North Atlantic Treaty Organization (NATO)

The Secretary General's Annual Report 2014

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Foreword

Keeping NATO strong

2014 was a black year for European security. And as we enter 2015, the terrorist attacks in Paris were a stark reminder of the threats and challenges we face. But we also saw millions standing up for our values and our open societies.

Our security environment has changed fundamentally. To the South, violent extremism is at our borders, spreading turmoil across Iraq and Syria and bringing terror to our streets. To the East, Russia has used military force to annex Crimea, destabilise eastern Ukraine, and intimidate its neighbours.

These threats challenge the international order we have built since the fall of the Berlin Wall – an order that embodies our democratic values and is vital for our way of life.

So, from my first day in office, my priorities have been to keep NATO strong, to work with partners to help keep our neighbourhood stable, and to keep the bond between Europe and North America rock-solid.

At our Summit in Wales in September, NATO showed that the transatlantic community is rising to the challenge. We agreed the "Readiness Action Plan". This is the most significant strengthening of our collective defence in decades, to assure all Allies, improve the responsiveness and effectiveness of our forces, and deter threats from wherever they may come. We are working hard to implement the plan in full and on time.

To do this, it is vital that we invest in our defence. We must spend more and we must spend better. At Wales, NATO Heads of State and Government pledged to stop the cuts in defence spending, to aim to spend 2% of Gross Domestic Product on defence within a decade, and to spend that money more efficiently. I will continue to work with Allies to keep that pledge.

2014 was the final year of our combat operation in Afghanistan, the largest in Alliance history. We did what we set out to do: to deny safe haven to international terrorists, to make Afghanistan stronger, and to make our own nations safer.

Today, the security of Afghanistan is fully in Afghan hands. While many challenges remain, we are determined to support Afghanistan to build on the gains that we have made with great

effort and sacrifice. That is why we have launched a new mission, Resolute Support, to train, advise and assist the Afghan National Defence and Security Forces. We will also continue to provide financial assistance for those forces, and intensify our political dialogue and our practical cooperation with Afghanistan.

A key lesson from our missions and operations over the last 20 years, from Afghanistan to Kosovo, is the need to work with other nations and organisations. We are also reaching out to partners to enable them to better meet security challenges in their own regions. This includes countries like Ukraine, the Republic of Moldova and Georgia, which share our values and have chosen a European path, as well as Jordan, a key security player in the Middle East – because if our neighbours are more stable, we are more secure.

We are also stepping up our cooperation with the European Union. We share the same values and the same challenges, so we must continue to complement and reinforce each other.

Last year, the very foundations of the Euro-Atlantic order came under threat. But as this Annual Report makes clear, NATO's response has been, and will remain, firm. NATO is adapting to the new security environment, as it has done throughout its history. We will always protect our values and keep our nations safe.

In 2014, major changes in the security environment increased the threats faced by all NATO members. In Europe, Russia illegally annexed Crimea, fuelled crisis and conflict in Ukraine and spurred tension along NATO's eastern border. In North Africa and the Middle East, extremist violence and instability spread. Across the world, cyber crime increased in volume and sophistication.

On 4-5 September, Heads of State and Government from the 28 NATO member countries as well as partners from over 30 countries and leaders of international organisations gathered for a summit in Newport, Wales. The decisions made at the Summit will guide the work to keep NATO strong and able to deter and defend against any threat, with the right equipment and skills, and with stronger partnerships.

CHAPTER I – NATO on duty

Nearly one billion people live in the 28 NATO member countries. Every day, NATO is actively engaged to provide for their collective defence and to manage crises in Europe and beyond.

Aggressive actions in the East

In 2014, Russia and Russian-backed separatists began a campaign of violence aimed at destabilising Ukraine as a sovereign state. Russia's aggressive actions disregard international law and violate security arrangements and commitments that Russia has made, including the Helsinki Final Act. Russia's recent actions have fundamentally challenged the

vision of a Europe whole, free and at peace and are a threat to security and stability in Europe and beyond.

On 2 March 2014, the North Atlantic Council agreed that "military action against Ukraine by forces of the Russian Federation is a breach of international law and contravenes the principles of the NATO-Russia Council and the Partnership for Peace". One month later, NATO Foreign Ministers agreed to suspend all practical civilian and military cooperation with Russia but to maintain political contacts at and above the level of Ambassador to enable NATO and Russia to exchange views. Two meetings of the NATO-Russia Council about events in and around Ukraine took place at the ambassadorial level following this decision.

For over 20 years, NATO has worked with Russia to build a strong and mutually beneficial partnership, including through the mechanism of the NATO-Russia Council, based on the NATO-Russia Founding Act and the Rome Declaration. Prior to the suspension of practical cooperation, NATO and Russia had been working together on a range of activities including counter-terrorism, counter-piracy and civil emergency response, among others. But as NATO leaders confirmed in Wales, the conditions for a cooperative, constructive relationship do not currently exist. NATO's relationship with Russia will be contingent on a clear, constructive change in Russia's behaviour that demonstrates compliance with international law and its international obligations and responsibilities.

The impact of the violence and insecurity caused by Russia and Russian-backed separatists has not been limited to Ukraine. This violence can undermine the safety, stability and well-being of people around the world, as demonstrated by the tragic downing of Malaysia Airlines passenger flight MH17 in July. NATO supports the sanctions imposed by the European Union (EU), the G7 and others as part of an international effort to address Russia's destabilising behaviour. Instability and unpredictability to the East and the South also prompted NATO to enhance its collective defence to deter potential threats.

Assurance measures

While NATO does not have a permanent military presence in the eastern part of the Alliance, Allies have, since April 2014, taken action to demonstrate NATO's resolve to deter and defend against threats and to provide assurance for the eastern Allies. All 28 NATO members are contributing to these measures, which provide continuous air, land and maritime presence and military activity on a rotational basis. These deployments are limited in scale, designed to reinforce defence, and are in line with NATO's international commitments.

Protecting NATO airspace: Allied aircraft patrol over the Baltics and Poland.

NATO's Baltic Air Policing mission began 10 years ago to protect the safety and integrity of Allied airspace over Estonia, Latvia and Lithuania. Allies participate in this mission on a rotational basis, and since the start of the mission 14 Allies had deployed 34 contingents to protect the integrity of NATO airspace over the Baltics. Given the increased instability in the

region, this deployment was significantly enhanced during 2014. This includes more aircraft policing the airspace of the Baltic States and Poland, additional aircraft based in Romania, and AWACS (Airborne Warning and Control System) surveillance flights over Poland and Romania.

To provide assurance at sea, NATO deployed a number of multinational maritime forces. A Standing NATO Mine Counter-Measures Group began patrolling the Baltic Sea in April 2014 with seven ships from six countries. In the Eastern Mediterranean, an enlarged Standing NATO Maritime Group began conducting maritime assurance measures in addition to counter-terrorism patrols in May 2014, with five ships from as many countries.

Working better together: military exercises, here led by US troops.

Military exercises provide important opportunities to improve the ability of Allies and partners to work together and are a valuable demonstration of NATO's readiness to respond to potential threats. As part of NATO's efforts to assure eastern Allies and to adapt to changing environments, the number of exercises undertaken in 2014 significantly increased. With 162 events under the Military Training and Exercise Programme – double the initially planned number – and 40 national exercises in the context of the assurance measures, one exercise started every two days within the area of responsibility of NATO's Supreme Allied Commander Europe. These exercises took place on land, at sea and in the air over Alliance territory.

Violent instability in the South

Fighting in Iraq and Syria cost thousands of lives in 2014 and fuelled humanitarian and security challenges for the region and the world. The so-called Islamic State of Iraq and the Levant (ISIL) poses a grave threat to the region and serious challenges for NATO's members and partners. The Assad regime has contributed to the emergence of ISIL in Syria and its expansion beyond. NATO has condemned the violent and cowardly acts of ISIL. At the NATO Summit in Wales leaders expressed their collective outrage at the barbaric attacks against all civilian populations. They also affirmed that NATO would not hesitate to take all necessary steps to ensure the collective defence of every Ally, wherever and whatever the threat.

Since early 2013, NATO has deployed Patriot missiles to augment Turkey's air defences against any missile threat from Syria. The Alliance is working to enhance cooperation in exchanging information on residents from NATO countries who travel to Iraq and Syria to fight alongside ISIL. NATO is also working with partners in the region to help build defence and security capacity. This enhanced cooperation has begun in Jordan. At the end of 2014, Iraq requested assistance to build its defence capacity.

Readiness Action Plan

At the Wales Summit, NATO agreed a plan to ensure that the Alliance is ready to respond swiftly and firmly to new security challenges. This Readiness Action Plan (RAP) is the most significant reinforcement of NATO's collective defence since the end of the Cold War. Through a range of assurance measures and adaptation measures, the RAP addresses risks and threats from the East and the South and provides the building blocks with which NATO can respond to any challenge, current or future.

The assurance measures in the RAP include the continuous air, land and maritime presence that began in April 2014. At their meeting in December, NATO Foreign Ministers welcomed plans for continuing this presence throughout 2015. Every NATO member is contributing to these measures, in a spirit of solidarity summed up as "28 for 28". This baseline for assurance and deterrence is flexible and can be adjusted in response to the evolving security situation.

Faster response: elements of the NATO Response Force training in the Mediterranean.

The RAP introduced a number of measures to adapt NATO's strategic military posture. The NATO Response Force – a multinational force with land, air, maritime and Special Operations Forces components – will be enhanced, including by establishing a spearhead force that will be able to deploy within days, particularly at the periphery of NATO's territory. This Very High Readiness Joint Task Force (VJTF) will include elements of all military services and Special Operations Forces, and will be tested through short-notice exercises. In addition, the RAP calls for a number of logistics enhancements, including the prepositioning of equipment and supplies, to enhance NATO's readiness to respond to any challenge to Allied security.

The plan affirms the continued need for a robust and agile NATO Command Structure and the importance of regional expertise and cooperation. It also prescribes enhanced training and exercise programmes that will focus on collective defence, and on practising comprehensive responses to complex civil-military scenarios from the strategic to the tactical level, including so-called "hybrid" threats.

The implementation of the RAP is a long-term effort that began upon its agreement in September 2014. NATO Defence Ministers oversee this process and will decide further details of the implementation at their meeting in February 2015.

Operation Active Endeavour

Under Operation Active Endeavour, Allied ships are patrolling the Mediterranean Sea, monitoring shipping to help deter, defend, disrupt and protect against terrorist activity. The operation evolved out of NATO's immediate response to the 9/11 terrorist attacks against the United States and has continued to adapt to meet evolving security risks.

The experience that NATO has accrued in Active Endeavour has given the Alliance unparalleled expertise in the deterrence of maritime terrorist activity in the Mediterranean

Sea. This expertise is relevant to wider international efforts to combat terrorism and, in particular, the proliferation and smuggling of weapons of mass destruction, as well as enhanced cooperation with non-NATO countries and civilian agencies.

Afghanistan

2014 marked the final year of the International Security Assistance Force (ISAF) in Afghanistan, the largest operation in the history of the Alliance. The aim of ISAF was consistent throughout the operation: to ensure that Afghanistan is never again a safe haven for international terrorists. The ISAF mission has concluded, and NATO remains committed to supporting Afghanistan in making further progress towards becoming a stable, sovereign, democratic and united country.

Afghanistan in the lead

Since June 2013, the Afghan National Security Forces (ANSF) have been in the lead for combat operations throughout the country. The ANSF have demonstrated that they are an effective force, providing security for and sustaining the confidence of the people of Afghanistan. With the end of ISAF on 31 December 2014, Afghan forces now hold full responsibility for security in Afghanistan.

Many challenges remain, but throughout 2014, the Afghans proved their readiness to provide security across the country. For example, during June and July, the ANSF led over 84,000 unilateral conventional operations, over seven times as many as in 2012. More Afghan personnel are now training their own recruits. And initiatives to improve the living conditions and career opportunities in the Afghan army and police forces are showing tangible results, including those fostering opportunities for the participation of women, who number over 2,800 in the ANSF.

In a land-locked country the size of Afghanistan, air power is essential in order to provide security efficiently and effectively. Efforts to rebuild the Afghan Air Force (AAF) began in 2007 and will continue through 2017. During 2014, the Air Force planned and executed air operations including emergency extraction, emergency casualty evacuation, air reconnaissance and troop transport airlift with limited ISAF support. In May, Mi-17 helicopters and C-130 transport aircraft from the AAF provided critical humanitarian aid and disaster-relief supplies to victims of a landslide in Badakhshan province within hours of the disaster.

The ANSF protected the Afghan population during political and cultural events across the country. During the presidential and provincial council elections, the ANSF planned and provided security throughout all 34 provinces with limited ISAF support. Both in April for the first round of elections and again in June for the run-off, the ANSF helped create the conditions that enabled over seven million voters to cast ballots at more than 6,100 polling centres.

Despite delays in the process, the country's presidential elections were a success, sending a clear signal from the people of Afghanistan about the course of their country's future. This was the first peaceful transfer of authority in Afghanistan's modern history and shows how far the country has come.

Concluding ISAF

In 2014, NATO's role in Afghanistan continued to evolve as the ISAF operation came to a close. Over the course of the year, 73 bases were closed or transferred to the Afghan forces. Over 36,000 troops from 39 troop-contributing nations were redeployed. More than 25,000 pieces of equipment were donated to the Afghan authorities. In September, the NATO Airborne Warning and Control System (AWACS) fleet returned to Geilenkirchen, Germany. While in Afghanistan, the fleet conducted air surveillance, tactical air support and other valuable roles through more than 1,200 missions and 12,000 flight hours.

With over 50 countries having participated, ISAF was the largest international coalition in recent history. Through the experience, all involved improved their ability to act and operate together. This effort demonstrated political solidarity among NATO Allies and partners throughout the years of the operation.

A new chapter

With the completion of ISAF at the end of 2014, the nature and scope of NATO's engagement with Afghanistan is changing. At the NATO Summit in Wales, leaders affirmed three parallel and mutually reinforcing strands of activity that will comprise NATO's relationship with Afghanistan in the years to come.

These include:

-- the train, advise and assist mission, Resolute Support;

-- financial assistance to the Afghan forces; and

-- an enduring partnership built on political consultations and practical cooperation.

In September 2014, NATO and Afghanistan signed a Status of Forces Agreement (SOFA), which was later ratified by the Afghan Parliament. The SOFA provides the legal basis for the presence of NATO forces in Afghanistan to train, advise and assist the Afghan National Defence and Security Forces (ANDSF) after 2014 through the new NATO-led mission, Resolute Support. The mission is also endorsed by the international community at large, as reflected in United Nations (UN) Security Council Resolution 2189, unanimously adopted on 12 December 2014.

Afghan national unity: NATO Secretary General Jens Stoltenberg greets Afghan President Mohammad Ashraf Ghani (left) and Chief Executive Abdullah Abdullah (right) on their first

visit to NATO HQ.

Resolute Support will include approximately 12,000 personnel from Allied and partner countries. It will operate with one hub in Kabul and four spokes in Mazar-e Sharif, Herat, Kandahar and Laghman. At each of the Train, Advise and Assist Commands (TAACs), a framework nation will play a coordinating role. Other Allies and partners will contribute with personnel and equipment.

While Resolute Support is not a combat mission, it is not without risk. Afghan forces are providing security in the country and are successfully responding to attacks with bravery and professionalism. Yet insurgent efforts to disrupt Afghanistan's progress and change the course for which the citizens of the country voted are likely to continue. Areas of rural Afghanistan remain contested and fighting is expected to persist in 2015. In this environment it is important that the servicemen and women of the ANDSF continue to receive the support of the international community, including through the training, advice and assistance of Resolute Support, as well as through financial assistance.

NATO Allies and ISAF partners have provided support to the Afghan forces on the understanding that the Afghan government will make an increasing financial contribution. At the Wales Summit, contributors renewed their financial commitment to support the sustainment of the Afghan security forces. NATO's existing Afghan National Army (ANA) Trust Fund has been adapted to serve as one of the funding streams helping to sustain the ANDSF after 2014 and to ensure that the money can be disbursed and accounted for in accordance with donors' requirements. NATO will continue to work with Afghan authorities to review the force structure and capabilities of the ANDSF to achieve a sufficient and sustainable force. As agreed at the 2012 NATO Summit in Chicago, Afghanistan should assume full financial responsibility for its forces no later than 2024.

Kosovo

2014 marked the 15th year of the NATO-led force (Kosovo Force or KFOR) that was deployed to contribute to a safe and secure environment and freedom of movement in Kosovo, in accordance with UN Security Council Resolution 1244. NATO's role in Kosovo has evolved over this period to include assisting in the return and relocation of displaced persons and refugees, providing medical assistance, protecting patrimonial sites, suppressing cross-border weapons smuggling, and helping stand down the wartime security corps and establish the Kosovo Security Forces, along with structures to provide civilian oversight.

NATO's mission in Kosovo is carried out in close cooperation with other international actors including the UN, the EU, and the Organization for Security and Co-operation in Europe (OSCE). Together, these organisations have helped to foster the environment needed to build a durable peace and a prosperous future for a multi-ethnic Kosovo. NATO continues to support the EU-facilitated dialogue between Priština and Belgrade that led to a landmark agreement in April 2013. While political challenges remain, progress is palpable. The general

election held in Kosovo in June 2014 was one demonstration of improvements, with Kosovo's security forces providing for orderly, secure proceedings, avoiding the violence that had disrupted previous elections.

This progress is on track to continue, and NATO remains committed to fostering peace and stability in Kosovo. To this end, the Alliance will continue to adapt to the conditions on the ground and will make any changes to its force posture in Kosovo on the basis of those conditions, in accordance with the UN mandate.

Counter-piracy

In 2014, the international efforts to counter piracy off the Horn of Africa and in the Gulf of Aden yielded continued success. The number of piracy incidents off the coast of Somalia reached its lowest in recent years; no ships have been seized since May 2012, and there were fewer than five incidents in 2014. In 2010 and 2011, there were over 120 attacks per year. NATO's Operation Ocean Shield, in close cooperation with the US-led Combined Maritime Forces, the EU Naval Forces and independent contributors to these efforts, has effectively and dramatically reduced pirate activity in the region.

This reduction in piracy incidents is important for the global economy as well as for regional security. Yet while the successes are clear, Somalia-based piracy has not yet been eradicated. A continued international naval presence off the coast of Somalia will be needed to give time and space for long-term efforts addressing the root causes of piracy to yield results.

At the Summit in Wales, Heads of State and Government agreed to continue Operation Ocean Shield until the end of 2016. The EU has extended its Operation Atalanta for the same period, and NATO and the EU will continue to ensure the complementarity of these efforts.

While the focus of NATO's efforts off the Horn of Africa continues to be at-sea counter-piracy operations, the Alliance is also working with regional actors to build capacity so that they can better address the root causes of piracy. While not the lead actor in this realm, NATO capacity-building programmes include training, education courses, participation in military exercises and advice on security sector reform.

CHAPTER 2 – Investing in defence

At the NATO Summit in Wales, Allies agreed the Readiness Action Plan to strengthen NATO's collective defence and a defence investment pledge to strengthen Allies' ability to fund sustained defence efforts. They also approved a defence planning package and set priorities related to training, equipment and technology to ensure that NATO forces are properly prepared and equipped for whatever challenge may come.

Defence investment pledge

In Wales, NATO leaders pledged to stop the cuts to defence budgets, to increase investment as economies recover, to make the most effective use of available funds, and to strive for a more balanced sharing of the costs and responsibilities of their common defence. This is the first time NATO Heads of State and Government have made this kind of commitment.

In 2006, Allies agreed voluntary targets for defence spending: 2% of Gross Domestic Product (GDP) should be allocated to defence expenditures, while 20% of those expenditures should be dedicated to research, development and acquisition of major defence equipment.1 In the defence investment pledge, Allies affirmed that those countries already meeting these targets would continue to do so and that those below would halt any decline, aim to increase defence expenditure in real terms as GDP grows, and aim to move towards the 2% and 20% targets within a decade.

The pledge was needed because the amount of resources dedicated by Allies to defence has been on a steady decline since the end of the Cold War. In 1990, the 14 European Allies spent USD 314 billion on defence in real terms.2 By 2010, defence spending in NATO Europe had dropped to USD 275 billion, despite 12 additional European countries having joined the Alliance. In 2014, it is estimated that European members of NATO spent USD 250 billion on defence.

The cuts to defence expenditures, deepened by the financial crisis, diminish the options available to the Alliance and reduce the extent to which Allies equitably share responsibilities. The defence investment pledge is an important signal that Allies are committed to addressing the mismatch between challenges faced and resources available. Progress on this pledge will be reviewed annually, starting in June 2015.

Developing the right capabilities

Spending targets can provide useful indicators for progress, but absolute figures for defence investment are only as meaningful as the military capabilities they produce. The investment by Allies in defence includes procuring the right equipment, ensuring that the men and women who serve are properly trained, and providing the right frameworks through which troops and equipment are deployed.

In Wales, Allies agreed on priorities that include enhancing and reinforcing training and exercises, improving command and control structures, Joint Intelligence, Surveillance and Reconnaissance, ballistic missile defence, and cyber defence. They emphasised the importance of multinational cooperation, which allows for significant operational and cost benefits. They also affirmed the importance of inclusive, sustainable, innovative and globally competitive defence industries on both sides of the Atlantic.

NATO Forces 2020

As agreed at the 2012 Chicago Summit, NATO Forces 2020 establishes the goal of developing modern, tightly connected forces that are equipped, trained, exercised and commanded to operate together and with partners in any environment. Smart Defence and the Connected Forces Initiative contribute to meeting this goal, and the newly adopted Readiness Action Plan complements and reinforces these initiatives by improving overall readiness and responsiveness.

Smart Defence is an initiative to help Allies generate defence capabilities by harmonising requirements and pooling resources. It facilitates specialisation and multinational collaboration among Allies and provides an important tool for meeting priority targets. Since its launch in 2011, 33 Smart Defence projects have been developed. While most of these are longer-term endeavours, six projects have already been completed and are delivering important assets for the Alliance, four of these in 2014. Also in 2014, two additional Smart Defence projects were launched to tackle the cyber threat and build capacity in that field. This brings the total to three Smart Defence projects on cyber defence, including the Malware Information Sharing Platform, the Smart Defence Multinational Cyber Defence Capability Development project, and the Multinational Cyber Defence Education and Training project. And at the Wales Summit, further projects were agreed, including a project to procure air-to-ground precision-guided munitions cooperatively.

European Allies play a leading role in Smart Defence, actively participating in or heading all 27 current projects. Another way in which European Allies are leading to contribute to NATO's common security is through groupings under the leadership of framework nations, whereby Allies work on a multinational basis to develop forces and capabilities required by the Alliance. The Framework Nation Concept is based on NATO's experience in Afghanistan and was endorsed by Heads of State and Government in Wales. Ten Allies, facilitated by Germany, committed to focus on creating coherent sets of capabilities in a range of areas. Another group of seven Allies, facilitated by the United Kingdom, established a Joint Expeditionary Force that will be rapidly deployable and capable of conducting the full spectrum of operations, including high-intensity operations. Italy is leading a group of six Allies on the basis of regional ties to promote stabilisation and reconstruction, the provision of enablers, the usability of land formations, and command and control.

The Connected Forces Initiative (CFI) focuses on the ability of NATO's forces to work together and with partners in complex operations across a variety of environments. The initiative was launched to ensure that the Alliance was building on the lessons learned over 20 years of intense operational experience. Through education, training and exercises, Allies develop the skills and understanding needed to be effective in multinational operations.

One element of CFI is a deployable command and control capability for Special Operations. In a dynamic and uncertain security environment Special Operations Forces are essential, complementing air, land and maritime forces. The Special Operations Component Command Core (SOCC Core) includes approximately 70 personnel on very high readiness and provides

a scalable, deployable command and control option that can support NATO operations. The SOCC Core was declared to have full operational capability at the Wales Summit in September.

Taking full advantage of available technology is also part of CFI, and Federated Mission Networking (FMN) is a prime example of NATO applying lessons from recent experience to provide a more integrated structure from which to operate. Through the experience of ISAF in Afghanistan, the value of a coalition-wide network was made clear: greater situational awareness facilitates more effective decision making. Rather than building a network only after a mission is established, FMN provides a ready mechanism that can support any training, exercise or operation that NATO might undertake in the future.

NATO Air Command and Control System

NATO's systems for air command and control, along with national systems within NATO European territory, track all civilian and military aircraft in NATO airspace over continental Europe, providing 24-hour surveillance of the skies. NATO is upgrading a variety of NATO and national systems with the NATO Air Command and Control System (ACCS). By integrating air mission control, air traffic control, airspace surveillance, airspace management and force management functions, this system will provide a Recognised Air Picture. This will enable NATO and its members to manage all types of air operations over NATO European territory and during deployments beyond NATO's territory.

A further advantage of ACCS is its deployable capability, which was successfully used during an exercise in 2014 to provide live aircraft control. This deployable air command and control capability, including its radar, is due to reach initial operational capability in early 2015. This new system underwent a series of tests in 2014 that will enable the operational use of the system to increase throughout the next three years, achieving full operational capability in 2017.

Joint Intelligence, Surveillance and Reconnaissance

2014 was an important year in advancing NATO's Joint Intelligence, Surveillance and Reconnaissance (JISR) capabilities. In an operation, informed decision making requires a consolidated view of NATO and national air, ground, sea, and space assets. JISR brings together a combination of processes, systems and people to enable the production of fused reports.

Better intelligence: surveillance drones tested during a major trial in Norway.

In May, the Alliance held the largest JISR trial in its history, "Unified Vision 14". The trial, which took place in Norway, tested NATO's ability to gather information and synthesise intelligence from multiple sources at different stages of a crisis. With satellites, aircraft, unmanned aerial vehicles, naval vessels, ground sensors and human intelligence from 18

Allies, the trial demonstrated significant progress and provided important feedback that will bring NATO closer to achieving its target of initial operational capability at the end of 2016.

As part of the trial, a US Air Force RQ-4 Global Hawk conducted several flights, demonstrating the safe operation of high-altitude unmanned systems in European airspace. NATO is acquiring the Global Hawk to provide a NATO-owned and operated Alliance Ground Surveillance (AGS) capability. The first NATO AGS personnel arrived at the main operating base in Sigonella, Italy in 2014, where they are coordinating infrastructure work to support the timely integration of the AGS capability.

Ballistic missile defence

As part of NATO's commitment to collective defence, Allies agreed in 2010 to extend NATO's ballistic missile defence (BMD) capability to provide coverage and protection of all NATO European populations, territory and forces. Since then, work has been underway to acquire and develop the equipment and infrastructure needed to make this capacity fully operational. In 2014, NATO's BMD was made more robust through additional national voluntary contributions as well as further refined command and control arrangements and procedures. During 2014, two US BMD-capable Aegis vessels arrived at their new home port in Rota, Spain, and two more vessels will arrive in 2015. These ships have advanced sensor capabilities and interceptor missiles that can detect and shoot down ballistic missiles. Deployment of the land-based version of these capabilities, Aegis Ashore, in Deveselu, Romania is on track for completion in 2015. A second Aegis Ashore site will be established in Poland in 2018.

Cyber security

As the Alliance looks to the future, cyber threats and attacks will continue to become more common, sophisticated and potentially damaging. Responding to the evolving challenges in the cyber domain, NATO leaders endorsed an Enhanced NATO Policy on Cyber Defence and a Cyber Defence Action Plan at the Summit in Wales in September. Building on the accomplishments of previous NATO cyber defence policies, the 2014 policy reflects the evolution of the threat landscape, technological environment, and broader international approach to the issue. The policy establishes that cyber defence is part of the Alliance's core task of collective defence, confirms that international law applies in cyberspace, and intensifies NATO's cooperation with industry.

In 2014, NATO systems registered over 3,000 cyber security events. The top priority of NATO cyber defence is the protection of the communications systems owned and operated by NATO. To this end, NATO has invested in its NATO Computer Incident Response Capability (NCIRC). In May 2014, NCIRC reached full operational capability, expanding the protection of NATO networks to 52 locations.

NATO continued, in 2014, to integrate cyber defence components in its exercises, training and education. In November 2014, the Alliance held its largest cyber exercise to date using the NATO Cyber Range – a platform for testing and evaluating software-enabled solutions to security problems.

Countering terrorism

NATO's efforts to counter terrorism include projects to develop and enhance capabilities that fill critical shortfalls and meet NATO's priorities. At the Joint Chemical, Biological, Radiological and Nuclear (CBRN) Defence Centre of Excellence in Vyškov (Czech Republic), NATO's first CBRN Reach-Back Centre has been established. This is an operations room from which key stakeholders can connect with scientific and technical CBRN experts, providing subject-matter expertise wherever and whenever required.

Safer route clearance: robots counter improvised explosive devices (IEDs).

New standards were introduced for armoured vehicle protection and the testing of jammers against radio-controlled improvised explosive devices (IEDs). Through a voluntary national contribution fund, NATO members supported activities related to future detection technologies, a prototype database to support countermeasure development against radio-controlled IEDs, and training for counter-IED operators. NATO also adopted a new doctrine of route clearance, incorporating lessons learned by NATO countries in different theatres, including Afghanistan, and adapting surveillance and reconnaissance capabilities to new technologies.

Other aspects of technological advancement to counter terrorism include work to better protect large aircraft through infra-red counter-measures, as well as a planning tool to support harbour protection called "Safe Port".

Reforming NATO's structures

NATO's work to reform its structures and improve its efficiency is an ongoing effort. Implementation of the NATO Command Structure that was agreed in 2011 is approaching its final milestones. In 2014, Combined Air Operations Centre Torrejon and Allied Land Command Izmir achieved full operational capability. The new NATO Command Structure is due to be fully operational in December 2015. The reform of NATO Agencies also continued in 2014, yielding a better governance structure, more efficient services and cost savings. NATO has reduced and consolidated its Agencies from fourteen in 2011 to three in 2014. And to improve NATO's ability to recruit and retain qualified talent, Allies are examining a NATO-wide human resources strategy that would align the administration of international civilian personnel in accordance with common objectives and priorities.

New Headquarters: efficient, flexible and sustainable.

The construction of NATO's new headquarters in Brussels, Belgium is on track for completion, with the move scheduled for 2016. The building will house NATO's International Staff, International Military Staff, NATO Agencies and the delegations of all NATO members. The new headquarters provides a catalyst for the transformation and revitalisation of how the Organization functions. The building will also enable NATO to reduce its headquarters' environmental impact and optimise energy consumption.

CHAPTER 3 – Cooperation

Twenty years ago, NATO began to formalise the mechanisms through which it could advance both practical and political cooperation with partners, establishing the Partnership for Peace and the Mediterranean Dialogue in 1994. Today, working with partners is one of the Alliance's core tasks. International events in 2014 demonstrated, once again, the value of NATO's partnerships and the need to continue strengthening relations with partner countries and international organisations.

Reinforcing the ability to work together

NATO is well-equipped to lead multinational operations and is more effective with the support of its partners. Many partner countries are steady contributors to NATO-led operations, providing troops, equipment or substantial financial aid to efforts in Afghanistan, Kosovo, and the fight against piracy. The experience and know-how gained through this active cooperation is the impetus for the Partnership Interoperability Initiative. The initiative was launched at the 2014 NATO Summit in order to maintain and bolster the experience acquired when NATO's operational tempo was at its highest.

To stay connected and interoperable, a particular and renewed focus is placed on ensuring that the partnership interoperability "toolbox" is used effectively and that exercises, education and training adequately support the interoperability objectives. One of the key innovations of the Partnership Interoperability Initiative is the creation of the Interoperability Platform, which provides a framework for Allies and 24 partners to pursue cooperation and dialogue on interoperability.

Partner countries have also been offered the opportunity to craft detailed, tailor-made relationships with NATO. So far, enhanced opportunities within the initiative have been formally offered to Australia, Finland, Georgia, Jordan and Sweden in view of the significant contributions these countries have made to NATO-led operations and, more generally, to deepening their relations with NATO.

Work on interoperability goes beyond practical cooperation in the field, whether through operations or military exercises. Staying connected involves education and training. NATO's Defence Education Enhancement Programme (DEEP) focuses on increasing intellectual interoperability between members and partners. In 2014, 12 countries continued their participation in this programme (Afghanistan, Armenia, Azerbaijan, Georgia, Iraq,

Kazakhstan, Mauritania, the Republic of Moldova, Mongolia, Serbia, Ukraine and Uzbekistan). The Republic of Moldova, for example, is pursuing a four-year officers' programme, which will be fully operational from summer 2015. In Ukraine, which has the most extensive engagement with DEEP, 40 events were conducted in 2014, involving more than 30 NATO experts and 150 Ukrainian faculty members. NATO also appointed a special advisor for military education reforms who will lead the experts responsible for advising the Ukrainian Ministry of Defence on state-of-the-art military education systems.

Strengthening engagement and coordination with international and regional organisations is also a priority for NATO – not least because the complex challenges to international security demand a comprehensive approach. At the NATO Summit in Wales, NATO Foreign Ministers held a meeting with the EU High Representative for Foreign Affairs and Security Policy, the OSCE Chairman-in-Office and the Secretary General of the Council of Europe to discuss closer cooperation and issues of common concern. This was the first time such a meeting took place.

Defence and Related Security Capacity Building

NATO is bolstering its existing partnership tools with the creation of the Defence and Related Security Capacity Building Initiative. This initiative, agreed at the NATO Summit in Wales, seeks to reinforce cooperation in two broad areas of activity. The first area involves advice on defence reform and institution building, including national security architecture, policy and defence planning. The second involves defence capabilities and the development of local forces, usually focused on education and training over an extended period of time.

This initiative differs from other partnership tools because it focuses primarily on short-term stability efforts. NATO has extended invitations to Georgia, Jordan and the Republic of Moldova and is ready to consider requests from other interested countries – partner or non-partner – and organisations. In December, Iraq requested consideration as part of this new initiative. And when conditions permit, NATO is also ready to provide defence and related security capacity advisory support for Libya. To help carry the initiative forward, NATO's Deputy Secretary General has been appointed as Special Coordinator for Defence Capacity Building, and a military hub has been established within the NATO Command Structure to support related issues.

Supporting Ukraine

Throughout the recent crisis in the East, NATO has shown strong political support for Ukraine and its freedom to decide its own future. At the Wales Summit in September, NATO Heads of State and Government met Ukrainian President Petro Poroshenko, sending a strong political message of NATO's unwavering support for Ukraine's sovereignty, independence and territorial integrity and for the rules-based Euro-Atlantic security order. Allies are also reinforcing their advisory presence at the NATO offices in Kyiv and will continue to promote the development of greater interoperability between Ukrainian and NATO forces.

Support for Ukraine: Ukrainian President Petro Poroshenko at the Wales Summit.

Within the framework of the Distinctive Partnership with Ukraine that was agreed in 1997, NATO has increased its practical support to the country as the crisis developed. Measures include a number of immediate and short-term actions to help Ukraine cope with the current crisis, as well as longer-term measures geared towards capacity building, capability development, and reform of the armed forces and the security sector.

In this context, Allies launched five new trust funds to support command, control, communications and computers (C4), logistics and standardization, cyber defence, military career transition and the rehabilitation of injured military personnel. These trust funds add to NATO's support for existing programmes on defence education, professional development, security sector governance and security-related scientific cooperation. In 2014, Ukraine was the number one beneficiary of the Science for Peace and Security (SPS) Programme, with 15 new projects and an estimated Euro 10 million budget for the 2014- 2017 period.

Open door

Four partner countries aspire to NATO membership: Bosnia and Herzegovina, Georgia, Montenegro and the former Yugoslav Republic of Macedonia.3

At the Summit in Wales, NATO leaders agreed to launch a period of "intensified and focused talks" with Montenegro to address the remaining issues with regard to the country's membership aspirations. Montenegro's progress will be assessed no later than the end of 2015 with a view to deciding whether to invite the country to join the Alliance.

NATO leaders also agreed to develop a substantial package of measures with Georgia to help the country prepare for future NATO membership. The measures aim to strengthen the country's capabilities through defence capacity building, training, exercises and enhanced interoperability opportunities.

An invitation to the former Yugoslav Republic of Macedonia will be extended after a mutually acceptable solution to the issue over the country's name is reached within the framework of the United Nations.

NATO will continue working with Bosnia and Herzegovina to pursue the reforms needed to meet NATO standards. This principally involves registering immovable defence properties as state property in Bosnia and Herzegovina.

A wide network of partnerships around the globe

NATO's cooperation with partners spans the globe, with countries volunteering expertise and know-how from different continents in a joint effort to resolve common security concerns.

Closer cooperation: counter-piracy is one area where NATO works with partners.

In the Asia-Pacific in 2014, Japan became the fifth partner in the region to sign an Individual Partnership and Cooperation Programme (IPCP) after Mongolia, New Zealand, the Republic of Korea and Australia. The IPCP, which was signed by Japanese Prime Minister Shinzo Abe in May 2014, focuses on areas including disaster relief, cyber defence, counter-piracy, and interoperability. Australia, Mongolia and New Zealand were recognised as contributors to the Resolute Support Mission, through which NATO will provide training, advice and assistance in Afghanistan.

NATO pursued outreach with other countries in the region, such as China, to discuss issues of common interest including Afghanistan and counter-piracy. The Alliance also remained engaged in informal regional meetings on security including the Shangri-La Dialogue, the Jakarta Defence Dialogue and the Seoul Defence Dialogue.

NATO established a partnership with Iraq in 2012 to help the country build more effective security forces. The partnership includes cooperation in the areas of political dialogue, education and training, response to terrorism, defence institution building and border security, among others. With the Iraqi government's request at the end of 2014, the Alliance is considering additional cooperation and support within the framework of the new Defence and Related Security Capacity Building Initiative.

NATO and its partners continued work to remove barriers to women's active and meaningful participation in conflict prevention, management and resolution as well as in peace-building and post-conflict cooperation initiatives. Work also continued to reduce the risk of conflict-related sexual and gender-based violence, with military guidelines in this area currently being developed. In 2014, a revised policy and a two-year Action Plan on Women, Peace and Security were developed with and endorsed by partners in the Euro-Atlantic Partnership Council (EAPC), as well as Afghanistan, Australia, Japan, Jordan, New Zealand and the United Arab Emirates. These policy documents set ambitious targets and objectives for NATO to further mainstream UN Security Council Resolution 1325 and related resolutions in its activities in order to make this agenda an integral part of everyday business in both civilian and military structures.

Empowering women: an Afghan officer trains with an Australian mentor in Kabul.

A unique aspect of NATO's 2014 efforts in this area included a consultation conference with representatives from civil society, who were invited to provide recommendations that directly influenced the development of the Action Plan. The interactions between NATO members and partners as well as other international organisations and civil society groups have proven to be valuable for mobilising political commitment and facilitating practical cooperation.

Projects on UN Security Council Resolution 1325 implementation have been developed and funded by NATO's SPS Programme as well as through a trust fund. The NATO Committee on Gender Perspectives brings together Allies and partners to discuss best practices in

integrating gender perspectives in operations and regarding the recruitment and retention of women in the armed forces.

A further milestone in advancing the Women, Peace and Security agenda within NATO was achieved with the decision to make the NATO Special Representative for Women, Peace and Security a permanent position within the International Staff at NATO Headquarters.

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.

Figures in constant 2010 US Dollars.

Turkey recognises the Republic of Macedonia with its constitutional name.

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Source: https://www.nato.int/en/news-and-events/events/transcripts/2015/01/30/the-secretary-generals-annual-report-2014