

**FY 2009 Supplemental Request  
North Atlantic Treaty Organization (NATO) Security Investment Program (NSIP)**

**I. Description of Operations Financed:**

The NATO Security Investment (NSIP) is one of three common-funded budgets of NATO. The NSIP funds specific projects that meet validated Alliance military requirements for a wide range of facilities and capabilities. These include effective surveillance and intelligence capabilities, flexible command and control systems (including secure and reliable communications), mobility within and between regions, adequate logistics and transportation support, and the infrastructure to support both forward deployed and reinforcing forces. Since 2003, NSIP has also funded important communications and force protection projects for the NATO Training Mission-Iraq and over \$700 million worth of infrastructure, communications, and force protection projects for NATO’s International Security Assistance Force (ISAF) mission in Afghanistan, a key front in the war on terrorism. In 2007 alone, the NSIP funded ISAF projects worth over \$260 million. The U.S. contribution to NSIP serves multiple purposes, allowing the U.S. to play a major leadership role in transatlantic affairs. Our active participation in the program assures the United States of a continuing front-line role in shaping and influencing the collective defense posture of the Alliance, and projects funded by the program provide direct, on-the-ground benefits to U.S. military service personnel across the European continent and in NATO operations in Afghanistan, Kosovo, and elsewhere.

**II. Force Structure Summary: N/A**

**III. Financial Summary (\$ in Thousands):**

	<b><u>FY 2008</u></b>	<b><u>FY 2009</u></b>	<b><u>FY 2009</u></b>	<b><u>FY 2009</u></b>
	<b><u>Actual</u></b>	<b><u>Request</u></b>	<b><u>Bridge</u></b>	<b><u>Remaining</u></b>
NSIP	0	100,000	0	100,000

**Narrative Justification:** The DoD request for supplemental funding for the NSIP stems from an unprecedented and highly unfavorable currency exchange situation that affected the program in FY 2008. Due to the dramatic decline of the dollar against the Euro, U.S. NSIP currency losses during FY 2008 almost doubled from losses recorded in 2006 and 2007. [Note: Because NSIP is a stand alone, unitary appropriation, there is no way for it to generate funds to capitalize a currency fluctuation account to offset currency exchange losses.] As a result, the total U.S. obligation authority available for FY 2008

proved insufficient to liquidate currency exchange losses and meet U.S. obligations for new and continuing NSIP projects for this year. At NATO, the United States was forced to block approximately \$180 million of NSIP projects during the last quarter of FY 2008. These included infrastructure projects directly supporting U.S. military forces in the region.

With the beginning of the new fiscal year, the United States has been able to use a portion of the FY 2009 NSIP appropriation to allow these projects to go forward, but this action has reduced available obligation authority for the 2009 NSIP program by approximately \$60 million. USNATO estimates that an additional \$40 million will be required to offset anticipated currency exchange losses in FY 2009, bringing to \$100 million the additional amount necessary to fully execute the U.S. share of the NSIP program for 2009. This program includes several large communications and infrastructure projects supporting U.S. and Allied forces in Afghanistan, including an air traffic control tower, a hospital, and perimeter warning systems at Khandahar Airbase (\$148 million); runway and hangar improvements at Mazar-e-Sharif Airbase (\$30 million); communications equipment at Kabul Airport (\$16 million); and theater-wide satellite communication systems (equipment and bandwidth leases) (\$78 million).

**Impact if not funded:** Failure to provide requested funds could place these projects in jeopardy and undercut U.S. credibility with our Allies as the operations in Afghanistan intensify.