

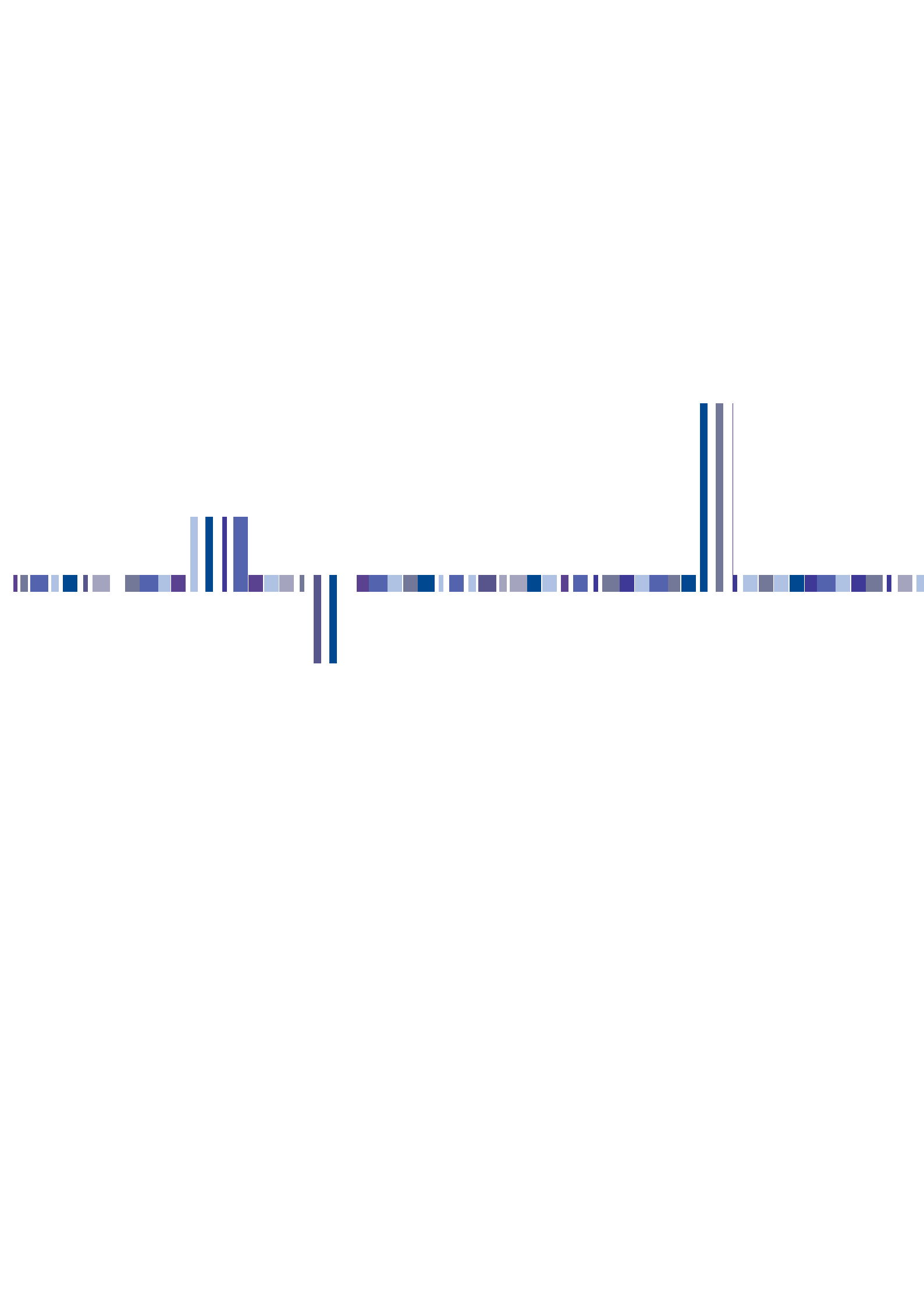


# The Secretary General's

## Annual Report 2013

*Anders Fogh Rasmussen*





## Foreword

# Future NATO: towards the 2014 Summit



In an unpredictable world, NATO remains an essential source of stability. Against the background of an economic crisis, the new Strategic Concept that we adopted at our 2010 Lisbon Summit has guided the continuous adaptation of the Alliance to meet the demands of a fast-moving security environment. While NATO is now more effective and efficient than at any time in its history, we will need to maintain the momentum of transformation at our next Summit in Wales in September.

Throughout 2013, NATO continued to protect our common values and our shared security. The men and women of our armed forces showed constant courage, determination and professionalism in a wide range of deployments on land, in the air, and at sea. This Annual Report is, above all, a testimony to their service and sacrifice.

In Afghanistan, we reached an important milestone in mid-2013, when Afghan forces assumed lead responsibility for security across the country. Having reached their full strength of 352,000 soldiers and police, their growing capability allowed ISAF to shift from a combat to a support role and prepare to complete its mission at the end of 2014, as agreed at the Lisbon summit. We also saw significant progress in Kosovo, where NATO is providing vital support to the European Union-brokered agreement on the normalisation of relations between Belgrade and Priština.

To continue fulfilling our core tasks effectively, we agreed at Lisbon to strengthen our defences against 21st century challenges. And at our Chicago Summit in 2012, we adopted the Smart Defence mindset, through which Allies work together to acquire capabilities more efficiently than they could on their own. We have been working together in 29 different capability areas, ranging from precision-guided munitions to maritime patrol aircraft, and two projects have already been completed. We also continued to develop our own missile defence system, and enhance our ability to defend against cyber attacks.

In 2013, we worked with our global network of partners to bring security where it is needed, and trained with them to make sure that we maintain the ability to operate together. We also made steady progress in improving the way we work and the way we manage our resources, by reforming the NATO Command Structure, NATO's Agencies, and our Headquarters in Brussels. These reforms will provide our taxpayers with greater security and better value for money.

Building on the strong foundation that we have laid, the Wales Summit will deliver an Alliance that is ready, robust and rebalanced.

The Summit will take place as we prepare to complete our combat mission in Afghanistan, and plan the launch of a new, non-combat mission to train, advise and assist the Afghan security forces after 2014. In Afghanistan and our other operations, we have learnt many lessons that we need to apply to shape "Future NATO".

First, capabilities. We must invest in the capabilities we need to deal with the risks and challenges that we face, from terrorism, piracy and instability in our neighbourhood, to missile and cyber attacks. I expect European Allies to play their full part in developing critical capabilities, such as joint intelligence, surveillance and reconnaissance, heavy transport and missile defence. As our economies start to recover, we need to show the political will to keep defence in Europe strong. This will also keep NATO strong.

Second, connectivity. ISAF brought together over one quarter of the world's nations: 28 NATO Allies and 22 partners in the largest coalition in recent history. Beyond 2014, our forces must stay connected, as Allies and with partners, so that we stand ready to operate together when called upon. At the Wales Summit, we should commit to a broad programme of realistic exercises, demanding training and comprehensive education as part of our Connected Forces Initiative.

Finally, cooperative security. This is one of the pillars of our Strategic Concept and a vital element of "Future NATO". At a time of global risks and threats, NATO must continue to look outwards. We must deepen and widen our unique network of political and operational partnerships with over 40 countries and organisations on five continents. One area of cooperative security that offers significant potential benefits for Allies and partners is defence capacity building. We have unique expertise, acquired over years of active engagement, on security sector reform, building defence institutions, developing armed forces, disarmament and reintegration, which can add value to broader international efforts. In 2013, we responded positively to the request by the Libyan Prime Minister for advice on the development of his country's security sector. I believe that similar support from NATO could help others too, and enable us to project stability and help prevent conflict.

As we prepare for the Wales Summit, we draw strength and inspiration from the values that unite North America and Europe in a unique bond. The transatlantic

relationship remains the bedrock of our security and our way of life, and 2014 will bring that relationship new vigour and new vitality. A Transatlantic Trade and Investment Partnership can give a real boost to the economic link between the United States and the European Union, while the NATO Summit will reaffirm the essential security link between our two continents and our determination to share the responsibilities and rewards of security.

As this Annual Report shows, over the past four years we have laid a firm foundation for the future. We set out a clear vision in our Strategic Concept, and we are turning it into reality. Our forces are more capable and connected than ever before. We have a record of achievement in challenging operations and world-wide partnerships. And we are continuing to adapt to make NATO more agile and more efficient. Our Wales Summit will build on this foundation to shape "Future NATO".



Anders Fogh Rasmussen  
NATO Secretary General

# Active engagement

## Building security through operations

**C**risises and conflicts beyond NATO's borders can pose a direct threat to the security of Alliance territory and populations. With NATO's Strategic Concept adopted at the Lisbon Summit in 2010, Allies agreed to engage, where possible and when necessary, to prevent crises, manage crises, stabilise post-conflict situations and support reconstruction.

In 2013, NATO was actively engaged through operations to enhance security and stability in the Euro-Atlantic area and beyond. NATO-led missions and operations have involved contributions from all 28 NATO member countries and over 20 partners. From training security forces in Afghanistan, to monitoring shipping in the Mediterranean and countering piracy off the Horn of Africa to providing airlift in support of the African Union, ensuring stability in Kosovo, and providing Patriot missiles in support of Turkey, NATO forces were engaged over three continents.

### Afghanistan

NATO and its partners in the International Security Assistance Force (ISAF) continue their commitment to Afghanistan, pursuing the same fundamental objective that has always underpinned the mission: to ensure that the country never again becomes a safe haven for international terrorists.

2013 was a year of progress and evolution for Afghanistan. At NATO's Lisbon Summit in 2010, leaders of the countries contributing to ISAF, together with the President of Afghanistan, launched the process of transition, whereby Afghanistan would steadily take lead responsibility for its own security. They agreed on a clear timetable for handover of security responsibility from ISAF to the Afghan National Security Forces (ANSF) by the end of 2014. Each year since then, the ANSF, which has grown to 352,000 soldiers and police, has taken on more responsibility. And each year, ISAF's role has correspondingly shifted from provision of security to support for the ANSF.

### Afghans in the lead

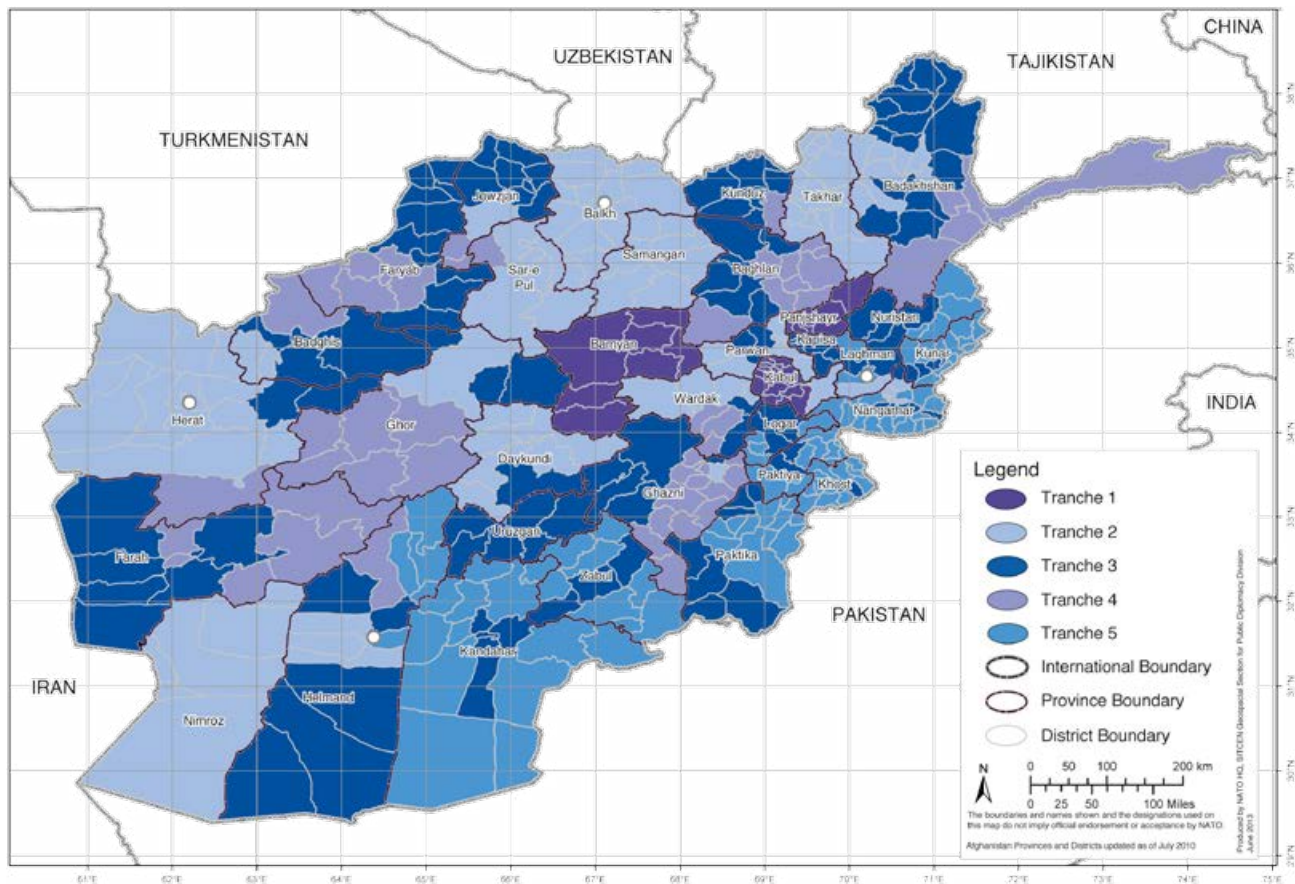
On 18 June 2013, President Karzai announced the start of the fifth and final tranche of the security transition process agreed in 2010. Afghan forces are in the lead for security across the entire country. During the first fighting season in which it has had the lead, the ANSF demonstrated its capacity to provide security for the Afghan population. The ANSF conducted 95 per cent of the conventional operations and 98 per cent of special operations in Afghanistan. These achievements in 2013 built confidence within the Afghan forces and among the Afghan people.



The Afghans are now firmly in the lead. And in line with this shift in requirements and responsibilities, ISAF forces have begun to draw down. At the beginning of 2013, approximately 105,000 personnel and 184 bases or facilities comprised ISAF's presence in Afghanistan. By the end of the year, there were approximately 75,000 personnel and 88 bases and facilities. At the end of 2013, the only unilateral actions taken by ISAF were for its own security, for route clearance to maintain its own freedom of movement, and for the redeployment of equipment and vehicles no longer required.

Similarly, Provincial Reconstruction Teams (PRTs), set up as one mechanism to channel development aid and assistance in Afghan provinces, are evolving and gradually closing as local Afghan authorities are able to take over responsibility for these efforts in each province. During 2013, the number

### Afghanistan: transition tranches 1-5



of active PRTs was reduced from twenty-two to four. These last four PRTs will be closing in 2014.

The ANSF, which includes the Afghan National Army (ANA), the Afghan National Police (ANP) and the Afghan Air Force (AAF), is now capable of a wide range of operations: large and small, ground and air, responsive and preventive. In 2013, the Afghan forces led a number of joint and combined arms operations, including Operation Seemorgh, the largest such endeavour ever undertaken by the ANSF. During this operation the AAF and ANA worked together to support troop movements, re-supply fielded forces, and conduct casualty evacuation across Afghanistan. While this kind of large-scale operation is not regularly called for in counter-insurgency, the skills involved in planning and carrying out these operations can apply in preparation for election support or in response to natural disasters and build confidence in and among the ANSF.

Many of the challenges the Afghan forces face require smaller, specialised responses. With ISAF support, the

ANSF is working to ensure that it has the right tools and structures to meet these challenges. Within the ANP, for example, there are units specialised in counter-narcotics, counter-terrorism, and crisis response in urban environments. Special operations forces within the ANA are trained to interact with local populations and include female soldiers, who are well-placed to interact with women and children.

While ground forces comprise the majority of Afghanistan's security apparatus, airborne capabilities are an essential component of the ANSF. The size of the Afghan fleet grew during 2013 with the addition of two C-130 transport aircraft and 12 Mi-17 helicopters that will enable Afghanistan to better support the movement of troops and equipment throughout the country.

#### Training a sustainable force

When ISAF's mission began in 2001, there were no unified Afghan National Security Forces. The ANSF now



includes approximately 350,000 personnel, consisting of six ANA combat corps, a special operations command, hundreds of ANP units and a growing air force. The Afghan government has built structures and ministries that support and complement not only these forces but the range of functions that contribute to the security and prosperity of any country.

As agreed in 2010, ISAF has worked to prepare Afghanistan by training Afghan forces, advising Afghan officials, and standing shoulder to shoulder with Afghans as they build the capabilities and gain the experience that will support their future security. During 2013, the focus of ISAF support was on building the systems, processes and institutions necessary to make the gains to date sustainable. This included capacity-building work within the government and in the military. As part of this support, 375 Security Force Assistance Teams provided advice and assistance to Afghan army and police units, and training was provided to nearly 22,000 members of the Afghan forces.



Photo: MCpl Frieda Van Putten, Canadian Armed Forces

As the Afghan forces are increasingly capable of providing security, they are also providing more of their own training. In 2013, over 90 per cent of training was provided by the Afghans, often in their own languages. And as transition continues, the structures through which NATO provides training are also being adapted. Since 2009, the NATO Training Mission in Afghanistan (NTM-A) has served as the umbrella for NATO and national institutional training efforts; in 2013 it was integrated into the ISAF Joint Command.

Part of what NATO offers through its training is lessons from its own experience. During over a decade in Afghanistan, ISAF has worked to prevent civilian casualties. That experience is shared with the Afghans

and the lessons learned are incorporated into the training that their forces receive.

Because of threats posed by improvised explosive devices (IEDs), NATO has developed methods to detect and destroy these weapons. Throughout 2013, NATO improved its ability to detect and neutralise IEDs, clear affected routes and protect vehicles, personnel and structures. These lessons are also being adopted by the ANSF and incorporated into their training. Compared to the 2012 fighting season, the 2013 fighting season in Afghanistan saw a 22 per cent drop in IED incidents.

“ In 2013, over 90 per cent of training was provided by the Afghans

In addition to instruction on technical skills and sharing of lessons learned, Afghan forces and ministries received training related to the international norms endorsed by the United Nations (UN), including on human rights and gender sensitivity.

ISAF and the Office of the NATO Senior Civilian Representative work with Afghan security ministries, with the international community and with local and international non-governmental organisations to coordinate efforts aimed at women's empowerment. In 2013, ISAF welcomed its highest-ranking gender adviser, a brigadier general, who will help to consolidate these efforts and support further progress. ISAF already includes training on gender issues for the ANSF and supports the recruitment and retention of women in the security sector. There are currently over 2,000 women in the ANSF, a 10 per cent increase since 2012. In preparation for the 2014 elections, ISAF is working with Afghan officials to ensure that there are sufficient numbers of female personnel to support the voter registration process and to provide support at the polling stations.

The ANSF has become an organised and professional force, with progress outpacing earlier estimates, and has achieved impressive standards in a short time under difficult circumstances. While violent incidents, including high-profile attacks, continued in 2013, the Afghan forces demonstrated that they can react to those incidents quickly, efficiently, and increasingly without direct ISAF assistance.



## Looking ahead

The conclusion of ISAF at the end of 2014 will mark the opening of a new chapter in NATO's relationship with Afghanistan. At the Chicago Summit in 2012, the Afghan government welcomed NATO's offer to deploy a follow-on mission when ISAF concludes. The aim of this new mission, Resolute Support, is to continue to support Afghanistan as it develops the self-sustaining capability to ensure that it never again becomes a safe haven for international terrorism.

At the meeting of NATO Defence Ministers in June 2013, a detailed concept for the new mission was endorsed, which guides NATO military experts in their operational planning. Resolute Support will not be a combat mission; this train, advise, and assist mission will focus its efforts on national and institutional-level training, to include the higher levels of army and police command. Provided that a proper legal framework is in place, Resolute Support will begin in January 2015.

Beyond ISAF and the planned Resolute Support mission, NATO is building a formal partnership with Afghanistan, working on a range of issues that contribute to the development of a stable and prosperous country. In 2013, areas of cooperation included development of the civil aviation sector, facilitation of internet connectivity for Afghan universities, support for programmes to develop professional military education, and efforts to build integrity in the management of ministries. This Enduring Partnership, announced at the Lisbon Summit in 2010, is the basis upon which NATO is widening its cooperation with Afghanistan, developing a partnership similar to those that NATO has with numerous other countries as part of the Alliance's efforts toward cooperative security.

NATO's partnership with Afghanistan is based on mutual respect and accountability. The international community, of which NATO is a part, has made an enormous investment in Afghanistan and has pledged its long-term support. In return, the Government of Afghanistan has also made clear commitments: to hold inclusive, transparent and credible elections; to fight corruption and improve good governance; to uphold the constitution, particularly as regards human rights; and to enforce the rule of law. The ongoing efforts of the Government of Afghanistan to meet its commitments will pave the way for the continued support of the international community in the years to come.

## Kosovo

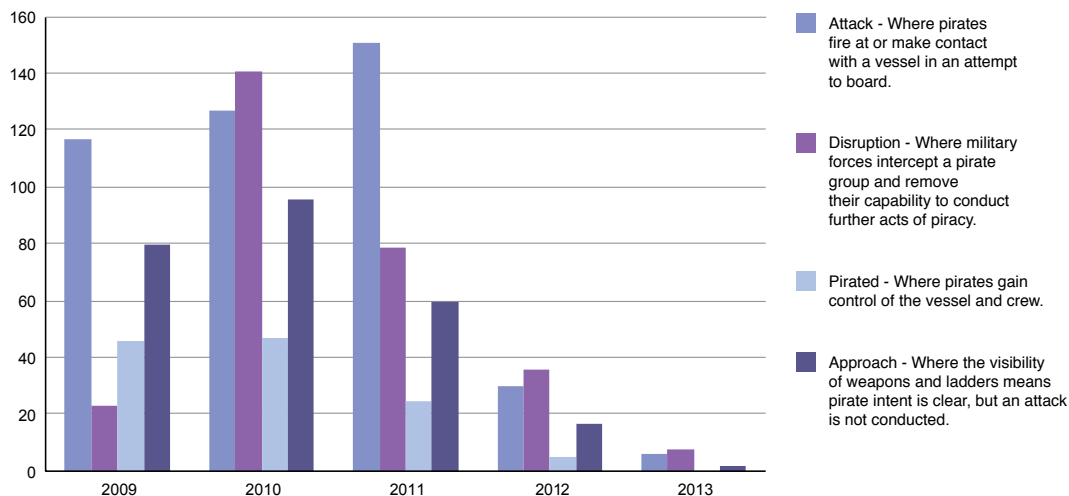
2013 was a year of progress toward creating a more secure environment in Kosovo, where NATO and its operational partners continue to fulfill the UN-mandated mission. The benefits of that secure environment are increasingly evident. Belgrade and Priština signed a landmark agreement on 19 April 2013, providing a political way forward to overcome persistent disagreements. The agreement, facilitated by the European Union, covers a wide range of issues supporting a normalisation of relations and improvements in the northern part of Kosovo. NATO played an important role in this agreement, with both parties requesting that NATO support the implementation. The NATO-led Kosovo Force, KFOR, remains a key enabler of the political process, providing guarantees to both parties of a safe and secure environment. When there were attacks on polling stations in north Mitrovica in November, KFOR deployed quickly to the area, later supporting a re-run of the elections. KFOR also ensured freedom of movement on the routes used to transport election ballots to the counting centre.



The process of “unfixing” properties with designated special status in Kosovo – transferring their protection from KFOR to local authorities – continued in 2013. In September, the responsibility for the protection of the Serb Orthodox Patriarchate in Peć/Peja was transferred from KFOR to local Kosovo police forces. The Patriarchate was the eighth site to be unfixed, from nine sites originally designated.

In July 2013, the North Atlantic Council declared full operational capability of the Kosovo Security Force (KSF). The KSF is a multi-ethnic, civilian-controlled, lightly armed professional force. Unlike the police, the KSF is primarily responsible for civil protection, disposing of explosive ordnance, fire fighting and other humanitarian assistance tasks. The Alliance continues to support the KSF in this new phase of its development and will continue to support peace in Kosovo according to the UN mandate.

### Piracy incidents 2009-2013



Figures for piracy incidents involve vessels greater than 300 tons engaged on international voyages as defined in Regulation 19 of Chapter V of the Safety of Life at Sea (SOLAS) Convention of the International Maritime Organization. Statistics provided by Allied Maritime Command Headquarters, Northwood, United Kingdom.

### Counter-piracy

2013 marked a significant reduction in pirate activity off the Horn of Africa and in the Gulf of Aden. There were no successful attacks in the area in 2013. The presence of the international navies off the coast of Somalia has been a determining factor, together with measures taken by the international merchant shipping community.

With the global annual impact of Somali piracy estimated at US\$18 billion by the World Bank, efforts to counter piracy are an important investment. Throughout 2013, NATO continued to deter and disrupt pirate attacks and protect vessels in the region, working closely with other international actors. In the framework of Operation Ocean Shield, NATO forces cooperate with the EU-led Operation Atalanta, with US-led Combined Maritime Forces, and with countries such as China, Japan and Russia. This collective effort has allowed the international community to maintain pressure on Somali pirates and strengthen partnerships in the maritime domain.

While these efforts have yielded positive results in the short term, they cannot address the root causes of piracy ashore. For a lasting solution, more work needs to be done in the area of regional capacity-building. Although not in the lead in these efforts, NATO is committed to continuing to provide expertise in this field.

### NATO support to Turkey

In November 2012, repeated violations of Turkey's territory from Syria, along NATO's southeastern border, led to a request from Turkey for Alliance support. NATO Foreign Ministers agreed to deploy Patriot missiles to augment Turkey's air defence capabilities, helping to defend and protect Turkey's population and territory and to contribute to the de-escalation of the crisis along NATO's border.



By early 2013, six defensive Patriot missile batteries were operational in Turkey helping to protect Turkish citizens from possible ballistic missile attacks. As part of a regular review of deployment in November, Allies agreed to maintain this support in 2014. The command and control of the Patriot missile batteries rests with the NATO Command Structure, and NATO continues to keep the situation in Syria under close review.

## Broadening partnerships for global security

Today's global challenges require a cooperative approach to security. Complementing the close relationships among NATO member countries, partnerships are an increasingly important part of the Alliance's core business. NATO has actively engaged with partners for over two decades. As the security environment has evolved, and as the number of countries and institutions working with NATO has grown, so have the Alliance's approaches to and mechanisms for working with partners.

In 2010, NATO leaders agreed that the promotion of Euro-Atlantic security is best assured through a wide network of partner relationships with countries and organisations around the globe. They recognised the value of partners' contributions to operations and the importance of giving those partners a structural role in shaping strategy and decisions on NATO-led missions to which they contribute.

To expand the areas of cooperation with partner countries and organisations and facilitate increased dialogue, Allies endorsed a new partnership policy in 2011. Since then, one of NATO's aims has been to improve flexibility so that partners can easily join political consultations and integrate into NATO operations on the basis of their individual interests and their specific capabilities. In 2013, NATO engaged with more partners in more substantive areas than ever before.

### Extending partnership networks

#### Middle East and North Africa

Throughout 2013, the Alliance's engagement in the Middle East and North Africa continued to develop through and beyond the established frameworks of the Mediterranean Dialogue and the Istanbul Cooperation Initiative. In October, following preparatory discussions among experts in Tripoli and Brussels, NATO Defence Ministers agreed to respond positively to a request for assistance from Libya. Specifically, Libya asked NATO to assist the country in strengthening its security and defence sector. This engagement signals the Alliance's commitment to projecting stability in its neighbourhood by helping to build local capacity and foster accountable and effective security institutions.

In September, NATO and Djibouti agreed to develop closer cooperation that includes the establishment of a liaison office in support of NATO's counter-piracy operation, Ocean Shield. Despite civil unrest in Egypt, NATO continued its training programme in landmine detection. And NATO is working with Mauritania to establish a national operational coordination centre to strengthen national civil protection services.

#### Asia-Pacific

In 2013, NATO continued to build its relations with key partners in the Asia-Pacific. In April, NATO and Japan



signed a Joint Political Declaration, highlighting their shared strategic interests in promoting global peace, stability and prosperity, and outlining areas for increased cooperation. NATO and Japan cooperate broadly in Afghanistan, where Japan has been a catalyst for and leading provider of financial support and development assistance. Other areas of cooperation include coordination in crisis management and in dealing with challenges including disaster relief, terrorism, piracy and cyber attacks. April 2013 also marked the first visit of a NATO Secretary General to the Republic of Korea, a valuable contributor to the ISAF mission which is also interested in expanding cooperation with the Alliance.

NATO's partnerships in the Asia-Pacific are grounded in a global perspective of today's security challenges. NATO's partners in the Asia-Pacific region, which also include Australia, New Zealand, and Mongolia, have been valuable troop contributors to the International Security Assistance Force (ISAF) in Afghanistan. Building on these experiences in the field, NATO coordinates with these partners to retain the ability to work together in operations while expanding cooperation in other areas, including counter-terrorism and cyber defence. These initiatives complement expanding NATO ties to other countries of the Asia-Pacific region, including Malaysia and Singapore. Senior staff from NATO and China continued their informal security dialogue in 2013.

### Countries aspiring to join NATO

Particularly close relationships are maintained with the four partner countries that aspire to NATO membership – Bosnia and Herzegovina, Montenegro, the former

Yugoslav Republic of Macedonia\*, and Georgia. In 2013, good progress was made in implementing the reforms necessary to meet the Alliance's standards, even if further progress is required for these countries to achieve their membership aspirations. Specific areas of work include: registering immovable defence properties as state property in Bosnia and Herzegovina; bringing security agencies up to NATO standards and addressing corruption in Montenegro; and continuing progress toward civilian and military reform goals as set out in the Annual National Programme in Georgia. An invitation to the former Yugoslav Republic of Macedonia\* will be extended as soon as a mutually acceptable solution to the issue over the country's name has been reached with Greece.

### Russia

The 2010 Lisbon Summit launched a new phase in relations between NATO and Russia, with agreements to do more together on Afghanistan, enhance training on counter-narcotics, and fight terrorism. In 2013, practical cooperation grew, despite continuing disagreements on a number of issues including missile defence. Russia continued to provide important transit facilities for NATO and partner forces in Afghanistan, and progress was made in counter-narcotics cooperation. NATO and Russia also sustained their joint support to the Afghan Air Force through the NATO-Russia Council Helicopter Maintenance Trust Fund. In April, the second phase of the project expanded the support provided to the Afghan forces, and at the end of 2013, 40 Afghan maintenance staff had completed initial training.

\* Turkey recognises the Republic of Macedonia with its constitutional name.





In December 2013, NATO and Russia agreed to launch a new trust fund project for the safe disposal of obsolete and dangerous ammunition in the Kaliningrad region. The first phase will focus on the disposal of tens of thousands of obsolete bombs and shells, making the area safer for those who live there and creating the conditions for former military sites to be converted to civilian use.



Photo: NATO-Russia Council

Further progress was made on counter-terrorism. In September, NATO and Russian fighter aircraft flew together during a live counter-terrorism exercise, Vigilant Skies 2013, where the capacity to respond to the hijacking of civilian aircraft in mid-air was tested. This was preceded, in early summer, by the testing in real-life conditions of the STANDEX project technology developed jointly by NATO and Russian scientists to detect explosives concealed on suicide bombers in public spaces with particularly high transit rates such as airports and train stations. This technology is now under commercial development.

## International organisations

Cooperation with other international organisations has become integral to NATO's crisis management. In 2013, the Alliance worked to reinforce links with other key regional and global institutions. In September, NATO and the United Nations (UN) marked five years of enhanced partnership since the signing of the Joint Declaration on UN/NATO Secretariat Cooperation in 2008. These five years have been characterised by growing practical cooperation and an increasingly effective political dialogue between the two organisations to support regional capacity-building and crisis management, with a strong focus on Afghanistan.

NATO and the European Union continued their close cooperation in 2013. In December, NATO's Secretary General addressed the European Council during their meeting on defence. This was the first address by a NATO Secretary General to the European Council. This high-level engagement was matched by cooperation on the ground in Afghanistan, Kosovo, and Bosnia and Herzegovina; structured dialogue continued at the staff level to exchange information and avoid duplication. Similar staff-to-staff contacts also continued with the Organization for Security and Co-operation in Europe and with a number of other key organisations, such as the League of Arab States, the Gulf Cooperation Council, and the International Committee of the Red Cross. NATO's planning and capacity-building support to the African Union Mission in Somalia also continued in 2013, including with a small NATO military liaison team at the African Union Headquarters in Addis Ababa, Ethiopia.



## Remaining connected

In 2013, the Alliance updated its Political-Military Framework which ensures that partners can participate more effectively in Allied assessments, planning, and decision-making on current and potential operations. This and other measures build on the experiences of partner country involvement in NATO-led operations in Afghanistan, Kosovo, Libya and the counter-piracy operation, Ocean Shield. Through these experiences, NATO and its operational partners improved their political consultations and gained higher levels of interoperability. To secure these gains, NATO's partners will be more systematically integrated into NATO's regular training and exercise programmes.

As part of these efforts, NATO is fostering partner participation in the NATO Response Force (NRF), NATO's rapid-reaction force. In 2013, Sweden joined the NRF alongside Finland and Ukraine, while Georgia pledged to make forces available to the NRF in 2015. In the autumn, four partners participated in the Alliance's largest exercise of the last seven years, Steadfast Jazz, which served to certify the NRF rotation for 2014.

Partners also participated in other major exercises in 2013. One example is Capable Logician, which was sponsored by the Czech Republic and conducted in Slovakia in June 2013. Thirty-five countries, including nine partner countries, participated in this major logistics

field exercise that addressed support activities as diverse as movement and transportation, water supply, infrastructure engineering and smart energy.

“ NATO's partners will be more systematically integrated into NATO's regular training and exercise programmes

Education is another area where cooperation expanded in 2013. Through its training programmes, NATO is helping to support institutional reform in partner countries. Initially, these programmes focused on increasing interoperability between NATO and partner forces. They have expanded to provide a means for Allies and partners to collaborate on how to build, develop and reform educational institutions in the security, defence and military domains. NATO has developed individual country programmes with Afghanistan, Armenia, Azerbaijan, Georgia, Iraq, Kazakhstan, Mauritania, Moldova, Mongolia, Serbia, Ukraine and Uzbekistan.

In a joint effort to prevent suicide attacks in public areas, NATO and Russian experts complete the first phase of a project for the real-time stand-off detection of explosives (STANDEX).

Finland, Sweden, the former Yugoslav Republic of Macedonia\* and Ukraine participate in Steadfast Jazz, a large-scale joint exercise aimed at testing the NATO Response Force.

NATO supports the OSCE in running the municipal elections in Kosovo.

First address by a NATO Secretary General to the European Council.

October

November

November

December

\* Turkey recognises the Republic of Macedonia with its constitutional name.



# Modern defence

Since the end of the Cold War, NATO's forces have undergone a dramatic transformation. Armour-heavy land forces previously prepared for the defence of continental Europe are now capable of being deployed and sustained over great distances in diverse roles and in challenging, often unfamiliar environments. Many have been re-equipped with wheeled armoured vehicles that have greater mobility, as well as protection against land mines and improvised explosive devices. A new generation of medium transport helicopters facilitates the rapid movement of ground forces and their supplies.

Allies' air forces, once tied logistically to their home airbases, are now able to quickly deploy overseas. This is due, in part, to the acquisition of deployable airbase logistic support modules, as well as the procurement of

larger, longer-range transport aircraft and air-to-air refuelling tankers to give combat aircraft longer reach. Allied navies have improved their capacity for long-term deployments and for supporting joint operations from the sea as a result of the development and introduction into service of larger, more capable aircraft carriers and large amphibious ships.

All services are also better integrated to contribute to a comprehensive approach to stabilisation operations. These efforts to make NATO forces more deployable, flexible and agile have accelerated in recent years with the NATO-led operation in Afghanistan, Operation Unified Protector in Libya and the counter-piracy operation, Ocean Shield. It will be essential for Allies to maintain these hard-won gains in deployability as the operational tempo varies in the years to come.

## Smart solutions to security challenges

Delivering modern defence requires securing cutting-edge capabilities and training forces to operate seamlessly together. With the agreement of the Strategic Concept in 2010, Allies affirmed the primacy of their commitment to defence of Allied territory and populations and deterrence against potential threats. To ensure the credibility of this commitment, Allies pledged to maintain and develop a range of capabilities. Acquiring these capabilities and forces in a climate of prolonged austerity is not easy but remains essential. Through a series of initiatives, NATO is on track to provide innovative solutions to deliver a modern defence.

In 2011, the Secretary General launched the Smart Defence initiative, promoting prioritisation, specialisation and multinational approaches to acquisition. At the Chicago Summit in 2012, NATO Heads of State and Government endorsed the initiative and agreed on a package of 22 Smart Defence projects. They also endorsed the Connected Forces Initiative (CFI) to sustain and enhance the high level of interconnectedness and interoperability Allied forces have achieved in operations and with partners. In 2013, Allies completed two Smart

Defence projects, broadened the portfolio of projects, and made considerable progress on those already underway. Within the framework of CFI, Allies began to implement plans to revitalise NATO's exercise programme.

In 2010, Allies adopted a package of critical capabilities that included the Alliance Ground Surveillance (AGS) system, enhanced exchange of intelligence, surveillance and reconnaissance data, and improved defences against cyber attacks. NATO leaders also agreed to develop the capability to defend their populations and territories against ballistic missile attack. Steady progress has been made in each of these areas. In 2012, the procurement contract was signed for AGS, Allies endorsed an initiative on Joint Intelligence, Surveillance, and Reconnaissance (JISR), improvements were made to NATO's cyber defence capabilities, and Allies declared an interim NATO ballistic missile defence capability. In 2013, the first NATO AGS aircraft was produced, JISR concepts were refined and advanced, NATO's Computer Incident Response Capability was improved, and the command and control structures for NATO's missile defence system were enhanced.



## NATO Forces 2020

At the Chicago Summit in 2012, NATO adopted the goal of NATO Forces 2020: a coherent set of deployable, interoperable and sustainable forces equipped, trained, exercised and commanded to operate together and with partners in any environment. Two key programmes support this goal: the Smart Defence initiative and the Connected Forces Initiative.

With the Smart Defence initiative, NATO provides a framework for using scarce resources more efficiently by promoting the joint acquisition of important capabilities. This approach builds on existing mechanisms for cooperation among Allies, and promotes prioritisation, specialisation and multinational approaches to acquisition.

The Connected Forces Initiative is another catalyst for achieving a modern defence and delivering NATO Forces 2020. While Smart Defence addresses the acquisition of some of the key capabilities required by the Alliance, the Connected Forces Initiative focuses on the interoperability of NATO's forces – their ability to work together. It aims to ensure that Allies and partners retain the benefits of the experience gained while working together during multinational deployments to Afghanistan, Libya, the Horn of Africa and the Balkans.

In addition to these initiatives, NATO is pursuing programmes to improve its capabilities in certain key areas – specifically in the fields of intelligence, surveillance and reconnaissance (ISR) capacities, ballistic missile defence, and cyber defence.

### Smart Defence

Many of the modern defence capabilities required to face today's challenges are extremely expensive to develop and acquire. It is increasingly prohibitive for individual Allies to obtain specific capabilities on their own. Moreover, it does not always make good economic sense for an individual Ally to acquire these expensive technologies when there are mechanisms available for a cooperative approach. NATO's Smart Defence initiative builds on the strengths of the Alliance to deliver essential capabilities while reducing unit costs. Drawing on existing mechanisms, it aims to better coordinate defence efforts by aligning national and Alliance capability priorities. And it provides a platform for Allies to build on their individual strengths through coordination with the Alliance and each other, thus achieving specialisation by design rather than by default.

Launched in early 2011, Smart Defence has begun to deliver concrete savings for NATO Allies. Two projects were completed in 2013. Through the US-led Helicopter Maintenance project, Allies work collectively to maintain deployed helicopters in Afghanistan instead of maintaining them individually. Participating countries report saving millions of euros in maintenance costs while reducing repair time by up to 90 per cent. The other Smart Defence project completed in 2013 facilitates proper disposal of military equipment that countries no longer need. The NATO Support Agency has developed a way for countries to use off-the-shelf legal and financial tools that significantly reduce the costs of disposal. The clear benefits of these coordinated approaches have motivated national and NATO officials to pursue collective solutions in other areas.

## “ Smart Defence has begun to deliver concrete savings for NATO Allies

In 2013, Allies broadened the portfolio of Smart Defence projects and made considerable progress on a number of projects already underway.

**Multinational Cyber Defence Capability Development:** this project improves the means for sharing technical information and promotes awareness of threats and attacks. Participating countries signed a Memorandum of Understanding in 2013, providing the basis for future progress.

**Pooling CBRN Capabilities:** this project will pool existing chemical, biological, radiological and nuclear (CBRN) protection equipment and forces to create a multinational CBRN battalion framework and conduct multinational training and exercises. Several CBRN projects exist and are organised around different regional groupings. They aim to generate synergies and increase interoperability.

**Multinational Aviation Training Centre:** building on operational experience gained in Afghanistan, this project will provide top quality training for helicopter pilots and ground crews. The training will focus on the deployment of helicopter detachments in support of NATO operations, as well as preparing Aviation Advisory Teams that provide training for the Afghan National Security Forces.

**Multinational Military Flight Crew Training:** this project aims to rationalise pilot training to reduce costs, as well

as the number of training facilities required by Allies. It will facilitate closer cooperation and ultimately improved interoperability.

**Multinational Joint Headquarters Ulm:** this project is transforming an existing German joint command into a deployable multinational joint headquarters. Officially opened in July 2013, it addresses NATO's deployable headquarters needs in a multinational context, facilitating enhanced coordination while reducing costs.

**Pooling Maritime Patrol Aircraft:** by pooling a range of maritime patrol aircraft capabilities owned by Allies, this project will allow more flexible use of assets. It will lead to a more efficient allocation of assets to specific missions and tasks and continued access to this capability for Allies that are significantly reducing their inventories. A technical agreement has been in place since January 2013 and the handover to Allied Maritime Command (Northwood, United Kingdom) for activation is scheduled for July 2014.

**NATO Universal Armaments Interface:** in 2013, further progress was made to standardize weapons integration on fighter aircraft. This project will provide Allies with greater flexibility for using ammunition in operations. In addition, it will reduce future costs, increase interoperability and reduce the time needed for the integration of new weapons.

NATO plans to build on initial achievements, pursuing projects at the high end of the capabilities spectrum. In this respect, at their meeting in October 2013, NATO Defence Ministers discussed the capability areas they would like to develop in the context of more demanding Smart Defence projects. This work will continue into 2014 and beyond.

### Connected Forces Initiative

The Connected Forces Initiative (CFI) aims to enhance the high level of interconnectedness and interoperability Allied forces have achieved in operations and with partners. CFI combines a comprehensive education, training, exercise and evaluation programme with the use of cutting-edge technology to ensure that Allied forces remain prepared to engage cooperatively in the future.

In February 2013, NATO Defence Ministers endorsed plans to revitalise NATO's exercise programme; implementation began in October. These plans set the course for a more rigorous multi-year training schedule to ensure NATO and partner forces retain the ability to work efficiently together. They broaden the range of exercise scenarios and increase the frequency and the level of ambition of exercises. This will



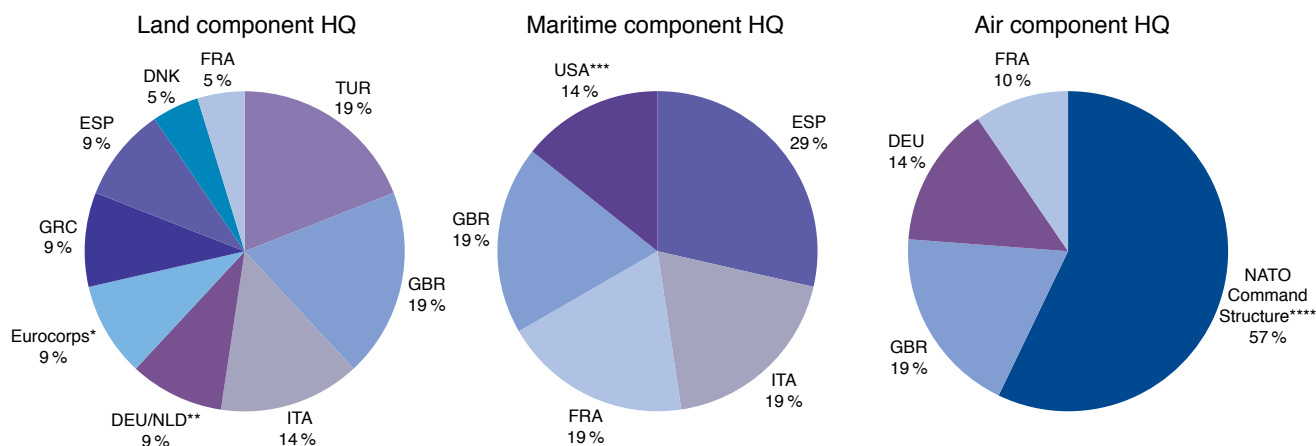
allow countries to continue to develop their operational compatibility, and provide an opportunity to test and validate concepts, procedures, systems and tactics. Allies are also encouraged to open national exercises to NATO participation, adding to the opportunities to improve interoperability.

CFI includes a technology element to ensure that Allies identify and exploit advances in this area. It encompasses a range of solutions to seamlessly connect forces during training, exercises and, most importantly, when working side-by-side in operations. For instance, building on NATO's Afghan Mission Network, which interlinks the communication and information systems of Allied and partner forces in Afghanistan, NATO is developing a Future Mission Network, which will ensure that NATO has a similar capability for all of its future operations. This project exemplifies the underlying logic of CFI – to preserve the gains achieved in operations as the Alliance moves forward.

NATO has already begun to increase the scope of multinational exercises. In November 2013, NATO conducted its largest live exercise since 2006 in a collective defence scenario. Steadfast Jazz brought together thousands of personnel from Allied and partner countries to train, test, and certify the units serving in the 2014 rotation of the NATO Response Force (NRF). This exercise was conducted at sea, in the air, and on the territories of Estonia, Latvia, Lithuania and Poland. It incorporated a headquarters component provided by Allied Joint Force Command Brunssum (The Netherlands) to test the new NATO Command Structure.

Allies agreed in 2013 to hold a large NATO exercise after the conclusion of the ISAF mission in Afghanistan. This major exercise involving partners will take place in 2015 and will be hosted jointly by Spain, Portugal and Italy. A comprehensive programme of exercises is being developed for 2016 and beyond.

### NATO Response Force rotations 2003-2013



Note: For 2012 and 2013, the rotations lasted 12 months, compared to six months for the period 2003-2011.

\* Eurocorps rotations involve a headquarters provided by Belgium, France, Germany, Luxembourg and Spain together.

\*\* Germany and the Netherlands together as part of the HQ 1st German/Netherlands Corps.

\*\*\* The United States is the framework nation for HQ Naval Striking and Support Forces, NATO (STRIKFORNATO).

\*\*\*\* The applicable NATO Response Force rotations between 2003 and 2013 were filled by the Allied Air Command HQs Ramstein and Izmir.

Source: NATO

Figures have been rounded off.

The NRF, activated in 2003, is NATO's most deployable force, able to operate globally and react to a wide spectrum of challenges. Made up of air, land, maritime, special operations forces elements and component command headquarters from across the Alliance, it can be appropriately scaled to quickly meet any threat, providing a targeted and flexible response to crises. Contributing to the NRF is an important way for Allies to demonstrate their commitment to the Alliance. Allies provide troops and component command headquarters on a yearly cycle, which allows NRF units to build expertise and lasting relationships between Allies' forces. Improving the interoperability and readiness of the NRF is an important element of CFI. It will therefore be heavily involved in training and exercise programmes beyond 2013.

### Joint Intelligence, Surveillance and Reconnaissance (JISR)

Intelligence, Surveillance and Reconnaissance provides the foundation for all military operations and its principles have been used for centuries. However, although these principles are not new, the military technological advances made since NATO operations began in Afghanistan have meant that surveillance and reconnaissance can better answer the "what", "where",

and "when". This gives a commander the information needed to make the best possible decision.

NATO's JISR initiative aims to provide the Alliance with a mechanism to bring together data and information gathered through these and other systems. It will enable coordinated collection, processing, dissemination and sharing of this data and information within NATO, maximising interoperability without hampering the performance of each system. It will also provide common standards and a common vision of the theatre of operations.

JISR was endorsed as a NATO initiative at the Chicago Summit in May 2012. A revised concept was approved in 2013 and measures were agreed to coordinate the strands of work pertaining to the three main lines of development: procedures for data sharing, training and education, and the networking environment. In addition, there is need for a longer-term JISR strategy; work to that end also began in 2013. Progress in 2013 built on a technical trial held in 2012 (Unified Vision 12). This exercise, testing the interoperability of national systems and developing pragmatic solutions for improved coordination, was an important step, and a follow-on exercise is being planned for 2014. Future NRF exercises will also be used to continue developing JISR to ensure seamless compatibility as NATO develops these important capabilities.

## Alliance Ground Surveillance

As part of JISR, the NATO-owned and -operated Alliance Ground Surveillance (AGS) capability will give commanders a comprehensive image of what is happening on the ground before, during and after an operation. It is therefore a critical capability that will enable surveillance over wide areas from high-altitude, long-endurance, unmanned aircraft.



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The AGS core capability is composed of five Global Hawk unmanned aerial vehicles and associated fixed and deployable ground and support segments. Fifteen Allies are participating in the acquisition of the system that will be made available to the Alliance in 2017.

Progress in 2013 included the production of the first NATO AGS aircraft. Additionally, all the requirements for the AGS project were confirmed in November, opening the way for the finalisation of design activities scheduled for May 2014, after which production of the numerous components of the system can commence. In parallel, Allies have started work to establish the AGS main operating base at Sigonella (Italy) and have made significant progress toward establishing the AGS force, which in time will be manned by personnel from the Alliance.

## Ballistic missile defence

The proliferation of ballistic missiles, carrying conventional, chemical or nuclear warheads, continues to pose a grave risk to the Alliance. At the Lisbon Summit in 2010, NATO agreed to extend its own ballistic missile defence capability beyond the protection of forces to include all NATO European populations and territory. In May 2012 at the Chicago Summit, Allies took a first step towards operational status by declaring an interim capability for NATO's missile defence system.

In 2012 and 2013, NATO built on this interim capability, working towards a fully operational capacity in the years to come. Recent efforts enhanced the command and control structures of both territorial and theatre missile defence and will significantly increase the operational value of NATO's integrated air and missile defence system. Individual Allies have offered additional systems, are upgrading national equipment, and are developing or hosting capabilities that contribute to the strength of the system.

The US European Phased Adaptive Approach (EPAA) is a major contribution to the NATO ballistic missile defence architecture. In early November 2013, the groundbreaking ceremony for the missile defence facility in southern Romania was a significant step forward for Phase 2 of the US EPAA – two of three phases in total. Phase 4 was cancelled by the US government, with no impact on the coverage provided for NATO members on the European continent.

In parallel, NATO and Russia continue to explore possibilities for cooperation in this domain. In 2013, discussions made little headway. However, the offer NATO has made to cooperate with Russia in building a missile defence architecture that would protect both NATO and Russia from the growing ballistic missile threat, still stands. Due to the design and configuration of its architecture, NATO's ballistic missile defence system cannot pose any threat to Russia's strategic deterrent forces. NATO-Russia cooperation on missile defence, however, would raise the partnership to a strategic level and enhance security across the Euro-Atlantic area.



In 2013, NATO also began discussions and exchanged information with a number of other partner countries on NATO's ballistic missile defence system, and agreed to continue regular exchanges in the future.



## Cyber defence

2013 was a year of considerable progress in NATO's ability to defend itself against cyber attacks. NATO has implemented NATO Computer Incident Response Capability (NCIRC) centralised protection at NATO Headquarters, Commands and Agencies. This is a major upgrade of NATO's protection against the cyber threat. NATO networks in the 51 NATO locations that make up NATO Headquarters, the NATO Command Structure and NATO Agencies are under comprehensive 24/7 surveillance and protected by enhanced sensors and intrusion detection technologies.

While NATO's primary role in the cyber domain is to defend its own networks, in 2013 the Alliance broadened its efforts to address cyber threats. For the first time, cyber defence has been included in NATO's defence planning process. This will help to ensure that Allies have the basic organisation, capabilities, and interoperability to assist each other in the event of cyber attacks. NATO also continued to feature cyber defence scenarios in its exercises, training, and education. NATO's annual Cyber Coalition exercise was held in November 2013 and included the participation of seven partner countries and the European Union. During the exercise, 400 national and NATO cyber defence

experts participated remotely from their locations, and 80 experts participated from Tartu, Estonia where the exercise was hosted.

## Counter-terrorism

NATO's work to counter terrorism is an area of continued advancement within the Alliance and with national and institutional partners, both in the lab and in the field. Through its 2013 activities, NATO continued to develop capabilities to protect its soldiers from many of the devices terrorists use, including improvised explosive devices. It also pioneered work in biometrics, non-lethal capabilities, and harbour security. Operation Active Endeavour, in which NATO ships are patrolling the Mediterranean and monitoring shipping to help detect, deter and protect against terrorist activity, was initiated immediately after 9/11 and is ongoing.

Allies increased exchanges of intelligence and expert analysis of the evolving terrorist threat. NATO also increased interaction with the UN Counter-Terrorism Committee and its Executive Director, and the EU Counter-Terrorism Coordinator briefed the North Atlantic Council on developments in Syria related to international terrorism.



## Defence in an age of austerity

### Economic pressures on defence spending

Since 2008, economies in Europe and North America have been challenged by the persisting global economic crisis. Declining or low-level economic growth among many member states has increased government budget deficits, raised the levels of government indebtedness and prompted tighter constraints on government spending.

The weaker economic performance in Europe and North America has, in many cases, been reflected in consistently declining defence spending.<sup>1</sup>

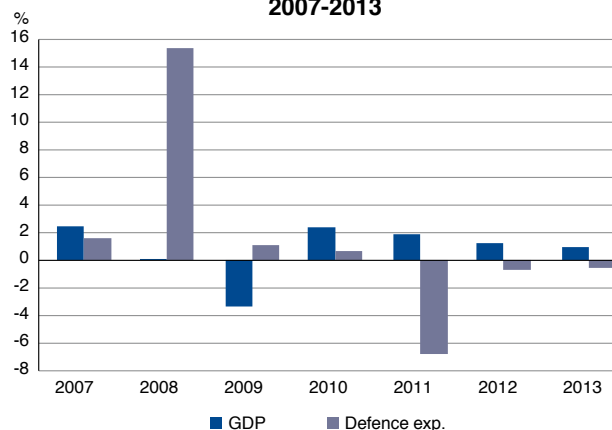
As economic conditions in many NATO countries have begun to stabilise, the cuts to defence spending have begun to level off. However, the need to maintain defence spending levels will remain crucial in order to retain the capacity to provide security across the Alliance. Investment in defence is a long-term requirement; what may appear to be savings in the near term can have lasting consequences. Further reductions in defence spending risk undermining NATO's efforts to ensure a modern and capable Alliance.

### Sharing responsibilities

Members of NATO are committed to the collective defence of the Alliance. That mutual commitment is reflected in the principle that members should contribute fairly to the provision of the forces and capabilities

<sup>1</sup> For all the graphs in this chapter of the report, it should be noted that Albania and Croatia joined the Alliance in 2009 and that Iceland has no armed forces.

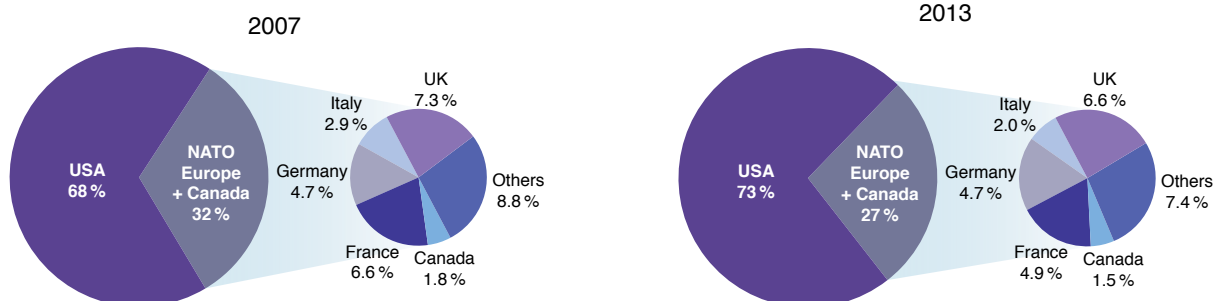
**Alliance real GDP and defence expenditures**  
Percentage changes from previous year  
2007-2013



Source: NATO Defence Planning Capability Review 2013-14, OECD, ECFIN and IMF. Based on 2005 prices and exchange rates. Estimates for 2013.

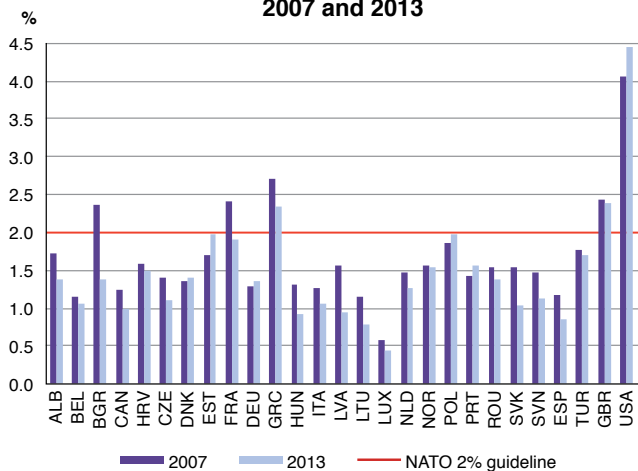
needed to undertake the roles and tasks agreed in NATO's Strategic Concept. While there is a critical difference between what any Ally chooses to invest in its defence and what it makes available for any Allied undertaking, overall investment in defence has implications for any Ally's ability to share the overall responsibility. The gaps in defence expenditures within the Alliance are growing, as illustrated by the pie charts below. Between 2007 (taken as the pre-crisis baseline) and 2013, the share of US expenditures has increased from 68 to 73 per cent. In 2013, the European share of the total Alliance defence expenditures continued to decrease as a whole.

**Percentage of Alliance defence expenditures**



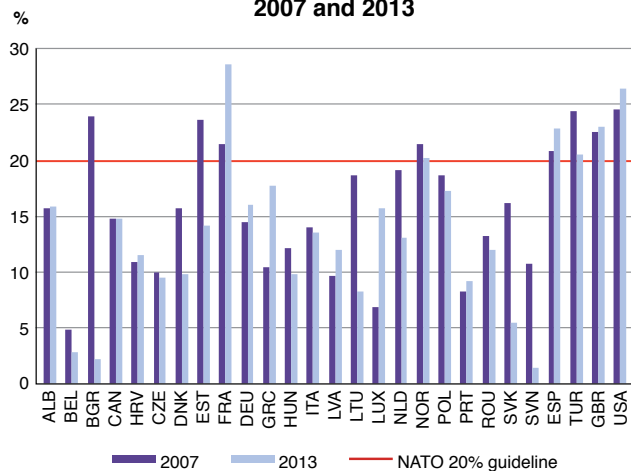
Source: NATO Defence Planning Capability Review 2013-14. Based on 2005 prices and exchange rates. Estimates for 2013. Note: Figures have been rounded off in the small pie charts.

**Alliance defence expenditures  
as a percentage of Gross Domestic Product  
2007 and 2013**



Source: NATO Defence Planning Capability Review 2013-14. Based on 2005 prices. Estimates for 2013.

**Alliance major equipment expenditures  
as a percentage of defence expenditures  
2007 and 2013**



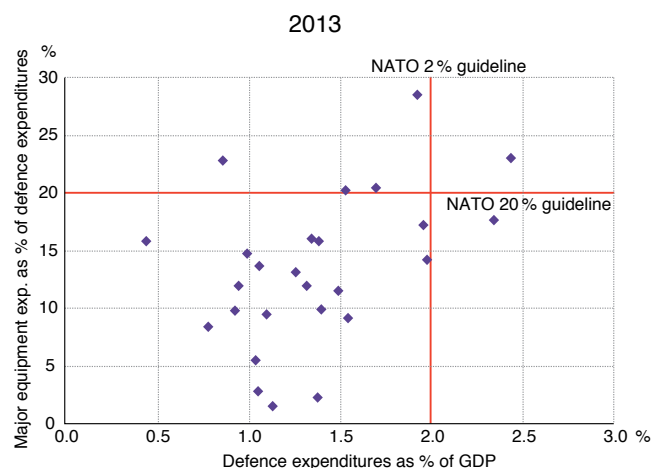
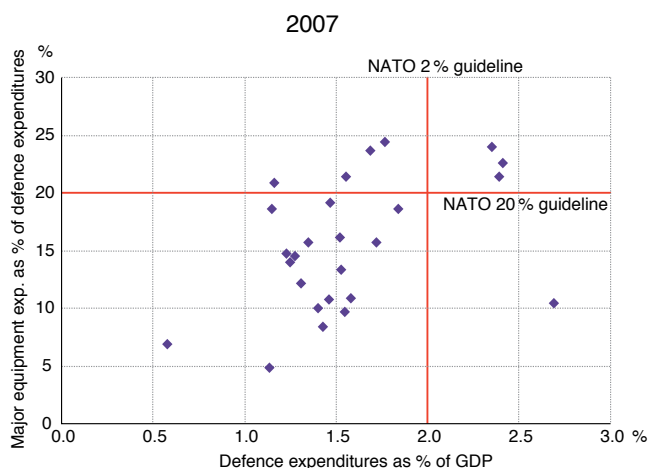
Source: NATO Defence Planning Capability Review 2013-14. Based on 2005 prices. Estimates for 2013 except Spain 2012 figure.

It is essential that all Allies contribute to developing the capabilities that will underpin NATO's role in the future. This is possible only if Allies hold the line on defence spending and focus investment on key capabilities. Allies have collectively agreed to two guidelines to help encourage an equitable sharing of roles, risks and responsibilities. First, members should devote at least 2 % of Gross Domestic Product (GDP) to defence. Second, at least 20 % of those funds should be allocated towards major equipment.

The financial crisis has impacted upon both goals. While the United States has reduced defence expenditures in the last five years, reductions made by European Allies have been more extreme in relative terms. As the graphs above show, only three members met the 2 % guideline in 2013, down from five in 2007. Moreover, where major equipment expenditures<sup>2</sup> are concerned, many Allies are falling short of the 20 % guideline.

<sup>2</sup> Major equipment expenditures also include research and development spending devoted to major equipment.

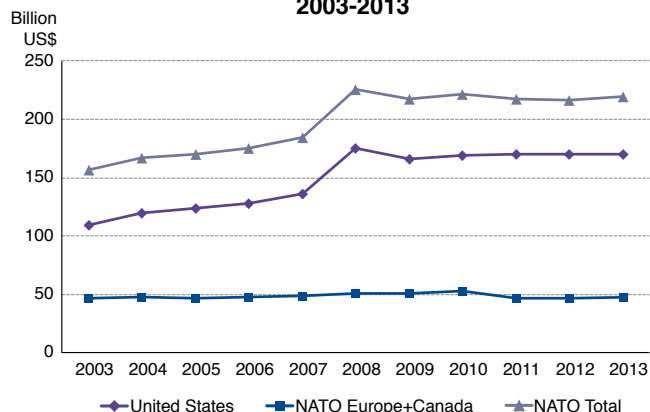
**Defence expenditures as a percentage of GDP versus  
major equipment expenditures as a percentage of defence expenditures**



Source: NATO Defence Planning Capability Review 2013-14. Based on 2005 prices. Estimates for 2013 except Spain 2012 figure for major equipment.  
Note: United States is not included.



### Alliance major equipment expenditures 2003-2013



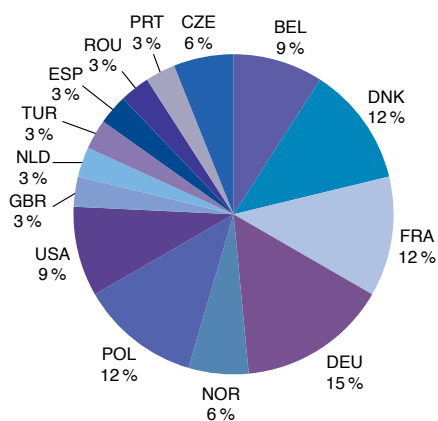
Source: NATO Defence Planning Capability Review 2013-14. 2005 prices and exchange rates. Estimates for 2013.

The negative trend is particularly visible in the two scatter graphs where the defence expenditures of all Allies, except those of the United States, feature in relation to the 2% guideline on defence expenditures and the 20% guideline on major equipment expenditures for 2007 and 2013.

Nevertheless, recent efforts by a number of Allies serve as an important example. Several have effectively increased their major equipment expenditures over the last six years, investing in future requirements despite the pressures of the economic crisis.

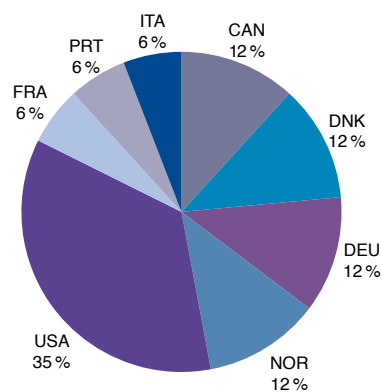
Moreover, sharing responsibilities is not only a matter of the percentage of any country's GDP spent on defence. The provision of forces and capabilities to NATO-led operations and missions is a meaningful demonstration of Alliance solidarity. Despite budget cuts, contributions to NATO operations remain strong. European Allies in particular have taken the lead in a number of operations and missions, including in Kosovo and Libya. European Allies have also consistently contributed the bulk of forces to the NATO Response Force and to Baltic air policing, as well as to a majority of air surveillance and interception rotations in Iceland.

### Air policing rotations, Baltic States 2004-2013



Source: NATO  
Note: Figures have been rounded off.

### Air surveillance and interception rotations, Iceland 2008-2013



# Reforming the Alliance

NATO has continually evolved over the last two decades, building on operational experience, expanding partnership networks and innovating to develop capabilities for modern defence.

In 2010, NATO Heads of State and Government agreed on a new Strategic Concept to guide this current phase of NATO's evolution and tasked the Secretary General and the North Atlantic Council with reforming NATO's structures. Since then, NATO has been hard at work to ensure that this transformation results in an Alliance that is fit for purpose in addressing 21st century security challenges.

In the years since 2010 there has been significant progress toward these goals. As agreed by Allies in 2011, the number of operational entities comprising the NATO Command Structure has been reduced from thirteen to seven; fourteen NATO Agencies have been consolidated into four. Resulting cost savings are already apparent in 2013 and are expected to increase in the years to come. In addition to more streamlined structures, a focus on key priorities has helped a smaller workforce to meet the changing needs of the Alliance. NATO is on track to deliver an Alliance that is efficient and effective in its operations and prepared for the future.

## Defence planning

Addressing the challenge of orienting national and Alliance resources to address new threats has been central to NATO's defence policy efforts in recent years. NATO cannot dictate how Allies allocate their resources, and it is the Allies (individually or in groups) that ultimately provide defence capabilities. However, NATO can facilitate national and multinational efforts in ways that build on the strengths of the Alliance to ensure these efforts are harmonised through NATO's defence planning process.

The 2010 Strategic Concept laid down the parameters for the next ten years of planning. Further political guidance as well as the comprehensive Deterrence and Defence Posture Review of 2012 provide the framework for the ongoing work of improving the defence planning process.


In 2013, NATO developed tools to clearly illustrate the current performance of individual Allies across a number of areas, as well as wider trends in capability development over time. NATO forces need to be flexible, agile and deployable, with all the supporting infrastructure and logistics this entails so that they can respond to a variety of threats.

## NATO Command Structure

The NATO Command Structure enables NATO to implement political decisions through the coordination of military means and is part of what makes the Alliance unique. These military command and control bodies which make up the command structure coordinate contributions from member and partner countries during operations and exercises. They are permanently manned and ready to react at very short notice to any contingency.

“ NATO forces need to be flexible, agile and deployable, with all the supporting infrastructure and logistics this entails

In 2010, Allies agreed to reform this command structure. The aim was a leaner, more affordable structure that would be flexible and more deployable. 2013 was a year of steady progress toward this goal, with the new command structure attaining its initial operational capability in December. The number of operational entities has been reduced from thirteen to seven. In November 2013, Allied Joint Force Command Brunssum (The Netherlands) provided the headquarters component for the major NATO Response Force exercise Steadfast Jazz. This was an important demonstration of the Command's ability to support a diverse, deployable force, the exercise having taken place at sea, in the air, and on land, with participants from Allied and partner countries.



At the end of 2015 when the implementation of the command structure reform is complete, the manning and footprint of the overall structure will have been reduced by one third, resulting in savings of €123 million to the military budget.

## NATO Agencies

NATO Agencies are responsible for a range of services necessary to support the work NATO does, including procurement of goods and services as well as logistical support for current operations. Because of the complex links between the functions of the NATO Command Structure and the services provided by NATO Agencies, planning for and implementation of agency reform has been coordinated to ensure continuous provision of support.

The aims of the agency reform process agreed in 2011 are improved governance and enhanced efficiency. When the process began, there were fourteen entities; these have now been consolidated into four bodies, focused on support, procurement, communications and information, and science and technology. This consolidation provides a better coordinated, more effective structure.

In 2013, agency reform efforts focused on consolidating services and programmes while preserving the ability to provide for ongoing operations. Cost-saving programmes have delivered a five per cent reduction in 2013 and remain on track for a 20 per cent reduction in coming years.

During 2013, 88 per cent of all agency personnel were transferred into the new organisations for support, communication and information, and science and technology. Work also progressed on the development of a new procurement body to better integrate existing acquisition programmes, provide a flexible framework for future projects and improve cost-effectiveness.

Also in 2013, as part of agency reform, NATO established the Office of Shared Services, which is working to rationalise service delivery across NATO bodies. It is focused on three areas: finance and accounting, general procurement, and human resources.

## NATO Headquarters


NATO's International Staff numbers just over 1,000, making up a relatively small but important element of the Alliance's overall structure. As part of the broader reform, and in preparation for the move to a new headquarters, NATO has been working to streamline the workforce and

modernise the working practices of the International Staff. By 2018, the size of the International Staff will have been reduced by nearly 20 per cent. More importantly, dozens of staff positions have been reassigned to higher priorities. These efforts to craft a more adaptable civilian workforce are part of a new human resources policy, implementation of which began in 2013.

NATO's International Military Staff, numbering around 500, is also under review. An extensive report was completed in 2013 that will guide the efforts to refine that structure so that it, too, is properly equipped to serve the goals of a 21st century Alliance.

NATO's committee structure is also part of the Headquarters reform. NATO members come together in committee meetings to discuss and decide. Since 2010, there has been a 65 per cent reduction in the number of committees – this leaner, more coherent structure allows for swifter, better integrated responses to tasks delegated by the North Atlantic Council.

The new NATO headquarters, which is currently under construction, will provide the Alliance with a modern base. The current headquarters was designed and built in the 1960s as a temporary structure for 15 countries. NATO now has 28 member countries and requires a facility able to flexibly adapt to shifting priorities.









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