MFO FY 2015: Introduction by the Director General

In a year of extraordinary challenge and change, the Multinational Force and Observers (MFO) maintained its mission of peace in service to Egypt and Israel. In a small area of the northeast Sinai, the epicenter of militant violence directed at the Egyptian government, the MFO faced a growing threat from indirect fire, crossfire, and “friendly” fire incidents, Improvised Explosive Devices (IEDs) and “wrong place/wrong time” risks, which culminated in selective but deliberate attacks against the MFO at, and in the vicinity of, our North Camp. In September 2015, seven MFO soldiers were wounded, thankfully none with life-threatening injuries, by two IED incidents and one episode involving indirect fire impacting our North Camp. These events occurred despite a vigorous and continuously developing set of plans and actions to increase the safety of our peacekeepers while maintaining the mission and sustaining support. This is the fundamental narrative of our report for MFO Fiscal Year 2015 (FY15) (1 October 2014 - 30 September 2015).

The Security Environment

On 9 November 2014, the Sinai terrorist group Ansar Bayt al-Maqdis “pledged allegiance” to the Islamic State, and changed its name to Wilayat Sinai (WS). This group’s operations are concentrated in the northeast Sinai where, over the past year, assassinations, IEDs, indirect fire, and assaults on Egyptian security positions escalated to sophisticated, large-scale attacks against multiple Egyptian security targets which made the news on several occasions. The majority of these attacks were concentrated in the towns of el Arish, Sheikh Zuweid, and Rafah and their environs. This overlaps closely with the northern area of operations of our Fijian Battalion (FIJIBATT) and is very near to our North Camp.

On the evening of 9 June 2015, in the first attack of its kind, six 60mm militant mortar rounds struck inside and along the perimeter of our North Camp and near our flight line. Fortunately, the MFO had just completed major force protection (FP) engineering works around the Camp thanks to expertise and manpower provided by the United Kingdom and funding from Japan and Germany. Our flight line area underwent a security upgrade two weeks prior, with improved HESCO barrier blast protection, which prevented significant damage to MFO resources. Other HESCO barriers and concrete shelters were also installed around the Camp, which provided protection for personnel during the period of that attack as well as on subsequent occasions when indirect fire into the Camp was detected.

On 3 September 2015, an MFO resupply convoy struck an IED in the vicinity of North Camp. As a result, two FIJIBATT personnel were wounded. Subsequently, a response vehicle struck another IED resulting in the injury of four United States Battalion (USBATT) personnel. All six soldiers were evacuated to a local hospital for further treatment and evaluation, but none sustained life-threatening injuries and all were quickly released.

On 11 September 2015, a WS attack on Egyptian military personnel in the vicinity of North Camp resulted in small arms fire impacting the Camp and one FIJIBATT soldier was wounded. I wish all of these soldiers a complete recovery. On 16 October 2015, a mobile observation team Fully Armored Vehicle (FAV) struck an IED on a
road along the Mediterranean coast. Thankfully, none of the FIJIBATT personnel in the vehicle were injured.

The MFO’s Egyptian-contracted and contractor workforce has also been affected by the increased instability. In March 2015, the bus used by our labor subcontractor, Care Services, was stopped on a number of occasions, with personnel questioned and on occasion threatened by militants. In April 2015, a convoy of deliveries on its way to North Camp was stopped by militants not far from the Camp and told to return to Cairo. The convoy turned around but remained overnight in el Arish. The next day they arrived safely at North Camp; however, after making delivery and leaving the Camp, they encountered the same militants and five of their trucks were seized and burned. As a result of such events, most MFO contractors, other than Care Services, have declined to work in this northeastern area. This made completion of FP and other engineering projects difficult, leading us to seek temporary military engineering augmentation.

MFO Mission

In the face of these injuries, attacks, and the continuing threat environment, one may ask why the MFO peacekeeping mission remains so important and why it should be continued. Principally, it is for the two Treaty Parties, Egypt and Israel, to address this question and they describe our work as more important than ever to their bilateral relationship. The MFO offers the Parties:

- Confidence-building in support of their evolving, positive security cooperation through observation and verification of the situation on the ground, and our accurate and timely analysis and reporting. The Parties’ strong coordination is reflected in the unprecedented agreed deployments of Egypt’s military counterterrorism campaign in the Sinai. This cooperation rests on the MFO’s crucial, professional and impartial role at the center of their security relationship, and our freedom of access on the ground to go where we need to go.

- Facilitation of Party discussions and meetings by providing MFO venues, MFO transportation, and other assistance.

- Our “best efforts,” as mandated by the Security Annex to the Treaty of Peace, to prevent violations and misunderstandings, and find solutions. To that end, my own diplomatic efforts, as well as those of my Representatives in Cairo and Israel and the Force Commander are called into play to address more systemic issues and find solutions.

The work which the MFO carries out for the Parties is not mere mechanical counting. Most importantly, we have established and maintain a system of relationships and cooperation that cannot be replaced by technology or overhead imagery. Our work is based on a network of partnerships at every step, ranging from the Treaty Party Liaison Officers who travel with our Civilian Observers to confirm observations on the ground or in the air, to the daily liaison coordination in the field, to the detailed reporting provided to both Parties, to my own personal diplomacy and that of my senior officers with their counterparts. The Parties together created the MFO and fund most of its expenses. The MFO works for and with them. This is their MFO. This fundamental set of relationships creates the credibility on which our work rests.

Throughout most of the Sinai, our mission is currently “operations normal.” When, as will be noted later in this report, pockets or locations in the northeast Sinai have been inaccessible, we have done all we can to arrive at sensible work-around solutions while keeping our peacekeepers as safe as possible. Safety remains our primary preoccupation. We have undertaken multiple initiatives and are innovating in ways that may change the face of MFO peacekeeping while retaining the mission intact and unaltered.

Responses

In the aftermath of the 9-10 June 2015 mortar attack, we engaged with the Treaty Parties and the U.S. Government to record our urgent FP concerns and requirements. The U.S. Central Command immediately provided a vulnerability assessment team to identify shortcomings
and unilaterally provided assistance to enhance self-defensive capabilities at North Camp, including sense and warn, and observation equipment, to help the MFO detect an imminent attack on North Camp and to warn personnel to seek cover. As previously noted, shelters and protective works were expanded with British, German, and Japanese support. The project was timely as indirect fire incidents spiked shortly after project completion.

We also removed personnel from two remote sites. Checkpoint (CP)1-F, in close proximity to North Camp, was a source of concern beginning in the spring with a persistent and threatening militant presence around the site. Following several observed IED emplacements between North Camp and CP1-F, and the IED attack and injuries on 3 September 2015, which occurred on a road used to support the site, the Force Commander and I determined that the site could no longer be safely sustained. After notification to both Treaty Parties, all personnel and key equipment were safely extracted from CP1-F on 6 September 2015. Subsequently, on 8 September 2015, at least eight IEDs were detected on the road leading to Temporary Observation Post (TOP)1-H, effectively isolating that remote site. We were then advised that Egyptian Armed Forces (EAF) clearing operations had removed some forty IEDs on that route and others in the vicinity. The sheer magnitude of this threat and its persistence led the Force Commander and me to likewise extract all personnel and key equipment from that site on 21 September 2015. Neither closure poses a material hindrance to the ongoing conduct of the MFO mission; CP1-F was within five kilometers of North Camp, and our TOP1-J lies four kilometers from the closed TOP1-H. Both closed sites faced a growing threat from the sustained local presence of militants and the emplacement of IEDs making their resupply impractical and their ongoing use untenable. The mission of the MFO is peacemaking, and here the risks of trying to maintain the sites clearly outweighed any benefits.

We decided to rebalance administrative and logistics functions for the Force between North Camp and South Camp. While North Camp has historically functioned as our main camp, the changed security situation in its vicinity led us to rethink how we do business. Accordingly, to permit a rebalancing of resources and people, we reprogrammed funds in our FY16 budget and, subject to coordination with the three Funds-Contributing States (FCS: Egypt, Israel and the United States), propose to draw down money from the Capital Asset Replacement Fund (CARF). Together with a better than expected FY15 year-end close, this will permit us to replace, extend, or construct the necessary offices, facilities, and accommodations for this transition at South Camp. On this basis, there would be no request to the FCS for additional funding for this project and no negative impact on forward budgetary projections previously shared with the FCS.

This transition has begun already. The Force Commander, leading by example, will establish an alternate headquarters at South Camp this month. Completion of this process will take time, but the end result will reduce the population at North Camp to that only necessary for supporting continued operations in the northeast Sinai. The central purpose of this move is the reduction of risk: risk to our personnel on North Camp from attack or indirect fire, risk to logistics movements to and from the Camp, and risk to assets on the Camp. The shift also presents us with opportunities for greater efficiency. For example, we plan to deliver supplies directly to South Camp that were formerly transshipped via North Camp; the means to increase direct logistical support to South Camp is being coordinated with both Parties. At the same time, retaining North Camp is essential as the northeast Sinai remains strategically important. As the focus for counterterrorism operations, it is the area with the largest agreed deployments of EAF requiring MFO verification and thus a key area for accomplishing the mandate the Treaty Parties have given the MFO. The Camp is needed to continue supporting remaining northern remote sites, regional mobile observation teams, and Civilian Observer Unit (COU) reconnaissance and verification missions. As security conditions permit, the MFO in future may again rebalance its resources as appropriate.

Several functional areas are currently being shifted to South Camp including aviation maintenance for helicopters, vehicle maintenance, and personnel administration. Support for our fixed-wing aircraft is being moved to our facility at Sharm el Sheikh.
Airport where we have had excellent cooperation and understanding from our Egyptian colleagues and strong support from the Egyptian Liaison Agency with International Organizations (LAWIO). With a more regular presence of the Force Commander and key staff, South Camp will require an alternate operations center, enhanced communications capabilities, and perimeter security improvements. To support South Camp as a logistics hub, expanded warehousing and other facilities, and accommodations for all personnel being moved, will be required, and we are shifting Force driver resources accordingly. We have also recruited additional truck drivers in the Cairo Office and have had to acquire some platforms for fuel and other deliveries that were formerly conducted by contractors. We actively seek donor project support for this critical, FP-driven, shift of personnel, assets, and resources to South Camp.

We continued our program of remote site FP upgrades, scaled to our priorities and resources, using funding provided by the U.S. Government and Australia. FP funding also supported our ongoing armoring program to protect our personnel on the move, including armoring trucks and logistics vehicles and procuring Ballistic Engineered Armored Response Counter-Attack Trucks (BEARCATs), an improved FAV. We are looking at available sources of IED-rated trucks and tractor units, and of electronic countermeasures against IED threats. More detail is provided later in this report.

We have done extensive contingency planning internally, and with the Treaty Parties and the U.S. Government, to ensure that we have plans for foreseeable security emergencies. Force planning to extract personnel from the two remote sites discussed above and its execution in the face of IED and other threats were excellent. I commend the Force Commander, our Chief of Staff, Chief of Operations, and Force headquarters and medical staffs for the professional and expert management of the situations we have faced this year. We suffered unfortunate injuries from hostile action; however, I am convinced this report might well have been far darker without the prudent risk management undertaken by the Force Commander and his staff. We have also offered emergency medical treatment and medevac support for injured Egyptian military personnel brought to North Camp.

Safety requires making informed decisions every day about when, where, and how we can move and accomplish our mission. We have robust procedures and training for security preparedness and risk mitigation, and for daily decisions on movement and mission execution. Every day the Force Commander assesses the available information on threats and EAF operations and determines operational and logistics movements accordingly. Information directly from the Treaty Parties and other sources informs these judgments. We move in convoys and there is a strong program of convoy training. We learn from experience and incorporate lessons learned in our procedures and training. On Camp, we have “muster,” “take cover,” response team and other defensive drills. These and personnel accountability procedures have been tested and proven under fire. We are also improving our communications with robust and redundant systems and are fielding new replacement radio systems.

For longer-term planning purposes, we have offered the FCS a plan and remain ready to work with them, when and as they direct, on a reconfiguration of the Force that maintains current participation and promises a much lower risk profile, greater focus, and flexibility in meeting our current mission requirements from the Treaty Parties, and lower cost.

A major Egyptian military campaign (“Martyr’s Right”) against militants is continuing at the time of this report. These operations are intended to restore a climate of law and order in the northeast Sinai and to permit development in this economically troubled as well as insecure area. This would also facilitate a return to more normal MFO mission conditions.

As we concluded our FY15, we continued operating our remote sites, including those remaining in the northeast Sinai, military mobile patrols and observation teams, COU reconnaissance and verification missions, and logistical support for all these activities with necessary adjustments based on the local threat environment and other mobility conditions at any given time. This is a great tribute to all the men and women of the Force
and the Observers, who work so hard and imaginatively to overcome obstacles. The detailed discussion that follows in this report illustrates both the nature of these challenges and their impacts. In the meantime, we intend to continue our mission as safely as we can, and to implement the measures, procedures, and plans discussed above to mitigate risk.

**Treaty Party and Supporting State Cooperation**

Throughout this period of trial and challenge, we have had exceptional support and cooperation from LAWIO and its Chief, MG Ossama Abdelaziz. These difficult times have brought us ever closer together and I could not ask for more in the way of collegial support and understanding from him and his team. A central subject in our cooperation has been timely and accurate sharing of threat information and improved coordination to avoid friendly fire situations. While there is more for us to do in this area, our LAWIO partners have been a constant source of problem-solving and support for our mission. LAWIO has been central to our dialogue with the Egyptian Ministry of Defense and the Second and Third Field Armies and this in turn promotes our security and the continuity of our work.

The new leadership in the Strategic Defense branch of the Israeli Defense Forces (IDFSD) has quickly and ably stood up shoulder to shoulder with us to offer information and other assistance and resolve issues arising from the complicated security and logistical situation we face. Generals Ram Yavne and Avi Peled have my sincere thanks for their rapid grasp of our mission and its challenges, and the partnership they have so quickly offered.

Our Troop-Contributing Nations (see Annex A) remained essentially stable during this reporting period despite the security environment in the northeast Sinai. I recognize that the facts on the ground in that area are very different than those which existed when our Troop-Contributing Nations signed up for the MFO mission. I thank them for their continuity of service and support as we do all we can to mitigate risk.

I note two participation changes this year. On 1 February 2015, the temporary deployment of Dutch staff officers, who provided technical support to the MFO in four positions, two in the area of FP and two in policing, concluded. The MFO is very thankful for the specialized expertise of the Netherlands Royal Maréchaussée personnel throughout the period of this temporary deployment which began on 14 January 2013. The Netherlands remains fully engaged in the MFO mission as a key Donor State, a role it commenced in MFO FY06.

After twenty years of dedicated service to the MFO and the peace, Hungary ceased its participation in the MFO on 1 April 2015, and the Force Military Police role previously carried out by Hungary is now performed by the Canadian contingent which has been augmented by approximately forty Canadian Armed Forces Military Police. A formal departure ceremony took place at the MFO’s South Camp in Sharm el Sheikh, where the MFO was able to express its thanks, as we do again at this time, for the valuable contribution made by Hungary over so many years and for all the dedicated work by the men and women who served with the Hungarian contingent at both of the MFO’s Camps in the Sinai. We extend our thanks to Canada as well for taking on this role in the MFO, in addition to other tasks so ably fulfilled by the Canadian Contingent.

Donor support remained steady this FY, and we benefitted from additional monetary or in-kind contributions for FP purposes from the Governments of Germany, Japan, the United Kingdom, and the U.S. We very much appreciate this increased support. We also welcomed the Republic of Korea to the MFO family of Donor nations this year and note the in-kind support provided by Canada with respect to the special allowances, benefits and rotation costs for its Contingent. Details of FP and other donations follow later in this report.

We face rising security-related logistical costs, expenses related to the rebalancing of functions and personnel between our North and South Camps, and significant FP costs for equipment, the armoring of vehicles and physical protective works. This places a premium on maintaining and, where possible, increasing Donor and FP funding. It is a recurring theme in all my calls in
MFO Supporting State capitals. We continue to have engineering requirements on our North Camp and in the surrounding area, as well as at South Camp, which would benefit from in-kind contributions of military engineering expertise.

**FY16**

As part of the management of rising costs, the FCS agreed to increase their annual contributions by $1M to $26M each in FY16. This is the first increase we have sought since FY10, and I thank them all for their cooperation.

For many years we have advised the FCS that a stable budget could not be sustained without making changes to the MFO, and that they would face a choice between increased funding and taking steps designed to cut MFO costs. That time has now come. Accordingly, and as FP concerns made reconsideration of MFO deployments on the ground ever more urgent, the MFO shared with the FCS options for changing how the Force accomplishes the MFO mission as an alternative to a budget increase. Consultations with the Parties led those ideas to be put on hold and the FY16 budget increase was agreed. The financial section later in this report reviews our fiscal performance in FY15 and previews our challenges in FY16.
Operations

The Operations Branch has been at the center of efforts throughout the reporting period to improve methods of carrying out our peace monitoring mission, enhancing FP, and creating a new paradigm for the conduct of mission-essential tasks. While a lot has been achieved in the last twelve months, there remains more to do to address this new era of the MFO.

Thanks to the generous support of the United States and Australia, the MFO is able to maintain a special fund dedicated to FP requirements. We are particularly grateful for an increase in the United States’ contribution this year, which allowed us to undertake a number of additional projects, including the purchase of BEARCATs for use by the COU. As already noted, Germany and Japan also provided funding for a large project to provide protection from small arms rounds inadvertently falling on North Camp and the United Kingdom’s 33rd Armoured Engineer Squadron (“Royal Engineers”) carried out this work to protect offices, accommodation and key infrastructure on the camp during a three-month deployment.

Projects
During the FY, Force personnel conducted a major assessment of threat vulnerabilities and methods by which they can be reduced. This work was used to prioritize unfunded projects, enabling the Force to focus the application of available FP funds to address key shortcomings across all MFO facilities in the Sinai, as well as to craft a number of crucial projects for potential donor sponsorship. Given the great success of the United Kingdom’s deployment of Royal Engineers this year, much thought has been given to upcoming projects suitable for potential future deployments of military engineer units. Details on key FP work undertaken during this year are provided in the Force Engineering Office (FEO) section of this report. Work also continued to develop a more structured project management process by which the Operations Branch, FEO and the Information and Communication Technology (ICT) Branch work jointly to initiate and undertake new initiatives.

FAVs
For several years now, the Force has been utilizing FAVs in the northern Sinai for all light vehicle movements. With an increasing danger from crossfire, ten BEARCATs were purchased to provide additional protection from heavy-caliber weapons and Vehicle-borne Improvised Explosive Devices (VBIEDs) for COU personnel and escorts operating in the FIJIBATT Area of Operations (AO). As FP funding allows, further purchases will be made to increase the distribution of these vehicles to other Force units operating in this area.

Our aim is to ensure that all movements in the northern Sinai are conducted in armored vehicles. As a result, a program was started last year to extend the armored fleet to other vehicle types. Currently one cargo van, five passenger vans, and five tractor trucks from our existing fleet were armored in FYs 14/15. In addition, the MFO purchased three armored 52-passenger buses. Work started in early 2015 to extend our fleet of armored vehicles to include water tankers, fuel tankers, refrigerated box trucks, and dry cargo vehicles. This program will continue into the next FY.

To enhance protection against IEDs, the MFO is actively seeking a source of IED-rated trucks and tractor units among our Supporting States as well as assistance with electronic countermeasures. I note that the FAV in which our FIJIBATT personnel were travelling when it struck an IED on 16 October 2015 was donated by the U.S. Government. I would like to thank them again for this
contribution which has greatly improved the safety of our personnel as they carry out the MFO mission.

**Explosive Detection**

A major initiative undertaken this year was the acquisition of explosive detection means, for both vehicles and hand baggage, at North and South Camps’ entry control points. A layered approach was adopted, using handheld explosive trace detection devices to check personnel and their baggage and teams of military working dogs to search vehicles and their cargo. The MFO is very thankful for the two military working dog teams and their handlers provided by the U.S. Army. They have proven to be very effective and provide the MFO with a valuable means of checking vehicles accessing both Camps.

**Remote Sites**

Following the closure last FY of Observation Posts (OP)2-5 and OP3-8 and the re-commissioning of OP3-2 as a communications site (CS-3), the MFO operated 27 manned remote sites and three unmanned communication sites in FY15. This was reduced to 25 manned remote sites in September 2015 following the extraction of FIJIBATT personnel from CP1-F and TOP1-H.

During FY15, a work priority list for remote site upgrades was revalidated for the coming years. This FY, work was completed at CP1-A and CP2-B and commenced at CP3-A. With more than half of our remote sites now upgraded, the Force remains on target to complete this essential program of refurbishing remote sites and enhancing their FP capabilities by 2017. All remote sites are being refurbished to the same MFO standard. Remote site refurbishment work will continue subject to available resources.

**South Camp**

In FY16, there will be a shift in emphasis from north to south as a major project begins to upgrade the South Camp perimeter to the same high FP standard as North Camp. The plan is to execute exactly the same projects as completed on North Camp including the installation of a delay fence, an intruder detection system, and a revised entry control point. It is anticipated that construction work on the perimeter project will begin in December 2015 and continue for at least eighteen months.

**Naval Operations**

During FY15, the Italian Coastal Patrol Unit (CPU) logged a total of 4,617 hours patrolling at sea, 1,443 of which were conducted during hours of darkness. The majority of CPU activity is conducted with vessels moored at the MFO buoy in the vicinity of the Strait of Tiran. This allows for the accomplishment of the MFO mission while saving fuel and engine hours, and extending the operational capabilities of the CPU’s three Esploratore class vessels. Buoy maintenance was ensured by an inspection program conducted by CPU crews and divers. Beyond its primary mission, CPU also conducted combined training with and provided familiarization tours at sea for other MFO Contingents.

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Additionally, naval training activities were conducted in order to maintain standards and ensure proper responses to emergency events such as fires, floods, and man overboard. Great emphasis was given to live fire exercises and tactical maneuvering, both of which occur regularly during the ships’ patrolling handover at sea.

In August 2014, *ITS Esploratore* experienced a starboard engine failure which left it unable to patrol for a few months at the start of the FY. Following extensive repairs by Italian technicians, the ship is back on line and fully mission-capable. Despite this loss in service, patrolling activities were always conducted according to plan.

Dry docking of the *ITS Vedetta* was carried out successfully from November to December 2014. Due to the engine repair of *ITS Esploratore*, dry docking for the *ITS Sentinel*, initially planned for April 2015, was postponed until November 2015. Moreover, the periodic scheduled rotation with the fourth Esploratore class
vessel (for third-level maintenance in Italy) did not take place this year due to the re-tasking of ITS Staffetta for different duties. The rotation of vessels to Italy has been postponed until further notice as the vessels in service with the MFO are in good condition. This change to the vessels’ maintenance schedule should not hamper their ability to fulfill the MFO mission.

The CASA crew is replaced every six months following a two-month pre-deployment preparation period in the Czech Republic. The air unit of twelve to fourteen members is composed of flight crew members, technicians, and one Air Operations Liaison Officer. The C-295M CASA aircraft is usually replaced every third month to allow for maintenance.

Fixed-Wing Aviation Unit
FY15 witnessed the transition of responsibility for the MFO’s C-12 from the 1-214th United States Active Duty Component based in Wiesbaden, Germany, to the 11th Aviation Command, United States Army Reserve, in March 2015. The C-12 Huron currently supporting the MFO has an upgraded avionic package, which aids in reducing both pilot fatigue and operating costs, and provides flexible, reconfigurable interiors, making it equally adept at accommodating passengers or cargo, or serving as an air ambulance or fulfilling other needs.

The C-12 has proven to be a cost-effective, efficient, light transport aircraft. It is used primarily for Liaison and Bilateral missions, as a COU aerial reconnaissance platform, and to support senior Force and VIP passenger movements. In the current security environment, it is an important air asset for moving smaller groups of personnel throughout the MFO AO on short notice.

The operational readiness rate for the C-12 during FY15 was 95% and it flew 368 hours (over 250 flights) during which it moved over 1,037 passengers, and transported over 22,500 pounds of cargo.

The Czech-provided C-295M CASA continued to be the aerial workhorse of the MFO. Over the reporting period, the aircraft flew 514 flight hours, covering 391 flights, during which it moved over 10,937 passengers and 446,987 pounds of cargo. The C-295M CASA has proven its versatility by supporting a variety of missions such as logistical support, COU reconnaissance, VIP transport, contingent rotations, and, most importantly, as an “airbridge” between the MFO’s two Camps.

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Rotary-Wing Aviation Unit (RWAU)
The RWAU consists of a fleet of eight UH-60A Blackhawk helicopters. Due to a lack of available parts, caused by continued supply issues and the age of the aircraft, which resulted in unforeseen maintenance time, the helicopter fleet had a reduced mission-capable rate this year. On average, five to six airframes were mission-capable at any one time. During FY15, the Blackhawk fleet flew 75% of its total flight hour allotment. Though the current maintenance posture yielded fewer operational aircraft, the aggressive maintenance efforts undertaken this FY should allow the fleet to fly all budgeted hours in FY16. The most urgent mission for the RWAU remains medical evacuations, of which sixty hours were flown in FY15.

Flight Following (FF)
During the past FY, the FF Section, consisting of four Canadian Aerospace Operators, provided FF and air advisory services to 6,872 MFO air traffic movements (1,687 movements for the C-295M CASA; 3,122 movements for the UH-60A Blackhaws; and 1,783 movements for the C-12 Huron) and advice to 280 non-MFO air movements; an increase of 19.2% over last year. FF maintains close communications with Egyptian and Israeli air traffic controllers, utilizing both landlines and the Aeronautical Fixed Telecommunication Network, to obtain and provide quick, current and accurate information for all MFO aircraft to complete their missions.

The section is also responsible for inspecting runways to identify any possible hazards and dangers that may impede the safety of MFO flight operations. In addition, FF closely monitors local air activity to ensure de-confliction. The increase in ARE flights in the MFO’s AO and the ongoing kinetic activity in the area around
North Camp have amplified the need for notification and coordination through the Liaison System to resolve safety of flight concerns.

Training

The Force Training Team (FTT) provides training, support, coordination, and training validation to the MFO. Consisting of a military staff of eight New Zealanders, one Canadian, and one Australian, the FTT focused its efforts on two distinct areas this FY: Individual Training and Operational Evaluation and Exercises. Both these areas greatly contribute to the Force Commander’s operational goals by familiarizing new arrivals with guidelines and aiding in the maintenance of operational excellence, safety, and FP.

Individual Training

With more than 2,000 new MFO members arriving every year, individual training constitutes the main effort of the FTT. All new MFO members, whether civilian or military, require training. Each arrival receives an MFO briefing and mandatory training on safety and basic tactical skills. Depending on their assigned duties, other courses will be provided. The three main courses are Convoy training, Duty Investigator training, and Remote Site Commander training. The FTT also sent training teams to the United States in December 2014 and January 2015 to help train the incoming USBATT.

Convoy Training

The FTT continually reviews the training it provides, to tailor it to the current operating environment. During the latest reporting period, the FTT maintained its focus on Convoy training. Last FY, it became mandatory for all personnel exiting North Camp in vehicles to receive this training; this tripled the number of personnel who required training. In addition, the FTT began to conduct random weekly evaluations on convoys exiting North Camp to measure the effectiveness of the training received. Furthermore, the Convoy Commander course was revised to reflect new procedures established as a result of the volatile environment in the northern Sinai. Primary training concepts are that any vehicle movement must be conducted tactically and that all travelers must be able to respond to unexpected situations.

Driver Training

Half of all MFO members have an MFO driver license with testing conducted on the full range of MFO vehicles. Effective this FY, instructions on basic evasive driving are now mandatory as part of the FAV driver training course.

Operational Excellence

Exercises and Operational Inspections were conducted throughout the year. These checks ensure that remote sites are operating in accordance with Force Standard Operating Procedures. Unit-level readiness checks were conducted after each rotation to evaluate a unit’s ability to react to an “in-extremis” situation. The FTT also conducted a series of Command Post Exercises. These provide the Force’s Operations Center with training to manage critical events effectively, such as a mass casualty at one of our remote sites or an attack against an MFO convoy. The FTT also conducts and reviews rehearsals of the North Camp emergency response plan. These are conducted monthly and involve all North Camp members. The rehearsals have all Camp personnel first “take cover,” then move to a muster point while the Camp’s Emergency Response teams (the COLBATT Quick Reaction Force and the USBATT North Camp Response Team) move to secure the perimeter.

Occupational Safety

Force Occupational Safety remains one of the highest priorities within the MFO. In FY15, the Force employed an Egyptian Contract Hire Civilian (CHC) to work in the Force Safety Office. The CHC works with the Force’s Egyptian local contractors and our Single Support Services’ (Holmes and Narver Services Incorporated [HNSI]) Labor Sub-contractor (Care Services) on
safety-related issues and helps ensure that their workplaces remain safe and productive.

**MFO Environment**
To reduce the amount of waste being incinerated or sent to landfills, the MFO began a waste segregation program at North Camp in FY15. Plastic, metal, glass, and cardboard are now segregated and compacted on Camp, before being removed by a local contractor for reuse or recycling.

**COU**
As the “O” in the MFO, the COU continues to be the primary means of verifying the Parties’ compliance with Annex I of the Treaty of Peace, the Border Guard Force (BGF) Agreed Arrangements, as amended, and Agreed Activities in an environment that has changed considerably over the past year. The COU conducts its missions in all four Treaty Zones and its success is largely due to the dedicated group of professionals – consisting of U.S. State Department secondees and ex-military personnel – who conduct reconnaissance and verification missions in an increasingly kinetic environment. COU members routinely enter sensitive military facilities in the Treaty Zones to verify and count equipment, aircraft, vehicles, artillery, personnel, vessels, and armor to ensure compliance.

The complexity of COU missions, especially the BGF verification mission, has increased significantly as a result of the augmentation of Israeli-concurred EAF deployments and Egypt’s ongoing counter-insurgency efforts. Travel in the northeastern Sinai has become increasingly complicated as a result of road obstructions, EAF control points, and militant activity. In July 2015, a COU team was shot at by militants when attempting to access an Egyptian military site in the BGFAO. No one was injured in the incident, but two FAVs received fire. Since the incident, COU teams utilize only the safest known routes and seek to minimize time in this area.

Despite these and other challenges, the COU safely conducted its missions this past FY and provided timely and comprehensive reporting of its findings to both Treaty Parties. This reporting fosters mutual situational awareness and encourages continued cooperation and dialogue between them. The COU’s success is also dependent on the close cooperation with and between the Parties’ liaison systems in connection with all facets of the mission, from planning to security.

Due to increased monitoring requirements, the workload of the COU expanded further last year, resulting in an increase in personnel from 20 to 22 Observers in January 2015 and from 22 to 24 Observers at the close of the FY. A new mission format, which has proven to be very successful, was introduced in the spring of 2015 to increase efficiency during verification missions and to distribute monitoring responsibilities more evenly across COU teams.

To further enhance protection of COU teams on mission, the MFO purchased BEARCATs for their use. This is one of several actions undertaken this FY to increase COU safety. The vehicles will be customized to optimize COU viewing and accommodate specific communication needs. Delivery of the first batch of these vehicles is anticipated at the start of 2016.

The COU also energized its training program this year with the inclusion of protective operations training conducted by a team from the U.S. State Department, Bureau of Diplomatic Security, Office of Mobile Security Deployments (MSD). In addition to focused training provided to the COU and its 20-person security escort platoon from FIJIBATT, the MSD team conducted
training for other MFO personnel, in coordination with the FTT. Topics included motorcade operations, radio and communication procedures, surveillance detection, attack recognition and scenarios, and emergency medical care. The MSD training team provided classroom instruction followed by realistic field training exercises in the conduct of protective operations. This training was crucial in better preparing the COU, its dedicated FIJIBATT platoon, and other Force elements to respond effectively to a variety of emergency situations when on mission outside of North Camp.

In addition, prior to deploying to the Sinai, all new Observers now attend a U.S. Government-sponsored training course which enhances security awareness, personal safety, and situational response through classroom sessions, practical application, and exercise scenarios. Other COU training initiatives conducted during the course of the year include:

- Continuous reactionary training scenarios with its dedicated FIJIBATT platoon;
- First Aid/Medic Training from the Force Medical Element;
- Navigation (GPS) and Map reading;
- Communication equipment (satellite phones & radios);
- Accountability for all mission-essential equipment;
- Preparation/Servicing of FAVs;
- FAV Evasive Driving; and
- Cultural Awareness.

Over the last year, the COU revitalized its mentoring and newcomer program for incoming and newly arrived Observers. Before arrival, new Observers receive detailed information about life at North Camp, the different COU mission sets and how they are conducted, and the battery of driving tests they must pass before they can go on mission. In addition, they receive COU training materials so they can begin to learn critical Observer skills such as navigation, map reading, and military vehicle and equipment identification.

Undeniably, it has been a year of significant change for the COU. In response to the changed operating environment, the COU has focused on flexibility and improved training to carry out its mission. These will continue to be priorities for the COU in FY16.

**LIAISON**

Responding to the kinetic conditions on the ground over the past FY required an extraordinary level of adaptation, cooperation, and coordination by the Liaison system: LAWIO, IDFSD and the MFO’s Liaison Branch. Thanks to the excellent working relationships it maintains with its Egyptian and Israeli partners, the MFO Liaison Branch was able to assist the Treaty Parties to address issues in a collegial manner and act as a mechanism for dialogue and change. A number of major militant attacks against EAF during the reporting period served as the impetus for increased relations and the sharing of information between the Treaty Parties. In conjunction with other Branches of the Force, MFO Liaison Officers worked diligently and impartially to ensure the continued trust of the Parties.

The past FY witnessed the Liaison Branch facilitating a greater number of meetings (bilateral and trilateral), partly as a result of the increase in militant activity and EAF operations in the northeastern Sinai and partly as a result of organizational and leadership changes within the Parties’ Liaison structures. During the FY, the commanders of LAWIO Rafah and LAWIO Taba changed twice, and the IDFSD split into two entities: a smaller IDFSD, now headed by BG Ram Yavne, which will continue to operate at the strategic level, and the IDF International Cooperation Division (IDFICD) headed by BG Avi Peled, which has taken over primary responsibility.
for dialogue between the MFO and IDFSD. In addition, MFO Liaison Officers provided more briefings to both Parties’ Liaison systems and participated in a growing number of discussions to increase awareness of the MFO’s role and mission.

The Liaison Branch also implemented an engagement plan for the Force Commander to enhance contact with both Parties on a variety of levels. Several meetings were conducted with the 2nd Field Army Commander, Zone C Police Commander, and the Military Intelligence Commander for the North Sinai, as well as the Commanders of the Edom and Gaza divisions in Israel, all of which increased MFO visibility and situational awareness. Furthermore, the Liaison Branch facilitated events such as the visit of Ambassadors accredited to Egypt to St. Catherine in February 2015, the visit of Ambassadors accredited to Israel to North Camp in March 2015, the South Sinai Governor’s visit to South Camp in April, soccer and volleyball matches with the 2nd Field Army in August and a number of Ramadan iftars. These events helped to increase awareness and understanding of the MFO while promoting collegiality between the MFO Liaison Branch and its counterparts.

A top priority of the Liaison Branch this FY remained facilitating the Agreed Activity process between the Treaty Parties. Similarly, the Liaison Branch participated in the training of MFO members charged with investigating potential violations of the Treaty of Peace or the BGF Agreed Arrangements to ensure their awareness of relevant Agreed Activities as they pursue their investigations.

Border crossings between Egypt and Israel became increasingly complex due to border closures and time restrictions imposed on weekend crossings by Israel, and newly imposed administrative requirements for MFO shipments by Egypt. Both of these changes created challenges for the MFO in an increasingly volatile security environment.

The Liaison Branch enjoyed a number of notable successes this FY, including securing the ability of MFO UH-60A pilots to conduct training flights in Israel. This training is critical to ensuring that MFO pilots retain and hone important, but highly perishable, tactical flight skills. Practicing these skills greatly reduces the chances of a mishap during daily operational flights, and is particularly important given the current threat environment in the northeastern Sinai. Another success was the Liaison-facilitated medical evacuation, by MFO air assets, of injured Egyptian soldiers who were brought to North Camp for treatment on a number of occasions. In situations like this, Liaison provides interpreters to facilitate communication between Egyptian officials and MFO medical staff and assists with obtaining flight clearances for MFO air assets.

The Liaison Branch offices at North Camp and South Camp continued to be fully engaged in MFO activities through the FY. Each office maintained an excellent working relationship with its respective regional LAWIO and IDFICD representatives and continued to enjoy the trust of both Treaty Parties. Opportunities to increase this trust and communication were taken at every chance, and the Liaison Branch has been pleased to play a part in furthering their evolving relationship.
network and needs and developed its own service, taking over a majority of the delivery responsibilities from commercial contractors. This included hiring three local Egyptian truck drivers, procuring tankers capable of hauling diesel, petrol and aviation fuels, and refitting a number of vehicles in the existing MFO fleet to transport commodities. North Camp now enjoys coordinated, timely and predictable deliveries of key commodities and supplies through an MFO-owned and operated transportation network based in Cairo. Facing a very different security environment in the south Sinai, the Cairo Procurement Office was able to work closely with key vendors, shippers, engineers, and Egyptian security offices to ensure that supplies and services to South Camp continued via commercial means without interruption.

**Visits, Rotations, and Community Outreach**

The Cairo Office continues to play an integral role, hosting diplomatic roundtables for our Supporting States and facilitating numerous senior-level engagements between the Director General and senior Egyptian interlocutors at the Ministries of Defense, Intelligence, and Foreign Affairs. Of major importance, the Office also coordinated with numerous Embassies, Egyptian authorities, and MFO headquarters more than 230 visits to the Sinai for diplomatic, military, and parliamentary visitors of MFO Supporting States. In addition, the Office’s security and liaison team managed and expedited a record-breaking 251 air missions at the Cairo International Airport directly supporting troop rotations, VIP transportation, and the movement of MFO fixed- and rotary-winged aircraft to and from the Sinai.

**Finance**

The Finance Office capitalized on new Egyptian banking regulations and converted qualified vendor payments and long-term property leases to local currency. Additionally, working with banking facilities in Cairo, the Finance Office upgraded the credit card transaction process at the Force’s two Exchanges (shops) by installing a satellite terminal that provides a more reliable link.

**DGR ISRAEL**

Among its many functions, the MFO Israel Office provides essential logistical and procurement support to the Force. Major activities in this area this FY, stemming primarily from the security situation in the Sinai, included:

- the armoring of logistical vehicles;
- facilitating expansion of the MFO’s communications network to provide for redundancy to and from North Camp;
- facilitating the arrival of two teams of military working dogs, as well as assisting with the implementation of procedures for their medical care and housing;
- procuring concrete/HESCO barriers for FP works at North Camp;
- helping to establish a daily bus service, driven by a local Israeli hire, between Herzaliya and the Nizzana transshipment facility, with stops at medical centers, Ben Gurion Airport, hotels, and the DGR Israel Office;
- acquiring five new Mack trucks and five new refrigerated trailers; and
- purchasing three fuel tankers and arranging for fuel procurement.

The last two items were part of a move to procure goods in Israel and self-transport them to our Nizzana transshipment facility for onward delivery to the Force. This is intended to help offset the loss of direct deliveries to our North Camp by Egyptian vendors.
Routine support provided to the Force this past year includes the procurement of a variety of frozen, chilled, and dried foods; medical supplies and equipment; electrical and ICT equipment; kitchen equipment; and other day-to-day supplies. The Nizzana transshipment facility also continued to facilitate the onward delivery of local and overseas items to the Force.

In addition to providing logistical support to the Force during FY15, the DGR Israel Office maintained its extensive dialogue with diplomatic, military, and governmental authorities in Israel, including security agencies, the police, air traffic control, and customs authorities.

In August 2015, Ambassador Gene Cretz commenced his new appointment as the Director General’s Representative in Israel. We take this opportunity to welcome him to the MFO family.

MFO CONTRACTS

MFO Contracts are overseen by our staff at headquarters and managed at the Force by the Force Contracts Office (FCO) personnel who work in conjunction with procurement staff at both DGR Offices. During FY15, the FCO was involved with some 21 service and project contracts with an annual cost in excess of $14.3M, of which the MFO’s Single Support Services Contract with HNSI accounted for some $11.2M. HNSI is part of the government service arm of AECOM and provides technical supervisors for catering, fire prevention, and facilities maintenance. HNSI also manages a labor sub-contract with Care Services which provides Egyptian workers, who assist in the above areas as well as vehicle maintenance, supply and warehouse operations, and Force accounting (which are supervised by the MFO).

HNSI maintained a good performance standard during FY15 and, with the appointment of a new Program Manager in May 2015, we look forward to this standard improving even further. Also in May 2015, HNSI was awarded a contract to maintain the MFO’s reverse osmosis plants at North and South Camps. On 30 September 2015, the contract with HNSI was extended for a further year during which the MFO will assess the effects of rebalancing functions and personnel between North and South Camp and reevaluate manning requirements, as necessary.

Care Services continued to support the MFO despite the security environment in the northeastern Sinai and attendant difficulties with transportation and extended journey times to and from North Camp. During FY15, the attendance rate was 94% demonstrating the courage and loyalty of Care Services staff. Personnel who have to work early or late shifts, in the kitchen and warehouse for example, continue to stay overnight on North Camp, avoiding extraordinary assistance from our military and civilian members. Following policies established in conjunction with HNSI and Care Services in 2012, the MFO funds an annual cost of living allowance for Care Services workers equal to the rate of inflation published by the Central Bank of Egypt.

The number of Bedouin workers employed by Care Services who fill MFO positions at North Camp has increased to 259, constituting more than 70% of the workforce. (See the chart on the following page for historical numbers for the past five years.) Bedouin are employed at all grades ranging from supervisors to unskilled laborers and in most functional areas.
Support Branch

FY15 was another demanding year for the Support Branch, particularly in the areas of supply and logistics. Instability and an increase in EAF operations in the northeastern Sinai affected MFO ground movements, those of our local contract staff, and those of our Egyptian vendors. On a number of occasions, delivery trucks belonging to our vendors were fired upon or otherwise threatened by militants, deterring our vendors from making deliveries to North Camp. This activity culminated in the 9 April 2015 destruction by fire of five vendor delivery trucks. Subsequent reluctance by the vendors to deliver to North Camp led the MFO to adopt a new delivery procedure, whereby vendor vehicles followed MFO convoys to traverse the most dangerous part of the northeastern Sinai. This forced us to generate our own power on North Camp on more occasions than in the past, and for longer periods of time, resulting in greater costs due to an increase in diesel fuel consumption and additional wear and tear on our generators. As the generators on North Camp are over fifty years old, we initiated a project to replace them with newer models, which will be more fuel-efficient and easier to support.

Militant activity in the northern Sinai resulted in an unprecedented number of disruptions to the local power supply, mainly due to damage caused to the power infrastructure. This activity culminated in the 9 April 2015 destruction by fire of five vendor delivery trucks. Subsequent reluctance by the vendors to deliver to North Camp led the MFO to adopt a new delivery procedure, whereby vendor vehicles followed MFO convoys to traverse the most dangerous part of the northeastern Sinai. This forced us to generate our own power on North Camp on more occasions than in the past, and for longer periods of time, resulting in greater costs due to an increase in diesel fuel consumption and additional wear and tear on our generators. As the generators on North Camp are over fifty years old, we initiated a project to replace them with newer models, which will be more fuel-efficient and easier to support.

The main focus of FEO efforts during the FY remained the completion of FP projects at North Camp and remote sites, as well as refurbishment of remote sites. At North Camp, we received support from a British Royal Engineering Unit, which managed to erect nearly five kilometers of protective HESCO barriers and seventeen pre-cast concrete shelters in just three months. Funding for this project was
Protective Work at North Camp: Concrete Shelter (above) and HESCO Barriers (below)
provided by Germany and Japan. Work will continue on further defensive measures including, at North Camp, the addition of more HESCO barriers, the erection of elevated defensive positions, and the excavation of an anti-vehicle ditch, and the installation of VBIED protection at remote sites.

In addition, improvements were made to the entry control point at North Camp to better control pedestrian access, to ensure thorough security checks, and to protect against blasts or stray fire rounds. Eight air raid shelters were also refurbished for use. Elsewhere, work began on planning the replacement of perimeter lighting at remote sites and rebuilding South Camp’s perimeter and entry control point in line with improvements made at North Camp.

We also increased our emergency water supply at North Camp by drilling three additional wells, adding a 250-cubic-meter settlement tank, and upgrading our electrical substation to increase power to our well pumps and reverse osmosis water treatment plant. With these enhancements in place, North Camp has the ability to produce sufficient water to meet minimal needs when the commercial water supply is disrupted.

To ensure the proper inspection of vehicles entering both its Camps, the MFO obtained military working dog teams from the U.S. Army. This required the construction of new facilities at both Camps, including accommodations for handlers and dogs, and training areas for the dogs. These facilities were completed by January 2015, in time for the arrival of the military working dog teams.

The MFO’s multi-year plan to refurbish remote sites takes into consideration increased FP needs as well as quality of life issues, including work, accommodation and daily living needs. All enhanced FP work is undertaken with FP funding, whereas other work is funded from the MFO’s operating budget. During the FY, work was carried out at CP1-A, CP2-B, and CP3-A with the first two sites now completed. Due to security concerns, the timelines for some of these projects were extended.

Significant, non-FP projects in FY15 include:

- Continuing the multi-year refurbishment of aging barracks at North Camp and South Camp, with eleven barracks completed and nineteen roofs replaced;
- Rewiring efforts – in all refurbishment projects, fifteen accommodation buildings, office buildings, and other facilities on North and South Camps – using a combination of local contractors and MFO electricians;
- Refurbishing the Main Dining Facility at North Camp by making structural repairs to, and rewiring, two dining rooms, and planning for the creation of a new kitchen within the existing building in FY16;
- Establishing new storage areas in the procurement warehouse; and
- Replacing fuel tanks at North Camp.

All these projects, and many other minor works, were undertaken to ensure safer and better functioning facilities. In each case, a great deal of effort went into the design phase to ensure that the limited funding available achieves the best results in the key functional areas of the Force.

**Force Vehicle Maintenance Facility (VMF)**

Over the past FY, VMF personnel succeeded in ensuring a mission-capable rate for the Force’s vehicle fleet ranging between 94% and 95%. This is a slight increase in mission capability over FY14. Two recent but major factors affecting fleet vehicle availability were the increase in travel distances run by
heavy transport vehicles due to the Force assuming formerly contracted deliveries to the northern Sinai and an increase in escort vehicles required for convoy operations. The VMF also undertook a major review of vehicle maintenance procedures this past year to ensure greater utilization of computer monitoring and control systems in vehicles.

A review, conducted in FY14, to better align the Force’s fleet size resulted in the current authorized fleet size of 579 vehicles (of which 157 are armored), and more than 120 unarmored passenger vehicles were earmarked for sale. Of those, 46 were sold in FY14 and 37 in FY15. Funds from these sales are applied to offset a portion of the acquisition costs of new fleet equipment.

In February 2015, the MFO began up-armoring fifteen vehicles critical to life support, including trucks, tankers, refrigerated trucks, and a boom truck. In addition, the MFO is having a medium-duty recovery truck armored. To date, seven vehicles have been completed and the remaining vehicles should be received by April 2016. Finally, in June 2015, another airfield fire engine was received to improve response capability, primarily for CASA aircraft operations.

Fuel deliveries to the Force were also disrupted during the FY, leading to rationing for a period of time at the start of 2015. As already noted, this was resolved by extending procurement to Israel. To facilitate shipment, the Force purchased two fuel tankers and the DGR Israel Office hired an additional driver to transport fuel to our transshipment facility in Nizzana. From there, Force drivers transport the tankers to North Camp. The purchase of additional tankers and the hire of further drivers by the DGR Cairo Office will restore deliveries from Egyptian sources.

The MFO operates two Main Dining Facilities (MDF), one on North Camp and the other on South Camp. For over two years now, an average of 32 Care Services kitchen personnel are accommodated on North Camp overnight to ensure the smooth operation of the MDF. An additional twelve personnel travel to and from the Camp each day. FP concerns also made the provision of food and water to certain remote sites more of a challenge than in years past.

Ongoing water restrictions at North Camp during the year created their own difficulties, though our kitchen staff has become more accustomed to creating menus that require less water. In addition, the MDF at North Camp underwent major repairs, which required the temporary closure of certain portions of the facility. Some work is still ongoing.

During the reporting period, HNSI and its sub-contractor, Care Services, served three meals a day to an average of 1,685 MFO diners, in addition to providing food service at MFO community events, such as unit barbecues, change of command parades, National Day celebrations, and gatherings for official visitors.
Despite numerous challenges stemming from the security situation in the northeastern Sinai and frequent Israeli border closures, FTO successfully facilitated the resupply of MFO remote sites and provided transportation between the MFO’s North and South Camps, and between both Camps and our Offices in Cairo and Tel Aviv.

In FY15, FTO moved a total of 10,275 personnel by ground and air among MFO’s regional nodes of travel. Responding to an increased threat to ground movements, in October 2014, the MFO began using armored buses for passenger movements in the northern Sinai. In addition, the MFO has commenced armoring logistics support vehicles used for remote site resupply and material transfer, to increase driver safety.

With Egyptian contractors no longer willing to deliver supplies to MFO facilities in the northern Sinai, logistical resupply in the vicinity of North Camp relied more heavily upon Force vehicles and our drivers from the Uruguayan Contingent with additional driver support from the United States 1st Support Battalion. As already noted, to alleviate logistical transport issues, the DGR Office in Cairo hired three local Egyptian drivers to transport supplies from Cairo to South Camp (some items like food and water are driven directly to North Camp). Bulk supplies are delivered to South Camp and then transported by MFO drivers to North Camp.

Finally, to increase the reliability of passenger travel between North Camp and Tel Aviv, an additional Israeli driver was hired in August 2015 and an unarmored bus repositioned at our transshipment facility in Nizzana. In addition to facilitating travel, it will decrease the likelihood of passengers and drivers having to remain overnight in Israel and reduce associated lodging expenses and lost working hours.

**FORCE MEDICAL ELEMENT (FME)**

During the FY, several projects were initiated to ensure the FME continues to develop its capabilities to meet changing needs. This included implementing a Combat Lifesaver Program for all MFO Contingents to advance first aid training and improve the quality of care available to injured personnel. In addition, each MFO remote site was equipped with an updated first aid kit and trauma bags containing key vital signs equipment. The Force Surgeon also surveyed medical facilities in Egypt and Israel to update the MFO’s knowledge of their capabilities and to strengthen ties between our medical community and theirs. Finally, after North Camp was subjected to a mortar attack on 9 June 2015, the FME examined its capabilities and determined it prudent to deploy a ten-person, U.S. Army surgical team and a blood bank to the Sinai. The team arrived at North Camp on 11 September 2015 and, on the same day, was called into action to assist injured EAF personnel and a FIJIBATT soldier who was wounded by stray fire on North Camp.

As noted, the security environment has affected the type of patients and injuries the FME must now deal with, as well as the way it provides treatment. Traditionally, the FME mostly treated MFO Members for minor medical ailments, sports injuries, and the occasional accident. However, as part of its policy to assist non-MFO Members in cases of threat to life, limb, or vision, the FME found itself assisting a number of seriously wounded Egyptian military personnel this past year. This entailed not only medical assistance on the part of the FME but also air support from our rotary- and fixed-
wing aviation units. In the past six months, the RWAU assisted in transferring critically wounded Egyptian soldiers to Cairo on six occasions. For the first time, the MFO’s Czech-provided C-295M CASA aircraft also transported Egyptian Army casualties to Cairo this FY. Coincidentally, this flight occurred just hours after the Czech aircrew had reconfigured the CASA as part of an exercise to determine patient-carrying capacity. In order to meet the evacuation’s needs, the aircrew improvised additional litter capacity. The MFO is currently looking to increase the CASA’s patient-carrying capacity.

Personnel & Services Branch (P&S)

P&S handles the administration of civilian and military personnel, postal services and the Force libraries as well as the provision of recreation, athletics, and entertainment opportunities. The Force Exchange (FX) and the Club System support the provision of such opportunities through the Morale Support Program.

Personnel

Force Reorganization

P&S was a major participant in a review of the Force’s structure, carried out this year, and efforts to rebalance Force operations between North and South Camp. To date, 49 personnel have been transferred to South Camp including the P&S Military Personnel Office, the Tours Office, and members of the U.S. 1st Support Battalion. As these efforts proceed, P&S will continue to work with other Force Branches to make the move as seamless as possible. This is also an occasion to realize efficiencies where possible, by reassessing work practices, streamlining procedures and finding new ways to carry out our mission.

Direct and Contract Hire Civilians

Direct Hire Civilians (DHCs) constitute the international civilian staff of the MFO. At the Force, they are a diverse group, currently numbering 73 personnel, representing many different nationalities: Australia, Canada, France, Hungary, Ireland, Kosovo, Romania, the United Kingdom, and the United States. DHCs bring a unique blend of experience, knowledge, and skills to the Force. Included among DHCs are the 24 members of the COU.

CHCs are the professional Egyptian workforce at the Force. Currently numbering 38 highly qualified and trained technical, supervisory, and managerial personnel, CHCs fill important positions within the Force, to which they bring a vital local perspective. Living off-Camp, CHCs working at North Camp faced the same challenges that Care Services staff did commuting to and from work this past year. In continuing to make the trip during this turbulent and troubling time in the northern Sinai, they have shown great courage, as well as dedication and loyalty to the MFO.

Military Personnel

During FY15, the Military Personnel Section continued to serve as the administrative and personnel accountability conduit between the Force headquarters and each contingent’s personnel and administrative staff. The importance of accountability in the current security environment, particularly in the northern Sinai, cannot be overstated. This led to daily personnel accounting for the Force Commander and the Force Operations Center. To meet these demands, the Section further refined its administrative and accountability procedures and passed them on to contingent personnel staff through regular
Briefings and training. In addition, the Section consulted with all contingents in support of an extensive Force review and restructuring effort designed to better align staffing within the Force with the demands placed on it by the increasingly kinetic environment.

Postal Section

During FY15, Force postal services were reviewed to ensure that an appropriate level of service was maintained despite operational restrictions resulting from the threat environment. In light of this review, it was determined that North Camp mail transport would be conducted once a week rather than every day, thus reducing the amount of time Postal Section personnel spent traveling in an increasingly prohibitive security environment.

Force Libraries

The Force libraries continue to be important resources for MFO personnel at North and South Camps. During FY15, the libraries together averaged 3,291 customer visits and 3,542 items borrowed per month. In addition, both locations continued to provide regular shipments of books and magazines to MFO remote sites.

Following a review of library utilization and staffing, library hours were amended at both locations and it was decided to use full-time library staff to cover nights, weekends, and holidays, rather than relying on paid volunteers from among the MFO military and civilian personnel. This ensured that customers received a consistently high quality of customer service, and also greatly improved employee workload and workflow.

During FY15, the Force libraries began offering several new online resources to MFO personnel for educational, vocational, and recreational purposes, including “PressReader,” which offers online access to 3,000 newspapers from 100 countries in 60 languages; “Universal Class,” which offers online university classes for continuing education credits and certificates; “Atomic Training,” which offers online training on over 100 common software applications and devices; and “BenchPrep,” which offers online preparation for standardized tests and professional certifications relating to educational and career pursuits. To date, the response to these new resources has been very positive.

In addition to the above new products, the MFO libraries offer MFO personnel online resources such as digital books and magazines, audiobooks, a language learning service, and databases.

Morale Support Program (MSP)

The MSP utilizes profits generated by the FX and Club System to offer improved recreation, athletic, and entertainment possibilities to military and civilian members of the Force. This is done in a number of ways, including funding physical fitness, aquatics, and sports programs to improve physical conditioning; organizing sporting activities; sponsoring cultural tours to Egypt and Israel; and introducing leisure programs to enhance well-being.

FX

FX revenues at both Camps met expectations despite another year of significant challenges affecting business operations, including delivery delays and the occasional inability of staff to get to work due to the security environment, as well as connectivity issues affecting phones and credit card machines. An extremely important aspect of Camp life, the FX provides necessary
goods and services to the members of the Force as well as essential funding for the MSP. Always looking to increase convenience for its customers, the FX undertook a number of initiatives during the past FY including installing new credit card machines capable of processing transactions in real-time via satellite (with assistance from the DGR Cairo Office), extending store hours to include weekend hours on Fridays, and introducing an online service which allows customers the ability to request special items. This last service has proved extremely popular. The FX also expanded many food lines and now offers fresh fruits and vegetables.

**Club System**

The Dry Cactus and Sportsman’s Club at North Camp, and the Red Sea Oasis at South Camp, continue to be social focal points and entertainment centers for members of the Force. Contingent Pizza Night, held on Tuesday evenings, is often the highlight of the working week, providing contingents with an opportunity to celebrate their countries’ cultures. Most importantly, Pizza Night serves as an occasion for all Force members to gather in a congenial setting and socialize.

Due to the threat environment and travel restrictions, the Club System and MSP have been working to develop and promote varied activities and functions at the Force that will appeal to the range of personnel present. This includes a monthly event program, with the assistance of numerous volunteers, both military and civilian, who provide entertainment for personnel at North Camp.

**Recreation, Athletics and Entertainment**

The various athletic, social and cultural programs available at the Force provide a stimulating range of off-duty activities to MFO members while living at North or South Camp. They also provide opportunities to engage with other contingents and learn more about partner nations while extending one’s social support networks.

**Sport and Athletics**

Fitness is a fundamental element of physical and mental health, mission performance, and readiness. The gymnasiums at both North and South Camps offer an excellent range of equipment, events, and activities aimed at promoting participation, a spirit of friendly competition, and well-being. Soldiers at remote sites are also provided with gym and sporting equipment to ensure they are able to continue with their fitness regimes during their period of residence there.

**North Camp**

North Camp gym staff work diligently to improve the operation of this very important facility and to ensure the health and fitness of gym patrons through proper training and skill development. They also ensure the reliability of gym equipment through daily safety inspections and regular maintenance schedules. Gym staff are also responsible for maintaining other sporting facilities – the pool, tennis courts, squash courts, and the football field – to ensure they are fully operational and free of hazards. Our Australian Physical Training Instructors conduct weekly lifeguard training for all gym staff. These lessons are used to improve swimming ability, pool safety procedures, and lifeguard skills such as rescue, prioritization, and CPR.

During the FY, gym staff introduced a “learn to swim” program for those MFO members who have difficulty with or wish to improve their technique in the pool. Instructors are also planning to implement training programs for stretching and mobility, recovery and performance, and lifting techniques.

Many sporting and fitness events were organized at North Camp over the past FY, including a strength and endurance competition, a basketball tournament, and inter-contingent volleyball competitions. The gym staff also assisted with the Colombian Death March, a competition in which participants must walk 24 km while carrying a rifle and full rucksack, and introduced the 1,000 Pound Club, which is a club for those who can lift a combined weight of 1,000 pounds (453 kg) or more in three lifts: the back squat, bench press, and deadlift. A highlight of the North Camp sporting calendar was the soccer competition in April 2015 with representatives...
from all MFO Contingents. The visiting team of British Royal Engineers, BRITCON SHAMROCK UNITED, came out on top, beating the Fijian team, FIJIBATT REWA, 6-3 in a hard-fought and exciting final game.

Thanks to the MSP, the gym recently received new and specialized weight-lifting equipment. A new floorplan maximizes access to this new equipment and provides improved space for other apparatus.

**South Camp**

During the past FY, South Camp increased the variety and frequency of exercise sessions it has on offer. Advertised in a weekly calendar, these activities include beach and hot yoga, swimming classes, spinning, cross-fit, early morning swim sessions, and organized physical training sessions. The program at South Camp was aided by improvements made to the gym over the past FY, thanks to funding from the MSP. This includes the refurbishment of the cardio studio and establishment of a spin studio. All exercise sessions are popular and are conducted in a safe, enjoyable, and collegial manner.

Sports competitions are organized regularly at South Camp, encouraging inter-contingent relations, boosting morale, and reducing stress. These events are always well attended as they are popular for their competitive yet social atmosphere. A robust nightly activity program gives MFO members the opportunity to participate in softball, basketball, dodge ball, soccer, flag football, and volleyball. For those who wish to test their physical limits, triathlons, biathlons, cross-fit competitions, powerlifting tournaments, and competitive running are also on offer.

For all activities, safety is the number one priority and drills are regularly conducted by gym staff. For example, lifeguard training provides both lifeguards and medical personnel with practical experience on how to implement procedures in the event of drowning and evaluates rescue execution, time, safety, command presence, and other factors.

**Tours Office**

The Tours Office faced many challenges during the past FY due to security measures and border-crossing restrictions. Nevertheless, through creativity and flexibility, the office was able to proceed with many of its tours. Unfortunately, the Tours Office was limited in its ability to provide Force members with access to the amazing cultural and historical sites that Egypt has to offer. Nevertheless, it did succeed in organizing three visits to Luxor and one to Taba during the past year. The office hopes to improve on that in the coming year and is currently planning to resume tours to Mount Sinai and Saint Catherine’s Monastery, security permitting.

**ICT**

During FY15, North Camp was essentially without Egyptian commercial communications. Egyptian cellphone and internet services were completely interrupted near the start of FY15 while landline telephone services were impacted during most daylight hours, affecting a range of MFO internal and external communications. This necessitated a number of actions to reroute key communications services and to create new capabilities to avoid any significant impact on our security and operations. The MFO’s policy of maintaining redundant communications, internally and externally, to both Treaty Parties was validated by this challenge.

Besides its usual day-to-day support requirements - maintaining over 900 VHF, UHF and HF radios, 900 computer systems, two data centers (along with associated servers and software), over 1,000 pieces of network equipment (routers, switches, firewalls, and wireless access points), 300 mobile phones, five telephone switches, over 1,500 desktop telephones, two television and radio stations, two cinemas, video-teleconference suites at North and South Camps and three unmanned
communications relay sites located in Zone C – the ICT Branch undertook the following projects, completed or largely realized in FY15, to improve ICT services and the communications infrastructure available to MFO soldiers, sailors, aviation personnel, civilians and contractors:

- **Cloud Initiatives**: As mentioned in the FY14 Annual Report, the MFO is actively looking at the best options for storage of key data. The MFO has now completely moved its e-mail system to a Software-as-a-Service based solution and will continue to look at moving larger data storage volumes before the end of calendar year 2015.

- **Communications Cable Modernization**: ICT Branch, working with the FEO, completed the second year of a three-year program of modernizing telecommunications cabling on North and South Camps. This effort will replace much of the telephone cabling that is now several decades old with new industry-standard fiber optic and twisted-pair copper cabling. FY14 and FY15 focused on cabling at North Camp and FY16 will focus uniquely on South Camp cabling.

- **Telephone switch replacement**: During FY15, the MFO undertook a program to replace and upgrade telephone switches at all MFO offices and both main Camps. The program’s goal was the provision of a cost-effective, modern telephony platform to MFO locations that offers the best options for voice-over-IP technology.

- **Installation of communications at the LAWIO Rafah office**: Due to commercial communication cuts in the northern Sinai, the LAWIO Rafah office requested MFO assistance with the installation of a communication system that would facilitate critical interaction among LAWIO Rafah, the MFO, and IDFSD offices. This communications system supports key telephony connectivity and ensures that LAWIO Rafah personnel are able to adequately monitor the MFO’s Commercial Vehicle Tracking System.

- **Communications Mast Inspection and Maintenance Program**: The ICT Branch, with outsourced contract support, completed an inspection program on all MFO-owned communications masts in FY14. As a follow-on, maintenance was undertaken this FY to fix structural problems found on North Camp’s principal communications mast and the mast at CS–3 to ensure each mast remained structurally safe and able to support needed loads. Going forward, the MFO will continue to conduct structural maintenance on these masts on a yearly basis, focusing on masts where major issues have been identified and based on the criticality of the communications being supported. Recent inspection results as well as the security environment put a premium on installing redundant communication masts at both our main Camps for structural redundancy and alternative communications options.

- **Private GSM Network**: Due to the cessation of commercial GSM/3G communications to North Camp, ICT Branch installed a private GSM network on North Camp to allow for mobile telephony communications for key personnel, emergency response teams and other operational needs.

- **Remote Site Renovations, Modifications and Conversion**: ICT Branch, working alongside the FEO and its contractors, participated in the renovations of CP1-A, CP2-B and began work on CP3-A. The new communications capabilities were installed with minimal downtime to each site, and the new infrastructure is ready to support future developments. In addition, the conversion of OP3-2 to CS–3 was completed. This adaptation included installation of a solar power system and the removal of most buildings and structures from the site. Also, a new solar power system was put in place at OP3-11 that supports all key communications relay equipment, removing any reliance on site generators and fuel resupply.

- **VHF Radio Replacement**: During FY15, the MFO procured all equipment needed to replace its aging analog VHF radio system with a digital, trunked
radio system. This transition will allow for greater coverage areas for key VHF radio nets, will improve security of voice traffic over these VHF radio nets, and will allow greater VHF system flexibility to support the MFO mission in future years.

- **Enhancement of ICT Functionality at South Camp:** ICT Branch is in the process of putting in place communications capabilities at South Camp to ensure that Force leadership has the ability to command and control Force elements and operations effectively from South Camp as well as North Camp. This process will look at radio communications, telephony, and information systems that are currently in use for command and control purposes, to ensure full capabilities exist at both Camps for effective functioning in all Treaty Zones.

Looking towards FY16 and beyond, the ICT Branch is currently examining several further upgrades to communications services. One focus early in the FY will be upgrading current emergency mass notification capabilities. Our immediate challenge is maintaining effective and redundant communications, particularly in the northern Sinai, for FP and command and control reasons to ensure the MFO can continue to conduct its reporting and verification missions as safely as possible.

### FY15 Financial Results

The MFO’s original budgeted operating expenditure for FY15, as submitted to the FCS on 27 May 2014, was $86.5M. At $79.8M, FY15 budgeted revenue fell short of budgeted expenditure by $6.7M, with this agreed deficit to be drawn from the Budget Stabilization Reserve Fund (BSRF). In actuality, expenditure was $80.4M, revenue was $79.6M and we closed FY15 with a deficit of $0.8M, considerably better than the $6.7M deficit budgeted. This deficit was balanced by a matching reduction of the BSRF to produce a formal break-even result.

Complete, externally audited financial statements for FY15 are available on our website.

### Operating Revenue

At $25M, equal contributions from the FCS were unchanged from their FY10 level, reflecting my commitment to maintain annual FCS contributions at that level for as long as possible and our close management of the budget process. The FCS met all monthly draws in a timely fashion, which I greatly appreciate.

As already noted, actual revenue for the year was $79.6M, slightly less than our original budget assumption. Revenue additional to that from our FCS includes contributions from our family of Donor States. Donor funds, with increases that many Donors provided to keep pace with inflation and our rising costs, have been key in helping offset current deficit operations and deferring purely financially driven FCS decisions about our mission.

During FY15, financial support to our operating budget was received from the following donors:

- Finland once again contributed €120K.
- Germany increased its annual contribution by nearly 5% to €470K.
- Japan augmented its long-standing support of the MFO by nearly 10% to $200K. These funds go towards the cost of food and civilian salaries.
- The Netherlands maintained its annual support at $750K.
- Norway increased its annual contribution towards the cost of the COU by 20% to NOK 9M.
- Our newest donor, the Republic of Korea, contributed $300K.
• Sweden again contributed SEK 1.25M to the cost of the COU.

• Switzerland raised its contribution to CHF 427K, of which CHF 220K is earmarked for the COU. This is the second year running in which the Swiss contribution has increased.

• The United Kingdom maintained its contribution of GBP 250K.

I thank the Funds-Contributing and Donor States for their generous and necessary contributions.

I would also like to note in-kind contributions made by Canada and the United Kingdom in FY15. Both countries provided military personnel at no cost to the MFO except for room and board. As of April 2015, Canada has provided all seventy of its contingent members at no cost to the MFO and the United Kingdom provided a squadron of Royal Engineers for a period of three months during the Spring of 2015. The MFO is very grateful for these contributions.

Expenditure

As noted already, total actual operating expenditures amounted to $80.4M in FY15, $6.1M less than budgeted (detailed explanations are provided in the following section). Operational expenditures are met in part by the application of earmarked, or “Temporarily Restricted,” funding to relevant expense categories. Disbursements from the “Temporarily Restricted” United States-,
Australia-, Germany-, and Japan-supplied FP Fund and from the CARF raised overall MFO expenditure by an additional $10.1M to $90.5M.

Key Expenditure Variables Against Budget

While there are many variables against budget recognized at FY-end, several factors account for the $6.1M or 7% reduction to our budgeted expenditure this FY.

Reduced expenditure is mainly attributable to the strength of the U.S. dollar which was greater than that assumed when preparing the FY15 budget. Most exchange rates used in preparing the budget were provided by our bank, Citibank, New York. The MFO’s annual budget is denominated in U.S. dollars, but a significant part of our annual expenditure is also made in Egyptian pounds, Israeli shekels, euros, and British pounds. The strength of the U.S. dollar grew during the FY beyond our projections, greatly helping our U.S. dollar-denominated budget. The actual average FY15 U.S. dollar exchange rate was 20% better than the budgeted rate for the Egyptian pound, 17% better than for the Israeli shekel, 38% better than for the euro and 21% better than for the British pound. The net effect of these favorable U.S. dollar rates across all categories of expenditure was a saving of approximately $4.6M. On the negative side, the U.S. dollar value of some non-dollar donations was eroded.

We inevitably have budget variances due to the budget preparation cycle. Our annual budget is submitted four months before the start of each FY, in May, but preparation starts many months earlier. When we end a FY, the budget plan for that year actually began to take shape 21 months earlier. As part of the process, we establish projected foreign currency exchange rates and national inflation rates for all budgeted purchases. Since
we have no mechanism to draw additional funds from
the three FCS during a FY should our assumptions be
inaccurate, we tend to be conservative when estimating
future external financial influences. In years when the
impact of these factors proves worse than forecast, we
are still able to live within our budget. In years when
these factors weigh in our favor, savings against budget
are generated, as in the current FY.

Significant variances, both favorable and unfavorable, in
each category of expenditure are addressed below.

Personnel
Savings of $1.2M were largely realized through currency
rate savings on euro-denominated national staff salaries at
our Rome headquarters and foreign currency payments
for troop participation by the Czech Republic and
Norway. Savings were also achieved with the provision
of Canadian military personnel, commencing in April
2015, at no cost to the MFO and through unfilled
civilian staff positions.

Supplies & Materials
This category was underspent by $0.8M during FY15, a
relatively small amount for an $18.2M budget.

During FY15, CASA fixed-wing flying hours were greater
than planned and our ICT expenses included unbudgeted
costs in preparation for a move to the Cloud. These
overspends were more than compensated for by savings
achieved through 1) the postponement of purchases to
FY16 due to the current rebalancing of activities and staff
between our North and South Camps, 2) euro currency
rate savings on payments made to the Czech Republic
for the CASA, and 3) an unexpected premium refund for
military and civilian medical insurance.

Contractual Services
Supervisory staff vacancies and currency savings on
Egyptian pound payments for subcontractor staff were
partially offset by additional allowances paid to Egyptian
subcontractor staff required to remain overnight at our
North Camp due to security restrictions. This produced
a net cost reduction of $1.2M.

Troop Rotations
The unforeseen requirement for an additional Fijian
rotation was offset by moving a Colombian rotation from
FY15 to FY16. A net reduction of $0.9M was achieved
through currency savings on troop rotation airfares
purchased in euro and a lower than expected charge from
the United States Department of Defense for transporting
USBATT to and from South Camp.

Petroleum & Lubricants (POL)
Net savings of 17% ($0.7M) on POL expenditure were
realized during FY15.

The actual value of fuel consumed by the Force during
the FY was 48% higher than budgeted but almost half of
this was consumption from on hand stocks due to bulk
fuel vendors’ inability to reliably deliver fuel to our North
Camp due to the security situation in the northeast Sinai.
Fuel taken from inventory only appears as a cost in our
financial reports when replaced.

Offsetting additional purchases, POL prices averaged
42% less than budgeted during the FY. However, we will
face an additional FY16 cost of nearly $1M to replace
the fuel drawn for our stocks during FY15 and more to
replenish fully our bulk fuel tanks.

Significantly higher than budgeted FY15 bulk fuel
consumption is mainly due to the use of diesel-powered
generators at North Camp to supply electricity during
commercial power outages and to run the reverse osmosis
plant during interruptions in the commercial water
supply. A corresponding reduction in the consumption
of commercial electricity only partially offset these
additional costs and is detailed under the “Utilities”
expense category.

Finally, the actual fuel consumption of new transportation
assets (FAVs which replaced our light-skinned vehicle
fleet, the United States-provided C-12, and the Czech-
provided CASA) exceeded our earlier budget assumptions.

Rentals
The cost of euro-denominated rents at our Rome
headquarters fell by $0.3M during FY15.
Travel
Travel restrictions at our North Camp during FY15 frequently hampered the ability of Force DHC staff to utilize fully the budget for duty travel, resulting in savings of $0.3M.

Utilities
A significant increase in the price of Egyptian electricity was more than offset by decreased consumption due to commercial power supply outages. As already noted, these outages resulted in the increased use of our diesel generators. Supply outages of commercially supplied water similarly reduced our municipal water consumption but placed greater reliance on water produced by our own reverse osmosis plant. Combined external electricity and water consumption reductions, after absorbing price increases, yielded net savings of $0.3M.

FP Fund
The MFO established an independent FP Fund in 2008 following a $1M financial contribution by the United States to be used for unanticipated security and FP costs. Each subsequent year, the U.S. Congress has reaffirmed its commitment to the MFO with additional FP contributions. Commencing in FY13, the Government of Australia pledged to contribute funding annually to the MFO for FP enhancements and, in FY15, Japan and Germany provided supplementary contributions to the Fund. Financial support in FY15 was as follows:

- Australia provided the last of three annual contributions of $500K.
- Germany contributed $322K.
- Japan donated $1M.
- The United States donated $6M.

I thank these Donor States for their generous and necessary contributions. The FP Fund maintains the earmarked funding of all Donors. This fund is not tied to a specific FY, and is managed and accounted for separately from operating funds.

The balance of this fund at the close of FY14 was $0.9M. Strong bipartisan U.S. Congressional support resulted in a FY15 contribution of $6M. Together with Australia’s donation of $0.5M, Germany’s donation of $0.3M, and Japan’s donation of just over $1M, this added $7.8M to the Fund, resulting in an available balance of $8.7M. FY15 expenditures, net of interest received, were $6.2M and included the armoring of specialized vehicles, the purchase of encrypted radios, continuing North Camp perimeter and on-camp security enhancements, and our ongoing FP enhancements to remote sites. We began FY16 with a balance of $2.5M and estimate FY16 expenditures of approximately $10M. Projects planned for FY16 include continuing the program of remote site security upgrades, additional protective works at North Camp, the purchase of specialized armored vehicles, and replication at our South Camp of the key protective features we put in place at North Camp. For FY16, we have requested a $9M FP contribution from the United States, and Australia has indicated it will increase its pledge to $0.7M. Additional Donor support would be welcome.

United States Budget Reserve Fund
In FY12, the U.S. Government provided an additional $1M in funding to be applied to an anticipated future request by the MFO to the FCS for an increase in contributions above $25M towards the MFO’s operating budget. As discussed below, this will occur in FY16. These funds were considered to be “Temporarily Restricted” in FY15. When utilized in FY16, they will be considered “Unrestricted.” MFO will account for and apply these funds in a manner such that the principle of equality of contributions to the basic operating budget among the United States, Egypt, and Israel shall be maintained.

Other Funds
The MFO maintains three other continuing special funds: the Self-Insurance Fund (SIF), the CARF, and the BSRF. These three funds provide, respectively, the ability to respond to significant uninsured losses, to replace aging capital assets, and to offset budget deficits and maintain stabilized FCS contributions for as long as possible. SIF and CARF interest income is credited
towards general operating budget revenue. BSRF interest income is retained in the Fund and applied towards the general operating budget in future FYs as needed.

**SIF**
The SIF provides for significant risk contingencies not covered by commercial insurance.

The current SIF balance is $6M, approximately $139K below the target amount. The target amount of the SIF is related to certain potential events and liabilities that cannot be practicably or economically addressed by commercial insurance and are beyond budget resources.

**CARF**
The authorized level for CARF funding is $4.2M. We opened the year at $2.7M and closed the FY at $1.9M. In FY15, CARF funds totaling $0.8M were directed towards a significant program of rewiring the low-voltage electrical system of most of our Sinai facilities. Rewiring commenced in October 2012 with emphasis on priority facilities. The CARF-funded portion of the rewiring project was completed at the end of FY15 as originally planned and notified to the FCS. Having accomplished the most urgent requirements utilizing the CARF, ongoing electrical rewiring work will become part of annual Force engineering and facility plans within existing funding, personnel, and contractor resources. The CARF was not fully depleted at FY15 year-end, but provides a very limited financial cushion for future unbudgeted renewal contingencies of key facilities, infrastructure, and capital equipment that meet CARF criteria. In FY16, utilization of remaining CARF funding for eligible projects required by the rebalancing of activities and staffing between our North and South Camps will be coordinated with the three FCS.

The MFO has no current plans to replenish the SIF; it would be prudent to replenish the CARF as soon as the budget permits.

**BSRF**
The BSRF opened FY15 at $9.3M. At the end of FY15, $0.8M was transferred to the operating budget in order to fund the operating deficit, resulting in a balance of $8.5M carried forward into FY16. This reduction in the FY15 deficit, and the resulting draw from the BSRF, was $5.9M less than expected.

BSRF funds are available to help stabilize contributions from the three FCS in FYs when budgeted expenditure exceeds revenue. By drawing on BSRF funds, we expect the FY16 operating budget to break-even. We anticipate the BSRF to be fully depleted in FY17.

**Regional & Other Disbursements**
MFO expenditures continue to return a great deal of money to the economies of both Parties. In FY15, our total disbursements in Egypt were approximately $27M and $20M in Israel. These amounts include expenditure from official MFO sources including the FP fund, CARF expenditure and the Force Exchange/Morale Support Program.

In addition, MFO disbursements of $21M reached our third FCS, the United States. The MFO procured as well from several other Supporting States, including Italy, which is both a Troop-Contributing State and the Headquarters State.

**FY16 and Beyond**
The MFO has maintained annual FCS contributions at $25M each since FY10. Over that time, operating budget expenditure has increased by an annual average of 1.6% (by contrast, actual annual average inflation, as it affects our operating budget, has been nearly 4%). Recently, some strengthening of the U.S. dollar has assisted the MFO’s U.S.-dollar-denominated budget, as will our ongoing cost-containment measures, but security conditions will likely continue to increase not only FP requirements, to be funded by our FP Fund, but also security-related logistical costs in our operating budget. These include not only costs related to the delivery of contracted goods and services to the north Sinai but also additive troop rotation and other personnel movement costs, rebalancing between our two Camps and other logistics affected by constraints on ground movements.

The MFO’s planned FY16 operating budget was set at $86.4M. We expect current Donor support to remain constant in FY16 to help meet both immediate and longer-term fiscal requirements. Donor contributions in
FY16 will be 5% of total planned revenue versus 6% in FY15. As noted previously, discussions with the Parties resulted in agreement to increase the FCS contribution in FY16 by $1M each, to a total of $26M per FCS. We expect to use some of the remaining BSRF balance to produce a break-even result again in FY16.

As noted on page 3 of this report, the security situation in the northeast Sinai has prompted the MFO to rebalance administrative and logistics functions for the Force between North and South Camps. Following a better than expected FY15 close, we propose to draw down last FY’s savings from the BSRF, which together with funds from the CARF, subject to necessary coordination with the FCS, will permit us to replace, extend or construct the necessary offices, facilities and accommodations for this effort at South Camp. I am pleased to report that on this basis, there will be no request to the FCS for any additional funding for this project and no negative change in out-year budget projections previously shared with the FCS.

It is expected that beginning in FY17 the BSRF will be exhausted. As stated at the outset of this report, budget deficits occurring from that point forward will have to be met by either additional FCS funding or changes in the way we execute our mission.

The MFO will provide the FCS with an updated multi-year financial plan including a review of planned projects. Projections will be based on stable-state mission and Manning. A mid-year financial review with the FCS will be scheduled in June or July 2016.

In conclusion, I wish to reiterate my commitments to:

- maintain the MFO’s mission and fully meet the Treaty Parties’ expectations to perform our expanded work impartially and professionally;
- ensure that we can execute our mandate based on solid financial assumptions;
- continue to maintain close controls over costs; and
- seek to expand the base and amounts of Donor support.
Annex A: MFO Facts and Figures

The MFO Mission
Pursuant to the 1979 Treaty of Peace and its 1981 Protocol, the MFO is required to:

- Supervise the implementation of the security provisions in Annex I of the Treaty;
- Use best efforts to prevent any violation of its terms;
- Operate Checkpoints, Observation Posts and reconnaissance patrols along the International Boundary, Line B and within Zone C;
- Verify the implementation of Annex I periodically, at least twice a month;
- Perform additional verifications within 48 hours of either Party’s request; and
- Ensure freedom of navigation through the Strait of Tiran.

Under Agreed Arrangements signed on 1 September 2005 and as amended on 11 July 2007, the MFO is responsible for:

- Monitoring the deployment of a designated Egyptian Border Guard Force along the Egyptian side of the border between Egypt and Gaza, in the northernmost part of Zone C;
- Verifying that the deployment is consistent with the terms agreed between Egypt and Israel, including the number, characteristics and location of personnel, weapons, equipment, and infrastructure of the Border Guard Force; and
- Maintaining permanent, temporary and mobile sites in the area in which the Border Guard Force is deployed.

In addition, the MFO has the responsibility of verifying other military and security agreed activities.

Military Participation
Twelve countries currently contribute military personnel to the MFO mission. The table on the following page presents the twelve Troop-Contributing Nations, their main duties and authorized strength as of the end of FY15.

International Civilian Personnel
Rome Headquarters: 12
DGR Cairo office: 2
DGR Israel office: 1
The Force in the Sinai: 73 (including 24 COU personnel)

International civilian personnel are recruited from locations worldwide and currently represent ten different nationalities: Australia, Canada, France, Hungary, Ireland, Italy, Kosovo, Romania, the United Kingdom, and the United States.

The MFO’s Single Support Contractor, HNSI has an international civilian staff of 58 personnel.

Locally Engaged Civilian Staff
Rome Headquarters: 11
DGR Cairo office: 29
DGR Israel office: 23
The Force in the Sinai: 38 (Contract Hired Civilians – all Egyptian nationals)

Care Services, the local labor subcontractor to HNSI, fills 530 positions at both MFO camps.

For detailed information on the MFO and its organizational structure, please visit our website: www.mfo.org.
## MFO Facts & Figures

### Nation | Main Duties | Strength
--- | --- | ---
Australia | Staff | 25
Canada | Liaison, FMPU, Air Traffic Control | 70
Colombia | Infantry Battalion | 358
Czech Republic | Aviation, Staff | 16
Fiji | Infantry Battalion | 338
France | Liaison | 2
Italy | Coastal Patrol Unit | 78
New Zealand | Training, Transport | 26
Norway | Staff | 3
United Kingdom | Staff | 1
United States | Infantry Battalion | 425
 | Composite Logistics Battalion | 240
 | Staff | 42
Uruguay | Engineering, Transport | 58

**Total** | **1682**
Annex B: MFO Visitors FY15

Our most senior civilian and military visitors from Supporting States this year included:

From Australia: BRIG Nagy Sorial, Deputy Commander, Joint Task Force 633 and VADM David Johnson, Chief of Joint Operations.

From Canada: GEN Thomas Lawson, Chief of Defence Staff and RADM Peter Ellis, Deputy Commander, Joint Operations Command.

From Colombia: MG Ernesto Maldonado, MG Jairo Salguero, BG Luis Danilo and BG Luis Roja.

From the Czech Republic: LTG Josef Becvar, Chief, General Staff and BG Petr Mikulenko, Deputy Chief of the General Staff and Director of Joint Operations.

From Fiji: COL Timoci Natuva, Minister for Immigration, National Security and Defence and COL Jone Kalouniwai, Land Force Commander.

From Hungary: H.E. Dr. Zsolt Semjen, Deputy Prime Minister of Hungary and BG Dr. Gabor Borondi, Commander, Joint Force Command.

From Italy: GEN Claudio Graziano, Chief of Defence Staff.

From New Zealand: MG Timothy Gall, Commander, Joint Forces.

From Norway: MG Yngve Odlo, Deputy Chief of Staff Operations.

From the United Kingdom: BG Robert Walton-Knight, Commander, 8th Engineer Brigade.

From the United States: REP Ken Calvert; REP John Carter; REP Blake Farenthold; REP Rodney Frelinghuysen; REP Kay Granger; REP Stephen Israel; REP Darrel Issa; REP Marcy Kaptur; REP Sheila Jackson Lee; REP Carolyn Malloney; REP Steve Womack; REP Peter Visclosky; GEN Frank Groves, Chief, National Guard Bureau; LTG Frederick Rudesheim, U.S. Security Coordinator for Israel and the Palestinian Authority; VADM Mark Fox, Deputy Commander of U.S. Central Command; MG Darrel Williams, Commanding General, 1st Theater Sustainment Command; MG William Hickman, Deputy Commanding General of Operations, U.S. Central Command; MG Lester Simpson, Commander, 36th Infantry Division, Texas National Guard; BG Daniel Mitchell, Deputy Commanding General (Support) 1st Theater Sustainment Command; BG Garrett S. Yee, Deputy Commander for Mobilization, Surface Deployment and Distribution Command; Mr. Paul Groves, Senate Appropriations Committee, Foreign Operations; and Mr. Paul Juola, House Appropriations, Defense.

Supporting States and other diplomatic missions in Egypt and Israel were welcome visitors. This included:

- The Ambassadors or Deputy Heads of Mission accredited to Egypt from Australia, Canada, Denmark, Finland, Hungary, the Netherlands, New Zealand, Norway, Sweden, Switzerland and the United Kingdom.

- The Military Attachés in Egypt from the Czech Republic, France, Hungary, the Netherlands, Norway, the Republic of Korea, Switzerland, the United States.

- The Ambassadors accredited to Israel from Australia, Canada, the Czech Republic, Egypt, Finland, Hungary, Japan, the Netherlands, New Zealand, the Republic of Korea and Sweden.

- The Military Attachés in Israel from Canada, Colombia, the Czech Republic, Germany, Hungary, Norway, the Republic of Korea and the United Kingdom.
Visits from both Receiving States strengthen our cooperative relationships. Most noticeably, these included MG Ossama Abdelaziz, Chief LAWIO and BG Ahmed El Ashrey, Assistant to Chief LAWIO, from Egypt, and BG Avi Peled, Head, IDFICD; BG Itai Veruv, Commander Gaza Division; Amb. Aviva Raz-Shecter, Deputy Director General, Middle East and Peace Process Division, Ministry of Foreign Affairs; and Mr. Yoel Mester, Director of Egypt Affairs, Ministry of Foreign Affairs, from Israel. These visitors made use of our facilities on several occasions to conduct talks and maintain their close coordination.
Index of Abbreviations

A-B
AO – Area of Operations
BEARCATS – Ballistic Engineered Armored Response Counter-Attack Vehicles
BGF – Border Guard Force
BSRF – Budget Stabilization Reserve Fund

C
CARF – Capital Asset Replacement Fund
CHC – Contract Hire Civilian
COLBATT – Colombian Battalion
COU – Civilian Observer Unit
CP – Checkpoint
CPU – Coastal Patrol Unit
CS – Communications Site

D-E
DGR – Director General’s Representative
DHC – Direct Hire Civilian
EAF – Egyptian Armed Forces

F
FAV – Fully Armored Vehicle
FCO – Force Contracts Office
FCS – Funds-Contributing States (Egypt, Israel and the United States)
FEO – Force Engineering Office
FF – Flight Following
FIJIBATT – Fijian Battalion
FME – Force Medical Element
FP – Force Protection
FS&P – Force Supply and Procurement
FTO – Force Transportation Office
FTT – Force Training Team
FX – Force Exchange
FY – Fiscal Year

H-I
HNSI – Holmes and Narver Services, Inc.
ICT – Information and Communications Technology
IDFICD – Israel Defense Force International Cooperation Division
IDFS – Israel Defense Force Strategic Division
IED – Improvised Explosive Device

L-M
LAWIO – (Egyptian) Liaison Agency with International Organizations
MEDEVAC – Medical Evacuation
MDF – Main Dining Facility
MSP – Morale Support Program

O-P
OP – Observation Post
P&S – Personnel and Services

R-S
RWAU – Rotary-Wing Aviation Unit
SIF – Self-Insurance Fund

T-U
TOP – Temporary Observation Post
USBATT – United States Battalion

V-W
VBIED – Vehicle-borne Improvised Explosive Device
VMF – Vehicle Maintenance Facility
WS – Wilayat Sinai