missiles as well as Unmanned Aerial Systems.

The Central Europe Pipeline System (CEPS) provided record levels of fuel transportation and revenue as well as complete usage of the fuel storage facilities, whilst the NAM Programme supported the 2,288 flying

hours achieved by the Strategic Airlift Capability (SAC). The C-17 aircraft have been successfully operating for many years and now reached an age where heavy maintenance cycles are due. This will take airframes out of service while depot level maintenance is carried out.

In close collaboration with the NSPO and the SAG, the planning process has improved considerably, with identification and approval of objectives as well as analysis of the strategic development initiatives for the Agency. With this background we intend to review the current Strategic Direction of the Agency to ensure it remains fit for purpose.

The focus of the Agency remains the satisfaction of our customer nations and I am pleased to report that a successful trial of our customer satisfaction measurement model was carried out in 2019. This provided a very useful feedback mechanism for customers at all levels and we gained some useful lessons. A full application of this method will take place in 2020 to look at the initial trend analysis as well as normal feedback.

During 2019, the Agency reviewed the internal organisational structures put in place in 2018 and recommended more changes at lower levels to improve our efficiency and effectiveness. These Optimisation changes were supported by the ASB and will be implemented over the next two years.

As well as supporting all activity within the Agency, Procurement have investigated innovative methods using Agency purchase cards for smaller value items. While support contracts and procedures were developed through 2019, the roll-out of this initiative will start in 2020.

We have been using risk management successfully to identify and treat concerns of the Agency. The ASB has been very supportive in approving and overseeing the mitigation plans and we are obtaining approvals to reduce our Enterprise risk levels. In particular, we now have decoupled the salary scale for Luxembourg based staff from Belgium and established a new scale for the most impacted categories of personnel. Similarly, an electronic recruitment solution has been purchased for the Agency to promulgate, sift and accelerate recruitment. These actions address the Agency risk of Insufficient Numbers of Qualified Personnel as the Agency has carried a high number of gaps in staff numbers for a while, at some point exceeding 14%, which causes strain on the remaining staff. This was reduced to below 10% at the end of 2019. Moreover, in 2019 we secured ASB approval for Phase 1 of the Strategic Infrastructure Programme (SIP) to treat the risk of Staff Working in Unsatisfactory, Insufficient or Inadequate Infrastructure.

Finally, we achieved successful reaccreditation of ISO9001:2015 in 2019 and we are aiming for ISO45001 Occupational Health and Safety accreditation in 2020. This was further complemented by achieving an unqualified IBAN Audit, which, with the increasing complexity and levels of business activity, is an outstanding achievement for the Finance Team.

None of this would be possible without the continued positive support from the NSPO and its member nations and I would like to offer my sincere thanks to them for their efforts in 2019.

# Corporate Governance

## Governance Overview

The NSPO Agency Supervisory Board (ASB) reports directly to the North Atlantic Council and is composed of members from all NATO nations, with each nation having decision-making authority. In addition to the 29 national representatives participating in the governance of the Agency at Board level, representatives of the Secretary General and the NATO Military Authorities serve in an advisory capacity within the NSPO framework. The Board is responsible to provide strategic guidance to its executive body, NSPA. Moreover, the ASB oversees the activities, sets objectives and monitors the performance of the Agency. The Board is also responsible to set policies and guidance consistent to those of NATO. The NSPO Logistics (LOG) Committee and the Finance, Administration and

Audit (FAA) Committee serve in an advisory capacity and assist the ASB in carrying out its duties by making recommendations and informing the Board's decision-making process. Additionally, NSPO comprises two Programme Boards overseeing the NATO Airlift Management Programme and the Central Europe Pipeline System Programme, as well as 32 Support Partnership Committees, all of which share in the juridical personality of NATO.

The ASB recently established the Strategic Advisory Group, which serves as a consultative body in which national representatives interface with the Agency's management to examine topics of strategic relevance. This framework has further enhanced the Board's ability to fulfil its governance responsibilities and consider the strategic effects and risks of the Agency's ever-increasing business volume.

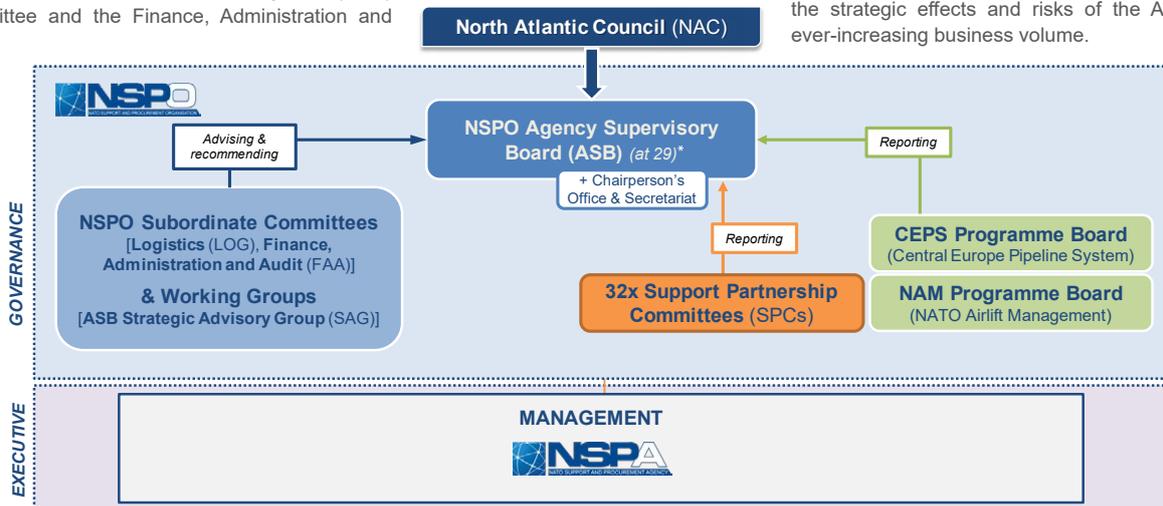


Figure 01 - NSPO Governance Structure

## NSPO Support Partnerships

There are 32 Support Partnerships established as subordinate governing bodies under NSPO. These Partnerships are established subject to precise terms and conditions, on the initiative of two or more NATO nations wishing to organize, in common, the support and services of activities within the scope of the NSPO's mission. At the end of 2019, there were 330 national and NATO representatives participating within these Partnership Committees.



The Agency is responsible to develop capabilities and provide services to manage the requirements of both NATO and Partner Nations choosing to participate in NSPO Support Partnerships. As self-governing subordinate bodies, Support Partnerships continue to serve as the backbone within the NSPO governance structure. Nations participating in Support Partnerships entrust the Agency with the management and support of their respective requirements along a diverse spectrum of defence logistics, service and procurement activities. This support ranges from land vehicles, aircraft, missiles, radars, ammunition through common item management, global naval logistics services, and logistics support planning and assistance. Both the Alliance Ground Surveillance and the Alliance Future Surveillance Control Support Partnership Committees are unique, as they each comprise representatives from all 29 NATO nations. Under separate bilateral or multinational arrangements, there are assured access services available for sea transport, as well as commercial contracts to support deployed exercises and operations when needed.

During the course of 2019, thirteen nations decided to join current established Support Partnerships. A complete list of all NSPO Support Partnerships and respective participants is outlined in the table provided at Appendix 1.

\* 30 from March 2020

## Central Europe Pipeline System Programme

The Central Europe Pipeline System (CEPS) Programme was established to manage the operation, financing and maintenance of the CEPS network as one cross-border multi-product petroleum distribution and storage integrated system. CEPS is the largest NATO Pipeline system with a total of 5,279 kilometres. There are six participating Nations: Belgium, France, Germany, Luxembourg, the Netherlands as Host Nations, and the United States, as user member Nation. CEPS activities are governed and controlled by a Programme Board (PB) within the NSPO framework, where all six Nations are represented. The Programme Board is responsible for the guidance and oversight of the CEPS Programme and receives input from three sub-committees dedicated to advice on budget, infrastructure and commercial activities. In light of increasing operational successes and a shifting strategic environment, the six CEPS Nations continue to govern efficiently within a solid governance framework and to demonstrate solidarity in enhancing the programme capabilities.

During the course of 2019, the Programme Board approved a set of policy documents on the Programme's non-military activity, particularly aimed at further clarifying tariffs, contracts and capacity management, in order to adapt to an increasing market demand. These policies will be fully implemented and monitored in 2020 and any potential lessons learned will be addressed in 2021.

The PB also considered the final report of the NATO Energy Security Centre of Excellence on the CEPS Cyber vulnerabilities, which addressed in particular the risks associated with operational technology and industrial control systems. Nations noted the complexity and challenges related to the subject and consequently tasked the CEPS Programme Office to further analyse the findings in the report and propose a way ahead in 2020.

## NATO Airlift Management (NAM) Program

Twelve Nations, including two NATO partners, have been working together since 2008 to meet their national airlift requirements in operating three C - 17 Globemaster III aircraft through the Strategic Airlift Capability (SAC). The SAC Participants use the NATO Airlift Management (NAM) Programme for the acquisition, management and sustainment of the fleet. The twelve participating Nations are represented in two governing bodies, and are responsible for the guidance and oversight of the SAC/NAM Programme activities. While the SAC Steering Board sets the operational requirements, the NAM Programme Board decides on execution and funding of these requirements. Following a decade of successful operations, Nations govern effectively and efficiently within a mature governance framework supported by a number of sub-committees and working groups, which serve in an advisory capacity.

During the course of 2019, SAC/NAM Nations showed cohesion in supporting efforts to enhance the programme capabilities and initiated strategic discussions over a potential Programme extension. The current operational use and the related potential lifetime extension of

In light of ongoing strategic discussions on the potential requirements to support the NATO Military Authorities, and the system's relevance as a key enabler to NATO's Deterrence & Defence initiatives, the Board cancelled the remaining de-activation actions included in the Neutralization Plan 3 in order to maintain current capabilities. Additionally, as a means to facilitate this support and increase the system's responsiveness, the PB decided to revise the procedures for the use of CEPS by non-CEPS NATO Nations, Partner nations, or NATO entities, for further clarity and ease of use. This revision will be considered in the 2020 cycle of meetings.



the aircraft led to an initial recommendation by the Strategic Planning Working Group (SPWG), that the aircraft lifespan could be extended by another thirty years. The Boards will consider final recommendations on this topic in May 2020. In addition, and in the spirit of collaboration on air to air refuelling, Nations agreed to an initiative for operational and technical cooperation with the Multi-Role Tanker Transport Programme.

In terms of infrastructure development at Pápa Air Base, Nations decided that the need for a Combined Aerial Port Facility (for cargo and air drop), would be considered during the next cycle of meetings. In the same vein, further work (i.e. feasibility study/business case) is expected on building an on-base shooting range for the Heavy Airlift Wing (HAW).

Furthermore, the NAM Programme Board endorsed, for ASB approval, a new version of the Basing Arrangement between NSPO and the Ministry of Defence of Hungary (the Host Nation) on services related to the basing of the NSPA/NAM Programme and the HAW in Hungary.

Finally, the NAM Programme Board initiated discussions and endorsed proposed changes to the Charter, which are limited to Multinational Programme activities.



# NSPA at a glance

The NATO Support and Procurement Agency (NSPA) brings together, in a single organisation, acquisition, logistic, medical and infrastructural capabilities including the related procurement function.

Since its establishment in 1958, NSPA, as NATO's primary enabler, acquires, operates, and maintains through an effective link between industry and the nations: from weapon systems to fuel delivery, port services, airfield logistics, medical and catering services or base support services for troops stationed across the world. The Agency enables the consolidation and centralisation of logistics management functions, providing a "cradle to grave" support and allowing its customers to achieve economies of scale.

NSPA is a customer-funded agency, operating on a "no profit - no loss" basis. The business activity has grown nearly fourfold in the last decade, reaching an annual business volume of more than 4 BEUR. Over 60,000 companies are registered in the NSPA source file, of which 10,000 are actively doing business with NSPA's customers.

## Mission

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, in time of peace, crisis and war, in order to maximize the ability and flexibility of their armed forces, contingents, and other relevant organisations, within the guidance provided by the NAC, to execute their core missions.



Figure 02 - NSPA Organisational Structure

## Vision

To be NATO's premier life cycle management (including acquisition) and services provider, effectively and efficiently delivering a broad spectrum of integrated capabilities for NATO, its Nations and Partners including support to operations and exercises.

## NSPA today

NSPA is headquartered in the Grand Duchy of Luxembourg, with main operational centres in France, Hungary and Italy and with outstations in Afghanistan, Kosovo and other locations. The Agency employs more than 1,300 staff and oversees around 2,500 contractors in NATO's missions across the world. NSPA customers are primarily the NATO nations and more particularly their material commands.

The Agency is a dynamic organisation and continues to optimise its structure to provide the highest quality of service to its customers. It currently delivers support to customers through four Business Units, Support to Operations and Exercises, Life Cycle Management, Central Europe Fuel Delivery and Storage, and the NATO Airlift Management Programme. These are underpinned by four key support functions: Procurement, Finance, Human Resources and Information Technology.

The Agency's consistent business growth is a clear indication of its success, building on its outstanding customer service. The NSPA portfolio continues to grow steadily and this is forecast to continue. While continued growth is welcome, it comes with its own challenges for control, resourcing and infrastructure, and it is important that the Agency remains sustainable to ensure business delivery and customer satisfaction.

# Agency Relevance to NATO Goals, Objectives and Priorities

NSPA continues to support the current Strategic Concept<sup>1</sup>, which outlines three essential core tasks: collective defence, crisis management and cooperative security. In the last few years, there has been renewed focus on strengthening Deterrence and Defence, while continuing to develop capabilities and remaining actively engaged in projecting stability. The implementation of NATO Command Structure (NCS) Adaptation continues to be one of the priorities of the Agency.

## Deterrence and Defence

NSPA actively supports NATO's efforts to strengthen its deterrence and defence posture. Credible deterrence requires credible logistics, in terms of readiness, responsiveness and sustainability. The Agency contributes to the NATO logistic planning capability, the Graduated Response Plans (GRP) and to the enablement of SACEUR's Area of Responsibility (AOR). The Agency has developed a range of fuel contracts to enable rapid deployment of national Very High Readiness Joint Task Force (VJTF) rotations, and the NATO Rapidly Useable Enabling Contracts (RUECs) are in place although these have yet to be tested. Fuel contracts are also available to support Battle Groups (BGs) as part of the enhanced Forward Presence (eFP). NSPA maintained its support in the deployable infrastructure area managing Capability Package (CP) 156, commenced procurement of CP 1101<sup>2</sup> and increased support for national deployable infrastructure projects.

In addition, Support Partnerships have been encouraged to assess the likelihood and impact of any Deterrence and Defence-related increased demand for system and equipment lifecycle management.

The Operational Logistics Support Partnership (OLSP) is a key enabler for multinational funded solutions, logistics planning and provision of support services in operational theatres. The partnership also offers a bridging capability to enable a rapid response to urgent/time sensitive operational support requirements.

In the maritime domain, through the Naval Logistics SP (NLSP) the Agency offers contracts globally in over 600 locations and 130 countries for husbanding, food, oils and lubricants, fuel and various port services. Support is provided to naval forces, units, ships, and personnel, or other

forces, units, and personnel in support of naval operations, planning, training or exercises. There were 3,179 port visits supported from the 20 NLSP members during 2019.

## Developing & Sustaining Capabilities

NSPA is at the forefront of multinational cooperation for capability development and sustainment, supporting more than 90 weapon systems and 170 projects in all phases of the 'cradle-to-grave' life cycle. Most of the support partnerships have experienced increased work throughout the year to expand both volume and scope of the services provided. The most notable achievements in this area include: the MRTT fleet increased to eight aircraft with pre-negotiated options for up to 11 aircraft, Phase I of the AFSC Concept stage delivered, five more Mi-17 helicopters delivered to Afghan National Defence and Security Forces (ANDSF), Airborne Warning and Control System (AWACS) force sustained, the Strategic Airlift International Solution (SALIS) support continued, and on track to deliver a Light Armoured Vehicle fleet of 139 vehicles acquired for Portugal.

## Projecting Stability

One of the key components of the NATO Projecting Stability Initiative is the Trust Fund Projects and NSPA fully contributed to NATO's ambitions within this initiative. The Agency was active in Trust Fund projects of 53.5 MEUR for Partnership for Peace and 650 MEUR for Afghanistan, ranging from disposal and demilitarisation of weapons and ammunition to the establishment of hospitals. NSPA continued to deliver support for NATO in Afghanistan and Kosovo, and to member nations for their operations in Mali and Iraq. We are looking forward to policy development, which will further enhance the level of professionalism and create more transparency within the Trust Fund arena.

NSPA performance continues to demonstrate its relevance to NATO goals, objectives and priorities; thus the Agency is in increasing demand from NATO, Member Nations and Partner Nations, which in itself contributes to interoperability and common approaches in acquisition of modern weapon systems, logistics support to operations and weapon system commonality, modification and support.

<sup>1</sup> Active Engagement, Modern Defence: Strategic Concept for the Defence and Security of the Members of the North Atlantic Treaty Organisation, November 2010.

<sup>2</sup> CP 1101 provides NATO with a complementary capability to CP 156. It consists of smaller modular camps which are lighter and more easily air transported. NSPA is responsible for acquisition, storage and follow-on support.

# EXECUTIVE OVERVIEW

The Agency continued to fulfil its mission by delivering capabilities and services to NATO, NSPO member nations and partners. The overall business volume<sup>3</sup> in 2019 was over 4 BEUR in support to operations and exercises, acquisition, life cycle support and logistic services. As shown in the Total Business Volume chart below, the trend in business output maintained its ascending pattern, growing from 3.39 BEUR in 2015 to 3.71 BEUR (without MRTT) in 2018 and reaching 4.05 BEUR in 2019.

Operational commitments<sup>4</sup> represented 96% of the total business volume in 2019 and reached 3.87 BEUR, higher than the 3.12 BEUR forecast<sup>5</sup>.

Efforts were directed at accomplishing goals and business objectives grouped in the following focus areas: Support to Operations; Missions and Exercises; Life Cycle Management; Services; Customer Satisfaction and Stakeholder Engagement; Staff and Finance Capabilities; Internal Control and Risk Management; OH&S and Infrastructure.

## NSPA Total Business Volume 2015–2019

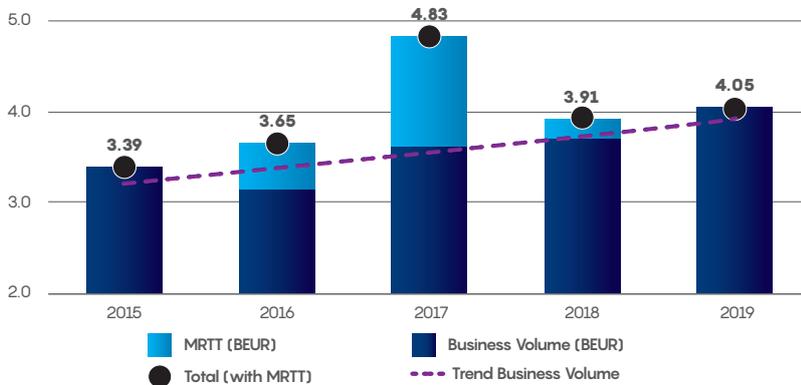
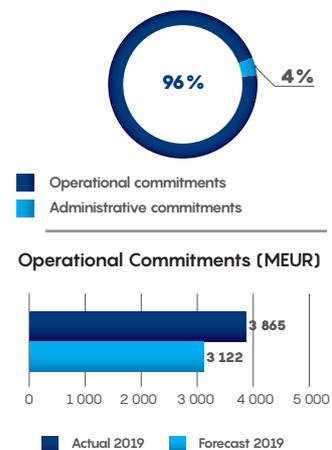


Figure 03 - NSPA Total Business Volume (2014-2019) and Commitment Values (2019)

## Business Volume Structure in 2019



## Support to Operations, Missions and Exercises

Activity in the operations area grew by 20% achieving 1.83 BEUR of business volume supporting both NATO and national operations and missions. A major growth area is the provision of fuel in all operational theatres. The second area of major growth is the provision of infrastructure, with almost 100% growth. Request for NATO Security Investment Programme (NSIP) projects continue to grow for both NATO and the nations. NATO Trust Fund projects continue to be delivered, although at lower volume until policy direction is received from NATO HQ. The Operational Logistic Support Partnership (OLSP) reached 25 members and the Naval Logistic Support Partnership achieved a growth of 25% in supported port visits. In addition, the Agency continues to support the tasks within the NCS Adaptation programme.

## Life Cycle Management

Life Cycle Management activity consolidated with turnover slightly less than the 2018 figure that was inflated by the purchase of MRTT aircraft. Activity in 2019 did however exceed the forecast in the 2019 Business Plan.

Acquisition activity saw developments in Maritime Patrol Aircraft and major success in MRTT, Allied Ground Surveillance and Land Combat Vehicles. The Czech Republic joined the MRTT Fleet (MMF) Programme, which opens the possibility for executing pre-negotiated options on up to three more aircraft. Working closely with the NATO Alliance Ground Surveillance Management Agency (NAGSMA), the NATO Alliance Ground Surveillance Force (NAGSF) took delivery of the first two aircraft for integration testing before full acceptance in 2020.

The first vehicles of a fleet of 139 Light Armoured Tactical Vehicles (VTLB) were delivered to the Portuguese Army and two H-145

helicopters were purchased for Luxembourg. The Agency was also able to purchase new generation Advanced Anti-Radiation Guided Missiles (AARGM) for Germany. In addition, NSPA continued to develop the Alliance Future Surveillance and Control (AFSC) concept, which is into its second phase.

The Agency also continued to support and sustain radars, communications and electronic warfare systems, fixed wing aircraft, helicopters, ships, land combat vehicles, rockets and missiles, and unmanned aerial systems. Moreover, NSPA continued providing warehousing and transportation (over sea, land and by air) services as well as calibration of systems. Another particular note was the provision of 16 leased helicopters to support Greece in its annual safety-to-life fire-fighting operations.



<sup>3</sup> Total business volume is the sum of operational commitments (turnover) and administrative commitments (costs).

<sup>4</sup> Operational commitments include non-NSPA contracts.

<sup>5</sup> NSPO 2019 Financial Plan ANNEX AC/338-D(2019)0007.

## Central Europe Pipeline System Programme (CEPS)

The CEPS operations provide for the storage and transportation of fuel across Central Europe, delivering fuel to many military and commercial airfields. Over the year a total of 13.09 million metres cubed of fuel was delivered, over nine percent more than planned. Fuel storage also met expectations with a 98.5% fill rate. Record levels of revenue was achieved with an all-time high of almost 118 MEUR. The Programme also benefited from the completion of 33 infrastructure projects, 15 of which were funded by NSIP.



## NATO Airlift Management Programme (NAMP)

The Programme operates three C-17 Globemaster III aircraft for 12 participating nations. The NAMP supported the Strategic Airlift Capability (SAC) in achieving 2,288 flying hours with a mission capability rate of over 83%, which is slightly better than the C-17 fleet average. Planning and optimized operational mission scheduling is in place to mitigate the impact of the depot level maintenance of two SAC aircraft on the available flight hours for the SAC in 2020.

### Procurement

In support of the Agency activity for the nations, Procurement carried out over 32,700 purchase orders with an increase in both value and complexity compared to previous years. To illustrate the breadth of activity, the most significant purchase orders in 2019 were:

- 28.6 MEUR CH 53 Helicopter Spare Parts
- 24.2 MEUR UNIMOG Trucks
- 22.2 MEUR Restoration Air Operating Surfaces in Afghanistan
- 21.8 MEUR MLRS upgrade
- 13.4 MEUR Pharmaceutical products Trust Fund Afghan National Armed Forces

### Stakeholder Engagement

The Corporate Communications Office (CCO) was formed and has worked effectively throughout the year to achieve significant improvements. A new communications strategy was established. This aimed in the first instance at increasing the social media activity and exposure in the key media (Jane's Defence and Security, Aviation Week and local press). A total of 45 senior level external visits were carried out and 29 visits to the Agency were hosted. In addition, the Agency carried out 13 Industry Days and 2 Capability Days to host industries interested in working with NSPA.



## Customer Satisfaction

A new customer satisfaction survey was developed and trialled in 2019 giving good results on levels of satisfaction, but with a limited response. This successful trial was very encouraging and will be followed in 2020 with a full-scale survey across all levels of customer and all Programmes.

### Agency Staff and Finance Capabilities

The Agency continued to suffer throughout the year with a high level of gapping (14.3%) in positions across all areas of business. This was reduced to under 9.4% by the end of the year. Significant effort has been placed on improving recruitment and developing a new e-Recruitment online tool to be launched in early 2020 to improve the process and reduce the burden on the applicants as well as the Agency. With the NAC approval of decoupling the Luxembourg salary scale from Belgium, it is expected that the gapping will be reduced further in 2020.

The financial aspect of the Agency remains very positive with continued growth in levels of activity for NATO and the nations. This comes with its own challenges as considerably more transactions are managed and reconciliation more complex. A particular challenge has been to manage the levels of overdue payments. With that background, the Agency achieved an unprecedented success with an unqualified opinion from the International Board of Auditors for NATO (IBAN).

### Risk Management

NSPA manages five Enterprise Risks across the Agency, these being:

- Failing to Maintain a Good Reputation.
- Not Achieving Compliance with Mandatory regulation.
- Information or System Loss through Cyber Attack.
- Having Insufficient Numbers of Qualified Staff.
- Staff Working in Unsatisfactory, Insufficient or Inadequate Infrastructure.

Some key mitigation actions made considerable progress in the year, including the treatment of cyber, recruitment and infrastructure risks. It is expected that, in close consultation with the Agency Supervisory Board, the level of these risks will reduce as the Agency reaps the benefits of these mitigation actions.

### Occupational Health and Safety (OH&S)

Following an inspection by the Host Nation Occupational Health and Safety experts, a number of risk-to-life issues were raised, for which the Host Nation have generously supported remediation action. In particular, asbestos in key buildings was treated and contained during 2019. Planning was also prepared for two fire and safety infrastructure remediation actions in 2020. These will be followed by further fire and safety works in older office buildings in 2021 in coordination with the SIP.

The Agency has also set a target to achieve ISO45001 accreditation by the end of 2020 hence considerable preparation effort was undertaken in 2019 to produce risk assessments and procedures as required by the standards.

### Infrastructure

Significant planning effort was made throughout the year to maximise the current use of space in the Capellen site as growth has exhausted almost all current availability. The SIP continued with approval of Phase 1 and work is expected to start on the demolition of warehouses to make space for the first new building early in 2020, which will be delivered in 2021. This is a very positive step and will start the regeneration of the site to meet future needs.



# CORE BUSINESS AND CAPABILITY DELIVERY ACHIEVEMENTS

## Support to Operations and Exercises

This report covers the second year of the Support to Operations and Exercises Directorate, which was created on the 1 January 2018. The Directorate focused on delivery of six of the General Manager's 2019 Objectives. These Objectives were broken down into a number of Lines of Development (LOD), listed at Appendix 2. The action in 2019 broadly covered the provision of support to current operations (LOD 1), delivery of NSPA component to NCS Adaptation (LOD 2), contractual support to NATO and Nations including permanent and deployable infrastructure (LOD 5) and other supplies and services in support of operations and exercises, including the further development of Rapidly Usable Enabling Contracts and their use (LOD 3). Moreover, NSPA continues to progress the Recognised Contractual Picture with Allied Command Operations (ACO) (LOD 2), encourage further use of General Procurement Shared Services (LOD 8)

and improve the delivery of Trust Funds (LOD 9). The operational commitments from customers increased significantly in 2019. This achieved a 20% growth from 1.5 BEUR in 2018 to 1.8 BEUR in 2019 as shown in the graph below.



Figure 04 - Operational Commitments 2015 - 2019

**1.83 BEUR Business**



Increased business volume up to 1.83 BEUR.

**698 MEUR Fuel**



Fuel business sales volume of 698 MEUR in support of air, land and maritime operations.

**Projects delivered**



103 NSIP projects and 92 national construction projects were simultaneously delivered.

**Missiles delivered**



520 Precision Guided Missiles were delivered.

**> 3000 port calls**



Over 3000 port calls were supported.

**Trust Fund projects**



46 Trust Fund projects were completed.

## Current Operations and Adaptation

The first objective was to continue to provide and optimise delivery of support to current NATO operations, missions and exercises and to other national activities, and commence delivery of the NSPA component to NATO Adaptation Programme as directed in the Bi-SC Detailed Implementation Plan for NCS Adaptation.

The volume of delivery of support to current operations and preparation for operations has continued to grow over the year, particularly in the area of fuel not only for the RESOLUTE SUPPORT Mission (RSM) and Kosovo Force (KFOR) but also in the European Theatre. This is reflected in Figure 5 below. In addition, the Agency has created a Basic Contractual Instrument for Bulk Fuel within the European Theatre with five pre-selected suppliers capable of short notice response. The challenge remains to recruit and retain sufficient personnel to support the deployed activities in the theatres of operations. When combined with fuel delivered by NLSP, the total sales volume reached 698 MEUR in 2019.

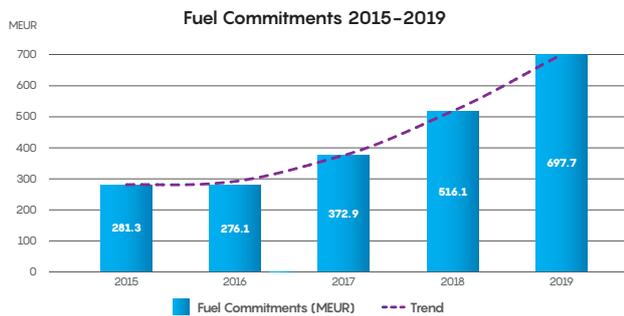


Figure 05 - Fuel Commitments 2015 - 2019

In support of the NCS Adaptation Programme, the Agency Supervisory Board agreed to the staffing approach to be taken in delivery of SACEUR Special Relationship. Initial plans to surge capacity for a Very High Readiness Joint Force deployment were put in place by December. Agreement to the Surge Manpower Concept was delayed by one year as Nations wished to expose the implications of the SACEUR's Special Relationship beforehand. The Agency prepared the necessary amendments for the NATO Crisis Response System Manual for submission, and these will be fed into the NATO HQ revision cycle in 2020. The Agency also explored innovative procurement and financial mechanisms, which will be taken forward in 2020.

## Development of Contractual Support

The second objective in this area was to continue to develop contractual support to the National Home Defence Forces (NHDF), the NATO Response Force (NRF), and forward deployed forces - both enhanced Forward Presence (eFP) and tailored Forward Presence (tFP) - when tasked.

The volume of delivery of permanent and deployable infrastructure for NATO and Nations in support of NATO Deterrence and Defence and stabilisation operations has continued to grow positively as reflected in Figure 6 below. Nations continue seeking support for the delivery of NATO Security Investment Programme projects, as well as national projects for deployable infrastructure.

The first minor tasking for Enablement of SACEUR's AOR was received in support of ACO staffing. Further tasks expected from either NATO or Nations for supplies and services have not yet materialised as the NATO Advanced Planning has not proceeded as rapidly as expected.

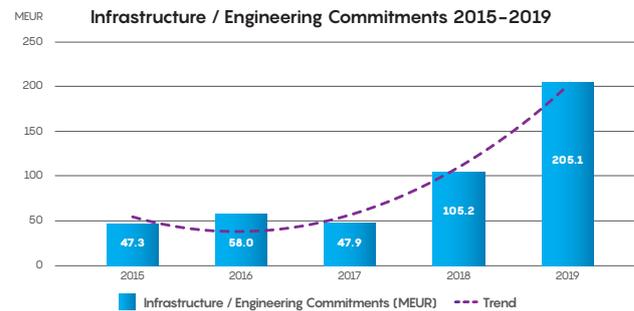


Figure 06 - Construction Engineering and Deployable Infrastructure Growth 2015 - 2019



Tasking from Nations to Random Brokerage and Ammunition are reflected at the figure below.

Support to ACO exercises during 2019 were extensive. These were used to rehearse contractual support processes and procedures for future operations. The provision of commercial support to other exercises has been limited, with the notable exception of Southern Operational Centre engagement in Ex Steadfast Fortitude over 22 days in Poland. This support requirement is likely to increase in 2020 as the initial tasks for support of the US Exercise Defender series were received in 2019 together with other smaller exercises.

### Rapidly Useable Enabling Contracts

NSPA has been ready to test the existing NATO Rapidly Useable Enabling Contracts in support of NATO and the Nations when their forces are at higher readiness. Activation and execution of these contracts require a tasking from SHAPE, which to date has not been forthcoming.

### Recognised Contractual Picture

NSPA is prepared to deepen cooperation relationships with Nations in support of Deterrence and Defence by continuing to develop the Recognised Contracting Picture (RCP) for use by ACO.

### Trust Fund Projects

An Agency-wide effort has been made to improve delivery of NATO ANA Trust Fund Office (NATFO) projects, including those in support of Afghan National Security Forces. This has included setting up a new organisational structure to manage trust funds and NATFO projects. Further progress has been held up awaiting policy direction from NATO HQ. It is expected that the financial governance and liability issues will be resolved to allow further progress in 2020. The authorised value of current Partnership for Peace projects is approximately 53.5 MEUR and for Afghanistan 650 MEUR.

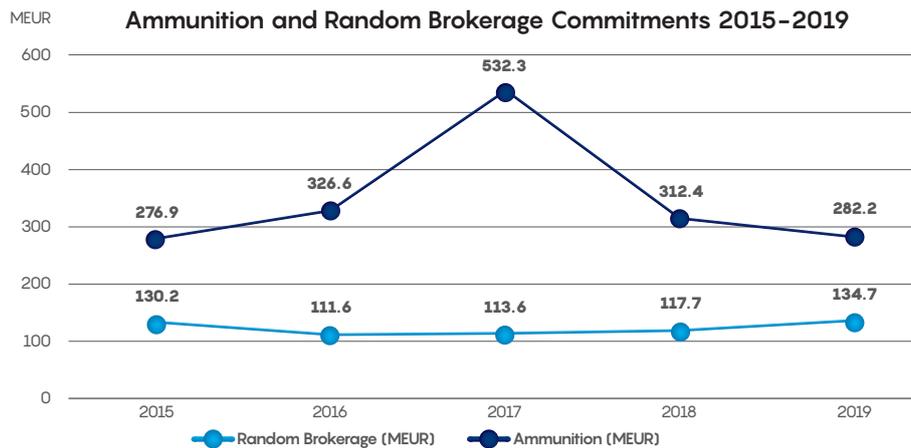


Figure 07 - Ammunition and Random Brokerage Commitments 2015 - 2019

### General Procurement Shared Services (GPSS)

Greater use of GPSS by NATO entities and other potential customers has been encouraged by transitioning to the Federated GPSS Model. This resulted in replacement of the NATO e-shopping centre by a Central Contract Repository with direct links to vendor-managed web shops where applicable, which closed LOD 8. This has successfully resulted in further collaboration between NCI, NATO HQ, SHAPE and NSPA resulting in sharing of GPSS contracts and the GPSS Programme of Work. Additional GPSS contracts were established in 2019, such as for Household Removals, which have been extensively used by NATO entities. Business turnover across all GPSS contracts reached close to 15MEUR in 2019, representing an increase of more than 60% compared to 2018 and establishing a promising start for further collaboration in 2020.



### Other Positive Developments

In addition, the following developments should be noted:

- The OLSP now includes 25 nations as members. A table of all Support Partnerships and their members is included at Appendix 1. Nations commenced use of the Global Food capability. Two feasibility studies were launched under OLSP, for a multinational rail solution in support of Deterrence and Defence and a Global Fuel study. Nations are encouraged to take the opportunity to join the latter fuel initiative and to develop a NATO-wide fuel petroleum supply chain capability.
- France began its trial membership of the Naval Logistics Support Partnership (NLSP), making considerable use of existing husbandry contracts during the year. The Netherlands Caribbean Coast Guard commenced use and the United States Navy (6th Fleet) expressed an interest in joining.
- Planning for Optimisation Phase 2 was completed in preparation for execution at the beginning of 2020. This includes, amongst other Optimisation initiatives, transfer of Codification and Demilitarisation, Dismantling and Disposal (D3) to LCM and of the Transport and Warehousing Division (LS) to the Operations Directorate.





# Life Cycle Management

The Agency supported national and NATO capabilities across the full lifecycle from capability development, through in-service support to disposal. This support to nations continues to expand beyond the Agency's traditional in-service focus with an increased emphasis on delivery of acquisition and complex projects. In order to further develop the NAC-mandated Acquisition role (LOD 6), this year saw closer engagement with key stakeholders such as the Conference of National Armaments Directors (CNAD) and national acquisition bodies. In parallel, increased contact with HQ NATO Defence Investment (DI) staff led to some capability development initiatives in support of NATO Defence Planning and other priorities.

Most capability areas saw a similar or increased level of business compared to the previous year (LOD 7). The overall operational commitments reached 1,530 MEUR (excluding NH-90), exceeding the target of 1,400 MEUR<sup>6</sup>, forecast in the 2019 Business Plan, by over 9%. These figures reflect particular focus on improving and developing new key enabling processes to ensure effective and responsive support (LOD 10). To that end, the Agency further developed

and embedded improved project and risk management processes, strengthened business process training and enhanced acquisition processes. In addition, an Agency-wide customer satisfaction model was developed and launched to assess the effectiveness of the support delivered and associated benefits.



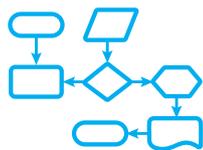
Figure 08 - Operational Commitments 2015 - 2019

## Support



Support to customer capabilities including 90+ weapon systems and 170 projects across all phases of the lifecycle.

## Processes



Led the development and consolidation of key pan-Agency processes including Project and Risk Management and Customer Satisfaction Measurement.

## Policies



Established Agency acquisition policies, processes and procedures to support delivery of key national and NATO capabilities.

## Delivery



Delivered flagship NATO and national programmes including Alliance Future Surveillance and Control, Multirole Tanker Transport, armoured vehicles, ground based air defence, Boxer and others.

<sup>6</sup> This figure excludes the value of the AGS aircraft that had been expected to be transferred to NSPA in 2019.

## Capability Development and Acquisition Acquisition

NSPA established key Agency-wide acquisition procedures, policies and processes while supporting NATO and nations in developing 15 initiatives and acquisition projects. The Acquisition Planning and Development Office (APDO) played the leading role in building a strong stakeholder network with close and fruitful engagement particularly with the CNAD and subgroups, NATO Defence Investment staff, agencies and national armaments and acquisition staffs. One important strand of work, tasked by 7 nations, has been to address a key NATO capability gap for a Maritime Patrol Aircraft capability. The Agency will continue to develop the Agency's acquisition framework, policies, procedures and processes to further enable it to deliver support to the acquisition initiatives of NATO, nations and partners.

## Multi Role Tanker Transport (MRTT) Fleet (MMF)

Production, conversion and testing of the MRTT aircraft continued on schedule with planned delivery of the first aircraft in May 2020. The Czech Republic joined the NSPO MMF Support Partnership as the sixth partner. Further growth in demand is expected in 2020 allowing the Agency to execute pre-negotiated options for up to a total of 11 aircraft. Close cooperation has been maintained with all MMF stakeholders - including Netherlands as lead nation and the member nations. Excellent collaboration has also continued with the Organisation for Joint Armament Cooperation (OCCAR). Continuing support from the European Defence Agency is also a key success factor for ensuring the programme remains on track.



MRTT Fleet Development 2016-2022

Particular focus areas included delivery of support for the Multinational MMF Unit now established at Eindhoven as well as setting the conditions for follow-on support after the Initial In-Service Support contract expires.

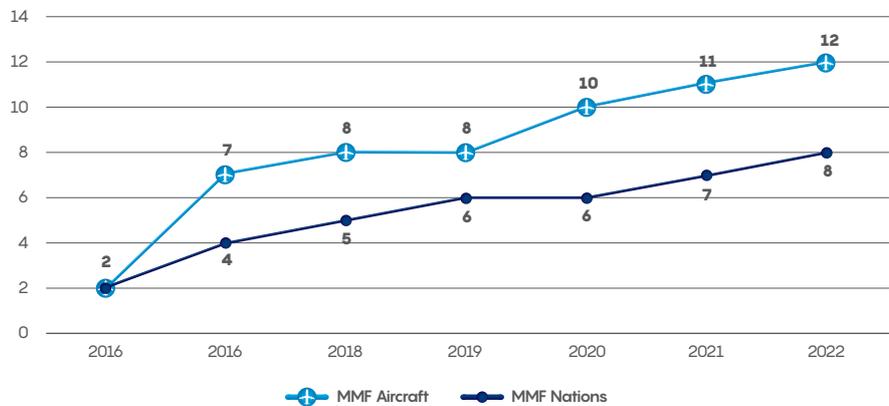


Figure 09 - MRTT Fleet development and expected growth

## Alliance Future Surveillance and Control (AFSC)



NSPA continues to manage the concept stage of this flagship NATO programme to deliver NATO surveillance and control capabilities following the retirement of the NATO Airborne Early Warning and Control System (AWACS) fleet in 2035.

Manning of the project team was completed and the second phase of the Concept Stage was successfully launched. The main focus

of work was completion of a successful NATO Security Investment Programme (NSIP) International Competitive Bidding process and award of high-level technical concepts (HLTC) contracts to six bidders. These concepts will set the framework for work on risk reduction and feasibility studies to refine potential technical solutions.

## Alliance Ground Surveillance (AGS)

The first NATO AGS aircraft ferry flights from the United States to the Main Operating Base in Sigonella, Italy were completed successfully. NSPA continued to work closely with NATO AGS Management Agency (NAGSMA) and the NATO Alliance Ground Surveillance Force (NAGSF) in preparation for the handover of the AGS Core System assets to the NSPO AGS Support Partnership in 2020 and also kept on working to establish effective engineering and logistic support underpinned by strong contractual capabilities to ensure the delivered system remains safe for flight. In this regard 2019 saw the strengthening of the AGS Support Integration Branch in Sigonella, which will provide effective sustainment of the AGS fleet and act as the frontline for the Agency's support to this important and advanced NATO Intelligence, Surveillance and Reconnaissance (ISR) system.

## Land Combat Vehicles

The first vehicles of a 139-strong fleet of Light Armoured Tactical Vehicles (VTLB) were delivered to the Portuguese Army. This multi-year acquisition project will deliver a fleet in four major configurations, including command vehicles, medical, personnel carrier and special operations. Completion is scheduled for December 2020.

## Air Domain

Two H-145 M helicopters were procured for Luxembourg and delivered on time in 2019. A Service by the Hour contract will be established to provide in-service support for the engines. Final delivery of parts for a Super Puma helicopter procured for the Spanish Air Force is foreseen in early 2020. In addition, a major project to update C-130 propellers and electronic control units has continued with the aim to provide a higher level of performance, noise reduction and reliability.

## Rockets and missiles

The US 'Agent Sales' model allows NSPA to purchase on behalf or for the benefit of Foreign Military Sales (FMS)-eligible country or countries. As an example, NSPA has executed the first FMS case under this model for the procurement of new generation Advanced Anti-Radiation Guided Missiles (AARGM) for Germany. The AARGM contract will provide the German Air Force with an advanced Suppression of Enemy Air Defence (SEAD) capability.

## Other

The Agency developed key Ground-Based Air Defence (GBAD) projects including Anti-Aircraft Artillery (AAA) for the Portuguese Army and acquisition of a ballistic ammunition tracking radar for Slovakia. NSPA was closely engaged with NATO HQ and the CNAD in various important initiatives including potential increased multinational cooperation in the GBAD area. In addition, the first eight Raven Unmanned Aerial systems were delivered to Portugal in support of an operational deployment.

## Capability Sustainment and In-service Support

### Air Surveillance & Air Command and Control Systems

NSPA supported a high operational availability of NATO Integrated Air and Missile Defence System (NATINAMDS) radars as part of SACEUR's Air Policing mission. In parallel, the Agency worked to ensure long term supportability through radar technology refresh projects in Norway, Iceland, Turkey, Portugal and Greece.

The completion of the Solid State Modulator installations in the Radars for the Southern Region and Portugal (RSRP) will extend the life of these critical NATO assets by at least 15 years. NSPA also contributed to national implementation of Identification Friend or Foe (IFF) Mode 5. In the field of radar testing, NSPA worked to establish a unique capability to test surveillance radars' Tactical Ballistic Missile Defence (TBMD) detection and tracking capability.

### Ground Based Air Defence Systems

NSPA supported NATO and nations' in-service GBAD capability systems. The GBAD community grew as Italy joined the Ground-Based Defence Support Partnership. The Agency also organised a GBAD Seminar for stakeholders, raising awareness of existing NSPA

capabilities and looking at areas for greater multinational cooperation. In parallel, NSPA engaged with and supported CNAD nations in seven defined GBAD-related capability initiatives.

The Agency continued to provide cost effective logistics support for PATRIOT. The PATRIOT Support Partnership expanded to 8 nations with the participation of Poland, Romania and Sweden. It also approved major stock investments based on operational lessons learned, supported a Spanish deployment and established a critical and high value upgrade contract for Germany.



## Communications & Electronic Warfare

The Cryptographic, Communications and Electronic (CCE) Support Partnership grew to 6 members with Luxembourg joining. NSPA has provided Communication and Information Systems (CIS) support to operations in Sarajevo and Afghanistan, as well as technical expertise for Operations Directorate common funded projects in Afghanistan. In addition, the Agency managed other important Afghan projects delivering Counter Improvised Explosive Device (C-IED) jammers and handheld mine & metal Detectors. Another unique project was initiated to build a Cyber Range to allow Luxembourg to train and simulate cyber-attack scenarios.

## Fixed Wing Aircraft

The Agency continued to sustain the NATO Airborne Warning and Control System (AWACS) aircraft providing procurement and supply for over 40,000 line items, as well as aircraft and system repair, depot level and ad hoc maintenance including support through US FMS. NSPA also started work on revision of the new AWACS MG2022 Depot Level Maintenance Contract to ensure sustainment support to the fleet for a further 10 year period. In parallel, work went on to support the NAEW&C Programme Management Agency (NAPMA) Final Life Extension Programme modernisation contract. Support to C130 aircraft is another increasingly important area with potential to adopt a fleet support approach to benefit user nations. 2019 also saw successful completion of programmed depot maintenance for some aircraft as well as delivery of structural repairs for C130s. Moreover, overhaul contracts for various engine types have been put in place in support of national fixed wing fleets.



## Rotary Wing Aircraft

NSPA provided 16 leased helicopters, including pilots, crew-members and mechanics, to support Greece in its annual safety-to-life fire-fighting operations. Another significant achievement was the establishment of an Outline Agreement for procurement of an NH90 NATO Frigate Helicopter Full Mission Simulator for the German Navy.

## Maritime

The maritime domain saw successful delivery of the first Portuguese upgraded frigate with a new Command and Control system and establishment of a contract for a ship bridge simulator training facility. Projects for other nations are at the initiation stages. Sonobuoy Outline Agreements were also finalised supporting consolidation of national anti-submarine warfare requirements and providing considerable savings. This is a potential expansion area since Sonobuoys are deployed via several Air and Sea weapons platforms.

## Land Combat Vehicles

The Agency supported a variety of nations' Land Combat Vehicles. Particular focus was placed on providing in-service support for PzH2000 artillery, which ensured system availability while delivering upgrades, customisation, modernisation and obsolescence management. In addition, the BOXER Support Partnership ensured in-service support for this growing fleet of multi-role armoured vehicles.

## Rockets and Missiles

The Belgian Army Armoured Infantry Vehicle fleet is being upgraded to integrate the Spike missile system. A major contract was also established with EuroSpike for the provision of spares and material to support Spike user nations. For the Multi-Launch Rocket System (MLRS-E) a contract was put in place for new software to enhance the capability of German and French systems to fire the latest missiles. The 2019 Stinger Reliability campaign was very successful with a record hit ratio achieved using the upgraded version of the Firing Mount System. NSPA's quick reaction and expertise ensured timely delivery of the upgraded system and maintenance of an important operational capability.

## Unmanned Aerial Systems (UAS)

This remains an area of growth. A new UAS Support Partnership structure was developed to manage the increasing number and complexity of supported equipment. In parallel, the Agency continued to acquire and maintain a wide range of systems.

## Life Cycle Management Services

### Automation

NSPA provided fully automated and integrated materiel management and supply chain management connecting customers and contractors for the NH90 and Tiger helicopters, the A400M aircraft and the AGS system. This automation encompassed 13,758 orders and 20,651 invoices representing an order value of 333 MEUR.

**Volume of automated NH90, Tiger, A400 and AGS orders 2016-2019**

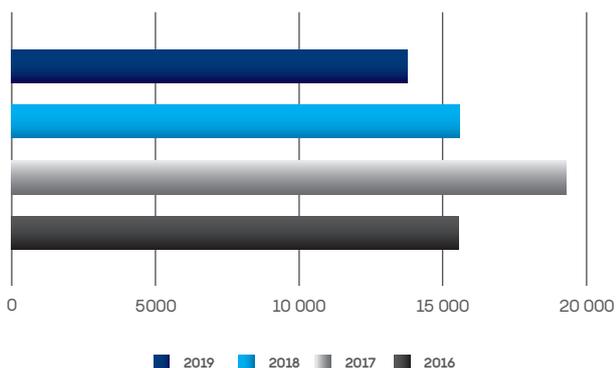


Figure 10 - Volume of automated NH90, Tiger, A400 and AGS orders 2016-2019<sup>7</sup>

<sup>7</sup> Fluctuations reflect the volume of on-hand and initial stocks.

NSPA also negotiated a logistics items follow-on contract covering the period 2020-2025. Tasked by OCCAR, the Agency established new automated functions to support the Tiger system. Moreover, the United Kingdom started using NSPA's A400M automated services operationally. Integration of automated services into the AGS Logistic System remained on schedule.

## Strategic Transport

The Agency continued to provide the Strategic Airlift International Solution (SALIS) member nations with assured access to important strategic lift capability via AN-124 and other aircraft. In total, 1900 Flying Hours were achieved in support of worldwide missions. The Agency also practised its ability to deliver assured sealift capacity for the members of the Multinational Sealift Steering Committee (MSSC) by holding a table-top exercise with the support of the Multinational Movement Coordination Centre Europe. Membership of the MSSC has grown from 5 to 7 member nations in 12 months.

## Transport and Warehousing

A total of 8,762 shipments, 36,396 deliveries and 69,000 packages were received, issued and transported. Integration of warehousing and transportation provided considerable economies of scale, particularly in supporting the NATO mission in Afghanistan with four charters arranged to deliver cargo. The Agency has strengthened its cooperation network with organisations such as the Movement Coordination Centre Europe, European Air Transport Command and Heavy Airlift Wing. This has enabled innovative, effective and cost efficient solutions in support of customers giving access to national assets. NSPA also supported HQ EUROCORPS (passengers and cargo) involved in the Trident Jupiter 19 exercise. Finally, the Cryptographic storage facility has been refurbished and continues to provide a secure storage capacity for NATO and nations.



## Calibration

NSPA supported NATO Nations, Partners and NATO bodies with calibration services, in particular, the NATO Airborne Early Warning and Control Fleet aircraft, as well as meeting growing demand from AGS and initiation of plans for provision of support to the MRTT fleet. The NSPA NATO Reference Laboratory (NRL) achieved renewal of its ISO/IEC 17025:2005 accreditation and also successfully renewed its NAVSEA certification for the next three years.



# Central Europe Pipeline System (CEPS) Programme

## Distribution and storage

The results of CEPS operations, once again, exceeded expectations. The total annual volume of fuel products transported reached 13.09 Mm<sup>3</sup>, which represents an increase of 9.1% in relation to estimates (12.0 Mm<sup>3</sup>). This total distribution has not been recorded since 2011. On the storage activity, expectations were fully met by actual results, at 886,573 m<sup>3</sup>/month. This value reflects a fill rate of 98.5% of the system's net storage capacity.

## Infrastructure modernisation

A total of 33 CEPS infrastructure projects were completed and formally accepted. 18 projects valued at 18.8 MEUR were funded by the CEPS Programme, whereas 15 projects valued at 11.9 MEUR were funded from NATO Security Investment Programme (NSIP). These modernisation projects aim at sustaining current operations and meeting military requirements. Additionally, the CEPS PO provided oversight for 298 ongoing projects valued at 218.9 MEUR. These projects are at various stages of planning and completion in support of modernisation and system sustainability efforts.

## Financial Summary

The overall operational revenues, at 117.99 MEUR, reflected an increase of 11.1% in relation to the budget forecast (106.24 MEUR) and broke the record set in 2018. These excellent results confirm the increase of demand in recent years as well as the optimisation of the execution of the transport plans. These revenues, most of which come from providing services to civilian customers, cover a significant part of the Programme's budget.

The CEPS operational costs (O&M and other operational activities) reached an amount of 139,7 MEUR (committed funds), including the CEPS PO cost of 134.5 MEUR. The corresponding operating deficit was fully covered by the financial contributions of the six CEPS member nations.

## Way ahead

In order to be successful in its support to NATO's operational military requirements, the CEPS Programme continues to focus on its readiness through its five main lines of efforts including, non-military use, infrastructure modernisation, Enterprise Resource Planning (ERP) integration, physical and cyber security, and the recruitment, retention and training of a highly competent professional workforce. In support of its mission to support NATO's requirements, the CEPS programme continues to explore the feasibility of a potential CEPS extension to the East as a member of the NATO Inter Staff Group on Fuels Workshop.

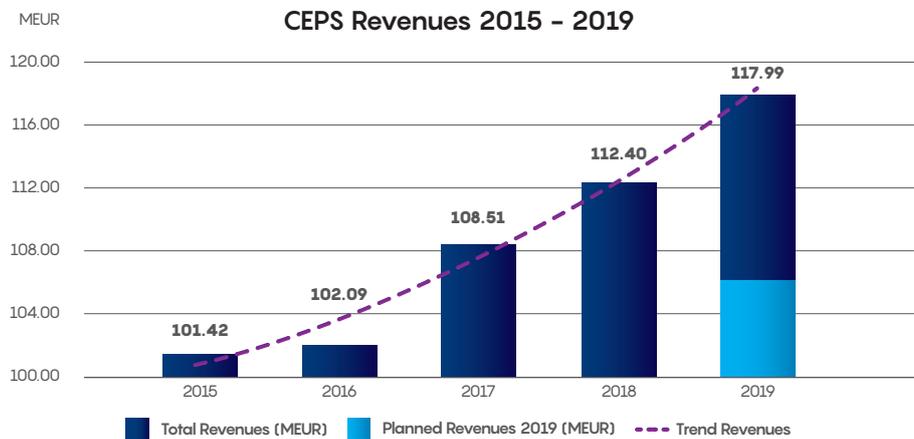


Figure 11 - CEPS Revenues 2015 - 2019

**13.09 Mm<sup>3</sup>**  
**FUEL**



Transported 13.09 Mm<sup>3</sup> of fuel, 9.1% more than estimated.

**117.99 MEUR**  
**REVENUES**



Overall operational revenues reached an all-time record of 117.99 MEUR.

Activity in 2019	Actual	Planned	Actual vs. Planned (%)
Transport	13.09 Mm <sup>3</sup>	12 Mm <sup>3</sup>	+9.1%
Revenues	117.99 MEUR	106.24 MEUR	+11.1%

Table 1: CEPS Key Performance Indicators in 2019.



# NATO Airlift Management Programme

The SAC Program executed 2,288 Flight Hours with an average Mission Capability<sup>8</sup> (MC) rate of 83.37%. This is slightly better than the 82% MC rate experienced in the worldwide C-17 fleet of 275 aircraft. SAC leadership continues to focus on the availability of the SAC fleet and actively addresses areas for improvement.

The heavy maintenance cycle times have changed from every five years to six years. However, 2020 will be operationally challenging, as two of SAC's Aircraft (#2 and #3) are scheduled for depot level maintenance back-to-back. This period of heavy maintenance will limit aircraft availability, which will be mitigated through increased logistics intensity and optimised operational mission scheduling.

The Nations have approved the acquisition plan for a Full Flight Simulator and a training facility to be delivered under the USAF Foreign Military Sales (FMS) program. Since the NAMP requirement is part of the larger USAF acquisition contract for 27 simulators, NAMP relies on the US Government's contracting schedule for both the Simulator and the building under one single FMS Case. Due to the delays on contract award, the delivery schedule for the simulator to Pápa Air Base has been officially postponed by one year, to the end of 2022. NAMP has arranged all the resources needed, as foreseen by the US government in the Letter of Offer and Acceptance (LOA).

After occupation of the new permanent infrastructure in 2016, NAM continued to work on the optimisation of the new facilities and to maximise its use. A package of minor improvements for the new facilities was delivered. After successful audit by IBAN, approximately 30 MEUR was reimbursed to SAC Nations from the NATO Security Investment Programme for the delivered SAC infrastructure developments at Pápa Air Base.

SAC C-17 MC Rate	2015 (average)	2016 (average)	2017 (average)	2018 (average)	2019 (average)
(A) Percentage (%) MC	94.90%	91.75%	91.49%	87.60%	83.37%
(B) Target for International Hub	75%	75%	75%	75%	75%
% of target (A-B)%	+26.53%	+22.33%	+21.98%	+16.80%	+12.93%

Table 2: SAC MC Rates 2015-2019



**2.288**  
FLIGHT HOURS



2,288 flight hours delivered to the SAC Nations.

**83.37%**  
MISSION  
CAPABILITY



83.37% average Mission Capability (MC) rate.

<sup>8</sup> Condition of an aircraft indicating it can perform at least one and potentially all of its designated missions.

# BUSINESS SUPPORT PERFORMANCE

## Procurement

During 2019, the Agency placed over 32,700 purchase orders (stand alone and Outline Agreements Call Off Purchase Orders) indicating a slight reduction in numbers (36,500 in 2018 and 35,000 in 2017) but an increased level of financial commitments (3.9 BEUR compared with 3.43 BEUR in 2018), a second all-time high in the history of the Agency. The top five contracts placed by the Agency covered a broad range of activity and were:

- 28.6 MEUR CH 53 Spare Parts
- 24.2 MEUR UNIMOG Trucks
- 22.2 MEUR Restoration Air Operating Surfaces
- 21.8 MEUR MLRS upgrade
- 13.4 MEUR Pharmaceutical products

The largest spending in 2019 through consolidated Purchase Orders per Outline Agreement were the Afghanistan Fuel Outline Agreement and the Patriot Missile upgrade:

- Afghan Fuel contract: 600.3 MUSD
- Patriot Missile System Upgrade: 215.7 MEUR

An overview of the NSPA contracts in 2019 is presented in APPENDIX 3.



Figure 12 - Value of Contracts Placed from 2015 to 2019

### Innovative Procurement

This was a year of innovation and development of new expertise for NSPA Procurement.

The contracting for the High Level Technical Concepts for the development of AFSC capability marks a first in the Agency's 61 year history. It led to the award of six contracts to consortia gathering a number of major players from defence industries across the Alliance.

## Competition Advocate

The Competition Advocate ensures adherence to Procurement regulations as well as integrity and ethics and propriety in the acquisition actions of the Agency. In 2019, a new KPI was introduced in the GM Dashboard that monitors the rate of single source procurement with different targets for Purchase Orders below and above 10 KEUR in order to focus effort on competitive sourcing.

The Outline Agreement awarded for the procurement of Alliance Ground Surveillance System spare parts leverages the ASD2000M Electronic Data Interchange Standard and allows a fully integrated and automated supply chain management. This is a first time for a Northrop Grumman major system supported by the Agency. It paves the way for the integrated support of more systems.

In the domain of support to operations, the establishment of multiple Outline Agreements to satisfy in-theatre food supply and catering services requirements on short notice for Nations deploying troops constitutes another innovation. It was used in 2019 by two countries.

The new Foreign Military Sale (FMS) Agent Sales initiative implemented by the US Defence Security Cooperation Agency is another innovation bringing value for the Allied countries through NSPA Procurement. This FMS initiative allows NSPA to act as an Agent to provide procurement and lifecycle support of high value systems on behalf of single or multiple nations with NSPA managing the FMS case on behalf of nations. The first ever Agent Sales case has been awarded for the procurement of new generation Advanced Anti-Radiation Guided Missiles (AARGM).

The Accelerated Interim Multinational Maritime Patrol Aircraft (MPA) Solution (AIM2S) has been the purpose of a Request for Interest. It was posted on the Agency website and disseminated, without restriction, to all the companies having a potential interest registered in the Agency Source File. An invitation to a competitive dialogue has been subsequently released to all NATO based companies identified as capable of delivering an operational fleet of MPA's by end 2023. This marks another first for the Agency.

Moreover, Purchase Card competition led to an award for administering the effective ordering and payment of NSPA's lowest value requirements eligible for this type of purchasing.

### Other notable achievements

The acquisition of two H145M Helicopters and their related maintenance and operation support services was a milestone of importance for NSPA and its host Nation.

After significant evolutions of the requirements, the Agency has been in a position to award a contract to acquire, install and support a simulator for NH-90 helicopter. The simulation domain is considered as having a high potential for development of the Agency's Procurement capability.

Training of Procurement staff remains a priority with a special emphasis on risk and project management for major acquisitions. In addition, more than 300 NSPA non-procurement staff have been trained in key Procurement aspects of the Agency business.



# Finance

The Agency's financial performance was again notable. The total business volume<sup>9</sup> was over 4 BEUR, representing a 4 per cent growth from the previous year, while the operational commitments reached 3.9 BEUR, which also represented 4 per cent growth from the previous year.

During the past five years, the business volume has grown constantly and was 56% higher in 2019 compared to 2014. This growth demonstrates the attractiveness of the Agency's capabilities and the trust that customers have in its services.

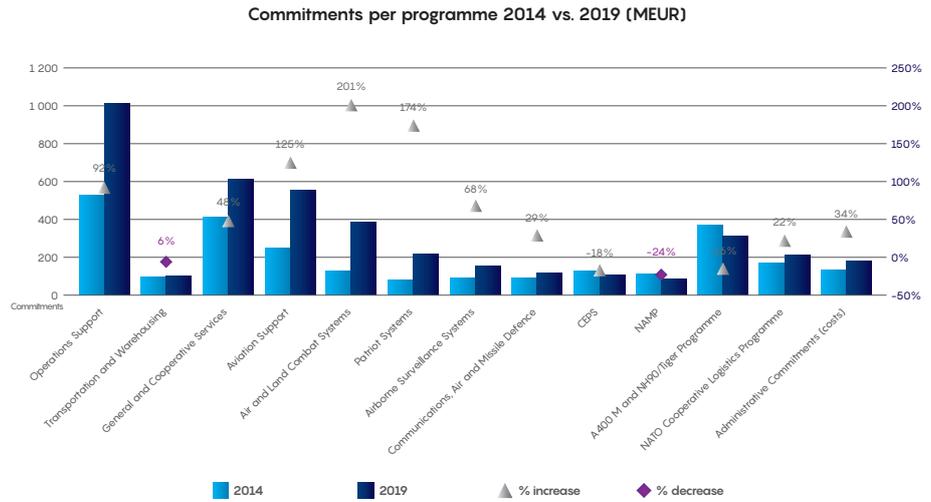


Figure 13 - NSPA commitments per programme from 2014 to 2019

## The administrative cost of running the Agency

The Agency's internal administrative costs of delivering goods and services to customers was 180 MEUR in 2019 (2018: 164 MEUR). These costs have risen by 34% since 2014; most of these additional administrative costs relate to new staff positions which are working directly on specific projects and which were approved by customers to support the increased workload of the Agency. The increased workload of the Agency is evidenced by the aforementioned increase in total turnover of 56% since 2014.

## Operational highlights

Most of the Agency's programmes benefitted from a strong customer demand; in financial terms, there are five programmes which are the main drivers of the operational financial results, each contributing commitments of over 250 MEUR, as shown in the chart below.

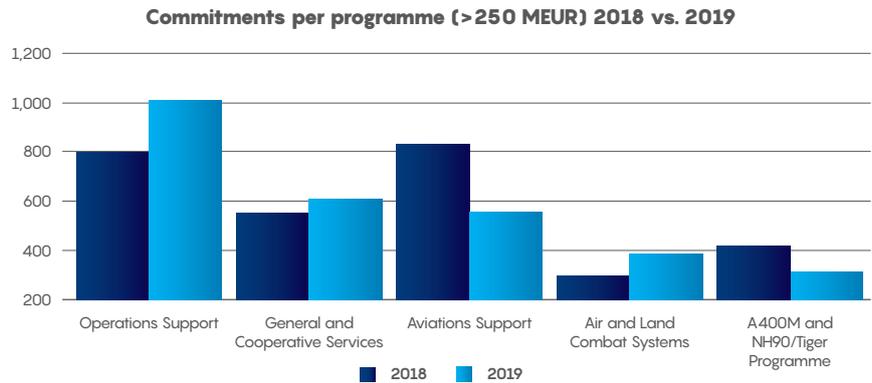


Figure 14 - NSPA commitments per programme (over 250 MEUR) 2019 vs. 2018

## Operations Support Programme

(2019: 1.012 MEUR, 2018: 803 MEUR). The Programme benefitted from the continued growth of the fuel programme with output being boosted from 487 MEUR in 2018 to 576 MEUR in 2019. In addition, support to operations in theatre grew from 289 MEUR in 2018 to 399 MEUR in 2019.



## Aviation Support Programme

(2019: 555 MEUR, 2018: 834 MEUR). The programme's turnover has been skewed higher in recent years due to the purchase of Multi-Role Tanker Transporters for the Multinational Multi Role Tanker Transport Fleet Support Partnership; this impacted the 2019 results as commitments were reduced to 7 MEUR in 2019 from 223 MEUR in 2018. Outside of the Multinational Multi Role Tanker Transport Fleet Support Agreement Partnership, there was a reduction of business volumes in support of Fixed Wing Aircraft (2019: 305 MEUR versus 2018: 388 MEUR) but a notable increase in Helicopter support (2019: 243 MEUR versus 2018: 223 MEUR).



<sup>9</sup> Ibid. 4



## General and Cooperative Services Programme

(2019: 611 MEUR, 2018: 551 MEUR). The programme's commitments increased by almost 60 MEUR in 2019. The drivers for growth were Random Brokerage in support of projects and Naval Logistics Support, which, when combined, increased volume by almost 80 MEUR offsetting falls in Ammunition volume of 30 MEUR.

## Air and Land Combat Systems

(2019: 387 MEUR, 2018: 296 MEUR). The programme's overall business volume had a significant increase with a number of projects gaining business volume while some projects saw reductions. Notable changes in business volume were the significant increase in Light Armoured Vehicles which jumped from 13 MEUR to 73 MEUR and a fall in volume within Logistics Services for Missiles, UAVs and Platforms (LSMUP) projects to 29 MEUR, which came off an excellent 2018 where volume was 111 MEUR.



## A400M and NH90/Tiger Programme

(2019: 311 MEUR, 2018: 415 MEUR). Volumes were down across the programme that still contributes a significant part of the business volume of the Agency by creating a link through which customers such as OCCAR and the NATO Helicopter Management Agency (NAHEMA) can commit their funds directly with industry.



## Audit opinions on the NSPO Financial Statements 2018

### Opinion on Compliance

For the first time since the creation of the Agency, the International Board of Auditors for NATO (IBAN) issued an "unqualified audit opinion" confirming, in all material respects, the financial transactions and information contained within the NSPO Financial Statements for

2018 were in compliance with the NATO Financial Regulations and the NATO Civilian Personnel Regulations. This represents a substantial achievement for the Agency.

### Opinion on Financial Statements

In addition to the unqualified opinion on compliance, the Agency also received for the first time an "unqualified audit opinion" on the numbers presented in the NSPO Financial Statements for 2018.

### Audit Recommendations Status

The IBAN made 4 new (2017: 6) recommendations in its 2018 audit report. The IBAN considered that the Agency has cleared 11 of the 28 recommendations that it was tracking from its 2017 and previous years' Audit Reports meaning that 39 per cent have been closed or superseded.

The Agency works hard to implement IBAN recommendations and believes that significant progress will be made through either closing, or making progress, on existing recommendations at the time of issuance of the NSPO Financial Statements 2019.

### Way Ahead

The financial and audit priority of the Agency in 2020 will be to again achieve unqualified audit opinions and to continue to reduce outstanding audit recommendations. The Agency makes a focused effort to close IBAN recommendations and it has set the ambitious target of trying to close at least 60% of previous year audit recommendations in the following year.



Another key priority for 2020 will be to continue work on reducing the number of outstanding accounts receivables. While over the previous two years, the Agency has made significant progress on reducing these balances, they remain too high and the Agency will see if improved debt collection processes prove successful.

The final objective for finance will be to continue planning to enhance its financial procedures and processes with a view to updating its financial system when its current Enterprise Resource and Planning System is upgraded or changed when its current system becomes obsolete in the middle of the 2020s.



# Human Resources

## Align and resource the Agency

The Organisation and Personnel Establishment (O&PE) was developed in accordance with the forecast business growth. A total of 106 additional positions was added and the establishment increased to 1,491 posts at the end of the year.

The Agency created 74 directly funded positions. This increase was generated by additional customer requirements in support to operations and exercises, Life Cycle Management of AGS Core System, NAMP infrastructure as well as to long standing Partnerships and/or projects. The Agency created 32 indirectly funded positions mostly in the NSPA Support Divisions to cover the increase in business demand.

to 151 (2019). This is mainly the result of successfully implementing the 'pool interviews' concept. The implementation work for the introduction of an e-Recruitment application has been conducted with the expectation for the tool to go live in Q1 2020. The application should further improve the efficiency of the recruitment process.

The review of HR processes maintained a focus to achieve efficiencies and the transformation of the HR function to become an effective Business Partner. The reorganisation of the Personnel Administration Branch into Personnel Partners and HR Services Branch proved its effectiveness throughout the year with specialisation of its team members to provide an enhanced support to the Agency's newcomers and staff members.

One issue that continues to hamper the efficiency of the recruitment process is the challenge of gaining security clearance for successful interviewees. Some nations are taking more than 12 months to achieve clearances for individuals, which makes hiring their nationals increasingly challenging for the Agency.

Efforts were also concentrated towards the improvement of work life balance with the introduction of an Agency Working Group on time management providing recommendations, which led to the introduction of measures allowing more flexibility.

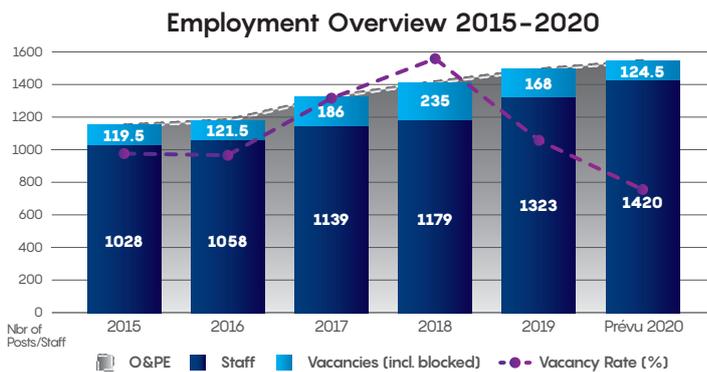


Figure 15 - O&PE vs Employment evolution between 2015 and 2019

## Sickness rate

The Agency yearly sick leave ratio<sup>10</sup> has shown a slight increase with an overall rate of 4.4%. This increase is mainly due to the increased number of staff at NSPA but more importantly due to some serious pathologies necessitating more time for recovery. The medical team will increase measures in the area of absenteeism which will be facilitated by the arrival of a permanent and full time medical advisor in 2020.

## Recruitment and retention

With an initial vacancy rate (excluding blocked positions) of 14.3%, the Agency managed to reduce the rate to 9.39% by the end of the year. This was achieved by concentrating HR effort on recruitment activities.

The Agency managed to advertise and recruit for 262 vacancies. The recruitment activities regarding NATO International Civilian (NICs) resulted in 149 new hires, 62 internal promotions and 52 internal lateral transfers. At the same time, 61 staff members left the Agency, which reduced the net increase to 88 staff. Internal Mobility measures were put in place to limit the number of internal transfers in order to increase the influx of new staff. The number of interviews organised decreased by 25.6% from 203 (2018)

## Staff training

The training activity remained high, achieving the same unprecedented peak values experienced in 2018. The number of training days increased to 133 (+ 5%) for a total number of 90 courses. As a result of the high number of new recruits, the number of participants in French classes increased by some 27%. In addition, 40 staff members attended a course at the NATO School Oberammergau in 2019, confirming the increasing need for these courses.



Figure 16 - Recruitment activities between 2015 and 2019

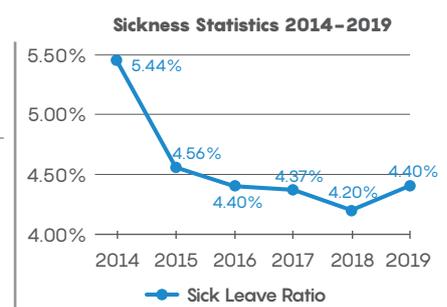


Figure 17 - Sickness ratio 2014-2019

<sup>10</sup> Ratio defined as total of sick days divided with the number of total work days.



# Information Technology

NSPA's IT organisation continued to develop its services in-step with the strong business growth. The execution during the year reflected well against the overall stated planning theme to effectively 'Enable the Business' of NSPA.

The increased demand for IT services, illustrated in Figure 18, compounded by diverse functional projects was challenging. Despite this, progress with the annual objectives continued.

High priority was on keeping the NSPA networks safe. The objective to deliver cyber defence capabilities against cyber threats provided effective mitigation in response to the enterprise-level Agency risk 'Information or System Loss through Cyber Attack' (ERM-2018-003). Participating in the NATO HQ Crisis Management Exercise (CMX-19) informed Agency understanding of ICT threat scenarios in a NATO crisis. The project NSPA Cyber Protection Adaptation included further measures and security tests to counter the increasingly sophisticated threats. The project achieved more than 90% of its planned objectives including all of the more critical aspects such as measures to protect the availability e-Business

**ICT Service Units 2015-2019**

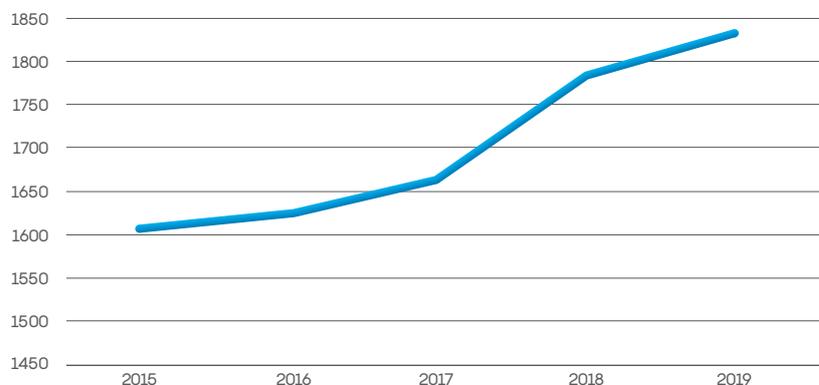


Figure 18 - ICT Service Units 2015-2019

and protect against crime and espionage. The specific successes and activities associated with this activity are not detailed due to their security nature however, Figure 19 gives an insight to the vigilance of the Cyber Defence Team.

**Blocked Outgoing Email Violations**



**Blocked Unauthorised Incoming Data**

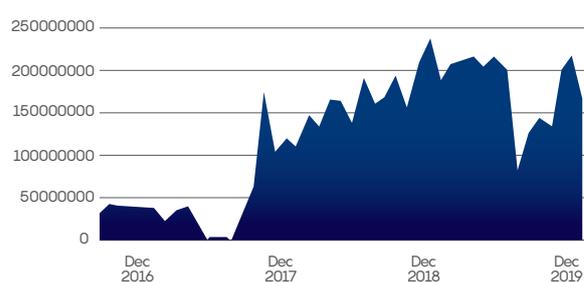


Figure 19 - Cyber Defence Trends

The delivery of IT projects included 29 high-profile projects, each with its own objectives. The largest and most demanding project of the IT Division was the Phase 2 rollout for MRTT. The project activities included the full design, preparations and solution in order to fully operate and support MRTT with an IOC starting 1 January 2020. The project delivered successfully and on time.

Another key project was the support of Allied Ground Surveillance Logistics Information Systems (ALIS) for AGS. This was significant as part of the support provided to the NATO AGS Force (NAGSF). Deliverables included:

- Finalisation of Integration of the ALIS capabilities
- ALIS Interfaces and Convergence with NSPA SAP Backbone
- Moving ICT infrastructure to Sigonella

Other significant projects included the planning for resilient passive and active input to the SIP and the e Recruitment project support to HR.

As part of a Strategic Direction LOD 15b, first steps were undertaken towards a future Agency IT architecture. The architecture will be based on state-of-the-art SAP ERP system and Microsoft SharePoint, both running on resilient IT and satellite communications infrastructure. This initiative will continue for a number of years.

Engaging in the implementation planning for the NCS Adaptation was a new objective. It included the delivery of the ICT elements for an Ops Cell capability under the lead of the Operations Directorate.

The work on a second Luxembourg data centre will be completed by the end of 2020. This will increase resilience of the ICT infrastructure and will contribute to preparedness under NCS Adaptation.

“ The key objective measure for the ICT organisation is to deliver the services (defined in the portfolio) in accordance with the Information System Service Availability indicator, which monitors breaches as measured against the Service Level Agreements (SLAs) and covers two categories of services (i.e. SAP, email, web connectivity etc.), NSPA Internal services and Customers’ and Business Partners’ Web applications (i.e. NLSE, Tiger, NH-90 etc.). ”

### 2019 ICT Service Performance



# SERVICES AND MANAGEMENT SUPPORT ACHIEVEMENTS

## Business Development and Customer Satisfaction

### Business Development

The Agency's business development activities focused on increasing awareness of NSPA's current and growing capabilities portfolio and to offer effective and efficient support options to fulfil NATO and national requirements in existing and emerging capability areas. During the year, 15 national and capability-based Industry Days were held at NSPA to ensure early engagement, to facilitate interaction with industry and promote business.

### Customer Satisfaction

The Agency developed and implemented a standardised Customer Satisfaction Model (CSM). The aim of the model is to build a reliable method of measuring and validating customer satisfaction using direct, survey-based customer engagement methods (LOD 11). The Agency identified five overarching factors driving its customers' satisfaction: Quality, Responsiveness, Costs and Efficiency, Trust, Communication

and Transparency. These factors are based on the Agency's assessment, as well as stakeholder and customer contributions.

The Agency successfully implemented the trial phase of the CSM with Full Operational Capability scheduled for the end of January 2020 as an integral part of existing business management processes and tools. The trial survey provided generally positive results while also highlighting areas for improvement.



## Corporate Communications and Stakeholder Engagement

### Corporate Communications

NSPA established a new Corporate Communications Office (CCO) after a year of transition from the former Public Affairs Office. With this shift from public affairs to corporate communications, NSPA has embarked into a renewed focus towards enhancing the value of its brand and capabilities in support of NATO and its customers.

A new social media strategy was activated with the launch of an NSPA Twitter channel. At the same time, an analysis of requirements motivated the close down of Facebook. As part of this new strategy NSPA's presence on LinkedIn was revitalised through a more proactive approach, new content formats (such as videos and infographics) and an accelerated pace in the publication of content. LinkedIn presence continued growing, reaching around 13,300 supporters at the end of the year. The platform experienced a 300% increase of visits alongside the previous year, which also led to an increase of 190% impressions at the end of the year.

Moreover, NSPA was featured in a wide range of media outlets, such as Jane's Defence, European Defence and Security, Aviation Week, Delano, and many others.

The Agency was involved in hosting a joint press conference at the Paris air show for the MRTT programme, holding an

NSPA information session at NATO HQ and coordinating an event with Luxembourg MOD and Police to celebrate the delivery of two H-145M helicopters for the host nation. The Agency was also represented at DSEI in London.

The General Manager completed an extensive programme of 45 external visits interacting directly with key audiences to increase awareness of NSPA's growing capability portfolio and its expanding support to NATO policies, missions, operations and exercises. The outreach efforts were complemented by 29 visits to NSPA, including key individuals from ministries of defence, ambassadors and executives from NATO and the EU.

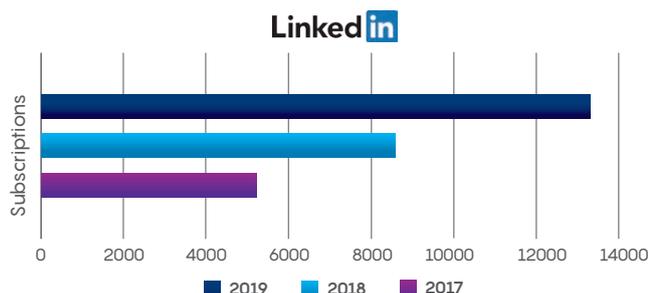


Figure 20 - LinkedIn Subscriptions 2017-2019

# Optimisation

Significant progress was made on Agency optimisation (LOD 10). Optimisation Phase 1, approved by the ASB in June 2017, was successfully completed in June following a formal evaluation. Focused at the Executive level, this was an important first step in an optimisation process designed to ensure the Agency is 'fit for the future' and 'relevant to customer needs'.

However, it was noted from the outset that further optimisation would be necessary. As part of the ASB approval, the Agency was tasked to evaluate the new structure and to further assess any potential organisational changes, primarily at the Programme level. In line with this direction, an assessment was undertaken by the Agency and the ASB was briefed in the spring on the intent to launch Optimisation Phase 2.

The overarching aim for this next step in the optimisation process is to enable more to be done within current resourcing. The Agency is extremely cognisant of the fact that it is operating in a resource

constrained environment, and as such all the proposals have been developed to be budget neutral at the Agency level. At the Programme level, there are some minor cost allocation implications, however, these have been minimised as far as possible and impacted customers and Support Partnership Committees were informed during the autumn in accordance with governance direction.

Through a process of executive level review and development, the number of initiatives proposed as part of Optimisation Phase 2 was refined to 25, from an initial total of over 50. These were incorporated in the Agency Optimisation Phase 2 concept which was agreed by the ASB in December. Implementation will be managed over the period until the end of 2021, with status updates provided to the ASB in the spring cycle as required. A formal evaluation report will be provided to the ASB at the end of the process (forecast spring 2022).

# Performance Monitoring

The Agency has been monitoring the overall performance through two main tools:

## BPIR

The progress towards accomplishing the business development initiatives have been constantly monitored through the BPIR process. Activities were defined taking into account the Business Plan 2019 and the 15 LODs at the beginning of the year. Their performance statuses were reviewed by the Agency Executive Management Board (EMB) on a quarterly basis. An overview of the BPIR process is shown below.

In addition to this process, the mid-year status of GM Objectives were reported to NSPO Strategic Advisory Group (SAG) in September and the final report is being prepared for Spring 2020 cycle.

All of these processes assisted the Executive Management Board (EMB) in tracking the status of each objective and to take actions as necessary. This helped 80% completion in BPIR 2019 activities.

## GM Dashboard

The Agency focused on developing and reviewing the GM's Dashboard metrics, display and reporting process to ensure more comprehensive, reliable and accurate data are reviewed. As a result, 42 KPIs have been defined compared to 17 in the previous version. Targets have been set for each KPI and deviations from these targets are reported to enable investigations and corrective actions. The statuses of the KPIs were reported to the EMB on a monthly basis in order to monitor business performance.



Figure 21 – BPIR Process in 2019



# Infrastructure

The focus in this area was aimed at developing the Strategic Infrastructure Programme (SIP) to address the critical situation of the Capellen site infrastructure and the shortage of office space (LOD 15c). The Capellen site is ageing and in a critical condition. Many of the site facilities have reached the end of their useable life cycle and are in need of major upgrades or replacement to meet Host Nation standards, particularly relating to OH&S and overall site security. The unprecedented activity growth within the Agency is causing a severe shortage of office space, as shown in the graph below. The site is now operating beyond its full capacity and interim measures are being implemented to maximise office space until new facilities are completed.

## Capellen site infrastructure

The Agency is obliged to ensure that adequate health and safety conditions exist, and is working on the goal to be ISO45001 certified by the end of 2020. An audit performed in 2018 highlighted weaknesses on the Capellen site, which led to the development of an extensive remediation programme. A risk analysis allowed the development of an action plan for priority buildings. Works started in 2019 will continue until 2021 during a second phase for which all studies are completed and validated by the host nation. Upgraded buildings will remain occupied to absorb the shortfall of office spaces until sufficient creation of office spaces within the new SIP construction.

## Strategic Infrastructure Programme

The objectives of the SIP are to rectify the deficiencies described above. In June, the ASB approved Phase 1 of the SIP, which was a significant milestone for the Programme and a positive step in the regeneration of the Capellen site. Phase 1 will include the construction of a new, modern, flexible and efficient office building for up to 400 people on the site (NEWADMIN 1), built to Host Nation standards and best practices.

The Agency continues to work with the Host Nation to finalise the design studies and to plan for the commencement of the NEWADMIN 1 construction. Furthermore, the Agency continues to develop the subsequent Phases of the Programme with production of detailed user requirements for Phase 2 (NEWADMIN 2), Phase 3 (NEWHQ) and the top level requirements for a new conference centre in Phase 4 (NEWCONF).

Office Space Overview Capellen Site 2018 - 2035

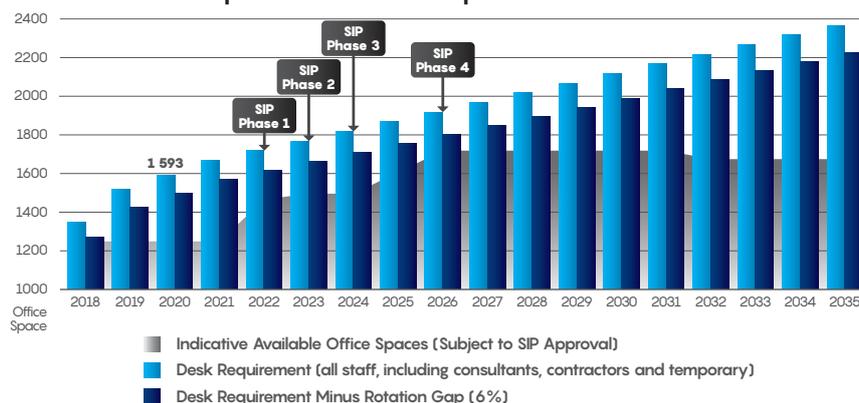


Figure 22 - Capellen site office space vs. requirements

# Occupational Health & Safety (OH&S)

The OH&S effort was centred on implementing mitigations for identified infrastructure related risks, the further assessment of risks within the Programmes/Offices/Divisions and development of OH&S Management Systems to reflect ISO45001 standard, to provide the appropriate frame to address all OH&S risks and opportunities in compliance with related regulations.

In Capellen and Versailles, approximately 150 KEUR was engaged to protect and sanitise asbestos containing material identified at risk in some buildings. Some of these buildings were occupied; however, effective collaboration between the affected Programmes, the Infrastructure and OH&S teams enabled the completion of these activities, so that all buildings involved in sanitisation were back to normal functioning and safe with regards to asbestos exposure at the end of October.



*Pour vous et avec vous  
For you and with you*

In Taranto, the OH&S Management System of the Southern Operational Centre (SOC) was certified against the ISO45001 standard, reflecting the strong commitment of NSPA leadership and the involvement of staff, in improving employee safety, reducing workplace risks and creating improved and safer working conditions. This is a significant milestone achieved and will serve as an example for the remainder of the Agency to benchmark NSPA's Occupational Health and Safety performance.

Monitored by four OH&S Committee meetings and one OH&S Policy Board meeting, the OH&S Management Systems developed in Capellen, Versailles and Pápa follow the ISO45001 standard framework, within tight resource margins. All chapters of the ISO45001 standard were addressed, and although not yet sufficiently mature to achieve certification, an Occupational Health and Safety Management

System is now in place on these sites, and fundamental aspects of the standard have been implemented and documented. Essentially, this results in documented risk assessments for each Programme/Office/Division, the training of Emergency response teams, monthly awareness campaigns, and the development of procedures to mitigate identified risks with the consultation and participation of staff.

In Pápa, an additional emphasis has been placed on OH&S awareness through annual refresher training. In Capellen, the complexity of the infrastructure OH&S remediation programme led to planning delay, so that some work foreseen in 2019 has been postponed to 2020.

## Quality Management

NSPA successfully renewed its ISO9001:2015 certificate at the Capellen, Papa and Taranto sites. This illustrates the continuous efforts made to maintain and further improve the established Quality Management System.

More specifically:

➤ Training sessions were organised and delivered for the recent updates of AQAPs 2110, 2131 and 2310. Additionally, awareness sessions ("basic QA newcomers' briefing" and "Counterfeit Avoidance") have been delivered at Capellen and Papa, further supported by a Quality Communication Campaign.

➤ The Governmental Quality Assurance Activity was extensive and the Nations' Quality Authorities have been positively responded to and managed circa 150 requests submitted by the Agency.

➤ A series of Internal Quality Audits were implemented giving all stakeholders a fruitful discussion of potential opportunities for improvement.

➤ Continual Guidance and Support on Quality matters was given to the Programmes to manage emerging quality-related issues.

➤ Finally, NSPA organised and hosted the NSPA-NATO Quality Symposium. With more than 100 participants coming from three Agencies, 18 nations, 32 industries and 11 Governmental Quality Assurance (GQA) organisations, the Symposium was a success for everybody.

Efforts on QMS will be pursued in 2020, to further adapt the QMS to complex projects and acquisitions, to comply with Airworthiness and mandatory NATO Quality requirements and to continuously train NSPA staff on NATO Quality Standards.

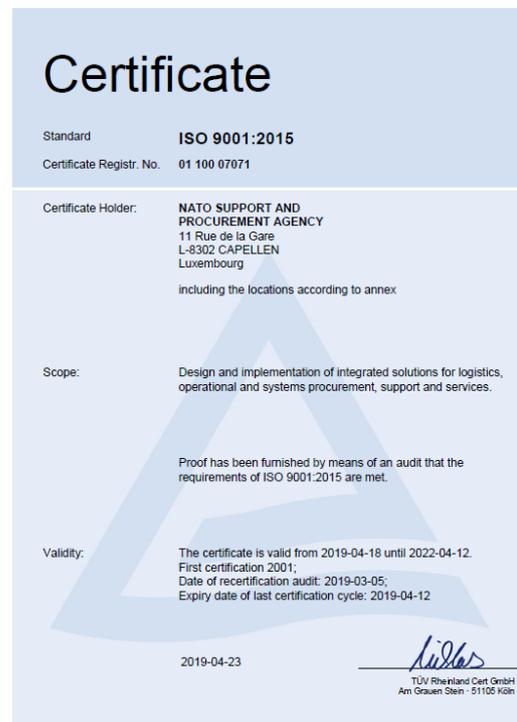


Figure 23





# Risk Management

Risk Management effort focussed on improving the risk management process maturity and risk registers (LOD 11b). The Agency Supervisory Board endorsed a risk management Functional Directive and the Agency risk management policy and procedures were updated using the experience gained. This was also a key element of the ISO 9001:2015 re-certification process that occurred in the first quarter of the year. Once again, a very good assessment was received on risk management within the Agency.

One element raised during the ISO9001 audit was the need to identify the method used to identify and evaluate risks at each stage of a project or during a process review. To address this, the Risk Management Community of Interest (RMCI) documented various identification methodologies and techniques that could be put to general use.

Training continued at two levels; an introductory level training for all staff, provided by the Agency Risk Manager, and an advanced level training for all managers and those involved directly in risk management activity, provided by external trainers.

The activity within the risk registers was measured regularly and evidence was collected that the tool is being used to add or close risks. The number of risks increased from 420 to 703 active risks while 327 risks were closed. Quality audits of all risk registers were carried out at least twice throughout the year. A number of common errors and actions were identified on each occasion and these were reported through the EMB.

The Risk Management Tool (RMT) and especially its reporting functionality, has been improved to reduce the effort by the users and better meet their requirements. In addition, work has started to integrate the Internal Control requirements with the RMT.

The Agency Enterprise Risks continued to be addressed and significant progress was made with some of the major mitigation actions. A report on risk management progress was provided to the ASB in the Spring cycle and it was decided to leave the risk scores as is until the effects of the mitigation actions were seen. Some major decisions were made at NAC and ASB to take forward mitigation actions against these risks, which are included in an associated Enterprise Risk Management report to the ASB and highlighted in various parts of this report. These risks have been grouped into five revised high-level risks ranked upon their logical position within the Agency business life cycle:

- Risk 1 - Failing to Maintain a Good Reputation (ERM-2018-001)
- Risk 2 - Non-compliance with Mandatory Regulations (ERM-2018-002)
- Risk 3 - Information or System Loss through Cyber Attack (ERM-2018-003)
- Risk 4 - Insufficient Numbers of Qualified Personnel (ERM-2018-004)
- Risk 5 - Staff Working in Unsatisfactory, Insufficient or Inadequate Infrastructure (ERM-2018-005)

Further effort is needed in merging risk management with Internal Control (COSO based) activities but this is on track to achieve success. Risk management is maturing well within the Agency, achieving better than expected results. The survey achieved a very high score within the "Risk Defined" level of scoring and this is on track to achieve the target of "Risk Managed" by the end of 2020.

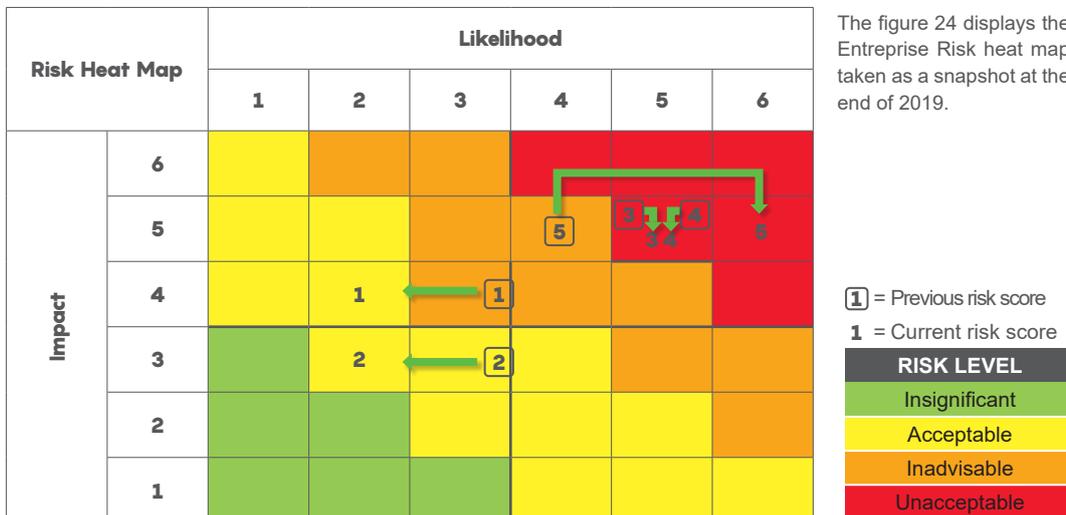


Figure 24 - NSPA risk heat map at the end of 2019



## Security

The year began with a review of security planning processes, to reflect the increasing complexity in this domain. A separate, classified Security Risk Register (SRR) was created that populates the Agency Risk Management Tool without compromising vulnerabilities. This generated the creation of a detailed Security Plan to manage the mitigation actions required to address identified risks.

Priority security planning involved the development of intervention procedures for Host Nation emergency response agencies at the Capellen site in coordination with the Luxembourg High Commission for National Protection. This will provide the baseline for the Agency to review and evaluate emergency response procedures through joint exercises in 2020.

Detailed planning took place to provide the necessary security expertise to support the MMF, through establishing a Security Section to ensure compliance with NATO security policy. Moreover, resourcing was completed in August, enabling the Agency to establish a digital

forensics capability; the acquisition of a digital forensic laboratory was significantly accelerated to begin operations in 2020.

The introduction of NATO's Mobile Device Policy was successfully completed in some of the Agency's outstations, while funds were identified to resource equipment and infrastructure at the more complex Capellen site. Full compliance should be achieved in 2020.

Successful implementation of a 3-year long CIS/Cyber Security Training Programme was completed. This includes interactive computer-based training as well as phishing and assessment exercises enabling measurement of the programme's effectiveness. CIS Security support assures the highest level of security and compliance with NATO CIS Security Policy. In 2020, the Agency's business CIS, the NATO Restricted LAN, will undergo a re-accreditation process with the aim to achieve full NATO CIS Security re-accreditation.

## Internal Audit

The Auditor General Office aim is to reach full compliance with the International Standards for the Professional Practice of Internal Auditing, as required by NSPO financial rules and procedures. The main challenges are related to reaching an adequate quantity and quality of audit deliverables with the existing, limited resources.

During 2019, eighteen internal audit reports were released, containing 87 recommendations. The Agency implemented fourteen improvement actions based on the previous year's internal assessments. This was the highest number of deliverables released over the previous four years.



## Integrity and Ethics

Following the release of the NSPA Integrity and Ethics Policy in August of 2018, the Agency's focus has been on continued training, enhanced awareness and reinforcing of the concepts inherent in the NATO code of Conduct, NATO's Building Integrity policy and NSPA's Integrity and Ethics Policy. The core values of Integrity and Ethics continue to become increasingly embedded in the organisational culture of NSPA.

The Competition Advocate continues to be the Agency Focal point and conducts awareness sessions for all new employees and NICOLOGs, as well as new members of the LOGFAA and the ASB. Awareness sessions are also conducted for all NSPA Programmes and Departments; in addition to staff in Capellen, this included staff based at

SOC in Taranto, Italy; at NAMF in Papa, Hungary; and at HKIA and KAF in Afghanistan. Sessions were also held with major industry partners co-located at NAMF, HKIA and KAF. In addition, 2019 saw the kick-off of the mandatory on-line Joint Advanced Distributed Learning (JADL) training: "Building Integrity (BI) Awareness Course." A concerted effort has been made to ensure all personnel are able to complete the course; approximately 90% have completed so far.

NSPA Leadership continues to set the "tone at the top" to reinforce the importance of the values of integrity, transparency, and accountability and to promote good governance throughout the Agency.

# Internal Control

In 2019, NSPA focused on implementing the Internal Control Framework (ICF). This entailed i) developing the Risk and Control Matrix (RCM) and ii) assessing the Agency's Internal Controls against the Framework itself. These activities are ongoing.

The primary challenge to continuing this effort has been the availability of people to document processes and controls. The NSPA Internal Control Officer assumed his duties in Q2 and Finance Directorate recruited two staff, whereas in other directorates and programmes, the ICF associated tasks have been distributed to existing staff, largely

as an additional duty. To improve the level of knowledge within NSPA, training in this domain was provided to representatives from each of the Directorates.

In 2020, the Agency will build on the progress made with revisions to the Operating Instruction and to the Risk and Control Matrix and to identify actions as a result of the gap analysis conducted and will continue to work with other NATO agencies implementing an Internal Control Framework in order to capture lessons learned and best practices, exchange ideas and further develop and refine implementation process.

# Legal

The Office of the Legal Advisor provided advice to Chairperson of the Agency Supervisory Board and to the General Manager of the Agency as well as all organisational units within the Agency. It assisted with negotiating, preparing or reviewing agreements, contracts and other types of legal instruments and Human Resources with policies and procedures that encourage strong recruitment, retention, and evaluation of staff.





# CONCLUSION AND WAY AHEAD

During 2019, NSPA has made significant achievements in terms of performance growth and meeting its objectives. The level of financial activity across the Agency continued to climb and exceeded four billion euros. This represents a very healthy underlying growth rate that indicates confidence from our customer nations and support from contracted suppliers. The growth has primarily consisted of a 20% increase in Support to Operations together with stable levels of activity in Life Cycle Support.

Some of the key successes for the Agency in 2019 include the award of the High Level Technical Concept phase of the AFSC project, delivery of the first two AGS aircraft to Sigonella for integration testing and additions to the MMF partnership, as well as delivery of the first armoured vehicles for Portugal, helicopters for Luxembourg and purchase of guided missiles for Germany. Radars were refreshed in Norway, Iceland, Portugal and Greece; jammers and handheld mine detectors were delivered to Afghanistan; 16 helicopters were leased to support the Greek annual fire-fighting operations.

Moreover, the Agency received an unqualified IBAN audit of accounts and was recertified for ISO9001:2015 standard in 2019. NSPA continues to be forward looking and willing to adapt and develop. The organisation has been restructured through a second phase of Optimisation to

achieve greater effectiveness and efficiencies. Recruitment activity has been modernised and Procurement is implementing a purchase card project to increase the speed of purchase for low value items. The work is also ongoing to improve external communication activity and to modernise ICT resources. Furthermore, a Customer Satisfaction Model was trialled to identify levels of satisfaction with Agency services. The results were very positive and a full survey will be carried out in 2020.

In addition, two major steps forward for the Agency were taken in 2019 with the decoupling of the Luxembourg salary scale from Belgium and the approval of the Strategic Infrastructure Programme. The first will provide some alleviation to the problems of A+L grade recruitment within the Agency, while work continues to provide a similar treatment for B and C grade staff in Luxembourg. The SIP will regenerate the Capellen site to accommodate the growth in business activity. These decisions are major investments in the Agency and reflect the excellent relationship with customer nations and the essential service that NSPA provides.

None of this would be possible without the strong support from our customer nations and specifically the Agency Supervisory Board, who have provided excellent leadership and guidance throughout the year.



# ERVICES

Service	USA	GBR	TUR	ESP	SVN	SVK	ROU	PRT	POL	NOR	NLD	MNE	LUX	LTU	LVA	ITA	ISL	HUN	GRC	DEU	FRA	EST	DNK	CZE	HRV	CAN	BGR	BEL	ALB	Other	
<b>Strategic Transport</b>																															
Global Positioning System (GPS)																															
AADGE Common Funded																															
AN/FP-117																															
COBRA <sup>(4)</sup>																															
Ground-Based Defence (GBD) <sup>(46)</sup>																															
RAT 3I																															
Radar <sup>(1)(24)</sup>																															
Multifunctional Information Distribution System (MIDS)																															
ACCS LOCI																															
Cryptographic, Communications and Electronic (CCE) Equipment <sup>(1)(12)</sup>																															
Boxer <sup>(27)</sup>																															
<b>Fuel</b>																															
Fuel (Afghanistan, Kosovo)																															
CEPS																															
<b>Logistics Services</b>																															
Ammunition <sup>(22)</sup>																															
NATO ammunition Data Base (MADB)																															
PIP Trust Fund <sup>(1)</sup>																															
Random Brokerage Supply/Services and Projects																															
Common Item Material Management System (COMMIT)																															
NATO Master catalogue of Reference for logistics (NMCR)																															
NATO Capability Packages <sup>(3)</sup>																															
National Calibration																															
NATO Calibration																															
Demilitarisation, Dismantling & Disposal <sup>(48)</sup>																															
NSPA Routing Hub Logistics Support <sup>(49)</sup>																															
NSPA Routing Hub Logistics Support <sup>(27)</sup>																															

# APPENDIX 1

## USERS AND POTENTIAL USERS OF NSPA SERVICES

### General

- (1) Lead and/or contributing nations plus ALB, AZE, BLR, GEO, IRL, MDA, SRB, UKR together with AUS, JPN, JOR, AFG and the European Union.
- (2) NATO Maritime Component Commands are observers in the WSP.
- (3) Includes CP5A0156, CP0A0149, CP9A1101, CP5A0109, CP9A1102 and CP9A0202.
- (4) Relationships with OCCAR for MMF, Tiger, A400M and COBRA, EUROCORPS for NDSS and general communications.
- (5) Camps in KFOR have other embedded nations. The Nations listed are the lead nations. There will be a phased withdrawal of nations.
- (6) AUS uses services as TCN.

### Leaving WSP/SC/SP

- (7) BEL withdrew from ACCS LOC1 effective 1 Jan 2020.
- (8) LUX withdrew from SALIS effective 1 Jan 2020.

### Joining WSP/SC/SP

- (9) ROU joined NLSP effective 15 Feb 2019.
- (10) NATO Missile Firing Installations (NAMFI) joined Radar effective 1 Apr 2018.
- (11) NSPA Routing Hub SP established 14 Mar 2019.

(12) HUN joined Sidewinder SP effective 1 Jul 2019.

(13) ESP joined UAS (Orbiter project) effective 1 July 2019.

(14) AMRAAM became an NSPO SP effective 22 Oct 2019.

(15) POL joined FWA effective 1 Oct 2019.

(16) LUX joined CCE effective 1 Oct 2019.

(17) CZE joined MMF effective 1 Nov 2019.

(18) FRA joined OLSP effective 1 Nov 2019.

(19) MNE joined RADAR effective 1 Jan 2020.

(20) ISL joined ACCS LOC1 effective 1 Jan 2020.

### Partnerships in Liquidation

(21) SSSB WSP in liquidation from Jan 2013; transferred to NCIA 31 Dec 2012.

# APPENDIX 2

## NSPA STRATEGIC DIRECTION

### 2018–2022 LINES OF DEVELOPMENT

LOD	OWNER	DESCRIPTION
LOD 1	O	Enhance responsiveness towards NATO and Nations' operational requirements
LOD 2	O	Provide service support planning expertise for NATO/National operations and exercises
LOD 3	O	Further develop and leverage Agency capabilities in support of operations and exercises
LOD 4	O	Enhance Agency ability to support nations engaged outside North Atlantic Council (NAC) approved operations
LOD 5	O	Recognised as NATO's prime infrastructure support provider
LOD 6	L	Further develop and fully implement the required Agency acquisition capability
LOD 7	L	Manage growth and complexity in the Agency's In-Service Support activities
LOD 8	O	Establish NATO e-shopping centre and implement General Procurement Shared Services
LOD 9	O	Enhance Trust Fund project management capability
LOD 10	L	Align and resource the Agency towards a responsive, effective, sustainable and efficient capability provider to match the increasing complexity and rapid growth in the capability areas
LOD 11	L	Improve customer satisfaction as measured by customer feedback process
LOD 11a	L	Further enhance Agency's quality assurance capability
LOD 11b	COS	Develop a risk-based approach across all areas
LOD 12	L	Develop further cooperation/relationships, Strategic Communications and Stakeholder Engagement
LOD 13	COS	Further develop or enhance Continuous Process Improvement (CPI)
LOD 14	HRE	Recruit and Retain (educate and train) Staff
LOD 15	COS	Modernize Agency Support Activity
LOD 15a	F	Modernise Agency Support Activity to meet the needs of the 21st Century
LOD 15b	CIO	Develop an Agency IT architecture as part of a strategic plan supporting the Agency needs
LOD 15c	COS	Adapt Agency infrastructure and security



# APPENDIX 4 – ABBREVIATIONS

<b>AAA</b>	Anti-Aircraft Artillery	<b>LOGFAA</b>	Combination of NSPO Logistics and the Finance, Administration and Audit Committees
<b>AARGM</b>	Advanced Anti-Radiation Guided Missile	<b>LSMUP</b>	Logistics Services for Missiles, UAVs and Platforms
<b>ACO</b>	Allied Command Operations	<b>MC</b>	Mission Capability
<b>AFSC</b>	Alliance Future Surveillance and Control	<b>MEUR</b>	Million Euros
<b>AGS</b>	Allied Ground Surveillance	<b>MLRS</b>	Multi-Launch Rocket System
<b>AIM2S</b>	Accelerated Interim Multinational Maritime Patrol Aircraft Solution	<b>MMF</b>	MRTT Fleet
<b>ALIS</b>	Allied Ground Surveillance Logistics Information System	<b>MPA</b>	Maritime Patrol Aircraft
<b>ANDSF</b>	Afghan National Defence and Security Forces	<b>MRTT</b>	Multirole Tanker Transport
<b>AOR</b>	Area of Responsibility	<b>MSSC</b>	Multinational Sealift Steering Committee
<b>APDO</b>	Acquisition Planning and Development Office	<b>NAC</b>	North Atlantic Council
<b>AQAPs</b>	NATO Quality Assurance Publications	<b>NAGSF</b>	NATO Alliance Ground Surveillance Force
<b>ASB</b>	Agency Supervisory Board	<b>NAGSMA</b>	NATO AGS Management Agency
<b>AWACS</b>	Airborne Warning and Control System	<b>NAHEMA</b>	NATO Helicopter Management Agency
<b>BEUR</b>	Billion Euro	<b>NAM</b>	NATO Airlift Management
<b>BG</b>	Battle Group	<b>NAMA</b>	NATO Airlift Management Agency
<b>BI</b>	Business Integrity	<b>NAMP</b>	NATO Airlift Management Programme
<b>BPIR</b>	Business Plan Implementation Review	<b>NAMSA</b>	NATO Maintenance and Supply Agency
<b>CCE</b>	Cryptographic, Communications and Electronic	<b>NAPMA</b>	NATO AEW&C Programme Management Agency
<b>CCO</b>	Corporate Communications Office	<b>NATFO</b>	NATO ANA Trust Fund Office
<b>CEPMA</b>	Central Europe Pipeline Management Agency	<b>NATINAMDS</b>	NATO Integrated Air and Missile Defence System
<b>CEPS</b>	Central Europe Pipeline System	<b>NATO</b>	North Atlantic Treaty Organisation
<b>C-IED</b>	Counter Improvised Explosive Device	<b>NCIA</b>	NATO Communications and Information Agency
<b>CIS</b>	Communications and Information Systems	<b>NCS</b>	NATO Command Structure
<b>CNAD</b>	Conference of National Armaments Directors	<b>NIC</b>	NATO International Civilian
<b>COMSEC</b>	Communications Security	<b>NFMS</b>	NATO Fuel Management System
<b>COSO</b>	The Committee of Sponsoring Organizations of the Treadway Commission	<b>NHDF</b>	National Home Defence Force
<b>CP</b>	Capability Package	<b>NLSE</b>	NATO Logistic Stock Exchange
<b>CSM</b>	Customer Satisfaction Model	<b>NLSP</b>	Naval Logistics Support Partnership
<b>DCSA</b>	Defence Security Cooperation Agency	<b>NRF</b>	NATO Response Force
<b>DI</b>	Defence Investment	<b>NRL</b>	NATO Reference Laboratory
<b>DSEI</b>	Defence and Security Equipment International	<b>NSIP</b>	NATO Security Investment Programme
<b>eFP</b>	enhanced Forward Presence	<b>NSPA</b>	NATO Support and Procurement Agency
<b>EMB</b>	Executive Management Board	<b>NSPO</b>	NATO Support and Procurement Organisation
<b>ERM</b>	Enterprise Risk Management	<b>OCCAR</b>	Organisation for Joint Armament Cooperation
<b>ERP</b>	Enterprise Resource Planning	<b>OA</b>	Outline Agreement
<b>EU</b>	European Union	<b>O&amp;M</b>	Operations and Maintenance
<b>FAA</b>	Finance, Administration and Audit Committee	<b>O&amp;PE</b>	Organisation and Personnel Establishment
<b>FMS</b>	Foreign Military Sales	<b>OH&amp;S</b>	Occupational Health and Safety
<b>GBAD</b>	Ground Based Air Defence	<b>OLSP</b>	Operational Logistics Support Partnership
<b>GM</b>	General Manager	<b>PB</b>	Programme Board
<b>GPSS</b>	General Procurement Shared Services	<b>PO</b>	Programme Office
<b>GQA</b>	Governmental Quality Assurance	<b>QA</b>	Quality Assurance
<b>GRP</b>	Graduated Response Plans	<b>QMS</b>	Quality Management System
<b>HAW</b>	Heavy Airlift Wing	<b>RCP</b>	Recognised Contracting Picture
<b>HKIA</b>	Hamid Karzai International Airport	<b>RMCI</b>	Risk Management Community of Interest
<b>HLTC</b>	High Level Technical Concepts	<b>RMT</b>	Risk Management Tool
<b>HN</b>	Host Nation	<b>RSRP</b>	Radars for the Southern Region and Portugal
<b>HR</b>	Human Resources	<b>SAC</b>	Strategic Airlift Capability
<b>HQ</b>	Headquarters	<b>SACEUR</b>	Supreme Allied Commander Europe
<b>IBAN</b>	International Board of Auditors for NATO	<b>SAG</b>	Strategic Advisory Group
<b>ICT</b>	Information and Communication Technology	<b>SALIS</b>	Strategic Airlift International Solution
<b>IEC</b>	International Electrotechnical Commission	<b>SEAD</b>	Suppression of Enemy Air Defence
<b>IFF</b>	Identification Friend or Foe	<b>SHAPE</b>	Supreme Headquarters Allied Powers Europe
<b>ISO</b>	International Standards Organisation	<b>SIP</b>	Strategic Infrastructure Programme
<b>ISR</b>	Intelligence, Surveillance and Reconnaissance	<b>SLA</b>	Service Level Agreement
<b>IT</b>	Information Technology	<b>SOC</b>	Southern Operational Centre
<b>JADL</b>	Joint Advanced Distributed Learning	<b>SRR</b>	Security Risk Register
<b>KAF</b>	Kandahar Airfield	<b>SPWG</b>	Strategic Planning Working Group
<b>KPIs</b>	Key Performance Indicators	<b>†FP</b>	Tailored Forward Presence
<b>LCM</b>	Life Cycle Management	<b>TBMD</b>	Tactical Ballistic Missile Defence
<b>LOA</b>	Letters of Acceptance	<b>TÜV</b>	Technische Überwachungsvereine: technical inspection associations
<b>LOD</b>	Line of Development	<b>UAS</b>	Unmanned Aerial System
<b>LOG</b>	NSPO Logistics Committee	<b>VTLB</b>	Light Armoured Tactical Vehicles

# ANNUAL REPORT 2019



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