



**NATO Support and  
Procurement Agency  
(NSPA)**

# Annual Report 2023

**EFFICIENT. EFFECTIVE. RESPONSIVE.**



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# INTRODUCTION



## EXECUTIVE SUMMARY

Throughout 2023, NSPA continued to provide an efficient, effective, and responsive link between industry and nations, delivering precisely on the requirements of nations and Alliance. The Agency contributed to NATO's deterrence and defence through multinational acquisition and sustainment of complex multinational systems, and by providing support to operations and exercises.

The NATO Defence Production Action Plan (DPAP) agreed at the NATO Summit in Vilnius, Lithuania, which aims at greatly increasing Allies' ability to deliver new capabilities and sustain existing equipment, envisioned a central role for NSPA, encouraging greater multinational cooperation and more agile procurement processes.

As nations are facing the urgent and challenging requirement to rebuild their defence industrial bases, NSPA's business activity continued to grow, reaching a business turnover of 10.6 BEUR in 2023, the highest amount ever reached by the Agency.

During 2023, NSPA continued to meet increasing demand for fuel services, munitions, construction, maritime and airlift requirements, and General Procurement Shared Services (GPSS). NSPA also continued to support Ukraine through various projects and within the NATO Trust Fund framework, for a wide variety of supplies and material such as fuel, detectors, oil, and lubricants.

The Central Europe Pipeline System (CEPS) Programme effectively coordinated the 24/7 operation, maintenance and financing of the largest NATO pipeline and storage network, transporting 11.3 M m<sup>3</sup> of fuel with an average

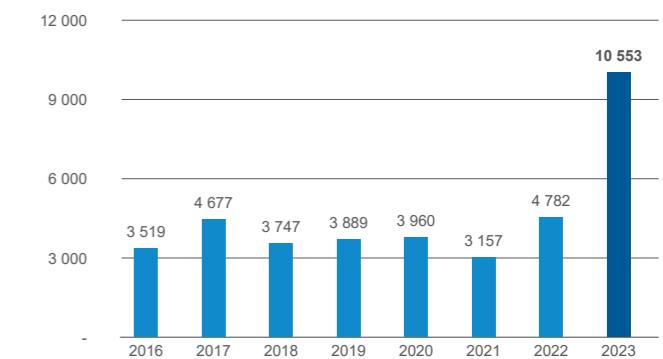


Figure 1 – NSPA Business Volume (MEUR)

operational readiness rate of 97.5%. The NATO Airlift Management (NAM) Programme continued to acquire, manage and sustain airlift assets, and provided effective financial, logistical and administrative services to the Heavy Airlift Wing in order for it to fulfil the Strategic Airlift Capability (SAC)'s mission and mandate with approximately 2200 flight hours in 2023.

In 2023, NSPA established or continued to manage several key acquisition and high-visibility projects and programmes. One of the newest Support Partnerships, the NATO Flight Training Europe (NFTE) Support Partnership, was established with the participation of 10 nations, marking a critical initial milestone in the Alliance's ambition to fundamentally reshape the aircrew training landscape, increasing interoperability while reducing fragmentation and lowering training costs.

<sup>1</sup>This figure includes A400M, TIGER, NLSE and GPSS, while excluding the administrative budget.





As the Alliance Future Surveillance and Control (AFSC) Programme continues to mature, NSPA supported nations to address the risk of an eventual capability gap as the current NATO E3 AWACS fleet approaches retirement, and established a Support Partnership with seven nations, announcing the acquisition strategy for an initial Alliance Future Surveillance and Control (iAFSC) capability.

In 2023, the Agency also established the Next Generation Rotorcraft Capability (NGRC) Programme, which represents a new multinational approach towards the study and possible procurement of an innovative future rotorcraft capability. The Programme has already progressed work on five Concept Studies.

The Agency awarded a production and delivery contract to support a coalition of nations for a combined quantity of up to 1,000 Patriot™ Guidance Enhanced Missiles (GEM-T). This support will also include qualification of updated components, addition of new suppliers, test equipment, and spares to support future sustainment.

The Multinational Multi Role Tanker Transport (MRTT) Fleet (MMF) declared Initial Operational Capability (IOC) in 2023, officially opening up to all three mission capabilities: air transport, air-to-air refuelling, and aeromedical evacuation.

NSPA also engaged substantially in the humanitarian support domain, providing significant support to Allies in the construction and management of three NATO Villages in Türkiye. Responding to an urgent task from the North Atlantic Council (NAC) after an official request of the Turkish government following the devastating earthquakes at the beginning of the year, the Agency provided in record time a solution using NATO deployable Capability Package assets and contracted facilities.

In the climate change and environmental domain, the Agency held the first Clean Energy Industry Event, which was attended by 60 companies, and formalised the establishment of the Clean Energy Project Group under the Operations Logistics Support Partnership.

NSPA was awarded an unqualified audit opinion on the NATO Support and Procurement Organisation (NSPO) Financial Statements 2022, and a qualified opinion on compliance for financial year 2022. This was due to two issues primarily outside of Agency's control, for one of which the Agency Supervisory Board (ASB) successfully sought a deviation from the NATO Financial Regulations (NFRs), while the other issue is in the process of being resolved and may also require a deviation from the NFRs.

NSPA successfully passed its ISO9001:2015 and ISO45001:2018 surveillance audits. The Agency continues to manage risks at all levels, enhance its system of compliance, and raise its level of internal control maturity based on the principles described in the NSPA Internal Control Framework.

In 2023, NSPA's proposals for continuous improvement to the Customer Satisfaction Model were approved by the ASB. This means more regular and direct customer feedback will be sought at project level, while the surveys will be done less frequently at Programme and ASB level, to enable sufficient time for the implementation and monitoring of the actions from the previous surveys.

The governance structure went through a revision to equally address challenges and opportunities on business-related issues and customer support activities. NSPO regulations on Procurement, and Human Resources Management were improved.

In 2023, NSPA put significant effort to implement its Strategic Framework 2023-2027 that clearly defines the Agency's immediate and medium-term future through five key Strategic Goals: **Development, Acquisition, Resources, Processes and People**. Within this scope, the Agency has been identifying and developing its priority business areas, developing a new acquisition pillar with the establishment of an Acquisition Directorate, strengthening its resources, standardising and streamlining its processes, and putting in place strategies to attract and retain a high performing workforce, with the clear aim to continue to improve customer satisfaction and ensure the Agency remains **efficient, effective and responsive**.



# FOREWORD

The Russian invasion of Ukraine reminded us of the importance of collective defence and significantly affected our way of thinking and conducting business. Collective defence now requires operating at a much bigger scale. Therefore, NSPO needs to be able to grow to meet an increased demand in a controlled manner, and continuously reform its organisation to make it more effective, efficient and resilient. In this context, it is my privilege to commend the ASB and the Agency leadership and staff for their renewed commitment to the Alliance and the exceptional results recorded this year.

Our governance is not timeless anymore and is rather a permanent incremental process that directly supports our ambitious strategy. The ASB Logistics Committee and Strategic Advisory Group were disbanded, and a new Policy and Strategy Committee was formed to equally address challenges and opportunities on business-related issues and customer support activities.



Timely action was taken by the ASB with the revision of the NSPO regulation on Procurement, and the NSPO regulation on Human Resources Management. These regulations are essential as they define our identity at a time when we need to be ready to respond to a crisis or war. We collectively acknowledged the need for more flexibility, anticipation and specialized knowledge, as illustrated by the approval of the establishment of a new Acquisition Directorate.

The ongoing simplification, optimisation and debureaucratisation dynamic will increase our collective performance. The revision of the ASB rules of procedures offered nations the opportunity to reduce some procedural timelines, and I recognize the need to combine top-down and bottom-up approaches to further adapt our governance framework, which already includes further engagement with Support Partnerships' Chairs and Secretaries.

Mr Per A. Christensen

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

On behalf of the NSPA team, I am pleased to convey a summary of the Agency's successes and ongoing business growth, which surpassed 10 BEUR in 2023.

2023 confirmed our collective dedication and commitment to progress. We initiated a transformative journey by implementing our new Strategic Framework that has set the stage for our organisation's evolution and growth. Together, we embraced change, leveraging our strengths to navigate challenges and seize opportunities.

I am thrilled to announce the launch of our new Acquisition business unit. This addition underscores our ongoing commitment to expansion and innovation, providing us with new avenues to serve our customers and enhance our capabilities.



Our recent contract awarded for Patriot missiles highlights the unparalleled relevance of the work we do in support of NATO. This accomplishment resonates with our core mission and values, and reaffirms our role in enabling the Alliance's deterrence and defence capabilities, contributing to the safety and security of over 1 Billion people.

The support and guidance of our customers and governance bodies continue to be essential, and I thank all our stakeholders, including our host nations, for their continued trust in NSPA. Together with the team of nearly 1,500 talented professionals at NSPA, I look forward to tackling the opportunities that lie ahead, overcoming any challenge with resilience, and continuing to make an indelible impact as NATO celebrates its 75<sup>th</sup> anniversary.

Ms Stacy A. Cummings

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



# GOVERNANCE

NSPO was established by the NAC in 2012 as a subsidiary body created within the framework of NATO with a view to provide responsive, effective and cost-efficient acquisition, including armaments procurement, logistics, operational and systems support and

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

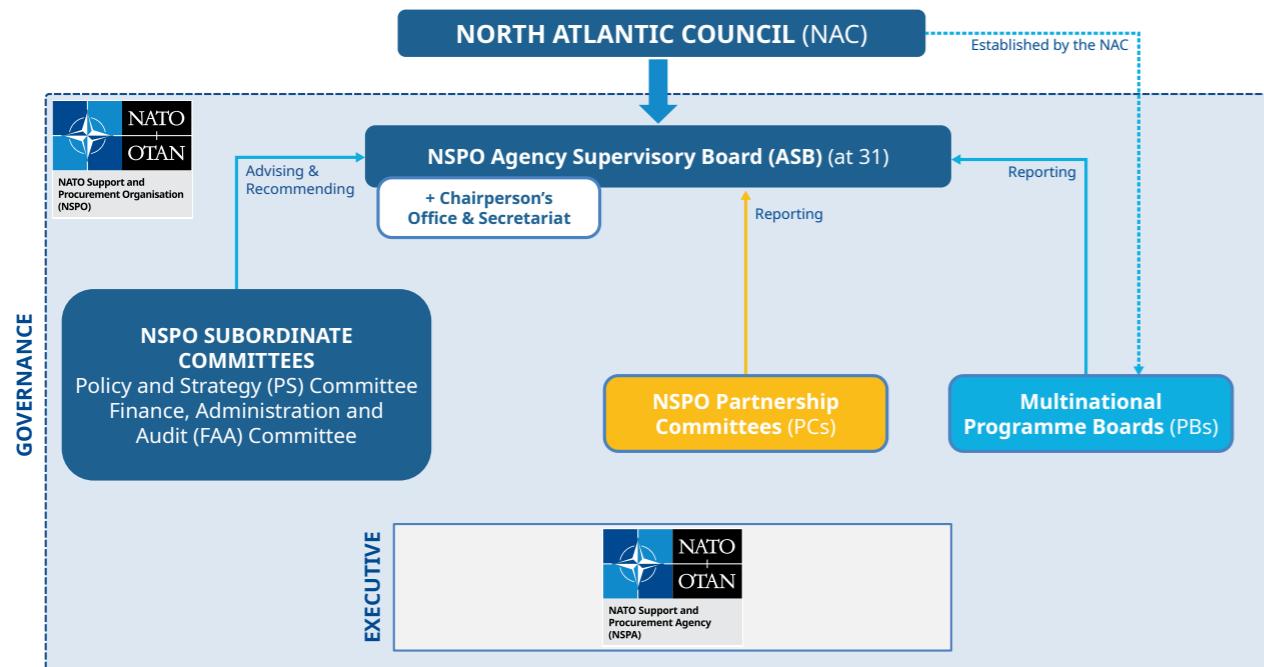


Figure 2 – NSPO Governance Structure

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

- providing strategic and operational guidance through agreements, regulations and directives that enable NSPA to carry out its mission,
- monitoring NSPA's performance against annually established objectives,
- approving NSPA's annual administrative budgets and personnel establishment, and
- ensuring compliance with NATO-wide policies.

ASB decisions are reached by consensus. In order to facilitate the decision-making process, the Board is assisted by two subordinate advisory bodies: the Policy and Strategy (PS) Committee and the Finance, Administration and Audit Committee (FAA).

With the exception of a certain number of organic capabilities or special projects, programmatic governance and oversight are typically delegated to NSPO subordinate governance bodies:

- NSPO Programme Boards, established by the Council to oversee and govern the execution of their respective Multinational Programmes (CEPS and NAM), or,
- NSPO Support or Procurement Partnership Committees, established by the ASB, on the initiative of two or more NSPO member nations wishing to organise in common the support and services of specific activities, to oversee and govern the execution of their respective Partnership.

NSPO Programmes and Partnerships constitute an integral part of NSPO, sharing in the juridical personality of NATO and amounting to 84% of the Agency's operational turnover. At the end of 2023, NSPO comprised two NSPO Programmes and 37 NSPO Support Partnerships, supporting over 400 representatives from NATO and partner nations as well as other NATO bodies, collectively.



# BUSINESS CAPABILITY DELIVERY



## SUPPORT TO OPERATIONS

- Business turnover increased to 2.9 BEUR
- Business growth in various areas, including fuel services, ammunition, construction, maritime, and airlift
- Disaster relief support to Türkiye following the earthquakes in the region
- Support to Ukraine continued

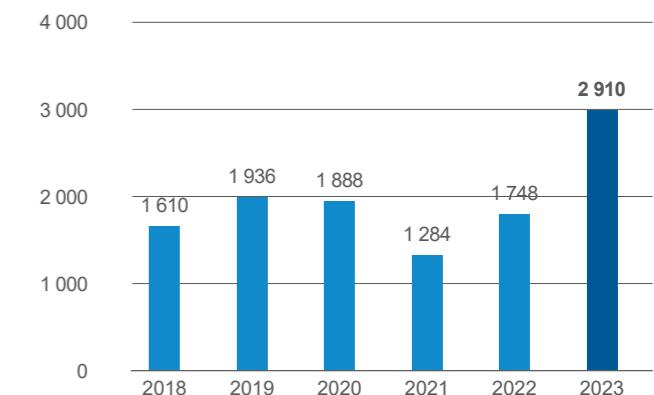


Figure 3 – Support to Operations Operational Commitments (MEUR)

The Agency's support includes operations planning, base support services during NATO exercises and missions, real life support services, medical support, infrastructure, airfield support and other logistics services.

### Operating Environment:

- Significant growth in demand mainly due to the increasing expenditure by Allies in support of deterrence and defence, and support to Ukraine.

### Successes:

- Business turnover increased significantly from 1.8 BEUR in 2022 to 2.9 BEUR in 2023.
- Global Fuel Services has expanded exponentially from 247 KEUR to 1.2 MEUR turnover in support of air policing, operations and exercises.
- The Agency celebrated the [30<sup>th</sup> Anniversary of the establishment of the Ammunition Support Partnership](#), which has grown from 11 to 26 member nations with 50 customer groups. In 2023, the turnover reached 1.1 BEUR delivering 31 MEUR savings for the customers.
- In [support of disaster relief for the Türkiye earthquakes](#), the Agency delivered three separate temporary villages and supporting services in support of a total of 8,000 people, using a combination of the NATO deployable Capability Packages, and through contracted solutions established at very short notice by the Southern Operations Centre.
- NSPA continued to support Ukraine, providing logistical assistance and services such as fuel, accommodation, medical equipment, kits and

vehicles, Chemical, Biological, Radiological and Nuclear (CBRN) Equipment, Counter Uncrewed Aerial System (UAS), transportation, generators and winter clothing. The Agency has rapidly reacted and adapted to the accelerated pace of new and emerging requirements through various support projects and within the Ukraine Comprehensive Assistance Package Trust Fund legal framework.

- NATO Security Investment Programme (NSIP) and individual Allies' construction projects increased by 100%. The Agency now has a total of 175 projects within the portfolio.

● Other areas which saw significant growth in 2023 include: use of the Global Access Services contract (100% increase), Maritime Logistics Support Partnership (172% growth), GPSS (200% growth), and Strategic Airlift International Solution (reaching 2,600 Flying hours).

- In 2023, the Agency held the first [Clean Energy Industry Event](#) attended by 60 companies and high level speakers from the nations, and the Operations Logistics Support Partnership established the Clean Energy Project Group.

### Future Focus:

- Collective combat support and combat service support for deterrence and defence.
- Expansion of the operational energy capability and capacity, including climate change and clean energy.
- Emerging and disruptive technologies.

# LIFE CYCLE MANAGEMENT (LCM)

- Business Turnover increased to 7.4 BEUR
- iAFSC, NGRC and NFTE Projects established
- Patriot GEM-T contract awarded
- Multinational Multi Role Tanker Transport mission capable in all three roles

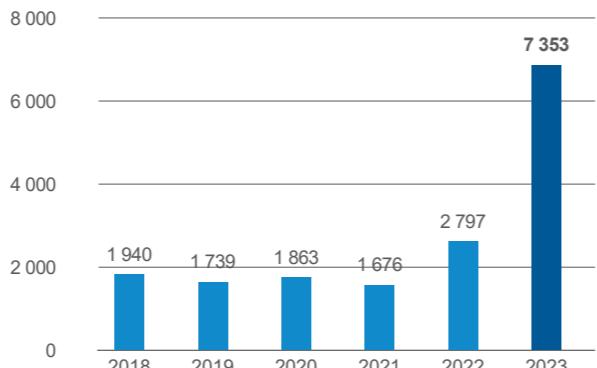


Figure 4 – LCM Operational Commitments (MEUR)

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

## Operating Environment:

- Support to ongoing NATO and national responses to the war in Ukraine.
- Growing demand with reduced timelines due to increased national commitments to defence spending, and demand for support to all current systems as well as for long term supply and maintenance actions.

## Successes:

- In 2023, the Agency supported nations to ensure continuity of NATO capabilities in view of the approaching retirement of the Airborne Early Warning and Control System (AWACS) fleet. A Support Partnership was formed with seven nations to support the introduction, acquisition and initial in-service support of an [iAFSC capability](#).

- NSPA supported the [MMF's achievement of all three mission capabilities](#): air transport, air-to-air refuelling, and aeromedical evacuation. With daily support and sustainment established, NSPA is now focused on support to forward operations and deployment. Following Belgium's decision to increase its number of hours in the programme to 2,100 through the STAR plan (Security & Service, Technology, Ambition, and Resilience), NSPA ordered an additional aircraft, which [will grow the fleet to 10 aircraft](#).

- During 2023, NSPA established the programme office and progressed work on five concept studies for the NGRC Programme, which represents a new multinational approach towards the study and possible procurement of an innovative future rotorcraft capability.
- [The NFTE Support Partnership was established](#) with participation of 10 nations, in order to provide a network of pilot training campuses for fighter jet, helicopter, transport and remotely piloted aircraft. It will reshape pilot training to consolidate fragmented training to lower cost and to increase interoperability.
- [The Agency provided support to a coalition of nations for a combined quantity of up to 1,000 Patriot™ GEM-T](#). This support includes qualification of updated components, addition of new suppliers, test equipment, and spares to support future sustainment. The Agency awarded a production and delivery contract that will expand the production capacity of GEM-T missiles in Europe.
- As tasked by the NATO Trust Fund Office, NSPA procured Counter UAS detectors and jammers for defence of Ukraine within demanding timelines.

## Future Focus:

- Integration of emerging manufacturing technologies into the Agency portfolio of capabilities in order to improve supply and system sustainment.

# CENTRAL EUROPE PIPELINE SYSTEM (CEPS)

- 11.4 M m<sup>3</sup> of fuel transported including up to 3% of Sustainable Aviation Fuels (SAF)
- 880 K m<sup>3</sup> jet fuel stored (98% of capacity)
- 97.5 % average operational readiness
- 41 infrastructure projects completed
- 476 infrastructure projects in progress (valued at 374 MEUR)

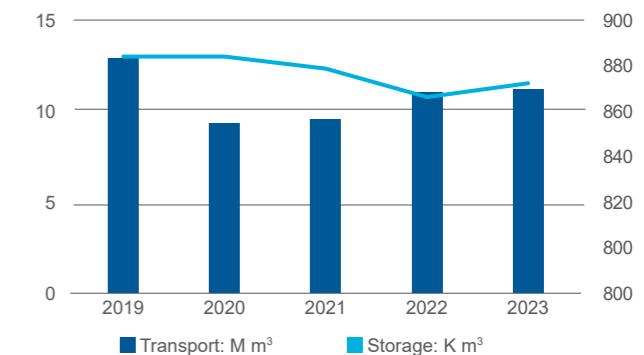


Figure 5 – CEPS Transport and Storage Volumes

## CEPS Programme Governance

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

In 2023, the Board approved the revised CEPS Transport and Storage Regulations for non-military customers and the CEPS Operations & Commercial Committee Terms of Reference (ToR) superseding the Integrated Commercial Cell ToR. The Board also approved the 2024 Annual Operating Plan, and agreed to the development of a CEPS Green Energy Policy. Recognising the evolving landscape of cyber threats, the Board noted the CEPS Cyber Security Action Plan.

## CEPS Programme

### Operating Environment:

- Military operations and the recovery from the COVID-19 pandemic across Western Europe increased fuel demand respectively for military and civil air traffic.

### Successes:

- CEPS provided a 24/7/365 strategic capability to NATO with an average operational readiness rate of 97.5%, meeting 100% of military transport and storage requirements.

- Transport activity in the southern part of the network improved significantly due to the 133% increase in vessel unloading in Lavera.
- CEPS continued to modernise its physical network through the completion of 41 infrastructure projects while developing measures to improve resilience.
- CEPS developed a conceptual approach to a CEPS-wide cyber security strategy to improve the overall security and resilience of CEPS Information Technology (IT) and Operational Technology (OT) networks through the development of CEPS Cyber Security Action Plan.
- Customers introduced SAF in the CEPS banking system in amounts reaching 3% of total volume. Moreover, [CEPS participated in the elaboration of EU SAF regulation while identifying SAF production and consumption evolution](#).
- The detailed design of the Enterprise Resource Planning (ERP)/Project Management (PS) Module was completed in Q4.

## Future Focus:

- Implementation of the Cyber Security Action Plan measures and a resilience and repair capability in order to improve CEPS resilience.
- [Support to the SAF supply chain in Europe](#) and assessment of the impact of SAF market developments and EU legislation on its activities.
- Integration of ERP/PS Module, and establishment of a document management system.

# NATO AIRLIFT MANAGEMENT (NAM) PROGRAMME

- Supported Ukraine and retrograde Sahel missions
- Maintained high level of operational readiness
- Released a revised Airworthiness Exposition to Hungary's military aviation authority aligned to European norms
- Acquiring an on-location aerial port for enhanced air drop missions and aircrew training facility

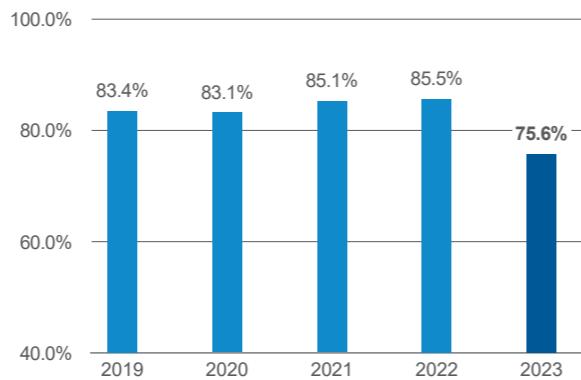


Figure 6 – SAC MC Rate % (Percentage of Fully plus Partially Mission Capable Aircraft)

## NAM Programme Governance

The SAC is comprised of 12 nations operating three C-17 Globemaster III aircraft, for which the [NAM Programme](#) provides acquisition, management and sustainment services. The SAC nations are represented in two governing bodies: the SAC Steering Board, which sets the operational requirements, and the NAM Programme Board, which funds and fulfils these requirements.

In 2023, the Boards approved the 'Airworthiness Exposition' concept for submission to Hungary's national aviation authority. Without reaching consensus, the Boards also debated the possibility of introducing a Capital Investment Reserve Fund. They also expressed interest in further refining proposals to finance future known and unknown requirements, including mid-life upgrades. Furthermore, the Boards discussed the development of an evacuation concept in case of emergency and potential relocation of the C-17 fleet.



## NAM Programme

### Operating Environment:

- Predominantly shaped by the war in Ukraine and retrograde Sahel missions.
- Significant increases to the cost of operations and other major programme costs, such as construction, due to the inflationary pressures and the rising cost of commodities, especially jet fuel.
- Mission Capability Rate impacted by the escalating supply and obsolescence management issues affecting the entire C-17 global fleet.



### Successes:

- NAM continued to maintain a high level of SAC C-17 fleet readiness and availability throughout 2023.
- The SAC C-17 Aircrew Training System and Facility project remained on schedule for delivery.
- Construction of the SAC Combined Aerial Port Facility project remained on schedule.
- In 2023, NAM released the final version of the NAM Airworthiness Exposition for SAC Boards approval and host nation acceptance.
- NAM obtained the ISO 41001 certification for its facility management system.

### Future Focus:

- Continuity and sustainability of NAM service provision to the military operator (Heavy Airlift Wing).
- Delivery of construction projects and approved software upgrades.

# FINANCE



The Agency's total operational business turnover more than doubled, increasing to 10.6 BEUR in 2023, which represents the highest level of operational business turnover achieved, surpassing the 4.8 BEUR of 2022. This represents a significant increase in business turnover, with a large portion of the increase attributable to the Patriot™ GEM-T contract signed in 2023.

The Agency's "administrative" costs, which include personnel and other administrative costs including infrastructure and Information and Communication (ICT) investments, were slightly higher in 2023 compared to 2022, coming in at 242 MEUR in 2023 (2022: 221 MEUR), as a result of the approved salary increase (inflation compensation) for Luxembourg of 11.4% (including the 2022 Special Salary Adjustment of 7%).

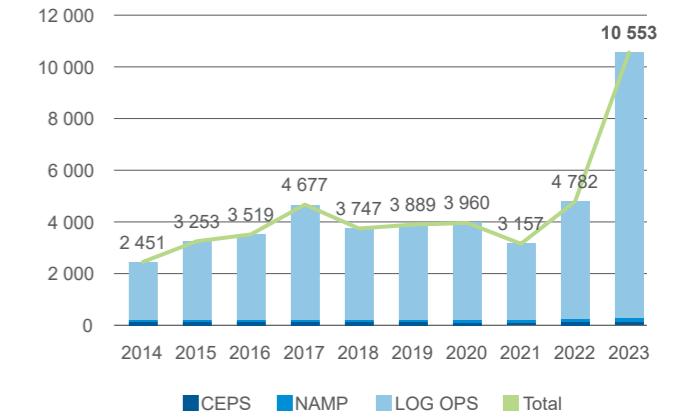


Figure 7 – NSPA Operational Business Volume

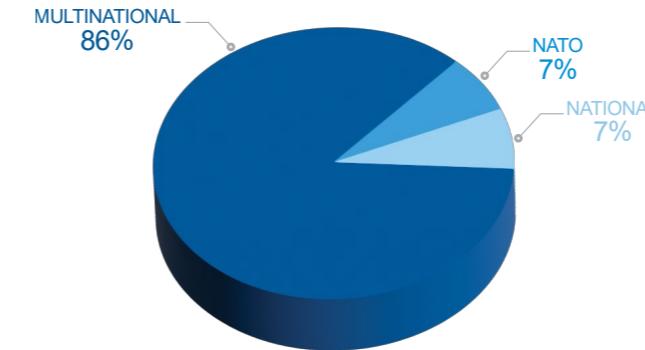


Figure 8 – NSPA Business Funding Source

## Audit opinions on the NSPO Financial Statements 2022

The International Board of Auditors of NATO (IBAN) issued an "unqualified" audit opinion on the NSPO Financial Statements 2022, and a "qualified" opinion on compliance for financial year 2022. The "qualified" audit opinion on compliance was caused by:

- Non-compliance with the NFRs in respect of financial commitments entered into through the use of two types of electronic tools, through which customers can directly procure goods with vendors in an effective, secure and efficient way without the direct involvement of the Agency personnel. However, the use of such a process was not covered by the NFRs and therefore the ASB sought and received from NAC a deviation from the NFRs in this area.

- Non-compliance with the NFRs because Agency staff are not always involved in financially committing CEPS and NSIP funds of the CEPS National Organisations, which are part of NSPO but not NSPA. The Agency is currently assessing this qualification in detail with the aim of resolving it through various governance channels. This may also require the ASB seeking a deviation from the NFRs in this area.

The operational impact of these non-compliances is immaterial.

## Multi-year Projects in the Administrative Budget

- ERP Migration: To meet the future cross-Agency business needs using ERP solutions, the multi-year migration to the latest generation of SAP, known as SAP S/4HANA, continued to make progress. Despite external challenges, the future design approached completion and the building phase commenced. The non-performing areas have been identified and mitigation planning is under development.
- Strategic Infrastructure Programme (SIP): The Programme, which aims to address office space shortage and Occupational Health and Safety (OH&S) deficiencies, as well as operational and security gaps by redeveloping the Capellen site infrastructure, has progressed as planned with the successful tendering for the construction of NEWADMIN 1 and 2 office buildings by the Host Nation. The planning of Phase 5 of the SIP began as scheduled, with a particular focus on warehousing.



# STAKEHOLDER ENGAGEMENT AND CUSTOMER SATISFACTION

## STAKEHOLDER ENGAGEMENT (CORPORATE LEVEL)



In 2023, NSPA's communications reached over 6M people, almost double compared with 2022, and showing a steady and remarkable growth since 2020.

The Agency opened a new digital channel on Instagram and the overall number of followers across social media channels grew by over 13,000.

The year was marked by a record number of stakeholder engagement activities, notably Industry Days and official engagements.

### DIGITAL CHANNELS

- NSPA Website: 128 web stories
- 370,000+ visits
- 56,270 followers (+ 11,580 from 2022)
- Launch of new Career site
- 98 posts
- New Careers and Capabilities templates
- Reached over 3M people
- 5,120 followers (+ 1,030 from 2022)
- 97 posts
- Reached over 3M people
- Instagram: new channel
- Redesigned channel
- 580 followers
- 12 new corporate videos
- Redesigned channel

### STAKEHOLDER ENGAGEMENT

- 46 GM's official engagements of which 14 TDYs to national MoDs
- 17 keynote speeches of which 2 x NAC and 2 x CNAD
- Managed 46 visits at NSPA sites
- Presentations at 45 conferences
- Supported 40 NSPA industry events
- Enhanced Partnership with institutions
- Refined SE processes and tools

### MEDIA RELATIONS

- 10,000+ mentions in media (+2,000 from 2022)
- Engaged with 46 media enquiries
- People searched for NSPA 200,000+ times

Figure 9 – Stakeholder Engagement in 2023 (excluding NSPO meetings)

## CUSTOMER SATISFACTION

In 2023, the ASB approved the Agency's proposals for continuous improvement to the Customer Satisfaction Model. One of the main changes is the adjustment to the survey frequency, which now requires more regular and direct customer feedback to be sought for TIER I (project level), while TIER II/III (Programme/ASB level) survey data will be collected and reported over a 2-year cycle rather than annually. Consequently, there was no survey in 2023 and the next survey round will be initiated in Q4 2024.

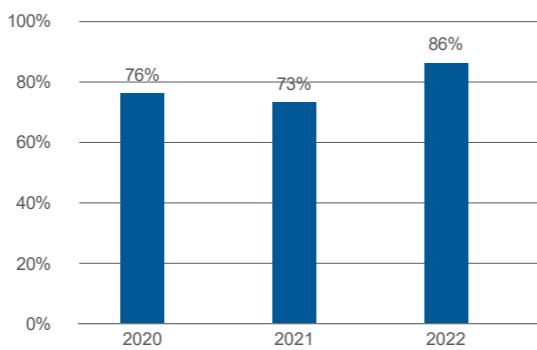
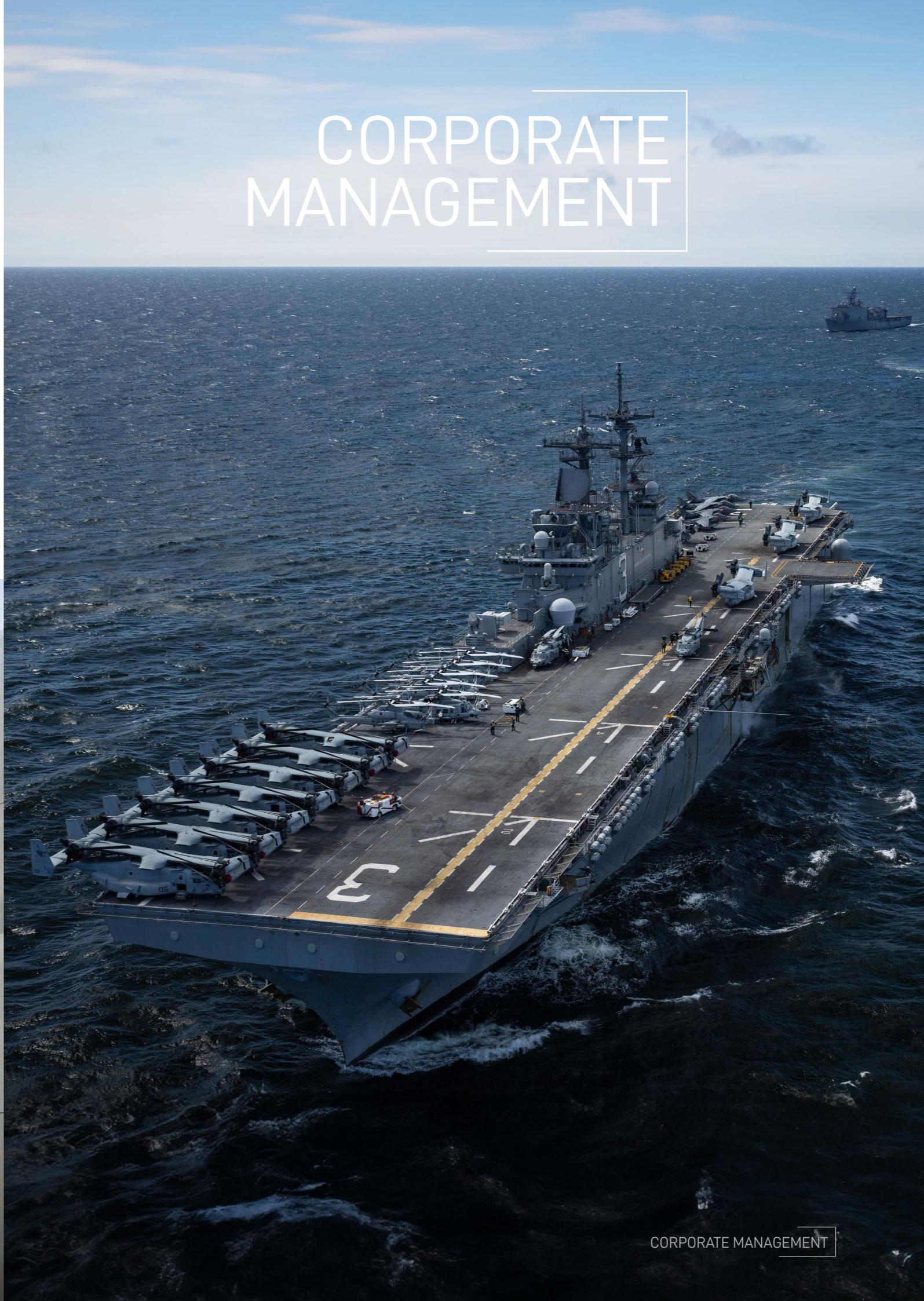


Figure 10 – NSPA Customer Satisfaction Rates  
(No survey in 2023 as a result of the new model)



## CORPORATE MANAGEMENT

# STRATEGIC GOALS AND ANNUAL L1 OBJECTIVES

In 2023, the Agency began implementation of its Strategic Framework 2023-2027. The new strategy defines the Agency's immediate and medium-term future with the clear aim to continue to improve customer satisfaction and ensure the Agency remains efficient, effective and responsive through five key Strategic Goals: Development, Acquisition, Resources, Processes, and People.

The Agency has rapidly adapted to the evolving strategic environment through executing Development activities, developing a new acquisition pillar, strengthening its resources, standardising and streamlining its processes, and putting in place strategies to attract and retain a high performing workforce.

ENDURING OBJECTIVE	
OBJECTIVE O1	Successfully deliver our customers' requirements and improve their satisfaction with the Agency
GOAL A. DEVELOPMENT	
OBJECTIVE A1	Initiate Development activities to increase quantifiable efficiency, effectiveness and responsiveness across current and future Agency priority business areas
GOAL B. ACQUISITION	
OBJECTIVE B1	Develop and implement Agency Acquisition Capability Development strategy
GOAL C. RESOURCES	
OBJECTIVE C1	Achieve business turnover within 90% of Programme forecasts
GOAL D. PROCESSES	
OBJECTIVE D1	Develop and deliver the Agency business model, and deliver the prioritised optimisation of Agency processes
GOAL E. PEOPLE	
OBJECTIVE E1	Improve how we recruit employees and how we manage their performance

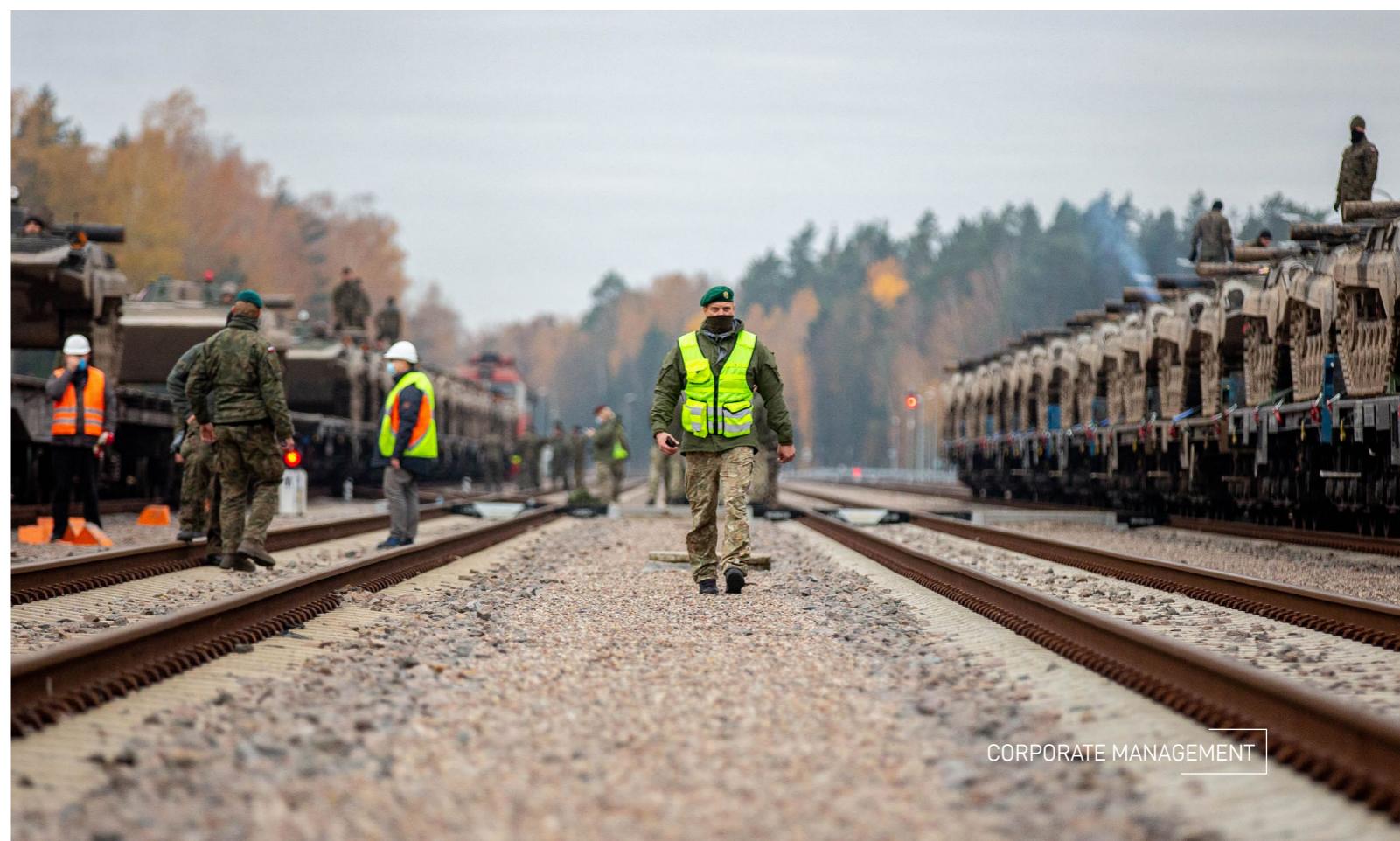
Figure 11 – 2023 L1 Objectives

# RISK AND COMPLIANCE

- **Risk Management:** The Agency continues to effectively manage identified risks at all levels, and its risk maturity level remains at the level of 'Managed'. Work continued to transform the Agency risk management approach for greater integration with internal control. The 2022 enterprise risks endured over 2023, and continue to be effectively managed. NSPA leadership has undertaken a holistic refresh of its principal risks for 2024.



- **Internal Control:** NSPA continued to enhance its internal control system and to raise the system's level of maturity across the Agency based on the principles described in the Internal Control Framework. The Statement of Internal Control was signed as a result of an Agency-wide assessment of the effectiveness of controls.
- **Quality:** NSPA successfully passed its ISO9001:2015 surveillance audit. The Agency continued to strengthen the control of its supply chain and the management of suppliers' performance.
- **Cyber security:** This continued to be a high risk for the Agency's operations. Several improvements to the ICT systems were made, and resources were added responding to cyber threats. Despite several cyber incidents, ICT services remained fully available.
- **OH&S:** NSPA had a low frequency of work-related lost time injuries while managing its OH&S risks effectively to keep them at an acceptable level. This was achieved through maintaining compliance of the NSPA sites with the host nations' regulations by continually improving OH&S management system that is ISO45001 certified.



# CONCLUSION AND WAY FORWARD



NSPA continued to meet the demands and challenges of the current security environment. The Agency provided efficient, effective and responsive acquisition, support and sustainment to nations, and continued to improve its internal processes to provide best value to its customers, whilst fulfilling its mandate and assurance requirements as a NATO body. The Agency's agile response to increasing and urgent demand across the Alliance sustained NATO's deterrence and defence capabilities.

In 2023, the Agency developed a new acquisition pillar as proposed in the Strategic Framework, which led to the establishment of a new Acquisition Directorate. High visibility programmes and multinational acquisition projects made progress as new projects were initiated. Alliance Future Surveillance and Control Programme (AFSC) continued to mature; Multinational Multi Role Tanker Transport (MRTT) Fleet (MMF) declared Initial Operational Capability (IOC); Next Generation Rotorcraft Capability (NGRC), initial Alliance Future Surveillance and Control (iAFSC), and NATO Flight Training Europe (NFTE) Programmes were established.

Business in fuel, ammunition, maritime, General Procurement Shared Services, construction, and airlift saw significant growth. Leveraging its Support Partnership turnkey framework, the Agency awarded multinational contracts for a combined quantity of up to 1,000 Patriot™ Guidance Enhanced Missiles (GEM-T). As a result, the Agency's business turnover further grew in 2023 reaching its highest level at 10.6 BEUR.

CEPS promptly responded to the increase of non-military transport demand as air traffic continues to recover from COVID-19 pandemic across Western Europe, and transported 11.3 M m<sup>3</sup> of fuel. NAM continued to maintain a high level of SAC C-17 fleet readiness and availability throughout 2023, while progressing the infrastructure projects at Pápa Air Base.

The Agency's team of technical, logistics, engineering, procurement, finance and support staff members continue to deliver results. To ensure we have the right talent in the right jobs at the right time, the Agency made great effort to increase flexibility, improve its recruitment and retention processes, developing its workforce to ensure they have the skills, knowledge and flexibility to adapt to changing organisational and customer needs.

In 2024, the Agency will continue to focus on implementing the five key Strategic Goals - Development, Acquisition, Resources, Processes, and People - described in the NSPA Strategic Framework 2023-2027, with the clear aim to continue to improve customer satisfaction and ensure the Agency remains **efficient, effective, and responsive**.

This will enable the Agency to tackle the challenges set forth by the NATO Defence Production Action Plan (DPAP) and provide key support to NATO's deterrence and defence.



# ANNEX 1

## USERS OF NSPA SERVICES



**Legend:** • NSPA services used NMA - NATO Military Authorities

\* Sweden was not a member state in 2023, hence does not appear in the members list in this report.

# ANNEX 2

## NSPA CATALOGUE OF CAPABILITIES / PRODUCT LINES



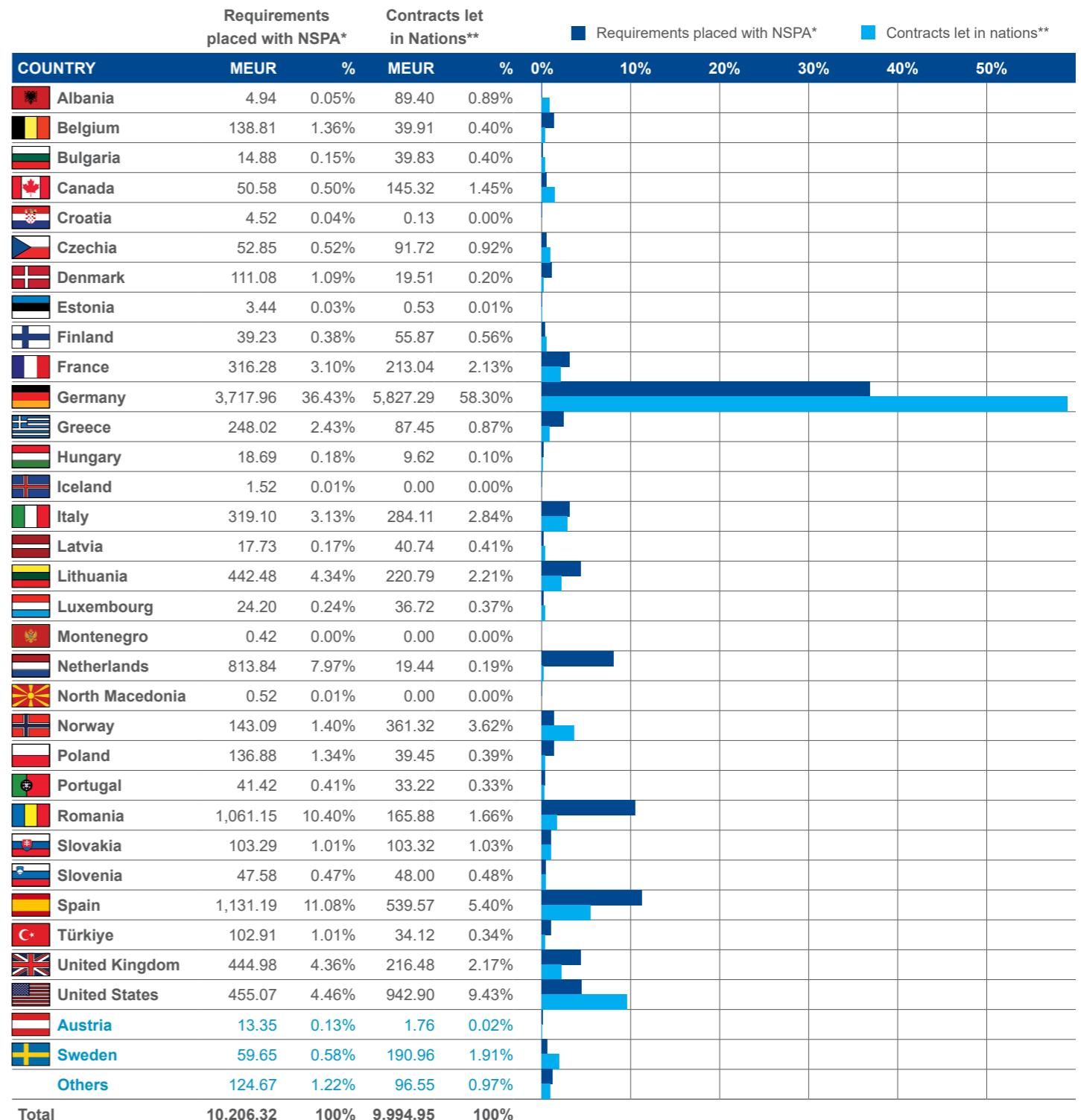
BUSINESS LINE	Product Line	Description
ACQUISITION	Concept and Development	<ul style="list-style-type: none"> <li>We manage the Pre-Concept, Concept and Development Stages of the Acquisition cycle of new Major Armament Programmes, including all aspects of multinational cooperation, requirements development on behalf and to the standard of the customer, and international industry competition.</li> </ul>
	Production	<ul style="list-style-type: none"> <li>We manage and deliver Oversight of the Production Phase of Acquisition Programme.</li> <li>We also deliver acquisition services for Military Off-The Shelf major armament systems.</li> </ul>
UPGRADES	Modernisation and Overhaul Projects	<ul style="list-style-type: none"> <li>We manage the modernisation, overhaul or mid-life upgrade projects of major equipment or systems in service in our customers' armed forces, from requirement definition to in-service acceptance, including industry selection and mobilisation.</li> </ul>
	Technical Services	<ul style="list-style-type: none"> <li>We perform technical services, using our in-house capacities such as technical workshops or Calibration Laboratory, to maintain and repair highly technological equipment and components from our customers.</li> <li>We also deliver technical advisory services such as configuration management, documentation, project management assistance, Codification services, continued airworthiness, etc.</li> </ul>
IN SERVICE SUPPORT	Maintenance Support (owned and non-owned Assets)	<ul style="list-style-type: none"> <li>We ensure equipment or systems in service in our customer nations are maintained at required operational level. This includes preventive and corrective maintenances, repair management, direct exchange, on-site maintenance, etc.</li> <li>We deliver various level of maintenance, which, depending on the customers' requirement, can span from complete maintenance planning and execution, through to reactive/corrective activities only.</li> <li>We also deliver real asset management, in a number of situations where the assets are owned by NATO.</li> </ul>
	Supply Support (Components)	<ul style="list-style-type: none"> <li>We procure parts and components on behalf of our customers from commercial sources. This includes supply from stock, stock replenishment, mutual emergency support, stock management, etc.</li> <li>It also includes Smart Supplies services.</li> </ul>
BROKERAGE	M/COTS Brokerage	<ul style="list-style-type: none"> <li>We procure material, simple equipment or services, through a large range of pre-negotiated price agreements with selected suppliers, delivering economies of scale and rapid delivery for our customers.</li> </ul>
OPERATIONAL SERVICES AND SUPPLIES	Field Services	<ul style="list-style-type: none"> <li>We deliver real-life services, airport services, operational energy services, and fuel to deployed field locations, through commercial sourcing.</li> <li>We maintain in condition and deploy Deployable Camp Infrastructures.</li> </ul>
	Infrastructure Projects	<ul style="list-style-type: none"> <li>We manage Infrastructure Projects for military or civilian fixed infrastructure, in Europe or in deployed theatres, for NSIP or National projects, arranging the full range of activities required for specifications development, contracting, overseeing and accepting required facilities for customers.</li> </ul>
	Transport	<ul style="list-style-type: none"> <li>We arrange operational or strategic multimodal transportation services of goods and personnel.</li> </ul>

# ANNEX 3

## NSPA STATISTICS



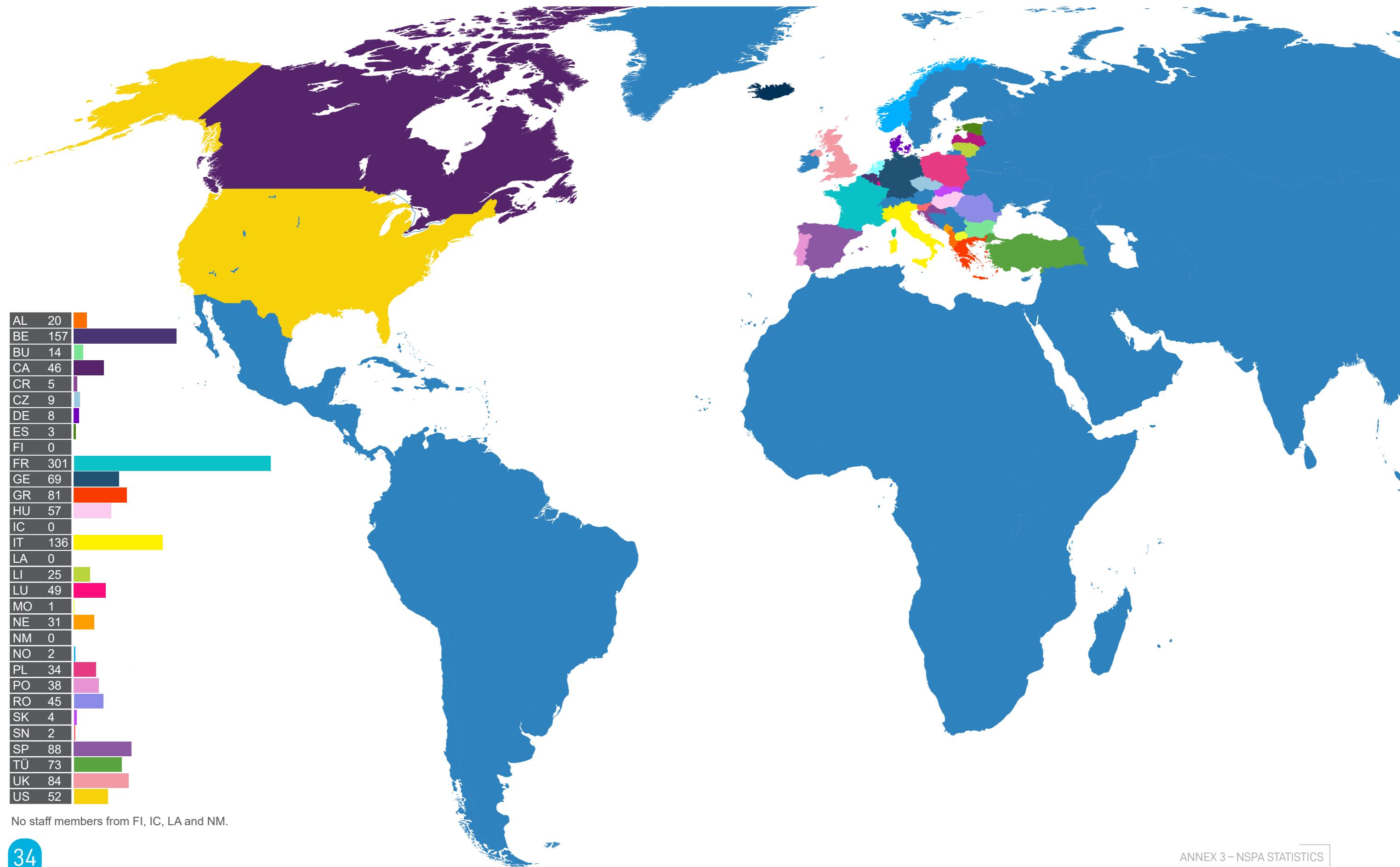
## CONTRACTS OVERVIEW



\* The 2023 contract figures for Germany include 4,960.52 MEUR for Patriot GEM-T awarded to COMLOG joint venture

\*\* The 2023 contract figures for Finland start from 01/01/2023 and not from its NATO accession date on 04/04/2023

## WORKFORCE BY COUNTRY





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