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NATO’s Roles and Missions

The North Atlantic Treaty Organization (NATO) is a defensive Alliance made up of 30 sovereign nations with two nations, Finland and Sweden, undergoing the accession process, which upon completion will bring the Alliance to 32 nations. NATO’s greatest responsibility is to protect and defend Allied nations’ territories and populations against attack. NATO remains the foundation for strong collective defense and the essential transatlantic forum for security consultations and decisions among Allies. NATO faces a dangerous, unpredictable, and fluid security environment, with enduring challenges and threats from all strategic directions.

At recent years’ NATO summits, Heads of State and Government (HOSG) have increasingly recognized that the Alliance is at a defining moment for the security of its nations and populations and must be ready to respond swiftly and firmly to the new security challenges. Russia’s aggressive actions, including its continuing war of aggression against Ukraine as well as in previous years, have increasingly demonstrated its willingness to threaten and use force to attain political goals. China’s predatory economic policies and other actions also challenge the Alliance and are also undermining Euro-Atlantic security as well as the wider rules-based international order. Meanwhile, new threats like cyber and hybrid are increasing from many possible sources. Instability and continuing crises, particularly across the Middle East and North Africa, can make fertile ground for terrorist threats and contribute to challenges of irregular migration and human trafficking. Climate change has been recognized as a threat multiplier.

NATO’s Transformation

NATO has made substantial progress in strengthening its posture and delivering on commitments made by HOSG at Summits since 2014 – and now especially in the year since Russia’s further invasion of Ukraine. During the 2014 Wales Summit, NATO approved the Readiness Action Plan (RAP), which included measures to make NATO forces more responsive, better trained, and better equipped. At the 2016 Warsaw Summit, NATO took further measures to enhance forward presence along the Alliance’s periphery with expanded
infrastructure to support reinforcing forces. NATO introduced the NATO Readiness Initiative (NRI) at the 2018 Brussels Summit. The NRI renewed a culture of readiness across the Alliance that in particular would bring an additional 30 major naval combatants, 30 heavy or medium maneuver battalions, and 30 kinetic air squadrons from Allies inventories to the level of readiness to fight within 30 days or less. During 2020 meetings, NATO further outlined a concept for Deterrence and Defense of the Euro-Atlantic Area, which set a framework for new operational planning across NATO. Now most important, NATO HOSG at the 2021 and 2022 Summits committed to further implement the DDA and the associated military “transformation” of NATO – particularly with the final completion of a new comprehensive “family” of theater-wide and subordinate regional operational plans – which, in turn, is also providing the basis for deriving a new model for NATO’s future force requirements.

NATO Allied nations recognize that these steps, especially in the face of Russia’s ongoing aggression, call for increased resources – and so the nations continue to invest and strengthen their respective militaries and thereby advance NATO’s collective D&D capabilities. At the 2014 Wales Summit, Allies agreed to a Defense Investment Pledge, which calls for spending at least 2% of Gross Domestic Product on defense by 2024. While this remains an aspirational goal for some nations, the trend is positive. Total defense spending by European Allies and Canada has increased for 8 straight years, and those Allies’ cumulative total of additional defense spending from 2014 levels through 2022 was over $350 billion.

**Common-Funded Budgets Increases**

At the 2021 Summit, based on the Secretary General’s advice and Allies’ negotiations, HOSG agreed to a major set of “NATO 2030” initiatives, and committed to increase both national defense expenditure and NATO common funding as required to deliver on NATO 2030’s “higher level of ambition,” on NATO’s ongoing deterrence and defense transformation and other core tasks, and on the new NATO Strategic Concept 2022. Specifically, HOSG stated in their Communique that “Based on requirements, we agree to increase such resourcing, including as necessary NATO common funding starting in 2023,” and added, “when we meet in 2022, we will agree, alongside the Strategic Concept, the specific requirements for additional funding up to 2030, and the resource implications across” all three NATO budgets: military, civil, and infrastructure (the NATO Security Investment Program).

The HOSG followed through at the June 2022 Madrid Summit, agreeing to increase
the level of those common budgets, including NSIP expenditure, on a specific trajectory of yearly increases for the 2023 to 2030 period, and to broaden use of the NSIP and other common budgets to meet emerging needs. The programmed increases will cover key requirements initially articulated by NATO’s top military commanders – predominantly by SACEUR - for digital backbone, readiness (including infrastructure), and enablement and employment capabilities. The Department’s FY 2024 NSIP budget request amount reflects the U.S. share of this increased NSIP requirement. Thus, a timely increase in the funding and execution of the NSIP is critical not only to meet emerging threats and challenges, but also to maintain support for the higher funding levels by all Allies - of which, the U.S. share is a small, concessionary fraction (as described in the next paragraph and the final paragraphs below).

**United States Interests in NATO**

The United States has an abiding national security interest in a stable, integrated European region. The political and military presence of the U.S. and NATO Allies fosters the conditions necessary to ensure that democratic and market-based institutions can flourish across the region. The U.S. – like all the Allies’ – share of the financial contributions to the Alliance’s common budgets was established long ago by mutual agreement. It has lowered incrementally over time as more nations joined the Alliance. More importantly, and for many years, the U.S. share has been a concessionary negotiated percentage, less than half of the pro-rated Gross National Income proportion that all other Allies pay. These contributions are necessary to enable the U.S. to participate and have a strong voice in NATO priorities and efforts, not only on military capabilities, but also on wider policy issues. The United States plays a leading role in the key discussions within NATO, and the U.S. contribution to common-funded programs is essential to a continued leadership role.

**Overall Program Requirements**

Prior to Russia’s aggression in Ukraine in 2014, NATO postponed many defense infrastructure investments across Alliance territory, focusing instead on urgent infrastructure needs supporting ongoing out-of-area operations and missions. Now, long-deferred operational infrastructure needs within the European Allies’ territories are being addressed in the recently-increased funding levels. Moreover, this renewed focus on infrastructure investment to support reinforcement and sustainment within Alliance territory now takes on far greater importance in light of Russia’s further invasion of Ukraine. The Alliance investment requirements are growing substantially to meet both long-
standing shortfalls and major new requirements to address the evolving security crisis in Europe. The U.S. representation at NATO continues to monitor European security developments and risks, including Russia’s further invasion, and work to ensure that NATO common funded programs anticipate and respond to existing, new, and evolving threats.

NSIP programs fulfill a wide range of Alliance military capability requirements. Program costs thus defrayed among all Allies include the infrastructure to support both forward deployed and reinforcing forces (including many from the U.S.), mobility within and between regions, enabling logistics and transportation support, and flexible command and control systems (including secure and reliable communications).

**Program Priorities and Eligibility Criteria**

NSIP eligibility criteria for facilities construction and restoration are limited to requirements considered to be over the respective Allies’ national needs and above what is reasonable for an individual nation to provide the Alliance. Consequently, NSIP does not support European Allies’ national defense needs, but can be used for U.S. operational infrastructure requirements at European bases that support NATO operational plans. With few exceptions, Allies will not support use of NSIP funding for the construction, restoration, or upgrade of facilities that are used specifically for a hosting nation’s own permanently assigned forces. However, Allies will consider funding operational facility requirements for those NATO-assigned forces that are deployed outside of their national borders. As a result, some substantial U.S. operational facility requirements in Europe are eligible for, and receive, NSIP funding.

As part of the June 2022 Madrid Summit agreement, NATO Allies also agreed, in principle, to broaden the use of the NSIP funding for critical new types of capabilities, and are now considering a series of specific new areas. All Allies must agree to designate these new types of capabilities requirements as eligible for NSIP funding in order for these new capability programs to proceed using funding under the NSIP. Once agreed, these new areas may be identified as priorities among the projects for use of that increased funding trajectory decided at the Madrid Summit.

**Program and Project Approval Procedures**

NSIP programming and authorization decisions are based on consensus decision-making among the current 30 Allied nations. Procedures and
project execution decisions are likewise arrived at by consensus. Absent U.S. agreement, NATO programs and projects will not be approved or executed. These procedures remain flexible and resilient, allowing NATO to respond to evolving world events and the changing geo-strategic environment.

NATO shifted to a new approval and governance process for fulfilling military capabilities under NSIP. All new programs will have Capability Program Plans, subject to nations’ approval, that will consider alternative solutions and acquisition strategies, better identify risks at the outset, and enable agile development of technology. The process for developing a Capability Program Plan (CPP) begins with identifying and responding to anticipated threats and/or vulnerabilities for the Alliance typically linked to an operational plan. Allied Command Operations (ACO) outlines capability shortfalls and develops an Operational Requirements Statement (ORS) that is validated by the NATO Military Committee (MC), which represents the national military authorities. Following an analysis of the alternative approaches to meet the need of the ORS, Allied Command Transformation (ACT) develops a CPP which is subject to review and endorsement by the MC and on the political side by the Resource Policy and Planning Board (RPPB). The MC scrutinizes the plan for operational effectiveness while the RPPB reviews the proposed technical solution, acquisition strategy (including assigning the host nation for each project), eligibility to use the common funds, affordability, and the political perspective. Both the MC and RPPB consider all programmatic aspects (scope, costs, schedule, and risks) of the plan. Upon endorsement of the CPP by the MC and the RPPB, the North Atlantic Council is asked for its approval of the plan and programming the necessary resources. Once the Council approves a CPP, the RPPB tasks the Investment Committee (IC) with overseeing the host nations’ implementation of the NSIP projects within the CPP, which includes the individual project level execution to generate the capabilities as outlined. In the IC, project execution is scrutinized to ensure the projects align with the original CPP intent, scope, schedule, costs, and acquisition strategy and are approved once the Committee reaches consensus.

Under the current NSIP programming procedures, U.S. construction requirements are an integral part of the NATO Military Commanders’ CPPs. Apart from urgent military operational requirements, all NSIP project requirements are stated in terms of capabilities, assembled, reviewed, and approved by the NATO Military Authorities (NMAs). Within CPPs, individual projects are prioritized for implementation in accordance with their criticality to enable the Strategic Commanders to meet NATO’s military foundational capabilities, the Level of Ambition, and/or Response Plans for emerging threats.
In some instances, projects for the restoration and upgrade of existing facilities are funded as “stand alone” minor works projects but are still subject to a NATO priority analysis.

**U.S. Benefit**

U.S. credibility, as well as the ability for NATO to make payments to U.S. contractors for NATO projects and U.S. operational support facilities, is directly related to the Department’s ability to secure appropriations that will satisfy its negotiated concessionary share of NATO contributions.

NSIP remains a key source of funding for U.S. infrastructure within the U.S. European Command (USEUCOM) theater of operations, restoring and upgrading existing NATO operational facilities, and providing new operational facilities at U.S. enduring and deployed locations, including European Deterrence Initiative (EDI) sites. NSIP investments and procedures were established following careful and extensive U.S. guidance to: (1) allow U.S. forces to obtain the maximum operational benefit, whether stationed in Europe, reinforcing Europe, or transiting to or from other regions; and (2) to position U.S. contractors to be competitive when bidding on project solicitations.

For ground forces, NATO continues to approve and fund infrastructure projects under the NSIP benefiting U.S. requirements. For example, NATO is funding a $285 million combat equipment and munition storage and maintenance site in Powidz, Poland. This large new facility will pre-position over $4.3 billion of equipment and munitions to outfit a 4,000 soldier Armored Brigade Combat Team, which will enable rapid operational capability once the soldiers are deployed. Other forward operating bases along NATO’s Eastern Flank designed and built for U.S. Army and Marine Corps forces are included in the three Readiness Action Plan capability programs to support reinforcement of the eastern flank (with a total value of approximately $800 million) offering the U.S. the opportunity to recoup some funding from the NSIP. Most of these RAP projects are now complete and provide much needed infrastructure to support in-place force enablers on the territories of the eastern Allies, including pre-positioning of equipment and supplies for NATO Headquarters to integrate reinforcing forces, and to receive and support Allied forces. The NATO 2030 Agenda identifies further investments which will enable U.S. reinforcement of the European theater through infrastructure improvements.

Notable maritime investments include projects at Naval Station Rota, Spain, where NATO has invested $190 million in port infrastructure upgrades to provide logistics support and resupply facilities for NATO maritime forces.
The pier improvements enabled the U.S. to immediately berth an Aegis vessel at Rota to support the Missile Defense program and fuel upgrades at major ports across Europe that will facilitate U.S. Navy exercises and operations.

For new air capability, Allies have approved over $3 billion in NSIP funding for programs to provide operational infrastructure for airborne early warning, alliance ground surveillance, communication jammer, maritime patrol, air-to-air refueling, air transport aircraft, fighter aircraft, and aviation bulk fuel. These significant NSIP-funded improvements will alleviate critical infrastructure shortfalls at bases used by U.S. forces in Europe.

In addition, NATO funds infrastructure and security systems for the store and maintenance of U.S. special weapons within secure sites and facilities. NATO agreed to fund $385 million for upgrades to the storage sites in Europe to improve security measures, communication systems, and facilities to meet the stringent US standards.

Allied agreement to fund the unique U.S. requirements noted above is particularly significant given that the Allies must shoulder the bulk of the costs of NATO-required construction and facility restoration within their own borders, while NATO continues funding for U.S. facility requirements in Europe. The expansion of the program to NATO-wide interoperability requirements such as command and control, communications, information system equipment and associated software, and other advanced technology also offers opportunities for U.S. companies, which have been highly successful in winning contracts in NATO’s international competitive bidding process.

In addition to U.S. specific requirements, there are several theater-wide and common-use systems and facilities which are important to the United States and must be maintained and upgraded. These facilities are essential for the conduct of military operations and political consultations. U.S. forces, as well as other Allied units and the NATO command structure, are dependent on NSIP support for properly functioning infrastructure, including:

a. Facilities, communications, and utilities at ports of entry (air, rail, and sea) for the embarkation and reception, staging, onward movement and integration for deployment and follow-on reinforcement, multi-modal strategic lift and airbase capabilities, and pre-positioning facilities for use by U.S. and Allied reinforcement forces.

b. Cross-border pipeline systems supporting military fuel requirements that connect refineries, fuel depots, airfields, and other major NATO bases.
c. Fuel and ammunition depots, and storage for pre-positioned equipment and materiel.
d. Secure and reliable communications networks linking NATO static and mobile command centers with the national headquarters of NATO Allied nations.
e. Other specialized strategic and tactical communications systems for the control of military operations.
f. New or expanded/renovated headquarters facilities to support the NATO command structure.
g. Interconnecting systems of early warning, coastal, and air defense radar.
h. Joint training facilities and ranges.

NSIP: Fiscal Year 2024 U.S. Budget Requirements

The U.S. national contribution to NSIP serves policy purposes in addition to meeting key military requirements for facilities and capabilities, allowing the United States to play a major leadership role in transatlantic affairs. U.S. active participation in the NSIP assures the United States of a continuing front-line role in shaping and influencing the collective defense posture of the NATO Alliance. Moreover, facility construction produced by the NSIP program, including the increased levels agreed by Allies in 2022, provides direct, on-the-ground benefits to U.S. military service personnel across the European continent, including along the eastern flank of NATO and forward deployed locations, as well as potentially much larger deploying forces.

In 2019, the U.S.’ share of NATO common funding was re-negotiated with Allies for the years 2021 to 2024 and set at 16.1%. This concessionary share is approximately one-third of the percentage that the United States would pay under the proportional Gross National Income (GNI) share formula used for other Allies. Since NSIP projects are funded with the national cost shares in effect at the time of programming (not at the time of individual project authorizations), only a few project authorizations to date have been approved at the 2021-2024 cost share rate. Most programs currently under implementation have the higher U.S. cost share rate that existed before the year 2021. Thus, the reduced U.S. cost share rate for the 2021-2024 period does not have a substantial effect on the Department’s Fiscal Year 2024 NSIP appropriation request. Most effects from adoption of the U.S. 16.1% cost share rate will influence future NSIP budget requests.

The Department’s FY 2024 NSIP budget request is $293 million. This requested amount provides support for the currently established NSIP resource
requirements based on the current FY 2024 program, NATO common funding cost share rates, projected budget currency exchange rates - and all reflecting the major common funding increase agreed to by the HOSG at their Summit in 2022. Moreover, Russia’s aggression in Ukraine continues to add a very significant impetus, both programmatic and political, to support among the Allied nations for a robust NATO common funded program, including the NSIP.