



# ARROYO CENTER

CHILDREN AND ADOLESCENTS  
CIVIL JUSTICE  
EDUCATION  
ENERGY AND ENVIRONMENT  
HEALTH AND HEALTH CARE  
INTERNATIONAL AFFAIRS  
POPULATION AND AGING  
PUBLIC SAFETY  
SCIENCE AND TECHNOLOGY  
SUBSTANCE ABUSE  
TERRORISM AND  
HOMELAND SECURITY  
TRANSPORTATION AND  
INFRASTRUCTURE  
U.S. NATIONAL SECURITY

This PDF document was made available from [www.rand.org](http://www.rand.org) as a public service of the RAND Corporation.

[Jump down to document](#) ▼

The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing the public and private sectors around the world.

## Support RAND

[Purchase this document](#)

[Browse Books & Publications](#)

[Make a charitable contribution](#)

## For More Information

Visit RAND at [www.rand.org](http://www.rand.org)

Explore the [RAND Arroyo Center](#)

View [document details](#)

## Limited Electronic Distribution Rights

This document and trademark(s) contained herein are protected by law as indicated in a notice appearing later in this work. This electronic representation of RAND intellectual property is provided for non-commercial use only. Permission is required from RAND to reproduce, or reuse in another form, any of our research documents.

This product is part of the RAND Corporation monograph series. RAND monographs present major research findings that address the challenges facing the public and private sectors. All RAND monographs undergo rigorous peer review to ensure high standards for research quality and objectivity.

# U.S. Army Security Cooperation

Toward Improved Planning  
and Management

---

THOMAS S. SZAYNA  
ADAM GRISSOM  
JEFFERSON P. MARQUIS  
THOMAS-DURELL YOUNG  
BRIAN ROSEN  
YUNA HUH

Prepared for the United States Army  
Approved for public release, distribution unlimited



ARROYO CENTER

The research described in this report was sponsored by the United States Army under Contract No. DASW01-01-C-0003.

**Library of Congress Cataloging-in-Publication Data**

U.S. Army Security Cooperation : Toward Improved Planning and Management /  
Thomas Szayna ... [et al.].

p. cm.

“MG-165.”

ISBN 0-8330-3576-2 (pbk.)

1. United States—Military relations—Foreign countries. 2. Military assistance,  
American. 3. United States. Army—Management. I. Szayna, Thomas S.

UA12.I48 2004

355'.031'0973—dc22

2004004348

The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing the public and private sectors around the world. RAND's publications do not necessarily reflect the opinions of its research clients and sponsors.

**RAND**® is a registered trademark.

© Copyright 2004 RAND Corporation

All rights reserved. No part of this book may be reproduced in any form by any electronic or mechanical means (including photocopying, recording, or information storage and retrieval) without permission in writing from RAND.

Published 2004 by the RAND Corporation

1700 Main Street, P.O. Box 2138, Santa Monica, CA 90407-2138

1200 South Hayes Street, Arlington, VA 22202-5050

201 North Craig Street, Suite 202, Pittsburgh, PA 15213-1516

RAND URL: <http://www.rand.org/>

To order RAND documents or to obtain additional information, contact

Distribution Services: Telephone: (310) 451-7002;

Fax: (310) 451-6915; Email: [order@rand.org](mailto:order@rand.org)

## Preface

---

This monograph documents the results of a project entitled “Army Capabilities to Respond to Future Engagement Requirements.” The project aimed to improve the Army’s decisionmaking and prioritization of resources devoted to security cooperation.

The research reported here was sponsored by the Deputy Under Secretary of the Army (International Affairs). Toward the end of the project’s duration, that office was disestablished and its functions split up and merged into the Office of the Assistant Secretary of the Army (Acquisition, Logistics, and Technology) and the Office of the Deputy Chief of Staff, G-3, Operations and Plans, Headquarters, Department of the Army. The research was conducted in RAND Arroyo Center’s Strategy, Doctrine, and Resources Program. RAND Arroyo Center, part of the RAND Corporation, is a federally funded research and development center sponsored by the United States Army.

The report should be of interest to those concerned with security cooperation and Army international activities.

For comments or further information, please contact the project leader, Thomas Szayna (telephone 310-393-0411, extension 7758, e-mail [Tom\\_Szayna@rand.org](mailto:Tom_Szayna@rand.org)).

For more information on RAND Arroyo Center, contact the Director of Operations (telephone 310-393-0411, extension 6419; FAX 310-451-6952; e-mail [Marcy\\_Agmon@rand.org](mailto:Marcy_Agmon@rand.org)), or visit Arroyo's web site at <http://www.rand.org/ard/>.

## The RAND Corporation Quality Assurance Process

---

Peer review is an integral part of all RAND research projects. Prior to publication, this document, as with all documents in the RAND monograph series, was subject to a quality assurance process to ensure that the research meets several standards, including the following: The problem is well formulated; the research approach is well designed and well executed; the data and assumptions are sound; the findings are useful and advance knowledge; the implications and recommendations follow logically from the findings and are explained thoroughly; the documentation is accurate, understandable, cogent, and temperate in tone; the research demonstrates understanding of related previous studies; and the research is relevant, objective, independent, and balanced. Peer review is conducted by research professionals who were not members of the project team.

RAND routinely reviews and refines its quality assurance process and also conducts periodic external and internal reviews of the quality of its body of work. For additional details regarding the RAND quality assurance process, visit <http://www.rand.org/standards/>.





# Contents

---

Preface.....	iii
Figures .....	ix
Tables .....	xi
Summary.....	xiii
Acknowledgments.....	xix
Abbreviations .....	xxi

## CHAPTER ONE

<b>Introduction</b> .....	1
Objectives, Approach, and Organization .....	2
Objectives.....	2
Organization and Approach .....	3

## CHAPTER TWO

<b>Security Cooperation Planning Process: Its Evolution and Current State</b> .....	5
Introduction .....	5
Definitional Problems .....	5
Security Cooperation Planning as “Engagement” .....	8
The 2001 Review of the Security Cooperation Planning Process .....	17

## CHAPTER THREE

<b>The “Demand” Side: Generating Taskings for Army International Activities</b> .....	21
Introduction .....	21
Guidance from DoD.....	22
Incentive Structure for UCC Demand for AIA.....	24
Why UCC Demand for AIA Is High .....	24
Demand Across AIA Functional Categories .....	26
Theater-Level Security Cooperation Planning Systems.....	30
Demand for AIA from a Microeconomic Perspective .....	30
How the Current Planning Systems Work .....	32

The Role of Army Component Command Headquarters.....	32
Unique Characteristics of Security Assistance Planning.....	33
Shortfalls of the Existing Planning Systems .....	35
<b>CHAPTER FOUR</b>	
<b>The “Supply” Side: Army Resources Devoted to Security Cooperation .....</b>	<b>37</b>
Introduction .....	37
Army-Funded (Title 10) International Activities .....	37
Army Budget Structure .....	38
Army Resources for International Activities .....	40
Current Title 10 Resources for AIA .....	40
Trends in Title 10 Resourcing for AIA.....	44
Externally Funded International Activities .....	47
Security Assistance and Security Assistance-Related Programs .....	48
Army Security Assistance Programs .....	50
Security Assistance Administration .....	50
Security Assistance Training .....	53
Training Requirements .....	53
Training Execution .....	54
Issues in Army Security Assistance Management .....	57
Shortfalls of the Existing Resourcing System .....	61
<b>CHAPTER FIVE</b>	
<b>Conclusions .....</b>	<b>63</b>
A Conceptual Analysis of the Deeper Problems Underlying the AIA Planning Process .....	64
Recommendations .....	68
Recommendations with National-Level Implications .....	69
Recommendations with Implications for Department of the Army .....	70
<b>Afterword.....</b>	<b>73</b>
<b>APPENDIX</b>	
A. Title 10 and 22 Provisions and the Responsibilities of the Secretary of the Army .....	75
B. UCC-Level Security Cooperation Planning Systems .....	83
C. Army International Affairs: Funding .....	91
D. Army International Affairs: Manpower.....	97

## Figures

---

4.1. Total Title 10 Dollars for AIA: FY97–06.....	45
4.2. Political-Military Interactions: FY95–06 .....	46
4.3. Title 10 Civilian/Military Manpower for AIA, FY98–06 .....	47
4.4. U.S. Government Organization for Security Assistance .....	48
4.5. U.S. Army Organization for Security Assistance .....	54
4.6. Structured Manning Decision Review Process .....	55
4.7. Pricing/Costing Plans for Foreign Military Training.....	57



## Tables

---

2.1. Elements of Army International Activities .....	15
4.1. AIA MDEP Descriptions .....	39
4.2. Fiscal Year 2001 Funding for Title 10 AIA.....	43
4.3. Fiscal Year 2001 Manpower for Title 10 AIA .....	44



## Summary

---

The number and complexity of peacetime security cooperative activities undertaken by the U.S. armed forces with other countries and militaries increased steadily during the 1990s. During the 1990s, these activities were collectively termed “engagement.” Beginning with the 2001 Quadrennial Defense Review (QDR), they have been referred to as “security cooperation.” Although security cooperation activities further both service and national goals, the Army plays a prominent role as the executive agent for many, if not most, of them. The Army programs and activities that fall under the rubric of security cooperation are referred to as Army International Activities (AIA).

However, Headquarters Department of the Army (HQDA) does not possess a comprehensive understanding and appreciation of the extent of the Army’s activities in security cooperation. This is partly attributable to shortcomings in security cooperation management processes and policies at the national and Department of Defense (DoD) levels, but it equally stems from weaknesses in the Army’s own approach to AIA. Indeed, there is no effective linkage between the execution of security cooperation missions and the provision of accurate planning information as HQDA develops its Program Objective Memorandum (POM). This leaves HQDA with limited means to understand fully the PERSTEMPO and resources implications of AIA, let alone effective measures to influence resource planning and management for these activities. This study sought to help the U.S. Army improve its ability to assess future demand for Army resources devoted to security cooperation and to evaluate the impact of these demands upon the resources available to the Army.

Data collection and almost all of the research on the project were conducted prior to the attacks on the United States on September 11, 2001. A draft report was submitted to the sponsor in mid-2002. It was revised and updated selectively to include the major developments in security cooperation policy up through the beginning of 2004.

The first step in the research was a review of the guidelines for security cooperation planning in the 1990s, which revealed a lack of definitional clarity within DoD as to what constituted “engagement.” The definitional ambiguity impeded a better

institutional understanding of, and management over, AIA activities. From the perspective of bringing greater specificity to the Army's peacetime activities with other countries and armed forces, the replacement of the vague term "engagement" with a more focused and better defined "security cooperation" has been a step in the right direction. As of the completion of this monograph, there remains in place a mixture of the former "engagement" planning mechanisms and a new set of goals, tied more specifically to military missions and focusing more on established allies and partners.

The unified combatant commanders (UCCs) are the primary demanders for AIA, and given that they are not responsible for providing resources for AIA, their demand is theoretically infinite. The existing UCC-level security cooperation planning systems often lack concrete measures of effectiveness and do not incorporate fully both cost and benefit information with respect to security cooperation. The institutional providers of security cooperation (such as the Department of the Army, as provider of AIA activities) do not have clear visibility into the payoff stemming from security cooperation activities. Even though the UCCs, component commands, Defense Security Cooperation Agency, and embassy teams all have excellent systems of informal communication to oversee the execution and management of security cooperation (and specifically security assistance), they are not formalized and the planning process is subject to ad hoc decisionmaking.

A review of the resourcing processes and trends in recent (since fiscal year 1995) Army expenditures on AIA shows that the Army's budgeting system is not well structured to account for basic AIA expenditures. We were able to arrive at an aggregate level of the direct Army costs associated with AIA for the period 1995–2001 (and make estimates until 2005). Since 1995, the direct costs have fluctuated largely in the \$400–\$500 million range annually. The AIA resource management problem is compounded by the lack of both a definitive list of activities and a mechanism that links unofficial AIA categories with official Army and DoD resourcing categories. In addition, the Army is not properly accounting for many personnel costs related to security cooperation and, in some cases, is missing an opportunity to increase the amount of administrative costs charged directly to the customer. As a result of the disjointed nature of AIA programming and budgeting, HQDA is currently incapable of capturing the many hidden costs associated with AIA. The situation precludes HQDA from making fully informed policy and resource decisions with regard to security cooperation programs.

In an overall sense, the existing security cooperation planning process is exceedingly complex, involving a multitude of actors, problematic incentive systems, incomplete information exchange, and no reliable measures of effectiveness. Virtually all of the stakeholders understand only certain aspects of the process and/or have only partial visibility into the process. The drivers and demanders of AIA tend to have an incomplete understanding of the resourcing problems and the tradeoffs involved in making AIA choices. In turn, HQDA (the supplier of AIA resources) has an incom-



plete understanding of the benefits of AIA, and the Army's own resourcing tools are not easily amenable to an in-depth understanding of the resources it commits to AIA. Fundamentally, demand for AIA is predicated upon the amount of AIA supply provided by the Department of the Army, as opposed to the latter being the product of policy, strategy, and resource guidance. Indeed, incrementalism and continuity, rather than policy and strategy, have been the principal driving agents in the development of AIA resource priorities.

The 2003 Army International Activities Plan (AIAP) has established the policy framework for a strategy-driven AIA management process, but deep institutional issues within DoD and the Army must be addressed before the AIA management process matches the vision of the AIAP.

In the post-September 11 security environment, the planning system of AIA needs greater flexibility and efficiency as a crucial component of the global war on terrorism. The need for flexibility and adaptability in security cooperation—to accommodate shifting priorities (new partners, different mix of activities) and to seize opportunities that may be short-lived—has made essential the reform of the security cooperation planning and implementation process.

## Recommendations

The premise for our recommendations is that even though some of the deeply embedded problems in the security cooperation planning process will remain, steps can be taken to lessen the divergences and inefficiencies stemming from the different incentive systems of the main actors.

As the security cooperation planning process is reformed, an important goal will be to eliminate the definitional ambiguities that have plagued security cooperation planning during the 1990s. HQDA has a strong interest in ensuring that the official definition of “security cooperation” accurately reflects the U.S. Army's extensive activities in this area.

Given the Army's extensive benefits from, and involvement in, security cooperation, HQDA needs to encourage, and take a leading role in, the reform of the theater security cooperation planning system. It follows then that the Army Staff should be intimately involved in the development of the new planning methodology in order to ensure that its program and management activities are properly and sufficiently covered in defense resource planning.

The decision to disestablish DUSA-IA may open a policy and budget void in HQDA that will need to be filled by DAMO-SS. DAMO-SS is the logical division within G-3 (ODCSOPS) to provide HQDA policy guidance for, and establish priorities in, the development of Army capabilities to support national theater security cooperation strategy. Importantly, an administrative and resource vehicle is needed to

link AIA strategy clearly to resources. The revision of the AIAP is ideally suited to this requirement. The revised document should provide clear guidance and priorities to MACOMs that would enable those commanders to develop theater security cooperation supporting activities and relevant POM program elements that are in conformance with HQDA policy. Improved policy and resource planning systems will also have the important benefit of preparing Army component commanders to manage more effectively UCCs' demand for AIA.

The Army's approach to security assistance (a category of security cooperation that includes primarily the provision of equipment and training to other militaries) needs to be reformed, if not thoroughly reengineered. HQDA needs to initiate this effort. The current system, as a general observation, is not optimally set up to meet customer requirements; nor does the Army, institutionally, see security assistance as an opportunity to capitalize on potential financial advantages. A potential starting point is through a basic review of how the Army delivers security assistance and the development of Army-specific metrics to enable HQDA to better manage and monitor the benefits (and accurate reimbursement) of individual programs.

The Army's current budgeting system was not designed to allow transparency into the Army's AIA expenditures. As such, it needs to be reformed through continuing the process of consolidating AIA into coherent Army Program Elements (APEs) and Management Decision Packages (MDEPs). HQDA may consider aligning its AIA-related program elements with the Army resource management system and developing more meaningful IA resource categories (e.g., do away with the Miscellaneous International Support program element). Importantly, the Army needs to account for the hidden costs of security cooperation (such as full-time and, in certain cases, part-time military personnel costs) in AIA-related Army and DoD resource accounts.

HQDA needs to support the Defense Security Cooperation Agency's new Performance Based Budgeting (PBB) system and the efforts to rectify structural flaws, e.g., increased integration of DoD's PPBS system. HQDA should work toward the goal that all security assistance resources, no matter the source of funding, are programmed and managed in a coordinated fashion.

Finally, to correct the poor accounting for contract administrative services by Army Materiel Command's Major Subordinate Commands (MSCs), the U.S. Army Security Assistance Command (USASAC) should be supported in its effort to obtain accurate, up-to-date information from Army Materiel Command MSCs on where the contract administrative services occur. Once this is more clearly established, the Army may be able to follow the Navy's example and increase the amount of administrative costs charged directly to the customer.

In sum, we recommend that the Army take a variety of steps to improve its system for planning and managing AIA. The recent promulgation of the AIAP provides an excellent opportunity to address several deep-seated issues. However, many of the

problems afflicting AIA planning go beyond the realm of the AIAP, and rectifying them will require sustained engagement by a number of Army directorates.



## Acknowledgments

---

The authors are grateful to Mr. Craig Hunter for sponsoring the research, to Mr. Charles Wray for being the project monitor, and to COL Richard Grabowski, USA, and Mr. Mark McDonough for their interest in the study. The authors are also grateful to Dr. Frances Lussier, formerly at RAND, and COL George Topic, USA, at the National Defense University for reviewing and commenting on an earlier draft of this monograph. Their comments greatly improved the study.

Many people in the Department of Defense, the Joint Staff, the unified combatant commands, and the Department of the Army deserve thanks for their time and cooperation with the project staff. The individuals listed below were especially helpful in the course of the research.

At the Department of the Army: Ms. Monica C. Malia; Ms. Elizabeth A. May; Mr. Harry F. Rowley; Ms. Donna Torche; Ms. Shirlean Gatling; and MAJ Mike Albanese, USA. At USASAC: COL Karl Brieske, USA; Mr. Reggie Graham; and Ms. Joan Buchanan. At Fort Rucker (Army Aviation School): Ms. Mary Lou Williams. At Army Aviation and Missile Command: Ms. Adrienne Pope-Kelly.

At the Department of the Air Force: LtCol Michael Davis, USAF. At the Department of the Navy: Mr. Stephen L. Szyszka. At the U.S. Marine Corps: Ms. Gina Douthit. At Joint Staff: LtCol Lynn Herndon, USAF and CAPT (Sel) Robert Presler, USN. At DSCA: Mr. Bill Johnston; Ms. Debbie Spencer; and Dr. Greg Cleva. At SATFA: Mr. John R. Baer; Mr. Larry G. Cheney; Mr. Tony K. Harper; Ms. Arlene Anderson; Mr. Paul Tamulynas; Ms. Dorothy McGehee; Ms. Barbara Summers; and Ms. Ruth Fields.

At the U.S. European Command and U.S. Army Europe: COL Max Brewer, USA; COL John Sadler, USA; LTC Dan Hampton, USA; LTC Bill Pugh, USA; LTC Steve Wilson, USA; LTC Dave Zook, USA; Mr. Rick Dyer; Mr. Emile Hunziker; Mr. Paul Quintal; Ms. Linda Ettlting; Mr. Tom Holtman; Mr. Bob Miravalle; Mr. David Martin; and Mr. David Zimmerman.

At the U.S. Pacific Command and U.S. Army Pacific: COL Ken Newton, USA; LTC Bryan Dohrn, USA; LTC Glenn Rizzi, USA; MAJ Connie Kislán, USA; MAJ Bruce Moody, USA; MAJ George Miller, USA; CAPT William Hicks, USN; CDR

Donald Cline, USN; CDR Margaret Deming, USN; LtCol Eric Carlson, USAF; LtCol Melinda Grant, USAF; Mr. Tony San-Nicolas; Mr. Gregory Flick; Mr. Tim Moynihan; Mr. Larry Eshleman; and Dr. Rob Westerman.

At the U.S. Central Command and U.S. Army Forces Central Command: LTC David McNevin, USA; LTC Peter Clymar, USA; LTC David Moran, USA; MAJ Michael Morton, USA; CAPT J. M. Owens, USN; Mr. David Buzzell; and Mr. Randy Brooks.

At the U.S. Southern Command and U.S. Army South: LTC Paul Flynn, USMC; LTC Frank Montalvo, USA; MAJ Bill Cunningham, USA; MAJ Han Kolev, USA; MAJ Brian McNaughton, USA; MAJ Andres Rivera, USA; CDR Jean Milowicki, USN; LtCol Maria Cordero, USAF; Mr. Angel Barrios; Ms. Karen Castleton; Mr. Victor Hernandez; Mr. Enrique Labrador; Mr. Hector Lopez; Mr. Greg Norton; and Mr. Keith York.

At the Department of Defence, Australia: Mr. Greg Weichard and Mr. Michael Crossman.

At RAND, Jennifer Moroney, John Folkeson, and David Diener were especially helpful in the course of the research. Pamela Thompson assisted with the formatting of the document. Nikki Shacklett edited the document.

## Abbreviations

---

ACSIM	Assistant Chief of Staff for Installation Management
AIA	Army International Activities
AIAP	Army International Activities Plan
AMC	Army Materiel Command
AOR	Area of Responsibility
APEs	Army Program Elements
APGM	Army Program Guidance Memorandum
AR	Army Regulation
ASA(ALT)	Assistant Secretary of the Army (Acquisition, Logistics, and Technology)
CAS	Contract Administrative Services
CENTCOM	U.S. Central Command
CJCS	Chairman of the Joint Chiefs of Staff
CJCSI	Chairman of the Joint Chiefs of Staff Instruction
CJCSM	Chairman of the Joint Chiefs of Staff Manual
CPG	Contingency Planning Guidance
DA	Department of the Army
DAMO-SS	Department of the Army Military Operations – Strategic Plans and Policy
DCS	Direct Commercial Sales
DCSOPS	Deputy Chief of Staff for Operators and Plans
DoD	Department of Defense
DSCA	Defense Security Cooperation Agency
DUSA-IA	Deputy Under Secretary of the Army – International Affairs
EDA	Excess Defense Articles

E-IMET	Enhanced International Military Education and Training
EIPC	Enhanced International Peacekeeping Capabilities
EUCOM	European Command
FAO	Foreign Area Officer
FMF	Foreign Military Financing
FMS	Foreign Military Sales
HQDA	Headquarters Department of the Army
IMET	International Military Education and Training
INL	International Narcotics and Law Enforcement
IPO	International Programs Office
IRC	International Resources Council
JS	Joint Staff
LOAs	Letters of Offer and Acceptance
LOR	Letter of Request
MACOMs	Major Commands
MDEPs	Management Decision Packages
MFO	Multinational Force and Observers
MILDEPs	Military Departments
MILGPs	Military Groups
MOEs	Measures of Effectiveness
MPP	Mission Program Plan
MSCs	Major Subordinate Commands
MTC	Materiel-Technical Cooperation
NGB	National Guard Bureau
NSAS	National Security Assistance Strategy
OAS	Organization of American States
OCAR	Office, Chief of Army Reserve
ODCs	Offices of Defense Cooperation
ODCSLOG	Office of the Deputy Chief of Staff, Logistics
ODCSOPS	Office of the Deputy Chief of Staff, Operations and Plans
ODCSPER	Office of the Deputy Chief of Staff, Personnel
O&M	Operations and Maintenance
OMB	Office of Management and Budget



OPLAN	Operation Plan
OPTEMPO	Operational Tempo
OSCE	Organization for Security and Cooperation in Europe
OSD	Office of the Secretary of Defense
PACOM	U.S. Pacific Command
PB	Presidential Budget
PBB	Performance Based Budgeting
PDM	Program Decision Memorandum
PEs	Program Elements
PEGs	Program Evaluation Groups
PERSCOM	Personnel Command
PERSTEMPO	Personnel Tempo
PfP	Partnership for Peace
PMI	Political-Military Interactions
POM	Program Objective Memorandum
PPBES	Planning, Programming, Budgeting, and Execution System
PROs	Prioritized Regional Objectives
QDR	Quadrennial Defense Review
RDT&E	Research, Development, Test and Evaluation
RWG	Regional Working Group
SA	Security Assistance
SAF/IA	Secretary of the Air Force/International Affairs
SAO	Security Assistance Office
SAT	Security Assistance Team
SATD	Security Assistance Training Directorate
SATFA	Security Assistance Training Field Activity
SATMO	Security Assistance Training Management Organization
SECARMY	Secretary of the Army
SECDEF	Secretary of Defense
SMDR	Structured Manning Decision Review
SOUTHCOM	U.S. Southern Command
TAP	The Army Plan
TEP	Theater Engagement Plans

TPMRs	Training Program Management Reviews
TRADOC	Training and Doctrine Command
TRAM	Theater Resource Allocation Matrix
TSCP	Theater Security Cooperation Plan
UCC	Unified Combatant Commander
USAREUR	U.S. Army Europe
USARCENT	United States Army Forces, Central Command
USARPAC	United States Army Forces, Pacific Command
USARSO	United States Army Forces, Southern Command
USASAC	United States Army Security Assistance Command

## Introduction

---

The U.S. armed services have long undertaken peacetime activities with other armed forces and countries, and the number of such activities has risen steadily since the end of the Cold War, driven primarily by the goals of influencing the international security environment, strengthening allies, contributing to deterrence, and augmenting U.S. capabilities. Collectively termed “engagement” during the 1990s, these activities are called “security cooperation” in the 2001 Quadrennial Defense Review (QDR), the 2003 Secretary of Defense Security Cooperation Guidance document, and the 2004 Strategic Planning Guidance.<sup>1</sup> Most of the activities focus on U.S. allies and partners. Although security cooperation activities further national goals, the Army plays a prominent role as the executive agent for many, if not most, such activities. The Army programs and activities that fall under the rubric of security cooperation are referred to as Army International Activities (AIA).

The increasing international opportunities for, and demands upon, the Army in the 1990s led to several studies that examined the extent to which the Army’s manpower and resources have been stretched thin and how this has affected recruitment and training. Although AIA has undoubtedly been of great benefit to the Army and the nation, this participation, especially when defined in a broad fashion, has also contributed to the demands on the Army and thus the tempo problems that it has faced.<sup>2</sup>

Examining the issue of AIA and its impact on Army functioning is difficult because of problems in obtaining reliable data on the resources expended for security cooperation and because of difficulties in assessing the effectiveness of AIA. Moreo-

---

<sup>1</sup> Data collection and almost all of the research on the project were conducted prior to the attacks on the United States on September 11, 2001. A draft report was submitted to the sponsor in mid-2002. It was revised and updated selectively to include the major developments in security cooperation policy up through the beginning of 2004.

<sup>2</sup> Ronald E. Sortor and J. Michael Polich, *Deployments and Army Personnel Tempo*, Santa Monica, CA: RAND Corporation, MR-1417-A, 2001; James R. Hosek and Mark Totten, *Does Perstempo Hurt Reenlistment? The Effect of Long or Hostile Perstempo on Reenlistment*, Santa Monica, CA: RAND Corporation, MR-990-OSD, 1998; Claire M. Levy, Harry Thie, Jerry M. Sollinger, and Jennifer H. Kawata, *Army PERSTEMPO in the Post Cold War Era*, Santa Monica, CA: RAND Corporation, MR-1032-OSD, 2001.

ver, Headquarters Department of the Army (HQDA) has limited visibility into the problem because requests for AIA are generally submitted directly by unified combatant command headquarters to Army component commands, leaving HQDA with insufficient appreciation of the degree to which the Army is involved in supporting U.S. security cooperation. Fulfilling the security cooperation taskings clearly has an impact on the Army's day-to-day operations, such as a high personnel tempo (PERSTEMPO) and shortages of personnel and skills, but the extent of the problems is subject to wide-ranging differences in interpretation.

Addressing the question of the extent of disruptions placed upon the Army because of security cooperation activities and improving the Army's planning mechanism for security cooperation quickly runs up against two main problems. One, there is no comprehensive understanding and appreciation of the extent and scope of security cooperation activities in HQDA (and probably in other service headquarters as well). Two, there is no effective mechanism that links security cooperation activities with resources in the form of informing service and defense agency Program Objective Memoranda (POM).

## **Objectives, Approach, and Organization**

### **Objectives**

This study sought to help the U.S. Army improve its ability to assess future demand for Army resources devoted to security cooperation and to evaluate the impact of these demands upon the resources available to the Army. In this sense, the study addressed the following two fundamental questions in a related manner:

- What are the determinants of demand for AIA?
- What are the resources devoted by the Army to AIA?

The questions are important to the Army, in that addressing them provides a way of supporting the Army's decisionmaking in the prioritization of resources, and holds out the potential for improving the Army's responsiveness and increasing the benefits that accrue to the Army from conducting AIA.

In a nutshell, we found that the existing security cooperation planning process is exceedingly complex, includes a multitude of actors, and suffers from problematic incentive systems, incomplete information exchange, and a difficulty in measuring performance. The demanders of AIA operate on the basis of an in-built bias in favor of demanding more AIA than can be resourced. They also do not have a full understanding of the resourcing problems and tradeoffs involved in AIA choices. The HQDA faces a different problem, in that it does not have a complete picture of AIA

or understanding of the benefits of AIA, and its resourcing tools are not amenable to a thorough understanding of the Army resources committed to AIA.

### **Organization and Approach**

We began our research with a comprehensive description and categorization of the activities that comprise AIA. This is not as easy as it may sound. The fuzziness of the term “security cooperation” (and “engagement”) activities means that some activities with other countries or armed forces straddle the line between operations and peacetime cooperation. In addition, the depth of decentralization of AIA is such that a listing of activities that comprise AIA is not easily available or amenable to compilation. We evaluate the various definitions used by the DoD and the services and trace the evolution of the security cooperation planning process in Chapter Two. The results are based on Department of Defense (DoD) and Army documents and regulations, secondary literature, and interviews with DoD and foreign personnel conducted by project staff.

Based on an understanding of the current approach toward AIA and the planning system associated with it, we then approached the problem of anticipating future requests from the perspective of supply and demand. We use the supply and demand approach as a heuristic in thinking about the provision of AIA and the process of how individual AIA originate.

On the “demand” side, we examined how the process of assigning security cooperation taskings to the Army unfolds, from initiation to implementation. We assessed the process in terms of its formal outlines as well as how it actually unfolds in practice. Although there are differences in how demand for specific activities is channeled, there are common underlying reasons for the problems in the process. Chapter Three presents the results of this research. The results are based primarily on interviews conducted by project staff with personnel at unified and component commands, Army headquarters, and DoD.

On the “supply” side, we assembled a comprehensive listing of the recent trends in resource expenditures that the Army devotes to security cooperation. Although it is possible to assess the level of the Army’s own (Title 10) funds devoted to security cooperation at an aggregate level, the results hide a variety of complex problems that are neither easily fixed nor even amenable to portrayal in anything but a rich description. Chapter Four presents the results of this research, providing both an assessment of the aggregate-level expenditures and a glimpse of the deeper problems. The results are based on an analysis of Army budgetary documents and interviews with Army and DoD personnel conducted by project staff.

Finally, we drew some overall conclusions from the analysis of the determinants of “demand” for AIA and the availability of resources, or “supply,” of resources for AIA. Chapter Five presents the insights and the recommendations in order to make the process more transparent and to assist the Army’s planning.

Almost all of the research on the project was conducted prior to the attacks on the United States on September 11, 2001. As such, the research was conducted at a time when the security environment was perceived to be largely benign, with no clear military threat, and in conditions whereby political objectives of supporting democratization (as well as the more military-specific objectives of achieving greater compatibility, effecting deterrence, and maintaining presence) figured prominently as goals of security cooperation. The post–September 11 security environment more closely resembles the Cold War security environment in the sense that there is a specific threat that security cooperation is meant to address. The change has provided a more solid military basis for security cooperation, even if democratization goals prevalent prior to the global war on terrorism have not gone away entirely. The changed security environment affects the targeting of security cooperation and AIA. It has also clarified the objectives of AIA somewhat, although the overall picture of supply and the origins of demand for AIA that is presented in this report remains similar to the pre–September 11 environment.

The monograph was submitted in draft form to the sponsor in mid-2002. It was revised and updated selectively to include the major developments in security cooperation policy up through the beginning of 2004.

## Security Cooperation Planning Process: Its Evolution and Current State

---

### Introduction

The planning and execution of security cooperation has a long history in the U.S. armed forces. In fact, the U.S. military always has engaged in security cooperation with other countries and militaries. However, the term used to describe what is currently known as “security cooperation” has evolved over the years, not to mention being subject to differing understandings and interpretations, conceptually as well as programmatically. Thus, during the 1990s, the terms “engagement” and “shaping” were used at times without sufficient specificity as to their meaning (and often interchangeably), leading to some confusion in both planning and execution. The Secretary of Defense’s issuance of the Security Cooperation Guidance document in April 2003<sup>1</sup> has provided guidance as to what exactly constitutes security cooperation in terms of the goals of the Office of the Secretary of Defense (OSD), as well as how it is to be executed.

The purpose of this chapter is briefly to present and analyze how past ambiguity in terminology resulted in imprecise guidance to the unified combatant commanders (UCCs) and the services. The point is important because the U.S. Army has provided a disproportionate amount of resources to these activities, and inexact guidance and vague priorities have had a negative effect upon how effectively the Army has been able to plan, program, and resource them.

### Definitional Problems

For a variety of reasons, security cooperation activities not necessarily tied to formal deliberate plans increased in number and intensity during the 1990s. This situation

---

<sup>1</sup> Department of Defense, *Security Cooperation Guidance* (U), 2003; not available to the general public.

reached the point where, following the 1997 Quadrennial Defense Review (QDR), the Joint Staff was directed to develop within the Joint Strategic Planning System guidance and control mechanisms for security cooperation for the UCCs.<sup>2</sup> This, in turn, led to the development of the Theater Engagement Planning system.<sup>3</sup>

Yet despite the fact that the term “engagement” entered the DoD lexicon in the 1990s and was prominent in a number of key strategic planning documents, it was never defined satisfactorily. Specifically, there was a lack of clarity on exactly what constituted “engagement” activities of the U.S. armed forces, as distinct from “engagement” policy expressed in national-level strategy documents.<sup>4</sup> This is an important typological issue, since the answer had implications for how the services carried out these activities, both under their own jurisdiction as well as under the direction of (or in coordination with) the Joint Staff and the UCCs. Specificity in definitions is important because the activities included within a definition of “engagement” affect the claims on resources needed to carry out these missions.

This question was tied to another issue: How do we distinguish between the respective roles and missions of the services and the UCCs as established by Title 10, U.S. Code? Problematic terminology started with national-level strategy documents that produced unclear definitional parameters that grew almost exponentially as these documents were interpreted by the Office of the Secretary of Defense, the Joint Staff, and the services.<sup>5</sup> As a result of the imprecise use of key terms, many misunderstandings arose prior to the release of the Security Cooperation Guidance document in April 2003 over what constituted national-level strategic guidance and the constituent parts needed to execute the administration’s strategy.<sup>6</sup>

---

<sup>2</sup> Based on guidance from the Secretary of Defense in April 2002, the commanders of the unified combatant commands are to be referred to as “combatant commanders” rather than “combatant commanders-in-chief” (CINCs). To avoid confusion with component commanders, this study will refer to combatant commanders as unified combatant commanders (UCCs).

<sup>3</sup> See William Cohen, *Quadrennial Defense Review*, Washington, D.C., 1997, p. 9. Theater engagement planning was formally established by Chairman of the Joint Chiefs of Staff Instruction, “Responsibilities for the Management and Review of Theater Engagement Plans,” CJCSI 3113.01, 1 April 1998. The establishment of Theater Engagement Planning was presaged in Chairman of the Joint Chiefs of Staff Instruction, “Joint Strategic Planning System,” CJCSI 3100.01, 1 September 1997, p. C-1.

<sup>4</sup> In its academic usage, the term has come to be associated with strategies to modify the behavior of adversaries. That is very different from the way that DoD has used the term in its planning documents. In any event, academics too have raised the point that the U.S. foreign policy establishment has been unable to “advance a coherent and analytically rigorous conceptualization of engagement.” Evan Resnick, “Defining Engagement,” *Journal of International Affairs*, 54:2 (Spring 2001), p. 551.

<sup>5</sup> See Barry M. Blechman et al., “Grading Theater Engagement Planning,” *Joint Force Quarterly*, 24 (Spring 2000), pp. 100–103.

<sup>6</sup> An assessment that the term “engagement” was of limited utility came across in a recent study of the Theater Engagement Planning system. Roger Allen Brown, Leslie Lewis, and John Schrader, *Improving Support to CINCPAC Theater Engagement Plans: Phase 1*, Santa Monica, CA: RAND Corporation, DB-323-JS, 2001, p. 11.



From the perspective of bringing greater specificity to the Army's peacetime activities with other countries and armed forces, the replacement of the term "engagement" in 2001 by "Department of Defense Security Cooperation" is an important step in the right direction. The new term refers to "those activities conducted with allies and friends, in accordance with Secretary of Defense Guidance, that:

- Build relationships that promote specific U.S. interests;
- Build allied and friendly capabilities for self-defense and coalition operations;
- Provide U.S. forces with peacetime and contingency access."

Theater security cooperation is executed by the UCCs and is defined as "those activities conducted by combatant commanders to further Secretary of Defense goals and priorities. Theater Security Cooperation is a subset of Department of Defense Security Cooperation."<sup>7</sup>

The Secretary of Defense Security Cooperation Guidance document also provides a noninclusive definition of what constitutes security cooperation:

- Combined Exercises
- Security Assistance
- Combined Training
- Combined Education
- Combined Experimentation
- Defense and Military Contacts
- Humanitarian Assistance
- OSD-managed programs<sup>8</sup>

The above definitional issues notwithstanding, the Army has and will continue to do most of the things it had done when it considered them to be "engagement." What is needed is a better understanding of, and programmatic support for, activities that make up security cooperation. Absent conceptual development and definitional clarity, senior Army leadership will continue to have difficulty in providing Department of the Army policy guidance to, and establishing priorities for, commanders of Major Commands (MACOMs) whose commands are heavily involved in providing the bulk of U.S. security cooperation activities.

A brief survey of the usage of the term "engagement" in the 1990s follows. It shows that definitional ambiguity impeded a better institutional understanding of, and management over, AIA activities. Consequently, clarity in terminology is an im-

---

<sup>7</sup> Mr. Andy Hoehn, Deputy Assistant Secretary of Defense for Strategy, "DoD Security Cooperation," unclassified briefing, April 2003.

<sup>8</sup> Department of Defense, *Security Cooperation Guidance* (U), 2003; not available to the general public. The definition of security cooperation categories is taken from the section of this document entitled "Implementing Security Cooperation Guidance (U)."

portant step in the development of effective management reforms. In addition, elements of the practices and mechanisms established in the 1990s continue to survive when it comes to security cooperation. Although the security cooperation planning system admittedly is in the midst of its implementation, institutional memory and existing mechanisms will not change overnight.

## Security Cooperation Planning as “Engagement”

The highest national-level documents used the term “engagement” to denote almost any activity or contact with foreign countries—military or otherwise. The term first came into use in the 1993 National Security Strategy<sup>9</sup> that defined national-level security policy to be “a strategy of engagement and enlargement.” In the 1999 National Security Strategy,<sup>10</sup> “engagement” described the intention to seize international opportunities and focus on threats to the international environment. The document also defined “shaping the international environment” as a supporting, or subelement, of “engagement.” Activities constituting “shaping” included deliberate military operations that could include use of coercive military force (e.g., peace enforcement) to achieve national ends.

At the level of strategic guidance from the Office of the Secretary of Defense, the 1997 Quadrennial Defense Review<sup>11</sup> (which established the Defense Strategy of “Shape-Respond-Prepare”) refined the definition of shaping the international environment, referring to it as an element of peacetime engagement and distinguishable from the other elements of national defense strategy, i.e., responding and preparing. Under the section heading “The Defense Strategy,” the document also provided a generic description of shaping:

In addition to other instruments of national power, such as diplomacy and economic trade and investment, the Department of Defense has an essential role to play in shaping the international security environment in ways that promote and protect U.S. national interests. Our defense efforts help promote regional stability, prevent or reduce conflicts and threats, and deter aggression and coercion on a day-to-day basis in many key regions of the world. To do so, the Department employs a wide variety of means including: forces permanently stationed abroad; forces rotationally deployed overseas; forces deployed temporarily for exercise, combined training, or military-to-military interactions; and programs such as de-

---

<sup>9</sup> William J. Clinton, *National Security Strategy 1993*, Washington, D.C.: The White House, December 1993, pp. 18–20.

<sup>10</sup> William J. Clinton, *National Security Strategy 1999*, Washington, D.C.: The White House, December 1999.

<sup>11</sup> William Cohen, *Quadrennial Defense Review*, Washington, D.C., 1997.

fense cooperation, security assistance, International Military Education and Training (IMET) programs, and international arms cooperation.<sup>12</sup>

Next in the hierarchy of strategic guidance, the 1997 version of the Chairman of the Joint Chiefs of Staff's (CJCS) National Military Strategy,<sup>13</sup> introduced the term "peacetime military engagement." The term was defined as encompassing all military activities in peacetime that involve other militaries that have the purpose of shaping the international environment. As such, the term included missions and activities more properly within the definitional parameters of improving the ability of the U.S. armed forces (and others) to "prepare for" deliberate operations, or "respond to," international crises. In other words, "peacetime military engagement" encompassed much more than a military diplomatic approach that is as opportunistic as "shaping" implies. However, other references in the text to shaping and engagement confuse the terminological issue because "engagement" undergoes transformation from a noun form to that of an adjective. The term "engagement activities" is used to describe what might be more accurately considered "shaping" activities. The activities described are not intended to support a standing operation plan (OPLAN) but rather rely on the U.S. armed forces to further U.S. and allied interests through "contacts" with other countries. Though the definition did not include any "missions" that could be interpreted as falling under the "respond" category (with the possible exception of activities designed to improve basing, infrastructure, and overflight rights for contingencies involving U.S. forces), certain cooperative activities related to procurement could be considered part of a service's "prepare now" function.

The documents discussed above provided general guidance to the U.S. armed forces and the UCCs regarding security cooperation activities. More detailed DoD documents dispensed specific guidance to planners of security cooperation. The Chairman of the Joint Chiefs of Staff guides the Joint Staff in its development of the Joint Strategic Capabilities Plan (JSCP), and previously by way of Prioritized Regional Objectives<sup>14</sup> that were contained in the Contingency Planning Guidance (CPG). The two documents were crucial to the implementation of engagement, but they were of less help in defining key terms. This is important because much of the direction and oversight of security cooperation activities (if not their funding) undertaken by the U.S. armed forces is carried out under the auspices of the CJCS and the UCCs. Much does not mean all; the services also undertake security cooperation ac-

---

<sup>12</sup> QDR 1997, p. 9.

<sup>13</sup> Chairman of the Joint Chiefs of Staff, *National Military Strategy of the United States of America: Shape, Respond, Prepare Now: A Military Strategy for a New Era*, Washington, D.C., 1997.

<sup>14</sup> Prioritized regional objectives have come under concerted criticism for, among other reasons, not providing sufficient useful planning guidance, let alone establishing important priorities. As they are contained in the Contingency Planning Guidance, there is little in the open literature about prioritized planning objectives. See Blechman et al., pp. 100–101.

tivities as an element of their twelve institutional “functions” (also known as “roles”) as specified in U.S. law.<sup>15</sup>

Two key documents published by the Chairman of the Joint Chiefs of Staff provided specific guidance for engagement but increasingly have become less relevant as the Office of the Secretary of Defense has implemented the security cooperation planning process.<sup>16</sup> An Instruction (CJCSI) outlines the responsibility for the management and review of “theater engagement plans” (TEPs) developed and executed by the UCC.<sup>17</sup> A Manual (CJCSM)<sup>18</sup> provides additional highly detailed guidance.<sup>19</sup> The CJCSM defined “engagement” activities in an expansive manner. In effect, for the purposes of Theater Engagement Planning, any activity with a foreign country could be included in the categories of engagement activities:

**6.c.(2) Categories of Engagement Activities.** The following categories of engagement activities will be included in the TEP Activity Annexes. The key determinant of whether a specific activity is included in TEPs is whether or not it is determined by the CINC to have a significant engagement role in the theater strategy.

- (a) *Operational Activities.* Those activities conducted in conjunction with or part of ongoing operations that have significant engagement value that supports the CINC’s theater strategy. Examples could include missions using forces present overseas such as peacekeeping, peace enforcement, humanitarian relief, sanctions enforcement, and counterdrug operations . . . .
- (b) *Combined Exercises.* This category includes CJCS- and CINC-sponsored exercises, as well as bilateral and multilateral exercises and conducted by the forces of the Service components with forces of other nations . . . .
- (c) *Security Assistance.* This category of engagement activity impacts all levels of the [U.S. Government] as well as those planned by the CINCs and Executive Agents in coordination with the senior military representatives of the U.S. country teams or, where assigned, security assistance officers. Security assistance activities in the TEP Activity Annexes includes [sic] Foreign Military Financing (FMF), Foreign Military Sales (FMS), International Military Educa-

<sup>15</sup> In the case of the Department of Army these “functions” are found in U.S. Code, Title 10, Section 3013.

<sup>16</sup> A third, related, document that governed Theater Engagement Planning was the Instruction that established responsibilities and relations for the Joint Strategic Planning System. Chairman of the Joint Chiefs of Staff Instruction, “Joint Strategic Planning System,” CJCSI 3100.01A, 1 September 1999.

<sup>17</sup> “Responsibilities for the Management and Review of Theater Engagement Plans,” CJCSI 3113.01, 1 April 1998.

<sup>18</sup> Chairman of the Joint Chiefs of Staff Manual, “Theater Engagement Planning,” CJCSM 3113.01A, 10 April 2000. This version replaced the initial manual that was dated 1 February 1998. In 2001, the CJCS moved to alter radically Theater Engagement Planning, and the current edition of the manual is essentially moribund.

<sup>19</sup> These documents remain “in force,” if not in use. We use them here to assist us in defining the terms.

tion and Training (IMET), and Enhanced International Military Education and Training (E-IMET), Excess Defense Articles (EDA) program and potential direct commercial sales (DCS).

- (d) *Combined Training.* This category includes scheduled unit and individual training activities with forces of other nations. It does not include CJCS-sponsored, CINC-sponsored, and Service-sponsored, and Service exercises that are included in the Combined Exercises category in subparagraph c(2)(b) . . . .
- (e) *Combined Education.* This category includes activities involving the education of foreign defense personnel by U.S. institutions and programs both in CONUS and overseas . . . .
- (f) *Military Contacts.* This category includes senior defense official and senior officer visits, counterpart visits, ship port visits, participation in defense shows and demonstrations, bilateral and multilateral staff talks, defense cooperation working groups, military-technical working groups, regional conferences, State Partnership for Peace, and personnel and unit exchange programs.
- (g) *Humanitarian Assistance.* This category includes those planned activities for which specifically allocated humanitarian assistance funds are requested and planned. They are primarily humanitarian and civic assistance provided in conjunction with military operations and exercises, assistance in the form of transportation of humanitarian relief, and provision of excess non-lethal supplies for humanitarian assistance purpose. Other forms of humanitarian assistance, such as de-mining training, may also be applicable to this category.
- (h) *Other Engagement.* This category encompasses engagement activities such as those, which are the result of arms control treaties, obligations, or ongoing negotiations. This category also includes information exchanges.<sup>20</sup>

The rationale for the inclusive treatment of security cooperation activities stems from one of the critical findings of the 1997 QDR, namely, that the Joint Staff did not have a centralized mechanism for planning, monitoring, or executing “engagement/shaping” activities. As a result, in the development of the TEP system, its planning and reporting methodology subsumed almost all foreign contacts. However, the end effect of the undisciplined use of terminology concerning “engagement” and “shaping” was to muddle the difference between an activity conducted to further the UCC’s (and the component command’s) ability to address more effectively potential crises by way of combined exercises with an ally (e.g., to test and validate tasks identified in an OPLAN), and an activity designed to promote vaguely defined political goals by way of military contacts.

The lack of clarity in terminology continued at the service level, where almost all security cooperation is actually funded and carried out. To be sure, UCCs have

---

<sup>20</sup> “Theater Engagement Planning,” CJCSM 3113.01A, 10 April 2000, pp. A-12 through A-14.

some limited Initiative Funds and resources to underwrite, for example, the transportation costs of bringing forces into their theater for exercise purposes. However, most of the resources that the UCCs use for security cooperation come from their service component commands, whose activities are supported and reflected in their respective service POMs. Since the passage of the Goldwater-Nichols Defense Reorganization Act in 1986, component commanders report directly to the UCC concerning operational missions, rather than through service command channels. Indeed, the role played by the service components in security cooperation is reflected in the fact that these headquarters have provided the vast amount of data that make up previously used TEP Activity Annexes. However, it was at this level that distinguishing between activities that are planned and executed to “shape” a country in the theater and those intended to improve a command’s ability to respond to international crises became most confusing.<sup>21</sup>

Based on our review of the three services’ documents that address security cooperation, the Army has developed the most detailed and holistic approach to “engagement.”<sup>22</sup> Army Regulation (AR) 11-31, “Army International Affairs Policy” provides basic definitions relevant to Army participation in security cooperation. It defines Army International Affairs as comprising:

the official relations between the U.S. Army and foreign governments, international organizations, industries, and people of other nations that are aimed at furthering U.S. national security interests and promoting U.S. values abroad. Army International Affairs also includes Army support for other United States Government agencies that are involved in pursuing the above goals. AIA plays a central role in shaping the international security environment, responding to international crises, and preparing Army forces, friendly forces and materiel for future conflicts.<sup>23</sup>

AR 11-31 is explicitly inclusive in its treatment of AIA as relevant to all of the Army’s Title 10 and Title 22 responsibilities. The regulation categorizes AIA pro-

---

<sup>21</sup> For further discussion and analysis on this point, see Thomas M. Jordan et al., *“Shaping” the World through “Engagement”: Assessing the Department of Defense’s Theater Engagement Planning Process*, Carlisle Barracks, PA: The Strategic Studies Institute, U.S. Army War College, April 2000, pp. 12–13; and Brown, Lewis, and Schrader, *Improving Support to CINC Engagement Plans: Phase 1*, p. 23.

<sup>22</sup> We reviewed the other services’ attempts at greater definitional clarity of security cooperation. The Department of the Air Force did not develop a specific service definition of “engagement” or “shaping” for Air Force programs. The Department of the Navy made an attempt to refine the definitions of “engagement” and “shaping” to fit its specific missions. However, the Navy’s concept of “engagement” remained focused on presence and, as such, it was reactive and underdeveloped. The U.S. Marine Corps did not develop any definitions of “engagement” independent of the Navy, using instead the definitions provided in naval-level strategy documents.

<sup>23</sup> Army International Affairs Policy, *Army Regulation 11-31*, Washington, D.C.: Headquarters Department of the Army, 28 April 2000, p. 5, <http://international.army.mil/mainpage.htm>.

grams and activities into three main categories: political-military interactions, security assistance, and materiel-technical cooperation.

- **Political-military interactions (PMI):** “an integral part of the dialogue that takes place between the U.S. and other nations in times of peace, tension, and war. Although often undertaken to support U.S. national objectives, these interactions also contribute to improving the Army’s ability to conduct military operations with allies and friends, using compatible doctrine and interoperable munitions, materiel, and equipment.”<sup>24</sup> Since the reorganization of the Department of the Army (DA) in 2001, the primary responsibility for PMI resides with DAMO-SS.
- **Security assistance (SA):** “involves DA activities carried out under Title 22 USC, the Foreign Assistance Act of 1961 (as amended), Arms Export Control Act of 1976 (as amended), related legislative authorization and appropriations acts, and other applicable statutory authority. SA encompasses a wide range of Army and Army-supported military programs, with the purpose of providing military capabilities to our friends and allies in support of U.S. national security and foreign policy objectives.”<sup>25</sup> Security assistance includes the following main components:
  - *Materiel programs:* “provide defense articles, support, services, and the maintenance or overhaul of existing defense articles to enhance the recipient country’s defense capability.”<sup>26</sup> The U.S. Army Materiel Command (AMC) is the executive agent for SA materiel programs.
  - *International military training:* “consists of the International Military Education and Training (IMET) and the FMS [Foreign Military Sales] training programs, the principal tools for enhancing the professionalism of foreign militaries.”<sup>27</sup> The U.S. Army Training and Doctrine Command is the executive agent for SA training programs for international military personnel.
- **Materiel-technical cooperation (MTC):** “conducted principally with industrialized countries to augment unilateral Army research and development; improve the readiness posture of the U.S. Army; achieve the highest degree of standardization, interoperability, and integrated logistics support of systems and equipment; increase multinational force compatibility; and strengthen defense cooperation.”<sup>28</sup> The Assistant Secretary of the Army (Acquisition, Logistics, and

---

<sup>24</sup> Ibid., p. 6.

<sup>25</sup> Ibid., p. 7.

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

<sup>28</sup> Ibid., p. 8.

Technology) and AMC have the primary responsibility for materiel (fielded systems) and technology cooperation, respectively.<sup>29</sup>

Table 2.1 provides a list (put together from a composite of Army documents) of the activities included in AIA.<sup>30</sup> Note that this list is far from comprehensive, let alone authoritative. Indeed, one of the key problems with the Army's approach to undertaking security cooperation is that AIA are widespread throughout the Army and extremely decentralized, thereby obviating full transparency to central management. Appendix A presents an overview of the legal aspects of the Secretary of the Army's responsibilities, as stemming from Title 10 and 22. The legal background gives an in-depth justification for the activities listed in Table 2.1.

One useful method by which AIA can be understood is, using other RAND research,<sup>31</sup> to place them in functional categories:

1. Professional education and training
2. Military exercises
3. Military-to-military exchanges
4. Military-to-military contacts
5. International support/treaty compliance
6. Standing fora
7. Materiel transfer (FMS, FMF, EDA) and technical training
8. Research, Development, Test and Evaluation (RDT&E) programs

By examining a far from exhaustive list of activities under professional education and training, a clear appreciation of the extensive and varied nature of AIA is possible:

- OSD Executive Agencies/OSD Regional Security Centers
  - Marshall Center for Security Studies
  - Center for Hemispheric Defense Studies
  - Near–East South Asia Center for Security Studies

---

<sup>29</sup> Ibid.

<sup>30</sup> An illustrative (though not comprehensive) list of AIA is contained in *Army International Activities Plan Fiscal Years 2002–2004*, Washington, D.C., Headquarters Department of the Army, 26 June 2002, FOUO, Annex A: AIA Program Descriptions. Due to the restricted nature of this document, the annex is not reproduced here.

<sup>31</sup> Jefferson Marquis and Richard Darilek, "Assessing the Value of Army International Activities (AIA)," unpublished RAND research, 2003.



**Table 2.1**  
**Elements of Army International Activities**

---

Political-military interactions
Arms control obligations
Military contacts, including:
Visits by senior officials
Counterpart visits
Participation in defense shows
Participation in defense demonstrations
Bi-/multilateral staff talks
Defense cooperation working groups
Military-technical working groups
Regional conferences
States Partnership for Peace
Personnel and unit exchanges
Humanitarian assistance
Other cooperation, including:
Ongoing negotiations
Supporting information exchanges
Security assistance
Foreign Military Sales (FMS)
Foreign Military Financing (FMF)
International Military Education and Training (IMET)
Expanded IMET
Excess Defense Articles (EDA)
Direct Commercial Sales
Materiel-technical cooperation, in support of:
Standardization
Interoperability
Integrated logistics
Multinational force compatibility
Operational activities
Counterdrug operations
Combined exercises
CJCS exercises
Service component exercises
Combined training (excluding the above)
Joint Combined Exchange Training
Combined Education

---

- Asia-Pacific Center for Strategic Studies
- Africa Center for Security Studies
- Western Hemisphere Institute for Security Cooperation (WHINSEC)
- Foreign Students to U.S. Schools
  - Army War College International Fellows Program
  - USMA Foreign Academy Exchange Program

- Orientation Tours
- International Military Education and Training (IMET)
- Expanded International Military Education and Training (E-IMET)
- Combating Terrorism Fellowship Program
- U.S. Students to Foreign Schools/In-Country Training
  - Schools of Other Nations (SON) Program
  - Foreign Area Officer (FAO) In-Country Training (ICT)
- Other Professional Education
  - *Military Review* Translation (Portuguese/Spanish)<sup>32</sup>

The categorizations presented above are an illustration of the attempt to impose a structure for thinking about security cooperation. And the distinctions, even the overarching ones such as PMI and SA, are mostly heuristic; they have never been officially incorporated into Army doctrine. In addition, the reformed Army International Affairs Plan (AIAP) of 2002–2004, a member of the family of plans that support The Army Plan (TAP), has only begun to provide guidance in terms of clarifying the Army’s responsibilities and priorities with respect to security cooperation.<sup>33</sup> The pre-2002 AIAP drafts did not state priorities or define crucial terms. They also failed to provide a methodology to distinguish between the different types of security cooperation (whether aimed at increasing Army readiness and supporting the ability of the United States to respond to potential crises or at investing in a region’s security environment).

The distinction between the different types of security cooperation is an analytical one, since many AIA can be defined as affecting both categories. However, the distinction is important for purposes of assisting MACOM commanders in differentiating between service and UCC requirements. If the categorization scheme were to become a part of the Army’s Planning, Programming, Budgeting, and Execution System (PPBES), it would be important for enabling the Department of the Army to make informed resource decisions. The criteria that can be used to distinguish between the activities could be on the basis of intent of the activity or an examination of an activity in terms of a TOE unit’s mission-essential task list or Army Readiness and Training Evaluation Plan (ARTEP). The problems with earlier AIAPs are likely to go on being addressed as the AIAP evolves to where it and resources become more closely linked.

---

<sup>32</sup> Ibid.

<sup>33</sup> Army International Activities Plan Fiscal Years 2002–2004, FOUO.

## The 2001 Review of the Security Cooperation Planning Process

The Secretary of Defense's decision of 28 February 2001 to review the entire theater "engagement" planning process aimed to address the operational difficulties caused by the definitional problems and the broad interpretation of "engagement" in DoD planning mechanisms. The Security Cooperation Guidance document, intended to provide new OSD-level guidance for the UCCs to develop their respective security cooperation plans, is not publicly available. However, the 2001 QDR provided an overview of the strategic direction that the Bush administration took toward security cooperation. Reference to this document is important, as it reaffirms the continued relevance of activities that used to be referred to as "engagement," making it fairly certain that the Army will continue to be directed by the Congress and OSD to carry out and support these activities.

The strategic framework elaborated in the QDR provided broad guidance for security cooperation activities. The framework has four main defense policy goals: (1) assuring allies and friends; (2) dissuading future military competition; (3) deterring threats and coercion against U.S. interests, and; (4) if deterrence fails, decisively defeating any adversary. All of the goals have direct relevance for targeting security cooperation activities, though the first goal addresses it most directly:

A primary objective of U.S. security cooperation will be to help allies and friends create favorable balances of military power in critical areas of the world to deter aggression or coercion. Security cooperation serves as an important means for linking DoD's strategic direction with those of U.S. allies and friends.<sup>34</sup>

Two of the seven strategic tenets that support the defense policy goals have direct relevance for security cooperation.

*Strengthening Alliances and Partnerships:* The need to strengthen alliances and partnerships has specific military implications. It requires that U.S. forces train and operate with allies and friends in peacetime as they would operate in war. This includes enhancing interoperability and peacetime preparations for coalition operations, as well as increasing allied participation in activities such as joint and combined training and experimentation.

*Maintaining Favorable Regional Balances:* The defense strategy also places emphasis on maintaining favorable military balances in critical geographic areas. By maintaining such balances, the United States can secure peace, extend freedom, and assure its allies and friends. . . .

---

<sup>34</sup> *Quadrennial Defense Review Report*, September 30, 2001, p. 11.

The “Deter Forward” section of the QDR’s force planning guidelines also mentions security cooperation:

Security cooperation will serve as an important means for linking DoD’s strategic direction with those of its allies and friends. DoD will focus its peacetime overseas activities on security cooperation to help create favorable balances of military power in critical areas of the world and to deter aggression and coercion. A particular aim of DoD’s security cooperation efforts will be to ensure access, interoperability, and intelligence cooperation, while expanding the range of pre-conflict options available to counter coercive threats, deter aggression, or favorably prosecute war on U.S. terms.

The gist of the guidance in the QDR is that security cooperation will continue, though the current formulation ties it more specifically to military goals and focuses it more on established allies and partners.<sup>35</sup> What distinguishes the Secretary of Defense Security Cooperation Guidance from previous policy and guidance documents is that it:

- Outlines strategies for DoD’s interaction with current and future allies and friends around the world
- Designates regions and countries of emphasis
- Identifies key policy themes on where to focus efforts.

Moreover, the guidance directs DoD components on where to concentrate security cooperation activities in:

- Combating terrorism
- Influencing strategic directions of key powers
- Transforming U.S.-Russian relationship
- Cooperating with parties to regional disputes
- Strengthening alliances for the future
- Realigning global posture.<sup>36</sup>

---

<sup>35</sup> This general direction in the change of security cooperation focus is in line with an allied experience with “engagement.” Extensive Australian military-to-military contacts during the 1990s came under review in 2000. According to Australian defense planners, the review found that, in time, “engagement” activities were being carried out rather “promiscuously,” often times under questionable rationales, with ill-defined objectives and without identifiable “payoffs” to Australian interests. Consequently, the Australian Department of Defence came to assess each prospective activity from the perspective of the range of benefits that Australia might derive from it: there must be some identifiable value to the Australian Defence Force, or Australian national interests, for such activities to take place. Moreover, the Department of Defence (Strategic and International Policy Division) now has general oversight and management of “engagement.” There is also improved linkage between the funding and execution of “engagement” activities. Information provided to project staff by a representative at the Department of Defence, Russell Offices, Canberra, February 2001 and March 2002.

<sup>36</sup> The description of the Security Cooperation Guidance is taken verbatim from Mr. Andy Hoehn, “DoD Security Cooperation.”

As of the completion of this monograph, there remains in place a mixture of residual former planning mechanisms with a new set of goals, while the new planning system is being developed and implemented. The system is bound to develop and evolve further. What is clear is that OSD has taken the lead in providing guidance to the UCCs to develop theater security cooperation strategies and implementation plans, which are to be reviewed by the Joint Staff but approved by OSD.<sup>37</sup>

---

<sup>37</sup> This description of the planning process is taken from the “Implementing Security Cooperation Guidance” section of the Security Cooperation Guidance document.



## The “Demand” Side: Generating Taskings for Army International Activities

---

### Introduction

This chapter describes and assesses the process by which DoD generates taskings for AIA. Although the Army supports a small number of AIA programs that are devoted entirely to Army requirements, the vast majority of AIA demand emanates from outside the service—primarily from the regional unified combatant commanders. The Army undeniably accrues significant benefit from participating in nearly all AIA, regardless of the original demander, but the planning systems of external demanders nevertheless create the basic context for Army planning.

Since the Army plays mainly an implementation role in security cooperation, the chapter focuses on the incentives and the planning processes outside the Army. The chapter examines the demand at each of its three distinct stages. Policy guidance by DoD provides the overall framework for demand for security cooperation. The high-level guidance outlines the goals of security cooperation and, at least at the present time, is unconstrained by resource or planning limitations. Initiatives from OSD, specifically the issuance of subsequent Security Cooperation Guidance documents and the eventual reorientation of existing Chairman of the Joint Chiefs of Staff Instructions (CJCSI 3113.01, 1 April 1998) and Manual (CJCSM 3113.01A, 10 April 2000) from addressing Theater Engagement Planning to security cooperation, might well in future address this important shortcoming in the present planning and execution system for AIA.

At a more formative level, the regional UCCs,<sup>1</sup> responding to OSD guidance, articulate the vast majority of demand for AIA. In their formulation of demand for AIA, the UCCs are constrained by policy guidance but not by resource considerations. Finally, the demand is translated into taskings to the Army by way of the theater security cooperation strategy and implementation system that links UCCs and the

---

<sup>1</sup> Although there are a total of nine unified combatant commanders, regional responsibilities are divided among COMEUCR, COMCENT, COMPAC, COMSOUTH, and COMNORTH. Because this study focuses on international activities, references to the “regional UCCs” or simply “UCCs” mean these five collectively.

Joint Staff to service staffs. The system constrains demand by policy guidance and resource considerations.

At the first stage, due to the variety of U.S. foreign policy objectives and worldwide commitments, AIA demand is practically infinite. In its more formative UCC-level stage, from a purely organizational UCC perspective, AIA are provided cost-free by the Army (i.e., the “costs” of security cooperation are not “billed” to a UCC). As such, the UCCs have an incentive system favoring the generation of requests for AIA with little regard to their cost or the need to balance competing national security objectives across regions of the world. Not surprisingly, unconstrained UCC demand always far outstrips the available service resources. At the actual planning system stage, both the objectives and some of the costs of AIA are taken into account, constraining AIA demand. However, effective planning is hampered by an incomplete information exchange. To date, neither the Joint Strategic Planning Systems (JSPS) nor, at present, Army planning systems have been designed to facilitate a sort of crosscutting analysis that incorporates both the costs and benefits of AIA. As stated earlier, however, the evolution of the AIAP is moving clearly in the direction of linking AIA to specific resources.

Viewing the incentive structure for the demand for AIA at each stage is informative in that, taken together, the three perspectives point to the built-in dynamic that favors ever-increasing demand for AIA and demonstrate the difficulties in forecasting AIA demand in a disciplined manner relevant to support informed resource decision-making by senior Army leadership.

## **Guidance from DoD**

Before the issuance by the Secretary of Defense of the Security Cooperation Guidance, national-level guidance for security cooperation was contained in Prioritized Regional Objectives (PROs) that were included in the Contingency Planning Guidance document (CPG, see Chapter Two). This guidance played a crucial role in the theater security cooperation planning system by aiding the development of security cooperation activities. The PROs outlined the purposes for which AIA will be conducted, and therefore set the overall direction of and demand for activities. As such, the UCCs used the PROs to develop their individual theater engagement plans (TEPs). PROs played a major role in creating unlimited demand for AIA for the following reasons:

One, the PROs were proactive. Unlike formal deliberate planning, security cooperation activities are intended to affect the international security environment and mold it in a certain fashion, implying a constant need for resources, such as those provided by AIA, even in the absence of negative developments (indeed, so as to pre-



vent negative developments). An activist agenda naturally generates very high demand for AIA by the UCCs.

Two, the PROs were broad and abstract. They outlined sweeping regional objectives to be accomplished and end-states to be attained. To accomplish such objectives, even if clear measures of effectiveness were available, often substantial and sustained AIA commitment to each of the states in a particular region would be required, resulting in a massive total requirement. The PROs defined numerous objectives in each region of the globe, multiplying the theoretical demand for AIA. Hence, the broad nature of the regional objectives ensures that AIA demand is virtually infinite.

Three, until the recent review of the process, the PROs were not prioritized among themselves. From a theoretical perspective, this placed all PROs on a similar footing and prevented the UCCs and services from rationalizing the allocation of resources.

Four, the PROs were not delimited in time. Therefore, they defined a theoretical demand stretching forward indefinitely into the future.

Five, the PROs were formulated to establish broad strategic guidance to geographic UCCs and were not envisaged to provide guidance or the means to provide resources to support activities.<sup>2</sup> Consequently, they were not adequately linked to programming guidance contained in defense planning documents.<sup>3</sup>

The five factors described above indicate that, from a purely theoretical perspective, real and potential demand for AIA executed under the previous DoD management system produced a situation in which demand was infinite. Under this system, there were simply limitless opportunities for influencing and/or reassuring other governments and militaries, enhancing interoperability with allies and partners, bolstering the army-to-army relationships that facilitate operational access in times of crisis, and accomplishing all the other objectives outlined in the PROs. Given these weaknesses, the current security cooperation system envisages OSD providing much more disciplined and focused guidance to the UCCs as they execute their theater security cooperation strategies and country-specific implementation plans. The obvious intention of the Secretary of Defense Security Cooperation Guidance is to obviate "engagement for engagement's sake." However, the Security Cooperation Guidance is still in its early implementation, and it is yet unclear whether it has restrained the condition of unlimited theoretical demand for AIA. We can only note that OSD has made an effort to address this problem. The extent of the effort's success remains to be determined and deserves to be assessed at some point in the near future.

---

<sup>2</sup> Brown, Lewis, and Schrader, *Improving Support to CINCPAC Theater Engagement Plans: Phase 1*, pp. 3–4.

<sup>3</sup> *Ibid.*, p. 33.

## Incentive Structure for UCC Demand for AIA

The vast majority of demand for AIA and related resources comes from the regional UCCs. Although the Army conducts a number of activities purely for its own benefit, and although it reaps substantial rewards from virtually all of the AIA it conducts, the UCCs are assigned primary responsibility for security cooperation by direct and specific OSD guidance.

The UCCs have the concomitant responsibility for planning and overseeing the execution of the vast majority of security cooperation activities. The previous system by which UCCs developed theater engagement plans was governed by CJCS Manual 3113.01A. Almost all AIA activities were included in these plans. Under the current planning and execution system, regional UCCs prepare their respective theater security cooperation strategy and country implementation plan in response to the Secretary of Defense's Security Cooperation Guidance, thereby bypassing the Joint Staff and the deliberate planning process that existed under Theater Engagement Planning. All UCCs, Defense Agencies, and services are encouraged to collaborate as the UCCs develop their strategies and implementation plans. Draft strategies are submitted to the Chairman of the Joint Chiefs of Staff for review (vice assessment) and final approval by the Secretary of Defense. The approved strategies then serve as the basis for implementing their guidance within each UCC area of responsibility (AOR).

Notwithstanding the above reforms, because the UCCs are assigned the security cooperation planning mission, their requests still represent a large portion of the demand for AIA in their AORs. Collectively, UCCs' requirements can be considered the vast majority of the total demand for Army-funded AIA. Demand for security assistance, especially FMS, both materiel and training, comprises much of the rest of the AIA demand. To assess the determinants and the process of UCC demand for AIA, we interviewed the relevant planners from each of the UCC and Army component command headquarters.<sup>4</sup>

### Why UCC Demand for AIA Is High

Our research indicates that UCC demand for AIA is high and growing faster than the availability of AIA resources. Given that the Security Cooperation Guidance document and supporting planning and execution systems are still in the early implementation phase, it is too early to ascertain if it will have the effect of restraining UCC demand for AIA. In consequence, it is instructive to explain how under Theater Engagement Planning, UCC strategies generated enormous demand for AIA. Four dynamics appear to have driven this demand.

---

<sup>4</sup> The data presented here come from interviews conducted by project staff from March through July 2001 at EUCOM and USAREUR, PACOM and USARPAC, CENTCOM and USARCENT, and SOUTHCOM and USARSO.

First, the TEPs directly reflected the objectives established in the PROs. Therefore, to a certain extent the TEPs shared the ambitious, sweeping, and unlimited nature of the PROs, inflating AIA demand. The basic principle is that the more sweeping the PROs, the more ambitious and greater the breadth of security cooperation activities considered and requested by the UCCs.

Second, U.S. preeminence in the post-Cold War world and its worldwide commitments have led to a steady expansion in the number of significant defense relationships and participation in peacetime operations. AIA are critical instruments in the evolution of U.S. national security policy around the world. The Army and DoD both benefit from the role played by AIA. The momentum from the expanding number of defense relationships in turn creates more demand for AIA, targeted at an ever-growing list of partner armies. Though EUCOM has seen the greatest growth along these lines during the 1990s, all the UCCs have encountered the trend.

Third, the recognition of a growing diversity in threats facing U.S. interests has created incentives to cooperate with allied and partner armies on a wider scope of activities and to work with partner armies that have not been priorities traditionally. AIA have proved to be a valuable means of responding to threats and latent threats in many regions of the world. Thus, as the Army and UCCs react to the evolving threat environment, they naturally demand greater access to AIA. For example, the Army today conducts AIA focusing on a multitude of activities, such as counternarcotics, counterterrorism, medical, and disaster management, as well as the traditional war-fighting-focused topics. These activities add to both the number and types of AIA conducted.

Fourth, and perhaps most important, as the U.S. military develops closer relationships with allied and partner states, both the number and the complexity of AIA and other security cooperation activities increase. This is a virtuous cycle and a testament to the key contributions made by AIA to service and OSD security cooperation objectives. To the extent that some AIA succeed, they generate a growing need for future AIA. In other words, there is a built-in escalation dynamic for cooperation with other militaries to grow naturally in complexity and resource intensity over time. This is particularly true in cases where an enduring institutional linkage has been created, such as an alliance or a conference of regional armies.

These four factors combined to drive UCC demand for AIA upward. Based on our interviews, UCC planners uniformly believed that present and projected demand for AIA greatly exceeds the Army's willingness to provide AIA. This shortfall is estimated by some to be as high as 50 percent of the total unconstrained UCC requirement for AIA,<sup>5</sup> though most estimates were lower, in the 20–30 percent range.<sup>6</sup> Ex-

---

<sup>5</sup> Interviews at U.S. SOUTHCOM, May 2001.

<sup>6</sup> The figures presented here are judgments offered by security cooperation planners. The nature of the current planning process precludes a more rigorous way of ascertaining the shortfall.

cess demand is not limited to individual activity categories or particular types of resources. AIA demand is high across geographic regions, activity types, and resource requirements.

### **Demand Across AIA Functional Categories**

During our interviews, each UCC staff emphasized a different mix of activities, but every type of AIA was identified as a high-demand item by some UCC. However, some activities appear to face universally higher demand. UCC demand appears to be particularly high for security assistance training, military-to-military contacts, and combined exercises. All of these activities are high in operational tempo (OPTEMPO) “costs” to the Army. In these areas, UCC demand for AIA greatly exceeds supply in both monetary and nonmonetary (units, personnel, expertise) resources required to execute the UCC security cooperation strategies. Army OPTEMPO and PERSTEMPO appear to be the most frequently cited rationales used by the component commands to argue against meeting UCC demands. Because of such limitations, except in rare cases, the unmet demand for AIA cannot be met solely by funding infusions into particular accounts or programs. The additional money cannot be spent on additional activities unless adequate personnel and units are also available to participate.

The results below summarize our findings regarding the AIA uniformly in high demand.

**Security Assistance Training.** In the case of certain kinds of security assistance training, the demanders believe that the demand exceeds by a large margin the available seats in U.S. Army schoolhouses and the funding available for International Military Education and Training.<sup>7</sup> According to the interviewees, in some cases demand exceeds supply to such an extent that the shortfalls have affected the overall UCC theater security cooperation strategies. Contractors were cited as one possible solution, but only as a suboptimal last resort.

Offices of Defense Cooperation (ODCs) play an important role in the management of security assistance training.<sup>8</sup> ODC chiefs, in close coordination with the country team, develop security assistance country plans with their host nation counterparts and are therefore a key determinant of demand. The country plans are provided to the UCC and the Defense Security Cooperation Agency for review, and eventually they are integrated into the UCC’s overall security cooperation planning process.

---

<sup>7</sup> Demand for FMS-funded training also exceeds availability. However, FMF- and FMS-funded training are not standard occurrences in many UCC AORs, and we focused on IMET.

<sup>8</sup> In the European theater, ODCs and Security Assistance Offices (SAOs) are now combined and called Bilateral Assistance Offices (BAOs).

Several general patterns emerged from our interviews of planners at UCC and Army component headquarters. One, in practice, IMET allocations are based on prior-year totals and marginally adjusted to account for Department of State or OSD policy guidance in the intervening year. Until 2003, organizations overseeing security assistance have not conducted zero-based budgeting to determine demand each year.

Two, the post–Cold War shrinkage in the Army training base has exacerbated the shortages. Essentially, the Army’s capacity to support foreign students declined as demand emerged to cooperate with new security partners. In nearly every case, UCC planners said they would not be able to utilize major additional IMET allocations (even if they were available) because of limitations in service, particularly Army, training infrastructure. For its part, U.S. Army Training and Doctrine Command (TRADOC) contends that the Army’s training infrastructure is adequate to support the current demand for international military training. However, a rising demand for U.S. training in particular areas, such as army aviation, may make it difficult for the Army to accommodate as many foreign students as in the past.

Three, there are intra-UCC regional disparities in the security assistance training shortage. ODC chiefs working with the more affluent countries (those that use FMS to finance training) and/or those with longstanding relationships with the United States have more leverage to win seats in U.S. schools. New partners generally have less leverage because their demand came on line just as the Army training base was shrinking. This points to a larger pattern that unmet demand for IMET appears to be greatest in areas where new defense relationships have been created in recent years.<sup>9</sup>

Four, the demand exceeds supply most noticeably at the junior officer levels: lieutenants and captains. There are more individuals competing for these slots, and there are fewer alternative worldwide training opportunities for junior leaders. For its part, Security Assistance Training Field Activity (SATFA) data show a future slight decrease in overall international military training demand.

**Foreign Military Financing.** Title 22, Section 2763 authorizes the executive branch to provide grants and loans to enable friendly countries to purchase U.S. defense products and services. The financial resources to support this Foreign Military Financing (FMF) are authorized by Congress under the Function 150 budget category (Foreign Operations) to the State Department. Recipient governments can use FMF resources to purchase defense materiel, maintenance, training, or other goods and services through the Foreign Military Sales channels. ODCs manage the program, with support from the Defense Security Cooperation Agency (DSCA) in Washington, D.C. Recipient governments often request the opportunity to procure

---

<sup>9</sup> The War on Terrorism may be changing this state of affairs. States that never received or received only limited IMET in the past have had their allocations increased as a result of supporting U.S.-led coalition operations.

Army training, expertise, or materiel with their FMF allocation, thereby leading to AIA demand on the Army.

The vast majority of FMF is provided to Israel and Egypt, though it is also used for a variety of other programs, for example, the African Regional Stability initiative, which provides training and equipment to select African militaries, as well as for Plan Colombia. A closer look at the Enhanced International Peacekeeping Capabilities (EIPC) initiative provides a way to better understand how FMF allocations can generate demand for AIA and the limited input that the Army has into the process.

The EIPC program was established in the late 1990s to expand the quality and quantity of partner states' forces committed to peacekeeping operations.<sup>10</sup> In practice, it appears that much of the FMF provided under EIPC is devoted to establishing and upgrading national peacekeeping centers in recipient states. In this vein, it is used to fund familiarization visits to U.S. training facilities, U.S. workshops in recipient countries, the acquisition of peacekeeping-related manuals and other library materials, the installation of software training simulators, and even construction materials for peacekeeping training centers. Like other security assistance programs, the State Department's Bureau of Political-Military Affairs sets the policy for EIPC. The DSCA manages and executes the program.

The process of allocating EIPC begins with the State Department Bureau of Political-Military Affairs requesting funds from Congress.<sup>11</sup> The overall level of the request appears to be determined primarily at the State Department, with only marginal interagency coordination. As the request makes its way through the departmental, administration, and congressional budget processes, consensus begins to form on the probable size of the actual allocation. The State Department concurrently sends a message to ODCs requesting proposals for EIPC projects. ODCs that believe EIPC assistance would help achieve their objectives with the host state submit detailed proposals for consideration by the Bureau of Political-Military Affairs and the Stability Directorate in the Office of the Secretary of Defense ASD/SOLIC (Stability and Support Operations). These proposals outline the specific ways in which the FMF would be used and the prospects for increasing the quality and quantity of forces provided by the recipient state (and, in many cases, regional partners) as a result of the EIPC allocation. The ODCs coordinate the development of proposals very closely with partner militaries, which occasionally raises false expectations but is necessary to provide details for the proposals. Once all proposals have been received, the Bureau of Political-Military Affairs and ASD/SOLIC (Stability and Support Operations) jointly draft a prioritized list of recipients and promulgate this list to the State and OSD offices responsible for managing regional policy. The regional offices are

---

<sup>10</sup> The specific objectives are outlined in *The Fiscal Year 2001 Congressional Presentation Document*.

<sup>11</sup> It is our understanding that the State Department may be lobbied by officials of a given state who are interested in developing peacekeeping capabilities, need resources to do so, and have heard about EIPC.

allowed to raise objections or voice support on behalf of partner governments in their areas of responsibility. This review typically does not involve the services, UCCs, Joint Staff, or ODCs, but is instead usually handled directly between State and OSD.

Once the review process has concluded, the allocations are made and ODCs begin the process of arranging familiarization visits for foreign decisionmakers and/or developing Letters of Request for required materiel and services. As might be expected, demand for all FMF-funded programs outstrips enormously the allocations authorized by Congress each year. On a smaller scale, this is also true for the EIPC program. The Department of State receives many more proposals each year than can be funded. The actual process of allocating FMF under the EIPC program appears to occur entirely outside Army channels, involving primarily the ODCs, State, and OSD.

**Military Contact Programs.** In the case of military contacts, demand appears to stretch the available U.S. funding and expertise. Many of these activities are incrementally funded by what used to be known as Traditional CINC Activity allocations (e.g., travel costs), but personnel and infrastructure costs are borne solely by the Army and other services. The service component headquarters and other units typically tapped for military contact programs have encountered personnel tempo (PERSTEMPO) constraints in meeting this type of demand. We found that the impact varied, depending on the command. While PERSTEMPO is, on the surface, a personnel planning issue, there is an underlying resource issue as well.

**Combined Exercise Programs.** UCC demand for combined exercises greatly exceeds the ability of the Army to provide units and funding because of OPTEMPO constraints. This is particularly the case in light of Army commitments to Operation Iraqi Freedom and Operation Enduring Freedom. In some cases, the Army only meets half of the UCC demand for exercises, while in other cases it cannot adequately support existing exercise programs, much less additional demand. Reductions in the size of the active component and reduced forward presence, combined with existing alliance commitments and the establishment of new defense partnerships, have led to the mismatch between demand and supply. EUCOM appears to be most affected. For example, the demand for Army exercises in Europe comes from several directions. USAREUR controls only 10 percent of its exercises at the division or corps level. The rest are mandated or scheduled by others. There are six varieties of exercises that may involve Army units: NATO Article V (i.e., collective self-defense), NATO Partnership for Peace (PfP) and "in the spirit of PfP exercises," NATO specified command (e.g., ACE Rapid Reaction Corps, Immediate Reaction Force—Land), Joint (CJCS Program), Non-CJCS Joint, and Army single-service exercises. Each of these programs is scheduled independently. Use of the reserve component and/or Army National Guard is not a satisfactory solution because of the long lead time that they require (24 months) to plan and execute an exercise.

AIA demand for combined exercises tends to send requirements rippling throughout an Army unit's resource planning system. For example, a new exercise program will place pressure on the Operations and Maintenance (O&M) accounts of participating units and superior headquarters. In addition, the series of planning conferences before the exercise is conducted will increase PERSTEMPO among the staff of participating TOE and TDA units. Last, units will also have to make time on their schedules (currently filled with training and operational commitments) to prepare for the exercise, deploy to an exercise area, conduct the exercise, redeploy to home station, and finally assess performance, rest, and reconstitute.

## Theater-Level Security Cooperation Planning Systems

The fact that UCC demand for AIA is much higher than the Army currently supports does not necessarily mean that the Army is not devoting enough resources to AIA. Since "pure" UCC demand does not take into account AIA resource implications and the fact that AIA activities consume resources that might be used for other beneficial purposes in support of U.S. national interests, it is not a satisfactory assessment of demand for planning purposes. The UCC-specific security cooperation systems that link UCC and service staffs are constrained by OSD policy guidance and DoD-wide resource considerations. The demand expressed through them comes closest to a "true" value of demand for AIA, even if they do inflate demand to continuously use up supply to the limit. The planning systems have their own problems, and these are addressed later in this section. However, some theory is needed to establish the basis for the assessment that current security planning mechanisms at the theater level are inadequate for the determination of effective and efficient security cooperation programs at the theater level.

### Demand for AIA from a Microeconomic Perspective

A useful concept of demand must incorporate considerations of marginal cost and marginal benefit. When characterizing "demand for AIA," the key analytical issue is actually identifying the *optimal* level of AIA, given the costs incurred and benefits achieved. Only this kind of crosscutting analysis can define how many AIA activities would best serve U.S. interests in an environment of multiple and competing national objectives.

Characterizing the demand for AIA can best be conceptualized as a classic resource allocation problem, roughly analogous to the microeconomic model of the market. The regional UCCs request AIA from the Army, and the Army chooses how many international activities should be resourced and to whom they should be allocated. In formal sense, the UCCs demand, and the Army supplies, a "product" called AIA.



In microeconomic markets, marginal cost and marginal benefit are the key factors determining the quantity of a good exchanged. Rational suppliers will provide goods to the market until the marginal cost of providing the last item exceeds the marginal benefit. Rational consumers will demand a good until the benefit derived from additional items is exceeded by the marginal cost of the good. The point of utility maximization is reached when the marginal benefit of the last item equals the marginal cost. Any further exchange of the good would result in the marginal cost exceeding the marginal benefit for both parties, while exchanging less than this amount would fail to capitalize on opportunities for greater net utility. When marginal cost equals marginal benefit of the last item, the optimal amount of the good has been established and the market "clears."

Of course, there are important limits on the applicability of the market analogy to the allocation of AIA. Most of all, the exchange of AIA is entirely internal to the Defense and State Departments. All the actors (both the UCCs and the Army, the "demanders" and "suppliers") in the system are on the same side and working toward the same end: defending, as well as promoting, U.S. national interests.

Additionally, in the microeconomic case, the monetary price of the good is the common measure linking the marginal benefit and marginal cost of the good. In the case of AIA, there is no price and nothing to be purchased. Success in defending and promoting the nation's interests is the key metric for measuring costs and benefits. Nevertheless, the microeconomic market is a useful (if rough) analogy because it highlights the paramount importance of incorporating marginal cost and marginal benefit into allocation decisions.

In the case of AIA, estimating demand is much more complex than simply totaling UCC requests. It instead requires the identification of the level and mix of activities that maximizes U.S. national interests. While AIA undoubtedly benefit the UCCs to which they are allocated, they also incur various types of cost (i.e. PERSTEMPO, OPTEMPO, incremental O&M, etc.). From a national perspective, defining demand for AIA must take both factors into consideration.

The microeconomic analogy is also useful because it highlights the importance of information exchange in the allocation decision. In microeconomic theory, the key to properly functioning markets is perfect information. If the good is to be allocated optimally, the demander must have a perfect understanding of the benefits to be gained from owning it. Similarly, the supplier must have a perfect understanding of the cost associated with providing the good. The most common explanation of "market failure" in microeconomics is the lack of perfect information. If either the cost or benefits are misunderstood, the good will be misallocated. If costs are perceived to be higher than they actually are, then a less-than-optimal number of the good will be exchanged. The same is true if benefits are perceived to be lower than they actually are. In both cases, the lack of accurate information will cause the good to be allocated incorrectly.

Information sharing is equally important in the allocation of AIA, though the problem is somewhat different because the Army and the UCCs are part of the same larger institution and share the mission of defending and promoting U.S. national interests. If AIA demand is to be estimated correctly, the Army and the UCCs must share information on the precise costs and benefits (actual and potential) of AIA. In effect, because they both operate in the same system, there must be informed consensus on the cost of AIA and their benefits. Characterizing the demand for AIA, therefore, requires consideration of the stated level of demand from UCCs, but more importantly the cost and benefits associated with AIA.

Unfortunately, such information is not readily available from a single source. The Defense Department has created an intricate process of prioritization and allocation of AIA and other security cooperation activities. This system, and its various subcomponents, is examined in more detail below from the perspective of its effect on AIA demand.

### **How the Current Planning Systems Work**

In a formal sense, the UCC staffs establish demand for AIA by developing the UCCs' theater security cooperation strategies and country implementation plans. They do not perform this task in isolation. UCC planners gather guidance from OSD, country teams, ODCs, partner countries, the State Department, and other actors in the course of developing their security cooperation strategies and implementation plans. Some of this information gathering is formal, but much of it is informal.

Notwithstanding the creation of the security cooperation process to replace the Theater Engagement Planning system, each of the UCCs has continued to implement its own *sui generis* process for planning security cooperation activities. Appendix B describes these systems in more detail, based on data obtained in mid-2001. Though all of the systems have changed in some fashion, the changes are evolutionary, and the system descriptions are useful in terms of illustrating the variety of ways that the theater security cooperation planning system articulates demand for AIA.

The common element of all the systems is an attempt to provide an objective-based planning methodology that integrates the variety of priorities with available security cooperation resources. Generally, the methodology involves some form of a regularized working group process, combined in some cases with decision-aid tools that aim to integrate objectives, priorities, and resources.

### **The Role of Army Component Command Headquarters**

The UCC security cooperation planning systems all incorporate the Army component command headquarters to some degree. The Army component command headquarters subordinated to each regional UCC serve as a nexus between the services and the UCC headquarters. The component headquarters support Army forces deployed in the region and link the UCC to the resources held by HQDA. They play a

key role in defining the resource requirements of the component command and transmitting that information to HQDA to be employed in the service POM development process and the AIAP. The component commands can therefore play a key role in security cooperation planning (and not just implementation). To some extent, they are already playing such a role (and, in fact, Army component commands sometimes play a role in determining demand at its initiation by virtue of their contacts with the U.S. embassy country team, ODCs, and partner country officers), though their actual participation in the planning process varies widely among the UCCs.<sup>12</sup> It is important to note that all the resource management systems developed to support UCC security cooperation strategies and activities are unique to each command and do not use similar criteria or methodologies, thereby denying HQDA a readily usable planning tool to manage Army assets used for security cooperation across the UCCs.

Army component command headquarters are often the first Army organizations to be assigned an AIA tasking. When component command elements conduct AIA, they are in a unique position to observe directly the benefits and costs of conducting the event. To the extent that this information can be captured and reported throughout the overall system (e.g., via the POM-development process and AIAP vetting process), the component command will have played a key information role. Security assistance is a notable exception to the above, since Army component headquarters are rarely involved in these activities.

### **Unique Characteristics of Security Assistance Planning**

Planning for security assistance activities is integrated to some extent into the larger theater security cooperation planning systems. In some cases, input from ODCs (the same personnel that plan security assistance) largely determines UCC security cooperation. Additionally, the UCC staffs assert a measure of oversight over security assistance programs, primarily through the J-4 or J-5 directorates.

However, the security assistance community also utilizes some unique planning systems and documents that are entirely separate from the mainstream security cooperation planning system. One example is the Two-Year Plan that every ODC is required to submit to DSCA annually and which is important for DSCA decision-making and management. The plan outlines ODC objectives for the security

---

<sup>12</sup> In some cases the role of component commands in linking UCC demand for AIA with resource decisionmaking at HQDA is constrained because they lack authority vis-à-vis the UCCs, they lack adequate headquarters personnel and other resources, or they lack in-theater Army units, hindering the development of habitual relationships. Each of these shortfalls can hamstring the role of an Army component headquarters in the security cooperation planning process. If a command suffers from all of these problems (as is the case with USARSO), it is virtually relegated to an implementation role. In such conditions, HQDA is deprived of the opportunity to review resource demands of the UCCs and to make informed resource decisions about security cooperation across all of the geographic UCCs.

assistance relationship and defines in some detail the projected requirements for security assistance training, services, and materiel.

Another example of a unique security assistance planning document is the Mission Program Plan (MPP) that each embassy annually drafts. The MPPs outline the country teams' key objectives and identify the programs and resources that will be allocated to each objective. The MPP objectives are considered by functional area, one of which is the Regional Security functional area. Ongoing and planned security assistance activities are a key aspect of the MPPs' Regional Security sections. The ODCs participate in the drafting of this section of the MPPs, and the final draft documents are reviewed in Washington by teams including both State and OSD personnel. In this manner, the ODCs' demand for security assistance is passed directly through State channels, and the entire country team (including the ambassador, political officers, etc.) have input into the security assistance objectives and plans for coming years. By contrast, the MPPs are less likely to include Title 10 security cooperation activities unless these are particularly high-profile activities.

Yet another unique security assistance planning document is the National Security Assistance Strategy (NSAS). The NSAS was mandated by the Security Assistance Act of 2000, which amended Title 22 to require the promulgation of a comprehensive national strategy for security assistance activities. The strategy is to include a five-year plan for all security assistance programs, in addition to specific objectives for each country receiving security assistance. The NSAS is intended to link the resources and programs planned for each country with the objectives specified, and outline how security assistance resources are coordinated with programs managed by DoD and other U.S. government agencies to accomplish the stated objectives.

Finally, DSCA is in the process of implementing a Performance Based Budgeting (PBB) system to replace the current resource allocation processes. The PBB process will result in another planning document unique to the security assistance community, and separate from the overall theater security cooperation planning systems.

In sum, the security assistance aspects of theater security cooperation are planned in two different sets of channels. In the security cooperation planning channel, they are integrated with the overall security cooperation strategies of the UCCs. In the security assistance channel, they are separated from other activities. Nevertheless, because many of the actors (and particularly the ODCs) participate in both channels, the results tend to be integrated. An important factor in the integrative process is the constant stream of informal coordination conducted by the many actors in both planning channels.

**The Role of Informal Coordination.** The formal channels of information exchange provide a structure to the process of planning for security cooperation and, thus, determining demand and allocating resources. However, security cooperation planning occurs in a much broader policy milieu that brings together those working security cooperation issues in a variety of contexts. The interactions that ensue are an

important, if informal, avenue of information exchange between the various offices and commands.

One type of informal information flow occurs outside the official channels between actors that have formally defined relationships in the security cooperation planning process. The collateral conversations that often occur between action officers working a region provide an example. The action officers shape each other's perceptions in these conversations and establish a foundation for their interactions in the formal security cooperation planning process.

Another type of informal information flow occurs between actors that do not have defined relationships in the security cooperation planning process. One important example is the direct contact that occurs between Army component headquarters personnel and representatives of U.S. embassy country teams. Such exchanges shape the Army's understanding of the situation in the partner country, and are a key factor influencing the country team's perception of the Army's ability to conduct AIA. A second type of such exchange occurs at general gatherings of regional specialists. Regional Working Group and similar planning events create a sense of shared mission among the various staff working the same issue in different organizations. One common outcome of this type of interaction is the formation of a clique of regionalists from various organizations that together exert profound influence over the U.S. policymaking process. However, these same officers have a vested career interest in expanding cooperation in their region. Organizationally, this may be problematic in terms of incentives because this informed clique provides the necessary information before resource decisionmaking by senior Army leadership.

Informal information flows between action officers and principals working the same issue are crucial to ameliorating the information disjunctures present in the UCC planning systems. However, because these information flows are not institutionalized in the planning system, they cannot be relied upon to make the system work. They are a by-product of the formal structures.

### **Shortfalls of the Existing Planning Systems**

The existing UCC-level security cooperation strategy and implementation systems do not incorporate fully both cost and benefit information regarding security cooperation. Neither the elaborate theater planning mechanisms nor informal information flows mitigate this problem. The specific shortfalls are outlined below.

**Lack of Visibility into Benefits.** The institutional providers of security cooperation (such as the Department of the Army, as provider of AIA activities) do not have clear visibility into the payoff stemming from security cooperation activities. Despite the recent promulgation of the AIAP, which establishes a solid policy foundation for planning AIA within the Army, the actual management mechanisms have not caught up to the AIAP's vision—and may never catch up without corrective action by DoD and HQDA. Most of the key information on AIA benefits is kept at the UCC and

Army component levels. This is a weakness in that it may lead to the underallocation of resources. As HQDA attempts to allocate its resources optimally throughout its many mission areas, it is likely to underallocate to AIA if the national security payoff of such activities is not readily identifiable in Army planning systems. To reiterate: the AIAP establishes a framework by which such information can be turned into valuable planning guidance, but the basic data must be made available by the staffs of component command and UCC headquarters. The current planning and execution systems often lack concrete measures of effectiveness. Existing measures tend to be too broad and provide little real explanation of the explicit result that is desired. Some UCC systems perform better than others on this score. That said, none of the UCC systems of assessment of security cooperation employ similar criteria and assess common activities. As a result, at present it is impossible for HQDA to make informed resource decisions based upon a single set of data that cuts across the UCCs.<sup>13</sup>

**Lack of Information on Marginal Cost.** The existing UCC-level systems are plagued by weaknesses in identifying and communicating the costs incurred by conducting AIA and other security cooperation activities. There is no systematic communication between service and UCC planners on the costs of conducting AIA. The UCC planners, in essence the demanders, therefore have less understanding of the tradeoffs being made to provide service resources for security cooperation. The demanders are not obligated to include such information in their planning systems, and therefore they are likely to request more than the optimal number of activities.

The Army's internal resource allocation process is not transparent. Even experienced resource managers cannot calculate the resources devoted to AIA. The funds are scattered throughout the Army POM and budget in hundreds of locations that are not easily identified.<sup>14</sup> Consequently, the Army has difficulties articulating the actual and opportunity costs of the high demand for AIA. In fact, the Army spends nontrivial resources on AIA that are hidden to all the actors in the system, even the providers themselves.

---

<sup>13</sup> The importance of developing a comprehensive set of measures by which to assess the value of AIA is well understood by security cooperation officials in the Army, as is the difficulty of doing so, given the subjective and long-term nature of many AIA outcomes. We are aware of ongoing efforts to address this point, including a RAND Arroyo Center effort to develop a conceptual framework for evaluating AIA that might be integrated into the Army International Activities Plan.

<sup>14</sup> The lack of transparency with respect to AIA resources is directly attributable to DoD's PPBS, over which Army security cooperation officials have limited influence. Nonetheless, the recent incorporation of AIA planning and resource integration within G-3 increases the potential for significant reform of the AIA resource management process, at least as it pertains to Title 10 programs, given G-3's vital role in preparing the Army budget. That said, the Army would still need to work with OSD to ensure that AIA programs are appropriately integrated into the overall DoD budget.

## The “Supply” Side: Army Resources Devoted to Security Cooperation

---

### Introduction

This chapter provides a description and an assessment of the complex process by which AIA requirements are identified, resourced, and managed, both inside and outside the Army, with particular attention being paid to the security assistance dimension of AIA. First, it describes the process as it pertains to Army-funded (or Title 10) international activities that fall within the domain of the Army’s PPBES and arrives at an estimate of the dollar and manpower resources that the Army is directly devoting to security cooperation. Second, it describes the resource management process employed for externally funded AIA, primarily security assistance activities sanctioned by Title 22 of the U.S. Code, and estimates the resources associated with them. Third, in order to illustrate the complex nature of AIA planning and budgeting problems, it provides an in-depth review of the training aspect of security assistance, the implementation of which is largely managed for the Army by SATFA. Finally, this chapter examines several important issues facing Army security assistance managers.

### Army-Funded (Title 10) International Activities

The PPBES is the Army’s principal resource management system. Linked directly to the Office of the Secretary of Defense (OSD) programming and budgeting, the PPBES develops and maintains the Army portion of the defense program and budget. The PPBES ties together strategy, programs, and budgets. It helps build a comprehensive plan in which budgets flow from programs, programs from requirements, requirements from missions, and missions from national security objectives. Long-range planning creates a vision of the Army 10 to 20 years into the future. In the middle term of 2–15 years, long-range macro estimates give way to a specified size, composition, and quality of divisional and support forces, which provides the

planning foundation for program requirements. Guided by these force requirements, programming distributes projected resources. In the near term of 0–2 years, budgeting converts program requirements into requests for manpower and dollars. When enacted into appropriations and manpower authorizations, these resources become available to carry out approved programs. In the execution phase of PPBES, the Army monitors how well available resources are utilized to meet program requirements.

### **Army Budget Structure**

The Army's annual budget is divided in two basic ways. The Defense Department separates Army appropriations into six major accounts: Military Personnel, Operations and Maintenance, Procurement, RDT&E, Family Housing, and Military Construction. Within each of these accounts, program elements (PEs) fund specific programs. The Army, however, uses a different system for managing its budget internally, based on its six major missions as defined by Title 10 of the U.S. Code: Manning, Training, Organizing, Equipping, Sustaining, and Installation. These missions are associated with Program Evaluation Groups (PEGs), which assist functional proponents, such as G-3 (ODCSOPS), G-1 (ODCSPER), and G-4 (ODCSLOG), in building the Army's main planning-programming document, The Army Plan (TAP), and converting the resulting program into budget-level detail. Most international activities are found within the Training PEG, chaired jointly by G-3 (ODCSOPS) and the Assistant Secretary of the Army, Manpower and Reserve Affairs (ASA-M&RA), whose primary aims are to provide resources for Army unit readiness and collective training.

**Management Decision Packages.** The resources managed by the PEGs are further divided into Management Decision Packages (MDEPs) and Army Program Elements (APEs). Used within the Army, MDEPs are resource management tools that, collectively, describe the capabilities programmed for the entire Army, active and reserve. Individually, an MDEP describes a particular organization, program, or function and resources associated with the intended output. Maintained in the PROBE database, each MDEP records manpower and total obligation authority over 9 fiscal years. During programming, MDEPs are designed to provide useful visibility by helping Army managers assess program worth, confirm compliance, and rank resource claimants (see Table 4.1 for a list of MDEPs related to international affairs). A more refined resource management tool, APEs identify the resources associated with a particular Army program, which may comprise one or more specific Army activities.



**Table 4.1**  
**AIA MDEP Descriptions**

MDEP Title	MDEP Code
NDU/Regional Security Centers (Less Marshall)	VRSC
Chemical and Biological Treaties	VCWT
Conventional Arms Control Treaty	VTRE
Strategic Arms Control Treaty	VTSM
North Atlantic Treaty Organization (NATO)	XISH
Support to Other Nations/Traditional UCC Activities	XISQ
Multinational Force Compatibility	VRSI
Marshall Center	TAMC
CJCS Exercises	VJCS
Reserve Component Overseas Deployment	TROS
Developing Countries Combined Exercises	JDHB
Humanitarian/Civic Assistance	JDHC
Southern Command Operations	TSSO
Civic Action Teams	VCAT
Security Assistance — Title 10	VFMS
Defense Language Program	TDLP
Foreign Area Officer Program	TFAO

**Program Development.** Army program development gets under way when HQDA publishes the TAP and its related Army Program Guidance Memorandum (APGM).<sup>1</sup> Utilizing APGM goals and priorities, Major Commands (MACOMs), Program Executive Offices (PEOs), and other operating agencies refine and extend the program of the previous Program Objective Memorandum (POM) cycle on an MDEP-by-MDEP basis. The results of this analysis are presented to the PEGs by the MDEP proponent.<sup>2</sup> Each PEG then reviews MDEP resources from a functional or program perspective, rank orders unresourced programs, and evaluates any proposed resource reallocations. The entire program is then examined by the senior Army leadership and forms the basis of the new POM, which HQDA submits to OSD for its review. The Deputy Secretary of Defense approves the POM, with changes, by signing the Program Decision Memorandum (PDM). The latter serves as the program-

<sup>1</sup> Incorporating recent OSD guidance, the APGM directs PEGs to resource to a hierarchical list of programming goals, objectives, subobjectives, and tasks.

<sup>2</sup> Although it directly manages only certain MDEPs, G-3's International Policy, Plans, Programs and Resources Integration Division (SSI) serves as the primary advocate for all AIA programs and activities throughout the PPBES.

matic model for the Army Budget Estimates that commence the budgeting phase of PPBES.<sup>3</sup>

### **Army Resources for International Activities**

In some cases, the Army's internal system for identifying AIA requirements and associated resources seems to work reasonably well. However, as earlier studies by RAND, the Logistics Management Institute, and Calibre Systems have made clear,<sup>4</sup> many AIA do not fit neatly into the Army's resource management framework, and identifying AIA within DoD's financial accounting system is even more difficult. AIA resources come from multiple DoD accounts (e.g., Operations and Maintenance, Military Personnel, RDT&E) and are spread among many different MDEPs and APEs. These MDEPs and APEs, in turn, are spread across multiple PEGs. Also, most AIA are relatively small and therefore are not readily identified (or easily identifiable) in budget documents.<sup>5</sup> The problem is compounded by the unavailability of a definitive listing of AIA<sup>6</sup> and the lack of an explicit link between these activities and Army and DoD resourcing categories. Finally, although efforts have been made to rationalize and consolidate some AIA-related MDEPs, there has been little support within the Army for the establishment of an AIA PEG. The closest equivalent to such an organization currently is the International Resources Council (IRC), a voluntary grouping of MDEP managers, from which the listing of AIA-related MDEPs in Table 4.1 was taken.

### **Current Title 10 Resources for AIA**

Tables 4.2 and 4.3 provide an assessment of Army (Title 10) resources devoted to international activities, in terms of both dollar expenditures and manpower, using budgetary information provided by DUSA-IA (now G-3/SSI).<sup>7</sup> Although this re-

<sup>3</sup> On receipt of the PDM, the Director, Program Analysis and Evaluation, with the Army Staff and Secretariat, adjusts the program and forwards the results to the Deputy Assistant Secretary of the Army for the Budget (DAB). The latter develops budget estimates from POM dollar and manpower levels as adjusted by the PDM.

<sup>4</sup> See Thomas S. Szayna, Frances M. Lussier, Krista Magras, Olga Olikier, Michele Zanini, and Robert Howe, *Improving Army Planning for Future Multinational Coalition Operations*, Santa Monica, CA: RAND Corporation, MR-1291-A, 2001, pp. 13–30; David M. Kaplan, James Keenan, James McKimney, and George Sinks, *Improving Policy Formulation and Management of Army International Activities*, McLean, VA: Logistics Management Institute, AR505MR1, June 1996; and *Army International Activities Programs, Final Report*, Falls Church, VA: Calibre Systems, 1995.

<sup>5</sup> For example, no detail is provided in public budget documents on the military pay account that would identify funds for soldiers involved full time in AIA, such as foreign area officers.

<sup>6</sup> The publication of the AIAP in 2002 provided a more complete roster of AIA than had previously existed, but Army international affairs officials admit that the list is not comprehensive.

<sup>7</sup> Title 10 spending and manpower data for FY01 were drawn from the Presidential Budget (PB) FY02–03 file contained in the PROBE database. A more complete breakdown of AIA funding and personnel can be found in Appendixes C and D.

source assessment is far from complete for the reasons given above, it largely accords with previous and current budgetary estimates done by RAND, other defense contractors, and the Army. In the two tables, AIA-related MDEPs are grouped into the following categories: political-military interactions, Army security assistance, materiel-technical cooperation, and operational activities. In the case of political-military interactions, three AIA subcategories—arms control obligations, military contacts, and humanitarian and civic assistance—are used to aggregate this category's disparate collection of programs. To the extent possible, AIA-related MDEPs are linked with particular categories and subcategories, using descriptive information included within recent MDEP requirements briefings. Certain MDEPs—not clearly, or entirely, AIA-related but associated with AIA for programming purposes—are placed in the "other potential international activities" category.<sup>8</sup>

**Title 10 Dollars.** We estimate the total programmed expenditures for Title 10-related AIA in fiscal year (FY) 2001 to be approximately \$407 million, including potential international activities, and about \$213 million excluding these activities. At about \$126 million, political-military interactions (PMI) is by far the largest category of AIA that is clearly recognizable as such. Within the PMI category, military contacts make up the bulk of the expenditures (approximately \$92 million). For example, the U.S. Army funded the Conference of the American Armies, the Joint Contact Team Program, and the State Partnership Program. It also paid for the operations of the Marshall Center in Europe and the Western Hemisphere Institute for Security Cooperation (formerly School of the Americas). In addition, the Army supported a number of NATO and other advisory groups and staff talks, as well as strategic leadership training for Foreign Area Officers. Arms control obligations, such as those associated with implementing the Chemical and Biological Weapons Treaty, cost the Army about \$28.5 million in FY01. Finally, \$5.8 million was expended on humanitarian and civic assistance to other states.

Funding for AIA-related operational activities was estimated at \$77.4 million in FY01. This includes \$4.6 million for the OMA-funded portion of the Army's counternarcotics program (also known as Section 1004).<sup>9</sup> Almost \$47 million was provided to the Army to cover the incremental costs of active and reserve unit participation in Joint Staff-directed joint and combined exercises outside of SOUTHCOM's area of operations.<sup>10</sup> The Army also allotted \$7.7 million to developing countries so that they could participate in bilateral and multilateral exercises with the United

---

<sup>8</sup> These include NATO Headquarters Operations (XISH), NDU/Regional Security Centers (VRSC, formerly TDDU), and the Defense Language Program (TDLP).

<sup>9</sup> Section 1004 funds are spread over three non-IRC MDEPs: VCNA (Army Counterdrug Flying Hour Program), VCND (Counter Narcotics), and VCNG (National Guard Counter Narcotics).

<sup>10</sup> The Joint Staff transfers funds to the regional combatant commands and the services to cover expenditures for airlift, sealift, inland transportation, and port handling.

States. An additional \$5 million was set aside for overseas deployment training for Army Reserve and National Guard forces involved in security cooperation, forward presence, and stabilization activities outside SOUTHCOM. Finally, a little over \$13 million was used to support the operational costs of the Army's presence in SOUTHCOM, which includes both active and reserve forces involved in combined/joint exercises, humanitarian assistance and counter drug programs in Central America.

Materiel-technical cooperation and security assistance are the smallest categories of Title 10 AIA. The former receives \$5.8 million in funding for the NATO Cooperative Research and Development program and various standardization and armaments groups that facilitate interoperability between U.S. and allied militaries. Funding for the Army security assistance category (\$3.4 million) includes appropriations for security assistance activities that are not reimbursed via executive transfers—e.g., FMS waivers, audits, nonrecurring costs, and presidential draw-downs<sup>11</sup>—as well as for the Army's management and oversight of technology transfers and munitions licensing.

Other potential international activities include NATO headquarters operations, National Defense University (NDU) and Regional Security Centers, and the Defense Language Program. The value of this category was estimated to be about \$194 million in FY01. The bulk of this (\$144.4 million) was devoted to financing the U.S. contribution to NATO's operating budget, which supported numerous international military headquarters and activities associated with NATO. Some of these programs and activities may have little to do with security cooperation or, like NATO peacekeeping operations in the former Yugoslavia, may extend beyond the realm of security cooperation.<sup>12</sup> Unfortunately, the aggregate nature of the available programming information makes it difficult to determine how much of this funding was AIA-related. This is also the case with regard to the nearly \$50 million used to support the National Defense University and the Regional Security Centers, as well as the undetermined amount devoted to the Defense Language Program.<sup>13</sup>

---

<sup>11</sup> Under the Foreign Assistance Act, the President can draw down defense articles from DoD inventories and provide defense services and military education and training to foreign governments and international organizations, on a grant basis. The Army receives funds for the administrative costs associated with presidential draw-downs, which equaled \$219,000 in FY01. The value of the articles taken from Army stocks, e.g., ammunition or items of equipment, is not reimbursed, either directly via Army appropriations or indirectly via executive transfers.

<sup>12</sup> Some have argued that if NATO headquarters activities are included under the AIA rubric, then Army support to non-NATO headquarters activities—such as UN operations in Korea—should also be included for purposes of resource determination, even though these activities fall outside the purview of the current IRC membership.

<sup>13</sup> Resources for the Defense Language Program could not be identified for FY01, but the program was projected to receive \$70.1 million in FY02.

**Table 4.2**  
**Fiscal Year 2001 Funding for Title 10 AIA**

Activity	Funding (\$ Millions)
Political-Military Interactions	
Arms Control Obligations	28.5
Military Contacts	91.8
Humanitarian and Civic Assistance	5.8
<b>Subtotal</b>	<b>126.2</b>
Army Security Assistance	<b>3.4</b>
Materiel-Technical Cooperation	
NATO Cooperative R&D	1.9
Standardization Groups	3.5
Armaments Groups	0.4
<b>Subtotal</b>	<b>5.8</b>
Operational Activities	
Counter narcotics (Section 1004)	4.6
CJCS Exercises	46.9
Developing Countries Exercise Program	7.7
Overseas Deployment Training	5.0
SOUTHCOM Operations	13.1
<b>Subtotal</b>	<b>77.4</b>
Other Potential International Activities	
NATO Headquarters Operations	144.4
NDU/Regional Security Centers	49.8
Defense Language Program	Not available
<b>Subtotal</b>	<b>194.2</b>
<b>Total Title 10 Activities</b>	<b>407.0</b>

NOTE: Rounding is responsible for apparent errors in some category subtotals.

**Title 10 Manpower.** As Table 4.3 indicates, we estimate the total number of full-time personnel funded by the Army who worked on international activities in FY01 to be 4,997, including 3,090 civilians and 1,907 military personnel.<sup>14</sup> Most civilian personnel are involved in programs related to political-military interactions, whereas the bulk of the military personnel are linked to NATO headquarters operations. Army Title 10 funding supports a relatively small number of civilians involved in materiel-technical cooperation and security assistance. The PROBE database does not provide any data on the number of civilian or military personnel devoted to AIA-related operational activities, such as counter narcotics, multinational exercises, and reserve overseas deployment training.

<sup>14</sup> Personnel funded by the O&M and RDT&E sections of the budget are assumed to be civilians. Personnel funded by the manpower account of the budget are assumed to be military.

**Table 4.3**  
**Fiscal Year 2001 Manpower for Title 10 AIA**

Activity	Personnel
Political-Military Interactions	
Civilian Subtotal	2,928
Military Subtotal	177
Category Subtotal	3,105
Army Security Assistance	
Civilian Subtotal	15
Military Subtotal	0
Category Subtotal	15
Materiel-Technical Cooperation	
Civilian Subtotal	19
Military Subtotal	0
Category Subtotal	19
Operational Activities	
Category Subtotal	Not available
Other Potential International Activities	
Civilian Subtotal	128
Military Subtotal	1,730
Category Subtotal	1,858
Total Title 10 Activities	
Civilian	3,090
Military	1,907
Total	4,997

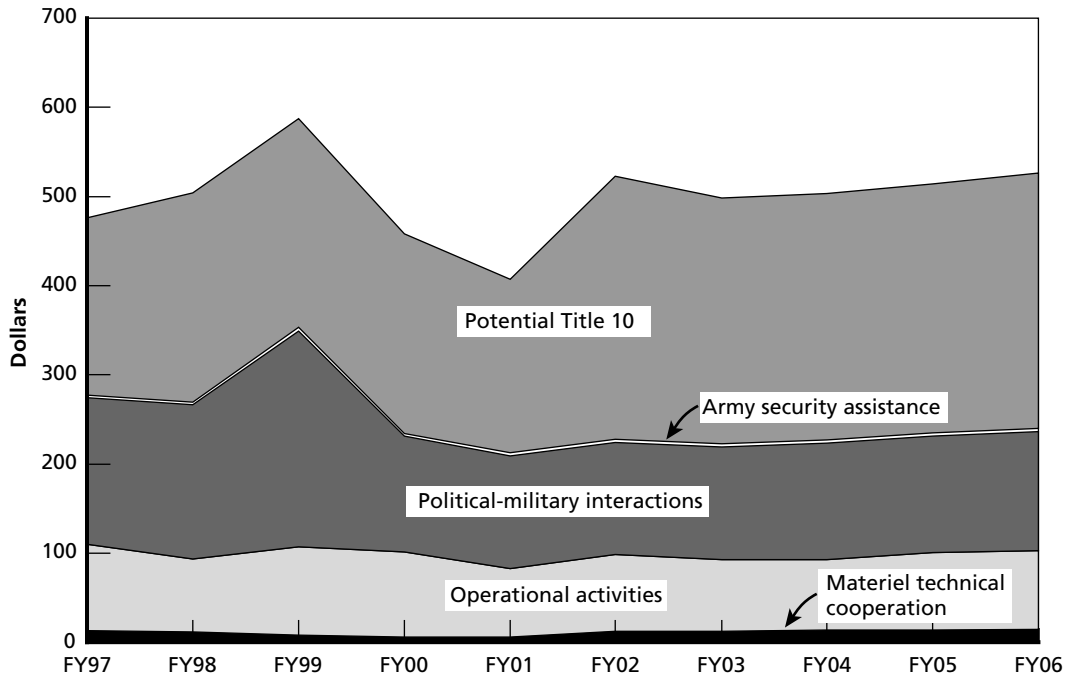
### Trends in Title 10 Resourcing for AIA

The figures below represent trends in Army resourcing of identified international activities for the period FY97–06.<sup>15</sup> As Figure 4.1 indicates, overall Title 10 spending has not changed much during this period, rising about 4.4 percent from \$505 million in FY97 to a projected \$526 million in FY06.<sup>16</sup> Approximately half of this funding went to potential international activities like NATO headquarters operations. Political-military interactions represented about a quarter of all expenditures, whereas a fifth of the total went to various operational activities, such as exercises. Security assistance and materiel-technical cooperation accounted for about 5 percent of overall spending.

<sup>15</sup> AIA-related spending and manpower data for FY97–06 were derived from several Army PROBE database budgetary files, including PB95, PB96/97, PB97, PB98/99, PB99, PB00/01, PB01, and PB02/03. FY04–06 resources are programmed estimates.

<sup>16</sup> The budgetary increases associated with the global war on terrorism have come after the completion of research for this project. It is our understanding that war on terrorism related increases to the AIA funding levels have been incremental.

**Figure 4.1**  
**Total Title 10 Dollars for AIA: FY97–06**



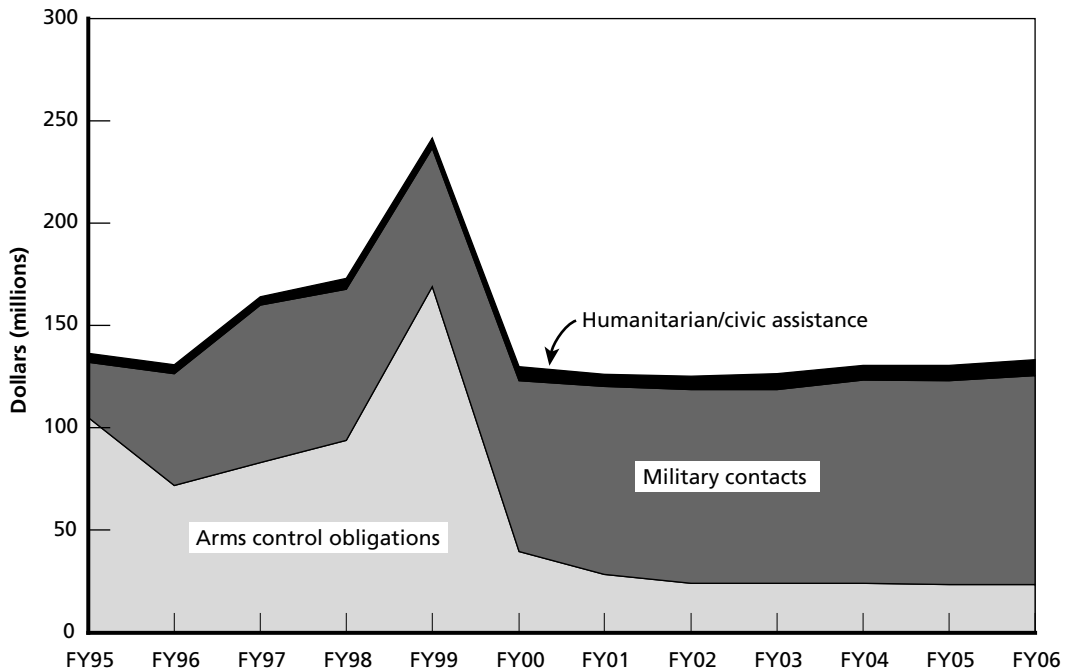
RAND MG165-4.1

As Figure 4.2 shows, the PMI category remained relatively stable throughout the period, except between FY98 and FY02, when spending fluctuated between \$242 million and \$125 million. This is mainly attributable to the rise and decline of spending for Panama Canal Treaty implementation. Also, spending for military contacts, including support for the Marshall Center, more than doubled between FY95 and FY97. From there, it continued to rise at a more modest pace. It is projected to reach \$102 million in FY06.

Spending for operational activities fluctuated between \$80 million and \$100 million during the period FY97–06. Security assistance funding stayed between \$2 million and \$4 million. Spending figures are not available for materiel-technical cooperation in FY95–96. However, funding in this category declined from over \$13 million to less than \$6 million in FY97–01. This spending recovered to almost \$13 million in FY02, and it is projected to continue to increase slowly.

The trend line for potential international activities is somewhat deceptive. Funding for the largest component of this category—NATO headquarters opera-

**Figure 4.2**  
**Political-Military Interactions: FY95–06**



RAND MG165-4.2

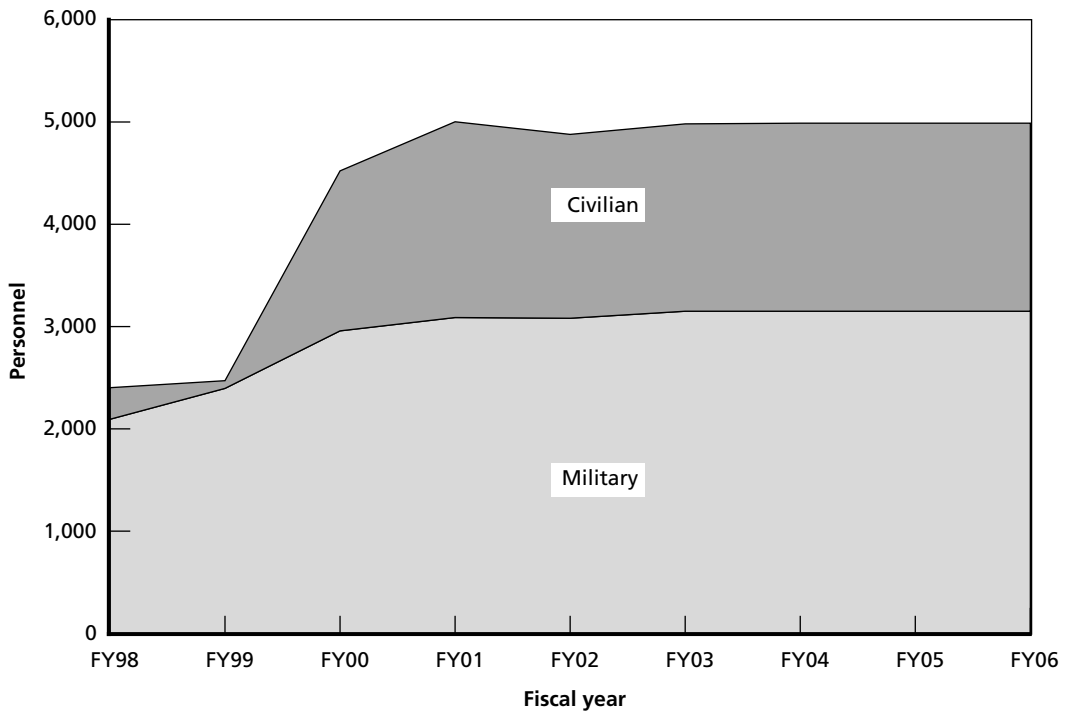
tions—fell from \$251 million in FY95 to \$184 million in FY06.<sup>17</sup> The appearance of significant growth in the category in FY02 is largely because of the introduction of nearly \$71 million in funds for the Defense Language Program, which was not previously identified in the PROBE database.

According to the Army programming estimates, the number of full-time, Army-funded civilian and military personnel devoted to AIA rose substantially from 2,410 in FY98 to 4,997 in FY01, and it is projected to remain at about this level until FY06. (See Figure 4.3.) With respect to civilian manpower, the growth in AIA requirements prior to 2002 was rather steady, mostly because of increased demand within the military contacts subcategory of political-military interactions. However, the increase in military manpower assigned to AIA during the same period was more dramatic, rising from 313 in FY98 to 1,907 in FY01, largely as a result of additional NATO headquarters requirements.

<sup>17</sup> After a steep decline, NATO Headquarters Operations spending rose temporarily during the Balkans crisis of the late 1990s before falling in FY01 and then stabilizing in FY02.



**Figure 4.3**  
**Title 10 Civilian/Military Manpower for AIA, FY98–06**



RAND MG165-4.3

## Externally Funded International Activities

Most international activities that are implemented, but not funded, by the Army fall within the category of security assistance, rather than the other two major security cooperation categories, i.e., political-military interactions and materiel-technical cooperation. Under Title 22 of the U.S. Code,<sup>18</sup> the executive branch responsibility for security assistance to foreign countries is assigned to the State Department and the Defense Department. The former provides general program guidance, determines participating countries, approves specific projects, and integrates the military security assistance program with other activities. For its part, the Defense Department executes the security assistance program, identifies and prioritizes requirements, procures and delivers military equipment, and provides services. Within DoD, the Defense

<sup>18</sup> The statutory basis for Title 22 security assistance programs is twofold: the Arms Export Control Act of 1976, which primarily governs Foreign Military Sales (FMS), and the Foreign Assistance Act of 1961, which establishes the basis for International Military Education and Training (IMET).

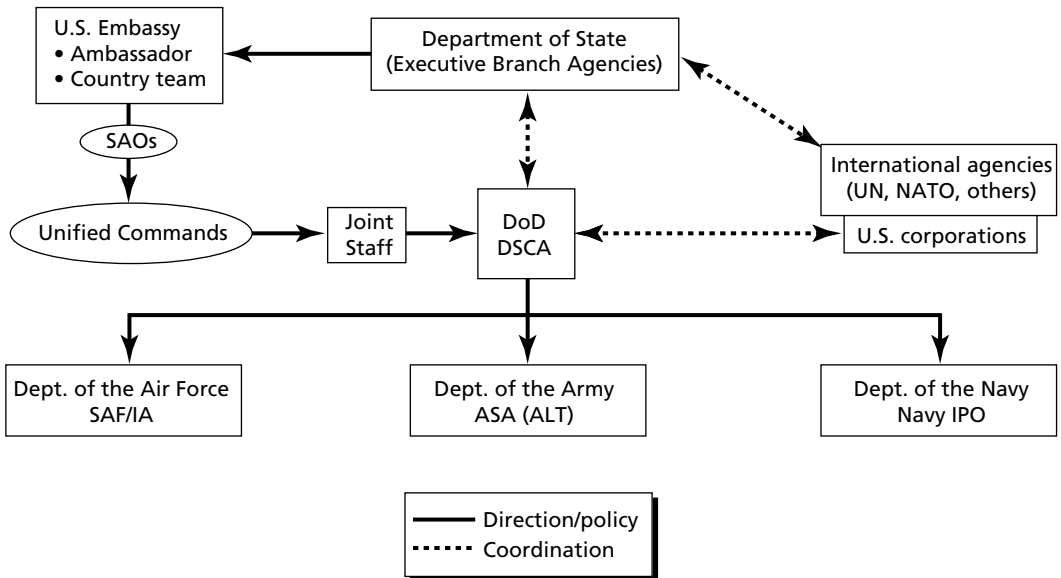
Security Cooperation Agency (DSCA) is charged with providing overall direction and supervision of security assistance and defense sales.<sup>19</sup> Figure 4.4 depicts the U.S. government organization for security assistance programs.

In general, security assistance requirements originate from U.S. embassy country teams and Security Assistance Offices (SAOs)/Offices of Defense Cooperation (ODCs) overseas in consultation with foreign governments and the unified commands. The requirements are resourced primarily by foreign countries and U.S. government grants provided to DoD via executive transfers. They are implemented by service agencies and commands under the supervision of international affairs offices in the service secretariats.

**Security Assistance and Security Assistance-Related Programs**

According to DSCA, there are five major U.S. security assistance programs: Defense Commercial Sales, Peacekeeping Operations, Foreign Military Sales, Foreign Military Financing, and International Military Education and Training.

**Figure 4.4**  
**U.S. Government Organization for Security Assistance**



RAND MG165-4.4

<sup>19</sup> DSCA also oversees DoD involvement in humanitarian assistance, de-mining and other related programs, e.g., Warsaw Initiative Fund.

- Direct Commercial Sales (DCS) encompass defense articles and services that are directly sold by U.S. defense contractors to foreign customers. They are not directly administered by DoD but are "controlled" through a licensing process established by the Office of Defense Trade Control and the State Department.
- Peacekeeping Operations include the following: Multinational Force and Observers (MFO), Israel-Lebanon Monitoring Group, African Regional Stability Initiative, African Crisis Response Force Initiative, Haiti, OAS for Haiti, OSCE/Bosnia and Croatia, and OSCE/Kosovo. Their total cost was \$77.5 million in FY99.
- Foreign Military Sales (FMS) is the largest U.S. government security assistance program. It is a nonappropriated (i.e., reimbursable) program that finances major equipment purchases, technical support, technical training and professional military education (both inside and outside the United States). In FY00, total FMS stood at \$12.1 billion, still far below its peak of \$33.2 billion in FY93 after the Persian Gulf War. However, this represented a \$3.5 billion increase over the FY98 sales figure.
- Foreign Military Financing (FMF) includes congressionally appropriated grants and loans that enable foreign countries to purchase U.S. defense articles, services, and training through either FMS or DCS. The FY01 FMF appropriation was \$3.545 billion, plus a \$31 million supplemental.
- International Military Education and Training (IMET) provides training for foreign military and civilian personnel on an annual grant basis. Total IMET funding increased from \$50 million in FY99 to \$55 million in FY01.

Other security assistance and security assistance–related programs include leasing, excess defense articles, emergency drawdowns, and counternarcotics programs.

- The leasing of defense articles includes an FMS funding package for logistical support, training, and transportation.
- Excess defense articles (EDA) are normally sold but can be transferred on a grant basis with Congress' approval. The foreign recipient is supposed to pay for transport and repair, but this does not always happen in practice.
- Emergency drawdowns in the form of U.S. government articles, services, and training are allowed during a crisis at no cost to the recipient, including transportation. There is an annual limit of \$100 million for military and \$150 million for nonmilitary purposes.<sup>20</sup>
- Counternarcotics programs are non-security assistance programs managed within security assistance channels. These include the International Narcotics and Law Enforcement (INL) Program (\$345,000 in FY00), the Section 1004

---

<sup>20</sup> The services are not reimbursed for the value of the articles drawn from available stocks, such as ammunition or items of equipment. However, they may be reimbursed for some administrative costs related to drawdowns.

Program (\$4.8 million in FY00), and the Andean Ridge Program (\$577,000 in FY00). INL funds come from the State Department, while the latter two programs are funded by DoD.

### **Army Security Assistance Programs**

The total value of externally funded Army security assistance programs was over \$4 billion in FY00, excluding expenditures related to peacekeeping operations and direct commercial sales.<sup>21</sup> Almost the entire amount fell within the general category of Foreign Military Sales, which represents the value of signed Letters of Offer and Acceptance (LOAs) at the end of FY00 as determined by DSCA.<sup>22</sup> The FMS figure of \$4.065 billion includes the value of FMF grant programs, with the exception of IMET.<sup>23</sup> It also includes the residual (depreciated) value of excess defense articles (EDA) and the services and support costs related to FMS leases. The FMS training (\$87 million) occupies a very small portion of the overall FMS program, which is composed primarily of weapons and equipment sales. Medical support and construction sales are two additional elements of the other FMS subcategory. Army IMET funding for FY00 totaled about \$20 million and was approximately equally divided between costs related to student travel and living allowances on the one hand, and actual training costs on the other. The Army received about \$344,000 from the State Department for the International Narcotics and Law Enforcement Affairs Program.<sup>24</sup>

### **Security Assistance Administration**

The administration of security programs is financed primarily by funding from the Foreign Military Sales (FMS) administrative budget. Additional sources of funding include:

- The Foreign Military Financing (FMF) administrative and overhead support budget, and
- Charges made directly to FMS recipients by service implementing agencies for contract administrative services (CAS).

---

<sup>21</sup> Despite DSCA's inclusion of peacekeeping operations within the security assistance category, their one-of-a-kind, multidimensional character makes them quite different from other security assistance activities. Although they are government-licensed, Direct Commercial Sales are not administered by DoD and thus are excluded from this discussion on the resources associated with Army security assistance programs.

<sup>22</sup> DSCA and the services use different criteria to determine annual sales, so their FMS totals differ to some extent. Also, annual figures are subject to change as signed LOAs are affected by changes in scope attributable to downsizing, cancellations, etc.

<sup>23</sup> There is currently no way to determine the Army's portion of overall foreign military sales that is paid for by FMF grants as opposed to financed by foreign governments (i.e., FMS narrowly defined).

<sup>24</sup> Funding for the larger Section 1004 counternarcotics program, which is resourced by the Army, was included in Table 4.2.

As mentioned above, a number of FMS cases (mostly associated with NATO allies) have been exempted from the application of FMS administrative charges; their administrative costs are funded from service appropriations.

In addition, the services must bear the costs of military personnel involved in administering the International Military Education and Training (IMET) program and the FMF program at all organizations, with the exception of Security Assistance Offices (SAOs).

A 5 percent charge is assessed for the administration of counternarcotics programs.

**FMS Administration.** Funds for the FMS administrative budget come from an administrative surcharge (currently, 2.5 percent) added to the overall amount charged to FMS customers. The purpose of the surcharge is to recover DoD expenses related to the general administration and conduct of the FMS program, such as the costs of sales negotiation, case implementation, financial management, and discrepancy reports. In general, FMS administrative funding is made available to selected DoD organizations actually implementing the FMS program.

Financial management of FMS administrative surcharge funds is the responsibility of the Comptroller, Defense Security Cooperation Agency (DSCA). This office provides a five-year projection of FMS activity and administrative budget levels to each of the Military Departments (MILDEPs) and DoD agencies administering the FMS program. The annual funding targets and ceilings are developed by adjusting the current fiscal year baseline with pay raise factors and any scheduled programmatic adjustments. For its part, the Army spent \$77.3 million in FY01, or less than one-quarter of the \$340 million FMS administrative budget. This funded 907 full-time Army personnel (879 civilians and 28 military personnel) as well as 113 part-time civilians and 13 contractors.<sup>25</sup>

The MILDEPs and Defense agencies use DSCA's POM guidance to prepare and submit their budget requests. Within the Army, the Office of Security Cooperation—which falls under the jurisdiction of the Assistant Secretary of the Army, Acquisition, Logistics and Technology (ASA(ALT))—has responsibility for managing this budgeting process. DSCA reviews each departmental/agency submission and establishes approved FMS administrative funding levels for inclusion in the President's budget. Once approved, FMS administrative funds allocated to the Army flow from the Defense Finance and Accounting Service (DFAS) office in Denver (the agency that manages the FMS Trust Fund)<sup>26</sup> to DSCA to the Army Budget Office to the Army's security assistance brokers, the U.S. Army Security Assistance Command

<sup>25</sup> Pre-September 11 projections were that by FY02, Army FMS administrative manpower would shrink to 887 full-time personnel (859 civilians and 28 military), 105 part-time civilians, and 9 contractors.

<sup>26</sup> The FMS Trust Fund is a vehicle for processing foreign country funds required for FMS payments to U.S. contractors for new procurements and to DoD components for sales from DoD stock.

(USASAC) and the Security Assistance Training Field Activity (SATFA), to the Army's security assistance execution agencies, e.g., TRADOC schoolhouses and the AMC's Major Subordinate Commands (MSCs).

**FMF Administration and Overhead and SAO Support.** FMF administration and overhead and Security Assistance Organization (SAO) support cost budgets are used for planning, development, and management of FMF and IMET activities by the MILDEPs and FMS activities by the SAOs.<sup>27</sup> The unified commands review the budgets for the SAOs within their area of responsibility (AOR) and forward them to the responsible MILDEP.<sup>28</sup> The latter then reviews and revises the SAO budgets, and consolidates its own departmental and headquarters FMF overhead budgets, before submitting FMF and SAO budget estimates and supporting materials to DSCA. Once allocated, FMF administrative funds flow to the Army from DSCA to the Army Budget Office to the Major Commands to USASAC and SATFA. In FY01 the Army received \$2.1 million from the FMF administrative overhead account.

**Contract Administrative Services.** There are three kinds of contract administrative services (CAS) that service implementing agencies (AMC primarily, in the case of the Army) bill directly to the security assistance client: program management, case management, and technical assistance. Program management involves nonroutine management efforts by the U.S. government or contractor, to include travel necessary for the successful execution of a case or program. Case management involves the direct manpower costs (both U.S. government and contractor) of services specifically requested by the purchaser and activities that are needed in order to provide the articles or perform the services being sold.

Unfortunately, it is not possible to determine the amount charged by Army implementing agencies for CAS on an annual basis. At best, one can determine the value of such services for all open and active FMS cases, which can stretch for up to eight years. Thus, USASAC estimated that the total delivered and undelivered value of CAS was \$3.1 billion in August 2001. The biggest component of this total (\$2.7 billion) was for technical assistance, followed by program management (\$340 million) and case management (\$23 million). According to a 1999 General Accounting Office (GAO) report, CAS charges represented about 21 percent of administrative funding for the Army.<sup>29</sup>

---

<sup>27</sup> FMF administration funds also cover the management of some other security assistance programs, such as Excess Defense Articles (EDA).

<sup>28</sup> The Army is responsible for countries in the EUCOM and SOUTHCOM areas.

<sup>29</sup> U.S. General Accounting Office, Report to the Chairman, Committee on International Relations, House of Representatives, *Foreign Military Sales: Efforts to Improve Administration Hampered by Insufficient Information*, GAO/NSAID-00-37, November 1999, p. 11.

## Security Assistance Training

The following description of the international student training requirements and execution process illustrates the complexities involved in providing one important component of security assistance to U.S. allies and partners. We pay particular attention to the Army's role in allocating foreign student billets and managing the various funding streams for security assistance training. Note, however, that security assistance is only one element of AIA, and the problems associated with its delivery by the Army are not in evidence in all of AIA. That said, the case study does provide an illustration of the difficulties the Army experiences in planning and executing AIA.

### Training Requirements

Each year the unified commands host Joint Service Training Program Management Reviews (TPMRs) on behalf of the training community, to include representatives from the MILDEPs and DSCA.<sup>30</sup> The main objective of these reviews is to evaluate and coordinate the two-year training plans developed by the SAOs and approved by the unified commands for the budget year and planning year. SAOs are encouraged to develop a plan that takes a joint perspective on host country needs and reflects all sources of funding (i.e., FMS and IMET) and all potential sources of training (i.e., indigenous, third country, commercial, and U.S.). The SAO training plans include a summary of current year, budget year, and planning year programs broken down into nine training categories, each of which includes information on students, dollars, and the dollar percentage of the category.<sup>31</sup>

With regard to IMET, SAOs use the TPMRs to validate requirements for additional funds with the MILDEPs and other implementing agencies before presentation to the unified commands. Subsequently, the unified commands: (1) identify countries that will not be able to use all their currently allocated IMET levels and recommend revised country allocation levels; (2) identify programs that have valid training requirements above current allocated IMET levels and recommend corresponding increases to country allocation levels, and; (3) identify programs that will require no change in allocation levels. Recommendations for increases are prioritized within each unified command and include a narrative identifying the type of training and the number of students associated with the dollars requested.

Within the Army, ASA(ALT)'s Office of Security Cooperation validates security assistance training requirements and resource availability in coordination with the SAOs, theater Army command, unified command, other Department of the Army staff agencies, and TRADOC.

---

<sup>30</sup> The review cycle commences in the spring with the EUCOM review, followed generally in sequence by the PACOM, CENTCOM, LANTCOM, and SOUTHCOM reviews.

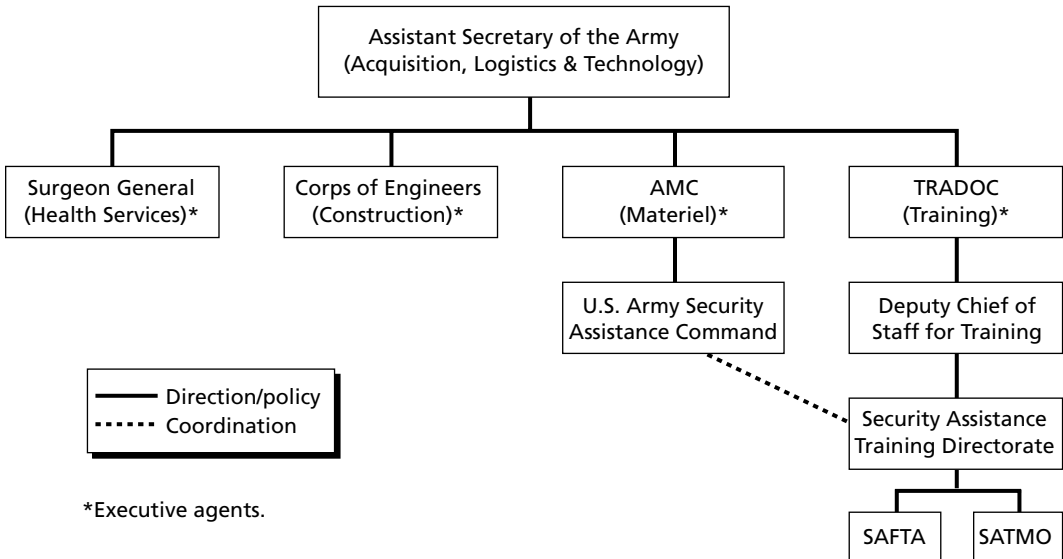
<sup>31</sup> FMS cases are broken out by total cases, students, and dollars.

**Training Execution**

Security assistance training within the Army is one element of a larger security assistance organization directed by ASA(ALT) and contains four main components: health services, construction, materiel, as well as training (see Figure 4.5). The Security Assistance Training Directorate (SATD) reports directly to TRADOC’s Deputy Chief of Staff for Training and coordinates closely with the U.S. Army Security Assistance Command, which is AMC’s primary security assistance component. SATD’s chief also serves as the head of SATFA—the agency responsible for managing the Army’s security assistance training programs under the supervision of ASA(ALT)’s Office of Security Cooperation. Finally, SATD oversees the Security Assistance Training Management Organization (SATMO), which is responsible for organizing, sustaining, and deploying the Army’s overseas Security Assistance Teams (SATs)<sup>32</sup> in support of the unified commands’ theater security cooperation strategies and U.S. foreign policy.

**Quota Management.** SATFA has two major components: the Regional Operations Division and the Resource Management Division. The former coordinates all

**Figure 4.5**  
**U.S. Army Organization for Security Assistance**



RAND MG165-4.5

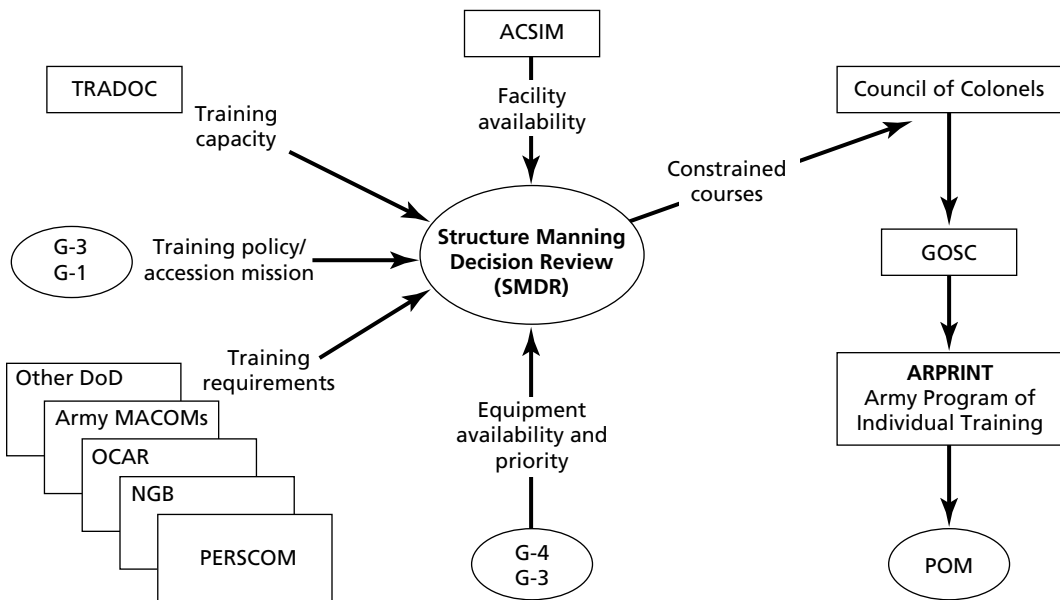
<sup>32</sup> There are several different types of Security Assistance Teams (SATs). Those that are deployed on a temporary basis include Mobile Training Teams (MTTs), Requirements Survey Teams (RSTs), and Technical Assistance Teams (TATs). Longer-term in-country training is provided by Technical Assistance Field Teams (TAFTs) and Extended Training Service Specialists (ETSSs).



requirements for International Military Student Training, and the latter acts as the central financial manager for the Army's Security Assistance Training Program. Within the Regional Operations Division, the Quota Management Branch coordinates with country managers, mostly organized by geographic region, to determine the training requirements of security assistance recipients and to transmit those requirements to the U.S. Army within the context of the Structured Manning Decision Review (SMDR) process. The SMDR is the Army's system for aligning the demand for training from all sources—foreign and domestic—with the supply of instructors, facilities, equipment, and funds (see Figure 4.6). It is a complicated and somewhat rigid process that involves the following major inputs and players:

- Training capacity (TRADOC)
- Training policy/accesion mission (G-3 and G-1)
- Training requirements (Army MACOMs, Office, Chief of Army Reserve (OCAR), National Guard Bureau (NGB), Other DoD, Personnel Command (PERSCOM))
- Facility availability (Assistant Chief of Staff for Installation Management (ACSIM))
- Equipment availability (G-4 and G-3)

**Figure 4.6**  
**Structured Manning Decision Review Process**



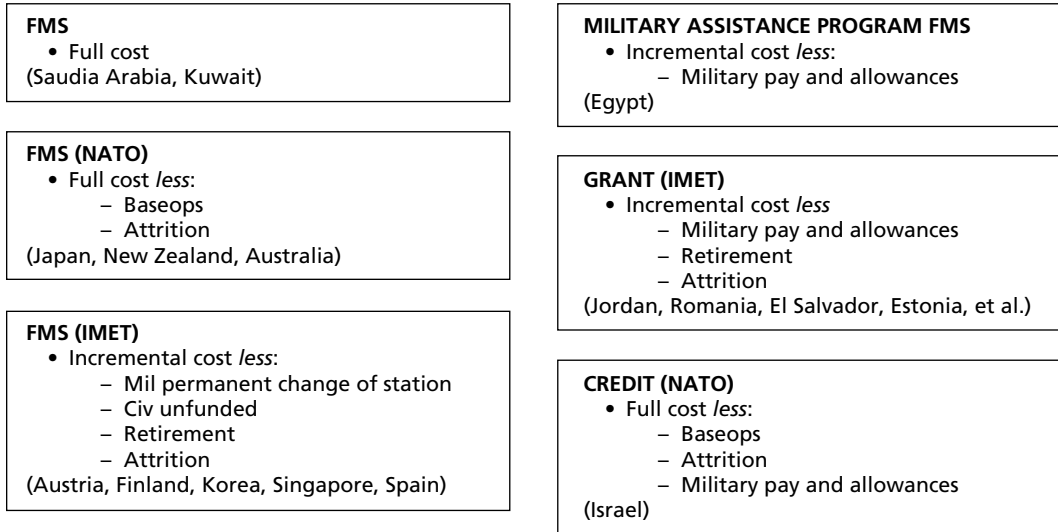
Each October, users of training, including SATFA, project their requirements over a five-year period. Two years prior to a course start-up (budget year), the SMDR chief allocates quotas to each user for budgeting purposes, based, in part, on the user's historical fill rates. If not appealed, these quotas are entered into the Army Program of Individual Training (ARPRINT), which G-3 (ODCSOPS) uses as the training submission to the POM and TRADOC uses as its basic mission document. When training demand appears to exceed supply, a list of constrained courses is created and sent to a Council of Colonels and, possibly, a General Officer Steering Committee (GOSC), where a decision is made on whether to proceed with course development and funding.

Outside the SMDR, users of training engage in a less formal Training Requirements Arbitration Process (TRAP), which takes place four times prior to the execution year. In this process, users trade in quotas that they were unable to fill or attempt to obtain quotas for which they have unexpected requirements. After the final SMDR, however, users must work with the resources that have been set aside for training.

**Financial Management.** Within the Resource Management Division, the Financial Management Branch plans, programs, and executes FMS/FMF administrative budgets for SATFA and SATMO, as well as distributes FMS, IMET, counternarcotics, and emergency drawdown resources for security assistance training. To carry out its budgetary responsibilities, the Financial Management Branch utilizes the Security Assistance Automated Management Support System (SAAMSS), which is composed of two main modules: an administrative module and an IMET module. Within the administrative module, FMS- and FMF-funded levels are first provided by ASA(ALT). SATFA and SATMO program requirements against these levels and identify any unfinanced requirements. ASA(ALT) also provides these organizations with Title 10 operations and maintenance funds, the majority of which are used for fee waivers for European NATO partners and other U.S. allies. Figure 4.7 shows the six different pricing/costing plans for CONUS-based training, along with examples of countries that are covered by these plans. Clearly, FMS expenditures and congressionally authorized grants and loans do not cover the full cost of training for most security assistance recipients. In fact, of the six plans, just one covers all the elements that go into foreign military training, including base operations (baseops) costs and military pay and allowances.

The counternarcotics funding process also takes place in the administrative funding module. However, counternarcotics funding levels cannot be predetermined for any given year and can be eliminated at any time. There are two major sources of funding for this program. Section 1004 funds are task-driven and are provided to SATFA by the Secretary of Defense via TRADOC. INL funds are determined by Memoranda of Agreement (MOA) and are provided directly to SATFA by the Department of State.

**Figure 4.7**  
**Pricing/Costing Plans for Foreign Military Training**



RAND MG165-4.7

NOTE: The source of funding determines whether military personnel costs are reimbursed for OCONUS security assistance teams.

**Issues in Army Security Assistance Management**

Having described the Title 10 and Title 22 aspects of the AIA resource management process in general and in detail, with respect to security assistance training, this section highlights some of the administrative and planning problems facing Army security assistance managers.

**Integrated Resource Management System.** Until recently, Title 22 security assistance and security-assistance-related activities lacked an integrated planning, programming, and budgeting system comparable to the DoD’s PPBS. The resource management system described above, which was established in 1995, was geared toward the allocation of targeted resource amounts on an annual basis. Anticipating lower FMS following the end of the Cold War, OSD directed DSCA to reduce its administrative costs. DSCA, in turn, set fixed budgetary targets for the services to meet. As a result, there was not much exchange between DSCA and the services. With the exception of special missions (which were negotiable), the latter knew what they were getting each year and budgeted accordingly.

Although this approach kept the FMS Trust Fund secure, no one knew exactly how much was being spent on security assistance administration. In fact, there was no direct relationship between FMS sales and the FMS administrative surcharge, i.e., income and workload were largely independent of one another. DSCA officials claim that they attempted to make a reasonable assessment of existing workload based on

the judgment of service experts in security assistance. Nevertheless, the GAO severely criticized DSCA methods for producing income-limited, rather than requirements-based, budgets.<sup>33</sup>

**Performance Based Budgeting (PBB) Process.** In 2000, DSCA, with the assistance of KPMG Consulting, began developing a multiyear process to link security assistance budgets to strategic goals to DSCA and service-level execution plans and performance measures.<sup>34</sup> DSCA's approach to Performance Based Budgeting (PBB) has been to evaluate DoD's PPBS and adopt elements of that system as appropriate.<sup>35</sup> The objective is to establish a corporate-based process, in which strategic guidance flows from the top down and execution plans are pushed upward from the bottom. The keys to PBB's success, according to DSCA, are twofold: consideration of implementing agency requirements, and iterative development and continuous improvement of the process.<sup>36</sup>

DSCA designated FY02 as the PBB transition year. Initially, the process only addressed the FMS administrative budget, and the services were given the opportunity to provide feedback and suggest procedural changes. Remaining funding sources, such as FMS case management and FMF administration and overhead, will be folded into PBB over the next several years. The following FMS core functions serve as the structure for requesting budgetary and costing information from the services:

- Pre-Letter of Request (LOR)
- Case Development
- Case Execution
- Case Closure
- Other Security Cooperation (i.e., appropriated budgets, such as IMET and counternarcotics)
- Organization Support

---

<sup>33</sup> See GAO/NSAID-00-37, November 1999. Some officials at DSCA question whether there was anything fundamentally wrong with the old system. In their view, FMS were delivered according to the established schedule. Although the old system was primarily supply-driven, additional demand could have been addressed. But the services never made a case for additional resources. In fact, there seemed to be an overabundance of administrative funds, which resulted in the surcharge being reduced from 3 percent to 2.5 percent.

<sup>34</sup> The major impetus behind this project was the refusal of the White House Office of Management and Budget (OMB) to raise the FMS administrative funding ceiling to allow a pay raise to security assistance administrators without a detailed explanation of base costs. Although Congress eventually lifted the ceiling, DSCA still had to satisfy OMB's demand for improved cost accounting.

<sup>35</sup> Although PBB and PPBS will not be formally integrated, DSCA is in the process of establishing some common links in order to facilitate the sharing of data between the two systems.

<sup>36</sup> Department of Defense Security Cooperation Agency, "FMS Admin Multi-Year Performance Based Budgeting (PBB) Process, Presentation Session to Implementing Agencies," 5 October 2000.

**PBB Milestones.** In 2001–2002, DSCA and the security assistance implementing agencies successfully completed their first full PBB cycle. The cycle begins with the convening of a corporate planning conference to provide overall programmatic guidance and macro-level resource requirements and constraints. The services then respond to DSCA’s budget call by placing resourced requirements and unfunded requirements into the above six functional “buckets.” In the ensuing months, DSCA and the services finalize the FMS budget, work with the Office of Management and Budget and Congress to secure its passage, and conduct execution reviews to analyze FMS spending and operational performance by core function. The result is an annual, zero-based planning and budgeting process for Title 22 programs.

**Army’s Reaction to the New PBB.** Although the new system was not entirely in place as of the completion of this research, Army security assistance officials interviewed as part of this project generally held favorable opinions of DSCA’s new PBB process, particularly the movement toward establishing a more requirements-driven system and the potential to create greater transparency and interchange within the security assistance resource management field.<sup>37</sup> Still, some felt the new PBB system resulted in more time being spent developing and implementing their organizational budgets.<sup>38</sup>

According to others, fully implementing PBB before the Army has developed a strategy establishing security assistance priorities and associated functions had put the cart before the horse. Still others lamented that PBB would not resolve the basic management problem of dual control over security assistance resources exercised by the Army Comptroller (with respect to Title 10 funding) and DSCA (with respect to Title 22 funding). For their part, SATFA officials doubted whether they could realistically develop a six-year training plan, as required by PBB. Whereas the U.S. Army can make plans for future training based on historical quotas, most foreign armies do not have that capability. Finally, security assistance training officials were critical of the PBB functional structure, which was geared toward FMS administration and lumped everything else into the “other” category. This does little to help in the management of small, but bureaucratically difficult, programs such as IMET.

**International Military Education and Training (IMET).** IMET’s difficulties result, in large part, from its annual budgetary and execution cycle, which encourages foreign clients to haphazardly push students into training in order to avoid losing funds, rather than rationally apportion their student load. This problem is exacerbated because SATFA does not always receive the money for IMET from Congress on time.

---

<sup>37</sup> Some saw improvements on the supply side of the budgeting process as well. DSCA now has a statistical method (even if not a particularly sophisticated one) for projecting sales—necessary in order to determine the FMS surcharge—that is superior to its former judgment-based estimation method.

<sup>38</sup> For example, in responding to FY02 budget call, USASAC for the first time required that AMC MSCs describe their security assistance requirements in detail within the context of the new PBB resource categories.

Because it cannot spend money before it is obligated, SATFA has been forced to use an awkward procedure whereby the previous year's (also known as 5th quarter) funds are used to pay for this year's students. Beginning in 2001, residual IMET dollars (from 1999) have been allocated for a two-year training program, mostly directed at students from central and eastern Europe. In addition, higher-level security assistance officials are considering extending IMET to encompass multiple years. Although SATFA applauds the movement away from annual funding, they note that IMET is not being consolidated into a single program with a specified budgetary and execution cycle. As a result, SATFA will now have to manage three IMET programs rather than one.

**FMS Waivers.** Another area of concern for Army training officials relates to NATO waivers. Legally, the services must bear the responsibility of paying the FMS administrative costs of the NATO allies. Since 1998, this bill has been going up, in large part because of the purchase of Apache helicopters, which have required long and expensive training. SATFA regularly asks for \$1 million per year in OMA to cover these NATO waivers. However, this request is never funded initially, despite the Army's legal requirement to do so. According to officials, the waiver problem is related to the lack of visibility and the relatively small size of security assistance funding within the Army POM. Another aspect of the problem is that SATFA does not always know what the FMS waiver bill will be in advance and must ask for additional funds to cover its administrative costs. As a consequence, SATFA's resource management office is making a greater effort to coordinate with their regional operations counterparts so that they can anticipate when big NATO cases might be developing.

**Drawdowns.** Drawdowns are beginning to be a significant unfunded requirement for the Army. Historically, the Army MACOMs (primarily, AMC and TRADOC) have been obliged to cover the materiel and training costs of drawdowns.<sup>39</sup> Technically, they can request reimbursement from OMB through the Army Budget Office, but such an approach has seldom been successful. However, foreign recipients generally have paid the travel and living expenses of international students involved in drawdown training. In recent years though, travel living allowance costs have been waived for particular clients, such as the Iraqi resistance and Colombia. Although TRADOC is supposed to pick up this bill, SATFA must pay it initially and finds it difficult to be reimbursed. SATFA also complains about significant administrative costs related to drawdowns. For its part, USASAC recently requested and received FMF administrative funds to manage drawdowns and excess defense articles (EDA). The point of this is that the process is cumbersome and it appears to some of the agencies as a problem of unfunded requirements. In turn, DSCA officials main-

---

<sup>39</sup> The cost to AMC for such activities is currently estimated at \$16.4 million.

tain that the issue of unfunded requirements for security assistance stems, in part, from a lack of awareness among the services regarding which of several resource pots can be tapped for particular activities.

## **Shortfalls of the Existing Resourcing System**

To sum up, the AIA resource management system faces a number of challenges. The Army's Title 10 programming and budgeting system is not well structured to account for basic AIA expenditures. Many AIA do not fit into the Army's resource management framework, and identifying all AIA within DoD's financial accounting system is difficult. AIA resources come from multiple DoD accounts and are spread across many MDEPs and APEs. These MDEPs and APEs, in turn, fall within multiple PEGs. Also, most AIA are relatively small, which hinders their identification in budget documents.

The AIA resource management problem is compounded by the lack of a definitive listing of activities, as well as a mechanism that links unofficial AIA categories with official Army and DoD resourcing categories. As a result of the disjointed nature of AIA programming and budgeting, HQDA is currently incapable of capturing the many hidden costs associated with AIA. Such a situation precludes HQDA from making fully informed policy and resource decisions with regard to security cooperation programs.

With regard to the management of Title 22 security assistance, DSCA's new Performance Based Budgeting (PBB) process is an improvement over the old system of fixed budgetary targets. However, there is still no mechanism whereby Title 10 security assistance programs, funded by the Army, can be resourced in coordination with programs managed by DSCA. Also, PBB functional categories are overly focused on FMS administration and are not very useful for allocating resources in a strategic fashion. The fragmentation of IMET into single- and multi-year programs has complicated resource management in that area. As far as the Army implementing agencies are concerned, they need to do a better job of communicating and justifying their unfunded security assistance requirements to G-3 and DSCA. In addition, the Army Materiel Command needs to have more information as to where its contract administrative services costs occur, and SATFA needs to develop an objective, quantitative means for projecting future international military training requirements.





## Conclusions

---

The existing security cooperation planning process is exceedingly complex, involving a multitude of actors, problematic incentive systems, incomplete information exchange, and a lack of good measures of effectiveness. Based on our interviews, even some of the stakeholders understand only certain aspects of the process and/or possess only partial visibility over the entire process. The drivers and demanders of AIA tend to have an incomplete understanding of the resourcing problems and the trade-offs involved in certain AIA choices. On the other hand, HQDA has an incomplete understanding of the benefits of AIA, and the Army's own resourcing tools are not easily amenable to an in-depth understanding of resources it commits to AIA.

The promulgation of AIAP FY03–04 is a major step in the right direction. The plan establishes a workable policy foundation for better AIA planning. As the AIAP matures, it will increasingly allow Army planners to relate their programs to overarching Army objectives. However, the management instruments currently used by UCC staffs, component command staffs, and HQDA continue to prevent the kind of information flow required to implement the rationalized planning system envisaged in the AIAP. Without further reforms to the Army, DoD, and UCC security cooperation planning systems, the AIAP is unlikely to meet its full potential.

Indeed, our research suggests that in practice, at an aggregate level, actual AIA levels are currently determined by using up all of the available supply. Only the Army's PERSTEMPO, OPTEMPO, and funding constraints restrict further growth of AIA. In other words, whatever the Army commits to AIA determines the actual level of AIA. At a conceptual level, the fundamental problem is that the incentive systems that shape the demand for AIA are not constrained by resources and theoretically lead to infinite demand. Only the supplier of AIA—the Army—faces resource constraints and thus is the only control agent that consistently seeks to effect cost-efficiency in AIA on the basis of its incentive structure.

For purposes of addressing the central research question of the study, this means that unless the systemic inefficiencies in the larger DoD planning process of AIA are addressed, attempting to assess the problem from the standpoint of adequacy of Army resources allotted to AIA can only lead to partial and temporary alleviation of

the existing shortfalls in the Army's ability to meet AIA requests and taskings. Moreover, the built-in internal dynamic for expansion of AIA (based on OSD guidance and UCC incentive structure) ensures that any increases in funding for AIA would lead to additional pressures for further growth in demand for security cooperation. In other words, it is not possible to determine what is "sufficient" in conditions of limited constraints on demand, little possibility of objective measures of effectiveness, and planning mechanisms that will use up the resources that are made available for AIA. If the system is designed to exceed the Army's ability to fulfill the requests for AIA, then tackling the problem effectively cannot be at the level of ascertaining the resources that the Army devotes to AIA.

### **A Conceptual Analysis of the Deeper Problems Underlying the AIA Planning Process**

The incentive problem is worth rephrasing in economic terms at a more conceptual level. DoD is a complex hierarchical organization, where decisionmaking is enormously complex and has to be decentralized, and where design and project selection decisions have to be delegated to a variety of subordinate agencies and individuals, each of which has potentially conflicting goals. Incentive problems between actors within DoD are important in that they affect how the decisions are made.

When it comes to security cooperation, DoD faces a planning, organizational, and incentive problem of massive proportions.<sup>1</sup> Theoretically speaking, in terms of programmed (Title 10) security cooperation AIA activities, a three-level principal-agent model is in play. The "principal" is DoD (OSD), which outlines the goals of security cooperation. DoD relies on the UCCs to fulfill a "supervisory" role in making sure the goals are accomplished, though most of the decisionmaking as to how they are accomplished is left up to the UCCs. The actual implementation "agent" is the Army, in itself differentiated into two different actors: the component commands, which perform much of the actual implementation of AIA, and HQDA, which draws up the Army's budget and channels resources to the component commands. Complicating things is the fact that HQDA is also responsible directly to DoD (and the DoD's own boss, the Congress) for fulfilling its primary military preparedness ("train, equip, organize") responsibilities.

The "supervisor" contracts with the Army to produce a commodity (i.e., specific AIA activity) that contributes to an outcome (i.e., greater interoperability, keeping

---

<sup>1</sup> For an analogous discussion of the incentive problem in another realm of the defense sphere, see William P. Rogerson, "Incentive Models of the Defense Procurement Process," in Keith Hartley and Todd Sandler (eds.), *Handbook of Defense Economics, Volume 1*, Amsterdam, Lausanne, New York, Oxford, Shannon, Tokyo: Elsevier Science B.V., 1995, pp. 309–346.

alliance arrangements in place, etc.). The supervisor's incentive structure is focused on achieving the outcomes. The supervisor has only limited understanding of the agent's costs, and its incentive structure does not take into account the effect that achieving the outcome has on the agent's other responsibilities. However, the agent's work for the supervisor affects its capabilities, and HQDA cannot view it in isolation from its primary military preparedness responsibilities. Its incentive structure is to focus on activities that further military preparedness. In fact, the agent cannot be expected purposely to reduce military preparedness solely for the sake of pursuing security cooperation. In any event, the Army has only a limited view into the benefits brought about by producing the UCC-contracted commodity (AIA), and measures of effectiveness are still in the process of being devised to assess most of AIA activities. The Army's accounting system provides only the direct production costs of AIA, but many direct nonproduction and indirect costs remain hidden, not to mention opportunity costs. The end result is that the utility function of the UCCs and the Army differs regarding AIA. The UCC will always want more AIA;<sup>2</sup> the Army (HQDA) will want constraints imposed on the requests and will want to see evidence for the effectiveness of AIA.

As part of the effort of the agent to supply the commodity, most of the UCCs and component commands have engaged in "collusion" (in the positive meaning of the word) so as to produce the best product and to limit demand. But the collusion is based on incomplete information exchange and an inability to assess accurately the costs and benefits of doing (or not doing) something. In any event, optimal (from an overall U.S. security policy) theater security cooperation strategies and AIA packages would be conditional on objectives and opportunities assessed on a supratheater basis. The theater actors are not in a position to make such assessments.

In terms of security assistance (Title 22) AIA activities, the process is slightly different, though no less complex and with similar incentive problems in place. The three-level principal-agent model is applicable here too. The State Department is the "principal," with DSCA as the assigned DoD "supervisor" and the Army as the "agent." The UCCs play an informal but influential role in the process. The actual implementing agents of security assistance (U.S. Army training and maintenance facilities) have incentive systems that put security assistance requests on a lower-priority footing than similar U.S. Army training and maintenance needs. And infrastructure expansion, so as to be more receptive to foreign clients, is dependent on budgeting decisions made by the HQDA. However, the Army faces the same issues here that it

---

<sup>2</sup> Literature on control agencies is illustrative on this point. Numerous empirical studies have shown that as resources for such agencies rise, so do claimants on the resources. For example, as health care is more available, the number of "sick" (or even an understanding of what is an "illness") also rises. Other studies have demonstrated conclusively that as disability benefits rise, so does the number of those who are "disabled"; Ruud A. de Mooij, "Disability Benefits and Hidden Unemployment in the Netherlands," *Journal of Policy Modeling*, 21:6 (November 1999), pp. 695–713.

does when responding to programmed (Title 10) AIA requests. Namely, the incentive structure is geared toward activities that further military preparedness, the Army has a limited view into the benefits that producing the DSCA-contracted commodity (AIA) brings, and there are not only few measures of effectiveness but sometimes even disagreements about the positive value of such security cooperation. Under such conditions, justifying increases in Army infrastructure to meet security assistance demand is problematic. Even small increases in the resource level for Army agencies supporting security assistance (for administrative purposes) face difficulties, because Army security assistance programs are dwarfed by other elements in the operations and maintenance account and because security assistance personnel are largely expected to be reimbursed for their activities on behalf of foreign governments. Based on our in-depth exploration of the processes and problems in the Army's training aspect of security assistance management, there are a multitude of hidden costs and activity-specific problems that are not easily fixed or even amenable to portrayal in anything but a rich description. Yet, that example is far from unique. We suspect that the problems inherent in security assistance materiel programs, such as the repair and return program for major equipment assemblies, are even deeper and more complex.<sup>3</sup>

In general, it is difficult to measure objectively the effectiveness of security cooperation. Usually, the goals are vague and/or aim at contributing to preventing something from happening. Proving causality for something that did not happen is an almost impossible task with regard to security cooperation. The general principle is that the broader the DoD guidelines, the more difficult it is to come up with measures of effectiveness. The gist of the OSD-directed 2001 review of security cooperation appears to be that the guidelines issued by the "principal" are narrower but the delegation of decisionmaking powers to the "supervisor" is greater. However, the incentive structure remains biased in favor of high demand by the "supervisor" upon the "agent," and the problematic role of the "agent" in the planning process remains in place.

The planning process of security cooperation currently in place ensures that incrementalism is its determining feature. As the examination of the "supply" side of AIA shows, there is a remarkable stability to AIA expenditures at an aggregate level. In the period 1995–2002, there has been little fluctuation in overt AIA resourcing, with the Army's security cooperation expenditures staying within the \$400–500 million range (exceeding the \$500 million mark on only one occasion) in that time frame. Nor did we uncover any major shifts among the categories of AIA. From this and from our understanding of how AIA resources are actually dispensed at the UCC level, we draw the general observation that rather than national strategic goals driving

---

<sup>3</sup> We base this observation on our attempts to gain a clearer understanding of the problems inherent in the Army aviation repair and return program.

the process, the primary determinant of AIA has been continuity. At minimum, the process does not seem to have much responsiveness built into it. Had the process been strategy-driven, we would have expected to find greater shifts in the overall level of resources devoted to AIA and/or greater intercategory differences in AIA resource levels.<sup>4</sup> The main determinant of this year's budget seems to have been last year's budget, and determination of specific AIA activities favored legacy commitments and marginal adjustments to a previous year's programs. The example of the inability of new U.S. partners in central and eastern Europe to obtain the necessary billets in U.S. Army schoolhouses is a specific example of the lack of strategy influencing AIA.

What is especially interesting is that the steady trend in 1995–2002 is a result of a multitude of decisions taken by many individuals involved in the planning process (something close to the “invisible hand” of the market), since the resource information about AIA gathered in this research effort (documented in Chapter Four) is, to our knowledge, a previously unattained accomplishment. The bureaucratic behavior that determines AIA resources brings in predictability and structure to the security cooperation planning process, but it is nonoptimal from the perspective of maximizing the international opportunities and making informed choices about the value of AIA vis-à-vis military preparedness. In that sense, the process, as currently structured, probably does not work to maximize the opportunities available to the United States from security cooperation.

Rogerson captured well the incentive problem in the defense procurement process. His observation is relevant to the security cooperation process:

When the divisions of an organization are not totally separate entities but rather contribute inputs to a complex joint productive effort, central management cannot really expect its subordinates to attempt to perform the calculation of how funds should be allocated across the divisions. Rather the best that central management can realistically hope for is that its subordinates in good faith attempt to produce the most effective program they can. If the central management could calculate the first-best allocation of budget levels across its subordinate divisions this would yield the first-best outcome. However, the limited calculation ability of the central authority means that the central authority may have to delegate design decisions to its subordinates and choose budget levels given the design decisions. This results in nonoptimal outcomes.<sup>5</sup>

---

<sup>4</sup> Our basic assumption is that opportunities for advancing national goals were present between 1995 and 2002 because of the shifts in the international arena, such as NATO's opening up to enlargement and cooperation with countries in central and eastern Europe, greater proclivities in South America and Africa toward cooperation with the United States in the military realm (especially peace operations), East Timor–associated changes in southeast Asia, and many others. However, these changes do not seem to have led to any major changes in security cooperation resourcing patterns.

<sup>5</sup> William P. Rogerson, “Quality vs. Quantity in Military Procurement,” *The American Economic Review*, 80:1 (March 1990), pp. 83–92.

The above describes well how the various actors in the security cooperation planning process have tried to adjust to the difficulties presented by the type of guidance they received from OSD. In fact, the “collusion” between the UCCs and subordinate commands represents the best “good faith” effort that the subordinate agencies can do under the circumstances. The elaborate planning systems devised by most UCCs are remarkable for the cooperation they evince. However, the observation that the result is nonoptimal from a national perspective also applies.

How the global war on terrorism, Operation Enduring Freedom, and Operation Iraqi Freedom and the increase in the overall defense budgets will affect the Army’s security cooperation activities is, as yet, unclear. The limited flexibility in the system encourages marginal increases, though specific AIA activities may become more targeted and tied to strategic military (as opposed to military-political or security) objectives. Arguably, from the perspective of U.S. national interests, the lack of flexibility and “budgeting by default” for AIA in 1995–2001 was suboptimal and possibly wasted resources, but it was not threatening to the United States. In the post–September 11 security environment, that argument no longer holds. The planning system of AIA needs greater flexibility and efficiency as a crucial component of the global war on terrorism. The need for flexibility and adaptability in security cooperation, because of shifting priorities (new partners, different mix of activities) and in order to seize opportunities that may be short-lived, have made essential the reform of the security cooperation planning and implementation process. We note that, since 2001, OSD has taken steps in the direction of reform of the management of security cooperation, with some major modifications coming on line in 2003. It is too soon yet to assess the extent of success of these measures and the consequences (intended and unintended) of these reforms.

The creation of a Security Assistance Rapid Response Cell to support Operation Enduring Freedom shows that HQDA needs to be prepared for OSD to place more importance on both the execution and amount of security assistance, combined with a more sophisticated assessment of its effectiveness (as is being addressed by OSD as it reviews the security cooperation planning system). Thus, HQDA has a major interest in reforming how it delivers and manages (i.e., its business practices) security assistance, because without a new more business-like approach, it may find itself in the position of funding through its own POM the effective delivery of security cooperation in order to meet developing OSD metrics. Along those lines, we propose several recommendations.

## **Recommendations**

Our recommendations accept the fact that at least some of the principal-agent problems will remain, but they seek to lessen the divergences and inefficiencies stemming

from the different incentive systems of the main actors. There are also many relatively low-level issues that the Army can address to improve its efficiency in security cooperation.

### **Recommendations with National-Level Implications**

**Improve Definitions.** Definitional ambiguities have inhibited security cooperation and detracted from efficient planning as well as from the development of useful metrics to measure the effectiveness of such missions. Given the Army's involvement in these missions, HQDA has a major interest in ensuring that as the security cooperation planning process is reformed, something as basic as what constitutes security cooperation, and all of its contingent elements, accurately reflects U.S. Army activities in this area. With a reform of how such activities are represented in the POM, this alone would improve HQDA's ability to identify such activities and thereby make the appropriate claim on DoD resources to fund them.

**Involve Army Staff in the Security Cooperation Planning Process.** The security cooperation planning process, as initiated by the Secretary of Defense Security Cooperation Guidance of April 2003, is still being fully implemented, and one could expect further developments in this emerging planning and execution system. However, in view of the basic principal-agent and incentive problems in place, any new system still may fall short of being able to provide greater flexibility. It follows then that the Army Staff needs to be involved closely in the reform of the security cooperation system in order to ensure that its missions are properly and sufficiently covered in defense resource planning. Some examples follow.

**OSD strategic guidance.** Heretofore, "engagement" had not been addressed in the main OSD strategic guidance document, nor did the theater engagement plans effectively address the provision of resources for theater cooperation activities. Given that the Army carries out a disproportionate share of security cooperation missions (vis-à-vis the other services), the Army Staff has a legitimate argument in ensuring that the strategic guidance covers such activities. Of course, HQDA will then need to clarify in its own POM which specific lines fund these activities.

**Integrated Priority Lists (IPLs).** IPLs historically have not been effective in having UCCs' resource priorities addressed by the service staffs. To establish more accurately the resources associated with security cooperation, HQDA may consider proposing that the IPLs contain specific references to security cooperation missions. The Army could use these data in the process of determining priorities in PPBES.

**OPTEMPO Issues.** Since 2001, units that experience high rates of OPTEMPO in "military activities" (which include operational activities), i.e., over 100,000 man-days per year, are to be reported directly to Joint Staff. The Army has an opportunity in the increased attention by OSD to tempo issues, in that Army Staff may request that in the future, military activities with "excessive" OPTEMPO (however defined in the methodology) should be linked to eligibility for supplemental OMA funds.

## Recommendations with Implications for Department of the Army

**Improve Information Flows.** Army planners are unlikely to overcome the basic AIA principal-agent dilemma until the OSD and Army security cooperation management systems can make available to them comprehensive and validated data on the aggregate benefits and costs of AIA. In practice, this will require measures of effectiveness for AIA, rough indicators of cost (OPTEMPO, PERSTEMPO, etc.), and an automated database for collecting, sorting, and disseminating AIA data throughout the Army international planning community.

**Allow Policy Oversight.** A key lesson learned from the experience of Army International Activities Policy (AR 11-13) is that the postulation of Army security cooperation strategy without an unambiguous linkage to relevant program elements of the POM is doomed to failure. The decision to disestablish DUSA-IA leaves open a policy and budget void in HQDA that needs to be filled by DAMO-SS to provide guidance and establish priorities in the development of capabilities to support the U.S. security cooperation strategy. Importantly, an administrative and resource vehicle is needed to link AIA strategy clearly to resources. The revision of the AIAP is ideally suited to this requirement. The revised document should provide clear guidance and priorities to MACOMs that would enable those commanders to develop theater security cooperation supporting activities and relevant POM program elements that are in conformance with HQDA policy. For this to be effective, there needs to be more transparency in theater security cooperation activities in the POM.

**Clarify Demand.** Since the UCCs have a theoretically insatiable demand to undertake security cooperation missions, HQDA needs to ensure that the capabilities and resources the component commands provide to the UCC to execute these missions are those that are optimally suited to those tasks, as opposed to those that happen to be “available.” In effect, given the lead the Army takes in carrying out many of these missions, Army component commanders, under direction from HQDA, need to take an active, if not the leading, role in developing the UCCs’ theater security cooperation strategies. Thus, any Army-specific planning methodologies developed to guide Army security cooperation activities need to support the components as they work with UCC staffs to develop theater security cooperation strategies, country strategies, and supporting activities.

**Bring in Business Practices.** The Army’s approach to security assistance needs to be reformed, if not thoroughly reengineered. The current system, as a general observation, is not set up optimally to meet customer requirements; nor does the Army, institutionally, see security assistance as an opportunity. The approach appears to differ from that of other services. There may be good reasons for the difference but the approach may mean that the Army is missing out on capitalizing on potential financial advantages. Given the senior Army leadership’s emphasis on transformation, greater effectiveness in delivering security assistance, and therefore achieving greater revenues and/or efficiencies, is a step that aids the overall transformation. A potential



way of accomplishing this goal is through a basic review of how the Army delivers security assistance and the development of Army-specific metrics to enable HQDA to better manage and monitor the benefits (and accurate reimbursement) of individual programs. A good place to start would be with a clear and unmitigated statement from HQDA that the Army is in the security assistance “business” as an integral element of its security cooperation strategy. Regarding the Army’s security assistance training, the following deserve consideration.

Since the Army’s training system is not geared to international student training requirements, the Army may consider following the Navy’s example and developing a distinct implementation system for security assistance training. In any event, SATFA’s inability to estimate accurately future training demand needs to be addressed. SATFA needs support in developing an objective, quantitative mechanism for projecting future international training requirements that does not depend on foreign requests for training. The results would be used in combination with client training plans as the basis for quota submissions to the SMDR. Army aviation training faces particular challenges when it comes to meeting the needs of international customers.

**Modify Further the Army Resource Management Process.** The Army’s budgeting system was not designed to allow much transparency into the Army’s AIA expenditures and needs to be reformed. The process is fragmented, and many AIA do not fit within Army or DoD resource management accounts. The Army needs to continue the process of consolidating AIA into coherent APEs and MDEPs. The Army may consider working with DoD to align its AIA-related PEs with the Army resource management system and develop more meaningful IA resource categories (e.g., do away with the Miscellaneous International Support program element). The Army also needs to capture the currently hidden costs of security cooperation (such as full-time and, in certain cases, part-time military personnel costs) in AIA-related Army and DoD resource accounts. A more integrated AIA resource management process depends on DAMO-SS and ASA(ALT) developing a definitive listing of AIA activities and linking them to existing/new Army and DoD resource categories.

**Continue Improvements in Security Assistance Programming/Budgeting.** DSCA’s steps toward greater performance based management are in the right direction. The same goes for increased integration of DoD’s PPBS and DSCA’s PBB resource management systems. That said, there are deep-seated structural flaws that need to be addressed. ASA(ALT) needs to work with implementing agencies, other services, and DSCA to correct these flaws. At a minimum, all security assistance resources, no matter the source of funding, need to be programmed and managed in a coordinated fashion. Rather than being based largely on the FMS management process, PBB functional categories need to be based on categories of international activities (e.g., security assistance training) that can form the basis for strategic prioritization and decisionmaking. The fragmentation of IMET into single- and multi-year

programs makes the programming and budgeting process worse. ASA(ALT) and DSCA need to ensure that IMET is consolidated into a single program with a specified multi-year budget cycle.

**Improve Accounting Processes.** To correct the poor accounting for contract administrative services by AMC MSCs, USASAC needs support in its effort to obtain accurate, up-to-date information from AMC MSCs on where the administrative costs occur. Once this is more clearly established, the Army may be able to follow the Navy's example and increase the amount of administrative costs charged directly to the customer. In terms of dealing with the increase in unfunded requirements related to PBB, the Defense Security Assistance Management System (DSAMS), case closures, FMS waivers, drawdowns, etc., Army implementing agencies need to do a better job of communicating and/or justifying unfunded requirements with the support of ASA(ALT) and DSCA.

## Afterword

---

Since the initial data-gathering and preparation of this report, the Army and the Department of Defense have taken many steps along the lines that are recommended in our Conclusions chapter. A partial list of those activities includes the following.

The Army has taken actions to improve information flows through the development of a database to track AIA assignments and trends and related activities to objectives. The Army also has taken steps to streamline and consolidate the management oversight of much of the Army's funding of Title 10 AIA (as identified in Chapter Four). Ideally, the continuation of both efforts will lead to the development of measures of effectiveness for AIA and offer a way to assess the value of specific AIA.

The Army has continued to improve the AIAP. Based on guidance from OSD, Army G-3 SSI revised the prioritization scheme in the AIAP. We note that the Army has provided input to OSD by taking part in OSD regional roundtable discussions to shape revision of the Secretary of Defense Security Cooperation Guidance. Army G-3 SSI also conducted AIAP follow-up conferences with all the component commands (as well as TRADOC and ASA(ALT)) so as to improve the AIAP as an international activities integration tool. As of mid-2004, a revised version of AR-11-31, dealing with Army International Security Cooperation Policy, has been sent out for formal staffing.

More detailed OSD guidance has led to better-focused efforts in the area of ensuring compatibility with the most important U.S. military partners. Steps in this direction include the Army G-3 assuming the lead for the conduct of CSA Bilateral Staff Talks (vice TRADOC) and plans to use the activity as a primary tool for managing the strategic relationship with the most important foreign partners. Army G-3 has conducted a multinational force compatibility conference and has begun an effort to draft multinational compatibility guidance. A revised AR 34-1, dealing with Multinational Force Compatibility, was published in January 2004.

These steps, as well as parallel improvements on the security assistance side, provide an indication of what we see as a continuously evolving system. All of the steps are in line with our recommendations of achieving greater clarity of costs and

benefits of AIA and they represent efforts to lessen the divergences and inefficiencies stemming from the problematic incentive systems of the main actors.

## **Title 10 and 22 Provisions and the Responsibilities of the Secretary of the Army**

---

### **Introduction**

The Army's legal responsibilities and sources of authority arise from a complicated patchwork of statutes and other directives that were enacted over time. Each added to or in other ways altered the Army's responsibilities, but most left in place those that came before them. What remains is a medley of enforceable statutes and other directives, which outline the duties and responsibilities of those charged with conducting the affairs of the Army and unified commands, all of which must be read and interpreted in concert.

Ultimately, the Secretary of the Army (SECARMY) is responsible for and has the authority to conduct all affairs of the Army. This includes both Title 10 and 22 functions. Despite this clear mandate, SECARMY's authority is subordinate to the Secretary of Defense (SECDEF) and to the needs of the UCCs, which often has the effect of eradicating much of SECARMY's discretion in fulfilling SECARMY's responsibilities.

### **Primary Responsibilities: Titles 10 and 22**

The two primary sources of authority for and responsibilities of the Army are Titles 10 and 22 of the U.S. Code. Title 10 effectively created the modern Army and broadly set forth its structure, purposes, and functions. Much of Title 22, Subchapter II, was codified as part of the Foreign Assistance Act of 1961 and authorizes the President to furnish foreign military assistance, education, and training.

As Title 10 gave birth to the modern Army, it generally establishes the Army's purposes and specifically delineates the core functions of SECARMY.

10 U.S.C. § 3062(a) states that the purposes of the Army are to preserve the peace and security of the United States, support the national policies, and implement the national objectives. Consistent with these purposes, 10 U.S.C. § 3062(b) broadly states the Army's responsibilities. Although the statute could be interpreted broadly,

justifying a range of activities, it makes clear that the Army’s responsibilities center on the preparation for and prosecution of war.

**10 U.S.C. § 3062(a)**

(a) It is the intent of Congress to provide an Army that is capable, in conjunction with the other armed forces, of -

- (1) preserving the peace and security, and providing for the defense, of the United States, the Territories, Commonwealths, and possessions, and any areas occupied by the United States;
- (2) supporting the national policies;
- (3) implementing the national objectives; and
- (4) overcoming any nations responsible for aggressive acts that imperil the peace and security of the United States.

**10 U.S.C. § 3062(b)** (emphasis added)

(b) In general, the Army, within the Department of the Army, includes land combat and service forces and such aviation and water transport as may be organic therein. It shall be organized, trained, and equipped primarily for prompt and sustained combat incident to operations on land. *It is responsible for the preparation of land forces necessary for the effective prosecution of war except as otherwise assigned and, in accordance with integrated joint mobilization plans, for the expansion of the peacetime components of the Army to meet the needs of war.*

10 U.S.C. §§ 3011, 3013–3022 set forth the structure of the Department of the Army and its core functions. 10 U.S.C. § 3013 establishes the position and responsibilities of SECARMY. These responsibilities are split among §§ 3013 (b), (c), (d). 10 U.S.C. § 3013 (b) grants SECARMY the authority and charges SECARMY with the responsibility to conduct “all affairs” of the Department of the Army, and then lists twelve such affairs. In contrast to the responsibility to conduct specific affairs from 10 § 3013 (b), § 3013 (c) charges SECARMY with the responsibility for fulfilling various broader duties. The final provision, § 3013 (d), lists nothing specific but charges SECARMY with the responsibility to conduct any other activity prescribed by law or by the President or Secretary of Defense.

**10 U.S.C. § 3013(b)–(c)**

(b) Subject to the authority, direction, and control of the Secretary of Defense and subject to the provisions of chapter 6 of this title, the Secretary of the Army is responsible for, and has the authority necessary to conduct, all affairs of the Department of the Army, including the following functions:

- (1) Recruiting.
- (2) Organizing.
- (3) Supplying.
- (4) Equipping (including research and development).
- (5) Training.
- (6) Servicing.
- (7) Mobilizing.
- (8) Demobilizing.
- (9) Administering (including the morale and welfare of personnel).
- (10) Maintaining.
- (11) The construction, outfitting, and repair of military equipment.
- (12) The construction, maintenance, and repair of buildings, structures, and utilities and the acquisition of real property and interests in real property necessary to carry out the responsibilities specified in this section.

(c) Subject to the authority, direction, and control of the Secretary of Defense, the Secretary of the Army is also responsible to the Secretary of Defense for -

- (1) the functioning and efficiency of the Department of the Army;
- (2) the formulation of policies and programs by the Department of the Army that are fully consistent with national security objectives and policies established by the President or the Secretary of Defense;
- (3) the effective and timely implementation of policy, program, and budget decisions and instructions of the President or the Secretary of Defense relating to the functions of the Department of the Army;
- (4) carrying out the functions of the Department of the Army so as to fulfill (to the maximum extent practicable) the current and future operational requirements of the unified and specified combatant commands;
- (5) effective cooperation and coordination between the Department of the Army and the other military departments and agencies of the Department of Defense to provide for more effective, efficient, and economical administration and to eliminate duplication;
- (6) the presentation and justification of the positions of the Department of the Army on the plans, programs, and policies of the Department of Defense; and
- (7) the effective supervision and control of the intelligence activities of the Department of the Army.

Despite the differences in the introductory language of §§ 3013 (b) and (c), it appears that SECARMY has equal authority to conduct the affairs and duties listed under each code provision. The introductory language of § 3013(b) is as follows:

Subject to the authority, direction, and control of the Secretary of Defense . . . the Secretary of the Army is responsible for, and has the authority necessary to conduct, all affairs of the Department of the Army, including the following functions: . . .

The introductory language of § 3013(c) is as follows:

Subject to the authority, direction, and control of the Secretary of Defense, the Secretary of the Army is also responsible to the Secretary of Defense for . . .

Because the former contains an explicit grant of authority while the latter does not, it may appear that SECARMY has more latitude in conducting the affairs listed in § 3013(b) than those in § 3013(c). This appearance, however, is illusory, as the introductory language of each code subsection must be interpreted in the context of that subsection as well as the combined code provisions. 10 U.S.C. § 3013(b), the provision that arguably contains the stronger grant of authority, grants authority to the Secretary of the Army to conduct “*all affairs* of the Department of the Army,” and then lists twelve specific tasks that are among those affairs (10 U.S.C. § 3013(b), emphasis added). Note the precise language of § 3013(b). The use of the phrase “all affairs . . . including the following” implies that the list of tasks is not exclusive. Language intending to grant the Secretary of the Army authority to conduct only the listed affairs contained therein would be more constrictive, such as, “the Secretary of the Army has the authority necessary to conduct the following affairs.” That is quite different from the authority to conduct “all affairs” of the Department of the Army.

The result of the inclusive language is that § 3013(b) grants SECARMY the authority to conduct any affair of the Department of the Army, regardless of whether it is listed in § 3013(b). Thus, SECARMY’s authority to conduct the affairs of the Department of the Army extends to those responsibilities listed in § 3013(c). That this result is compelled by logic is best seen through the following example. § 3013(b)(7) mandates that SECARMY is responsible for “the effective supervision and control of the intelligence activities of the Department of the Army.” Intelligence activities are not one of the affairs of the Army listed in § 3013(b). But it is clear from § 3013(c)(7) that it must be one of the affairs of the Army. If § 3013(b) were read restrictively, such that SECARMY is granted authority to conduct only the listed affairs, SECARMY would not have the authority to conduct intelligence activities yet SECARMY would be responsible for the control of those activities. Certainly, SECARMY has the authority to conduct affairs necessary to fulfill the responsibilities listed under § 3013(c). This logic extends to all the responsibilities of SECARMY,



resulting in the conclusion that Title 10 grants SECARMY equal authority to fulfill all of its responsibilities.

Unlike Title 10, which directly affects the Army, Title 22 implicates the Army indirectly and stems from the Army's role as one of DoD's implementing agents. Various provisions of Title 22, Subchapter II, authorize the President to furnish military assistance, education, and training. Chief among these provisions are 22 U.S.C. §§ 2311 (applying to military assistance generally), 2347 (applying to international military education and training), and 2349aa (applying to counterterrorism assistance). Some of these activities will be delegated to the Army by SECDEF, thus making SECARMY responsible for them under § 3013(d). Extending the logic outlined above regarding the § 3013(b) grant of authority to SECARMY, it follows that SECARMY also has the authority to conduct the Title 22 activities that have been delegated to the Army.

#### **22 U.S.C. § 2311(a)**

(a) Defense articles and services; noncombatant personnel; transfer of funds. The President is authorized to furnish military assistance, on such terms and conditions as he may determine, to any friendly country or international organization, the assisting of which the President finds will strengthen the security of the United States and promote world peace and which is otherwise eligible to receive such assistance, by -

- (1) acquiring for any source and providing (by loan or grant) any defense article or defense service;
- (2) assigning or detailing members of the Armed Forces of the United States and other personnel of the Department of Defense to perform duties of a noncombatant nature; or

#### **22 U.S.C. § 2347**

The President is authorized to furnish, on such terms and conditions consistent with this chapter as the President may determine (but whenever feasible on a reimbursable basis), military education and training to military and related civilian personnel of foreign countries.

#### **22 U.S.C. § 2349aa**

Notwithstanding any other provision of law that restricts assistance to foreign countries (other than sections 2304 and 2371 of this title), the President is authorized to furnish, on such terms and conditions as the President may determine, assistance to foreign countries in order to enhance the ability of their law enforcement personnel to deter terrorists and terrorist groups from engaging in international terrorist acts such as bombing, kidnapping, assassination, hostage taking, and hijacking.

Titles 10 and 22 of the U.S. Code authorize distinctly different activities. Title 10 functions are centered on preparing for and prosecuting war. Title 22 functions, to the extent the Army is called upon to fulfill them, are centered on providing international military assistance, training, and education. This dichotomy invites the possibility to view the Army as two separate armies, one comprising the units that fulfill its Title 10 functions and one comprising the units that fulfill the Title 22 functions that have been designated to the Army.<sup>1</sup> Of course, the idea that there are separate armies is a fiction; there is only Army, which is organized under Title 10 and responsible for fulfilling both its Title 10 functions and the Title 22 functions that have been delegated to it. It may, however, be useful to employ the fiction of two armies to distinguish those tasks performed under Title 10 and those performed under Title 22.

### Constraints on The Secretary of the Army

While SECARMY has the necessary authority to conduct the affairs of the Army, SECARMY's authority is constrained by the express language of code provisions that bound the authority of SECARMY and both grant authority and subordinate SECARMY's authority to others, including the SECDEF and the unified combatant commanders (UCCs).

First, SECARMY's authority is bounded by § 3013 (c)(2), which mandates that SECARMY formulate and implement policies and programs of the Department of the Army that are fully consistent with the national security objectives of the President or SECDEF. Although this mandate appears in Title 10, it is not limited to Title 10 functions. It applies to all policies and programs, thus extending to Title 22 functions.

Second, the language of the § 3013 (b) grant of authority, which extends to § 3013 (c) as well as any other affair of the Army, expressly limits SECARMY's authority in two ways. The first limitation is that SECARMY's authority is "subject to the authority direction and control of the Secretary of Defense" (10 U.S.C. § 3013(b)). The second and more complicated limitation is that the grant of authority is expressly limited by Chapter 6 of Title 10, which establishes the authority and responsibility of the UCCs. (See, generally, 10 U.S.C. §§ 161–168. Specifically, see 10 U.S.C. § 164, entitled "Commanders of combatant commands: assignment; pow-

---

<sup>1</sup> Some units, indeed some individual soldiers, may perform both Title 10 and Title 22 functions during a given period, but they cannot perform both Title 10 and Title 22 functions at the *same* time because the Title 10 and Title 22 activities differ. Therefore, at any given point in time, it is possible to separate the Army into two groups: those performing Title 10 functions and those performing Title 22 functions.

ers and duties.”) The Military Departments and services exercise only residual authority over their soldiers that are assigned to a UCC.

**10 U.S.C. § 164**

(c) Command Authority of Combatant Commanders.

(1) Unless otherwise directed by the President or the Secretary of Defense, the authority, direction, and control of the commander of a combatant command with respect to the commands and forces assigned to that command include the command functions of -

(A) giving authoritative direction to subordinate commands and forces necessary to carry out missions assigned to the command, including authoritative direction over all aspects of military operations, joint training, and logistics;

(B) prescribing the chain of command to the commands and forces within the command;

(C) organizing commands and forces within that command as he considers necessary to carry out missions assigned to the command;

(D) employing forces within that command as he considers necessary to carry out missions assigned to the command;

(E) assigning command functions to subordinate commanders;

(F) coordinating and approving those aspects of administration and support (including control of resources and equipment, internal organization, and training) and discipline necessary to carry out missions assigned to the command; and

(G) exercising the authority with respect to selecting subordinate commanders, selecting combatant command staff, suspending subordinates, and convening courts-martial, as provided in subsections (e), (f), and (g) of this section and section 822(a) of this title, respectively.

(2)

(A) The Secretary of Defense shall ensure that a commander of a combatant command has sufficient authority, direction, and control over the commands and forces assigned to the command to exercise effective command over those commands and forces. In carrying out this subparagraph, the Secretary shall consult with the Chairman of the Joint Chiefs of Staff.

(B) The Secretary shall periodically review and, after consultation with the Secretaries of the military departments, the Chairman of the Joint Chiefs of Staff, and the commander of the combatant command, assign authority to the commander of the combatant command for those aspects of administration and support that the Secretary considers necessary to carry out missions assigned to the command.

(3) If a commander of a combatant command at any time considers his authority, direction, or control with respect to any of the commands or forces assigned to the command to be insufficient to command effectively, the commander shall promptly inform the Secretary of Defense.



## UCC-Level Security Cooperation Planning Systems

---

This appendix describes the UCC-specific planning methodologies for security cooperation. The information is based on interviews at four regional UCCs (EUCOM, PACOM, CENTCOM, SOUTHCOM) in mid-2001. These systems are continually evolving, and we are aware that portions of the information presented below are no longer current. The most important change in the process is that it is now an OSD requirement that all of the UCCs develop their plans (TSCPs and country plans) from the Security Cooperation Guidance document. That said, the changes in the detailed planning processes are evolutionary, and aspects of the planning systems *circa* 2001 still remain in place. Most of all, the descriptions provide an illustration of the variety of approaches toward security cooperation planning.

### U.S. European Command (EUCOM)

EUCOM has developed a deliberative planning process for security cooperation activities. Planners in ECJ-5S have developed a Regional Working Group (RWG) process to gather the necessary inputs for constructing the EUCOM security cooperation strategy. The RWG process is intended to provide an objective-based planning methodology that integrates priorities (of the UCCs, Washington headquarters staffs, country teams, and regional partners) with available security cooperation resources.

The Regional Working Group meets annually in March. The RWG brings all the relevant actors together to outline a security cooperation strategy for the command's AOR. Participants include OSD, the Joint Staff, U.S. embassies in the region, component headquarters (including USAREUR), and activity providers such as exercise planners, security assistance managers, and military contact program planners.

The purpose of the RWG is to generate consensus on the items that should be included in the EUCOM security cooperation plan. A secondary purpose is to bring together the diverse group of players that manage the U.S. defense relationships in

the EUCOM AOR. The core of the EUCOM RWG is a computer-assisted deliberative planning methodology, which is outlined below.

The RWG planning methodology is centered on an Access database software package that features, at its core, an optimization routine for allocating security cooperation resources. The first step is the creation by EUCOM J-5 of the Country Strategic Factors Analysis (CSFA). Each country is rated according to its economic, political, and military importance, as well as its capability/intent to threaten U.S. interests. The sum of importance in each area determines how important the country is to EUCOM. The entire theater is assessed by significance, and in the final optimization routine the country receives “points” for its rank.

The second piece of the RWG methodology is a set of security cooperation objectives for each country. This process begins with EUCOM defining several measures of effectiveness (MOEs) for each region. These are essentially the factors by which the status quo and Security Cooperation Guidance objectives in specific countries will be judged.<sup>1</sup> Each MOE is rated red-yellow-green by representatives of the U.S. embassy country teams on the basis of specific questions provided by EUCOM. Each of the region’s MOEs is mapped (by a hidden algorithm within the Access database) to particular activities. Each country is given “points” toward those activities reflected by their MOEs. For example, if the country team ranks its host nation a “red” on military professionalism, it is given more “points” toward IMET allocations (the underlying assumption is that IMET helps professionalism). It is important to note that in all cases “reds” give points toward activities, not “greens.” Therefore, the more red MOEs a country has, the more call it has on security cooperation resources. As such, the system is a leveling agent, intended to bring all countries in the AOR to the same level in terms of the MOEs. This obviously introduces the potential for a country team to bias the system by intentionally underestimating MOEs for its country, thereby “gaming the system” and strengthening its candidacy for scarce resources. The EUCOM RWG process relies on the professionalism of country team officers and an informal peer review process (country teams must brief their MOE ratings to a broad audience at the yearly working group meetings) to counteract this hazard.

The third piece of RWG methodology is the Country Resource Analysis (CRA). In it, country teams are asked to rank each of the EUCOM’s 31 security cooperation activities for their country on the basis of need, capacity, and impact. These ratings are on a high-medium-low scale and are judged subjectively by the country teams. Each of the three factors gives “points” toward those activities. For example, a coun-

---

<sup>1</sup> As an example, the MOEs for NATO countries are: Forces Available to NATO, Burden Sharing, Support for NATO Interoperability, Support for NATO Doctrine, Support for Treaties and Agreements, Defense Capabilities Initiative, Support for NATO Operations, Conduct Responsible Foreign Policy, Promote Economic Stability, Promote Democratization, Public Security and Law Enforcement, Defense Reform, Threat Reduction, Effective Utilization of Support, and Relationship with NATO and Pfp Partners.

try that rated IMET “high need, high capacity, high impact” and ranked the activity overall as first out of the 31 activities would get the maximum number of possible points toward IMET.

The fourth piece of RWG methodology is a rough indicator of policy guidance on the individual country. If legislative language exists on the relationship with a country, treaty obligations, or recent NCA policy statements, these are integrated into the analysis as a rough 1–4 priority ranking. Again, a higher ranking results in more “points” toward activities.

After all of these inputs are collected, the Access database ranks each security cooperation activity by country, according to the number of points “gained” in the various inputs. This tool is called the Theater Resource Allocation Matrix (TRAM). The TRAM output is a prioritized list of countries for every security cooperation activity. The result is briefed to the EUCOM Senior Steering Group (the Deputy UCC and the DCSOPS-equivalents from the components) and, once approved, provided to activity managers as authoritative guidance on EUCOM’s priorities. The RWG’s output forms the basis for the EUCOM security cooperation strategy and the core of the UCC’s guidance to activity managers and components. As such, the RWG process is key to the establishment of UCC demand for AIA in the EUCOM AOR.

## **U.S. Central Command (CENTCOM)**

CENTCOM has no centralized process for systematically gathering inputs for its security cooperation strategy. It lacks a working group or similar vehicle for bringing together representatives of the UCC planning staffs, OSD desk officers, U.S. embassy country teams, activity managers, and the like. Instead, the individual country desk officers in CCJ-5 are responsible for pulling together security cooperation strategies for their countries. To the extent possible, these strategies are shaped to reflect the consensus of those desk officers’ points of contact in the various commands and agencies, but there is relatively little guidance from the CENTCOM leadership on security cooperation priorities and strategies.

The one exception to this situation is the Central Asian subregion. Because these countries belonged to the EUCOM AOR before the Unified Command Plan was changed in 1999, the various offices managing those defense relationships have a history of coordination through a Regional Working Group. The Central Asian subregion is therefore managed in a much more formal manner than the rest of the CENTCOM AOR.

CENTCOM’s choice to forgo a formal theater security cooperation planning process has affected the flow of information in the command. Relatively little formal

information appears to be available on CENTCOM security cooperation initiatives, and most coordination appears to take place through informal channels.

### **U.S. Pacific Command (PACOM)**

PACOM has put together a planning mechanism centered on a security cooperation working group process. The process is designed to be responsive to unforeseen opportunities, meant to advance long-term goals, and goes to elaborate lengths to ensure a match between resources and security cooperation requirements. Indeed, the focus of the effort in PACOM is to achieve a “fusion” between requirements and resources through the theater security cooperation strategy.

The PACOM theater security cooperation strategy is put together as a result of an iterative almost year-long cycle among components, country teams, and HQ USPACOM. The process of planning for the next fiscal year starts in November, with the first meeting of the security cooperation working group. The meeting is attended by resource managers, activity managers, and the country team. At the meeting, the country director presents an assessment of the situation in the country and outlines the needs and opportunities for U.S. security cooperation with it. In turn, resource and activity managers present their opinions on potential activities with the country. In January, at a second working group meeting, the country teams and the security assistance teams provide feedback and add to the crystallization of a tentative plan. The emerging activity plan is discussed at the annual cycle’s first meeting of the PACOM security cooperation Synchronization Steering Group, in March. A third working group meeting in April takes into account the steering group comments. A fourth working group meeting in June finalizes the draft plan on the basis of updates from activity managers and any new guidance based on the UCC’s OPLANs. In July, a final draft plan is ready for presentation to the Synchronization Steering Group. The document is then sent for approval to the UCC in August. Throughout the process, the country director has the lead on the evolving plan, keeping the relevant actors informed and assessing the situation for any new opportunities. The process is essentially bottom-up, as the components or country teams come up with ideas for security cooperation activities and take them for discussion in the working group process under PACOM auspices.

The presence of resource managers at the working group meetings means that events are matched with resource availability from the outset of the planning process. In order to structure their input, activity managers are provided with a template for categorizing their activities, with each activity emphasis assessed on a security cooperation continuum between those primarily emphasizing wartime skills and those focusing mainly on developing influence, goodwill, access, and competent coalition partners.



The planning process includes an assessment of each country from a long-term perspective. One section (out of three) of the assessment deals with the desired end-state for the country. The end-state is presented in terms of where the United States wants the given country to evolve to in 8+ years. Objectives, presented in a 3- to 8-year timeframe, provide intermediate goals designed to support the overall evolution toward the end-state. Requirements, presented in a 1- to 3-year timeframe, are meant to provide near-term goals. The elaboration of long-term goals has the purpose of ensuring a strategic direction to security cooperation. The PACOM planning process places high emphasis on strategy guiding security cooperation activities. UCC guidance requires that each security cooperation activity be defined in terms of the strategic goals it seeks to advance. In addition, each activity must support the UCC's OPLANs and CONPLANs. PACOM's planning methodology posits three primary U.S. requirements for the PACOM AOR: advancing goodwill toward the United States, ensuring reliable access, and development of competent coalition partners.

Although the planning process uses individual countries as the basic partner for interaction, PACOM has a unique practice among the UCCs in that it explicitly attempts to enhance regional cooperation. Wherever applicable, planners examine activities from the perspective of bringing into them additional countries, making them multilateral rather than bilateral.

PACOM has devised a methodology for assisting planners in making choices among countries by prioritizing them on the basis of objective criteria and in light of strategic importance. The methodology establishes a hierarchy of states and requirements for each state. The methodology has many elements in common with the process used by EUCOM, in that it uses a software package that optimizes choices for security cooperation based on national and theater objectives, contains a ranking system for specific activities, and incorporates measures of effectiveness (in terms of assessing further steps needed). USARPAC took the lead in designing the methodology and using it to aid the planning process.<sup>2</sup>

## **U.S. Southern Command (SOUTHCOM)**

SOUTHCOM's security cooperation planning process establishes a relatively coherent ends-means chain. The key node in the process (and thus its key determinant of demand for AIA) is centered on the Regional Workshops. The process is relatively new, having begun in October 2000, and has already evolved. But in its early version,

---

<sup>2</sup> It is our understanding that PACOM now uses a new security planning cooperation system, SIAM, which takes the Theater Security Cooperation Management Information System (TSCMIS, formerly TEPMIS) data, determines probabilities of success, and attempts to determine the overall impact of an activity. We have not seen the system at work and cannot assess its utility.

it took the following form. The SOUTHCOM SCJ-5 Future Plans Division develops the command's security cooperation plan. Regional Workshops are conducted in each of the four major subregions in the AOR.

Each Regional Workshop is hosted by one of the U.S. Military Groups (MILGPs) in the subregion being evaluated.<sup>3</sup> The Regional Workshops have elevated the importance of the MILGPs as the key actors in the SOUTHCOM security cooperation strategy's planning and execution. The purpose of the Regional Workshops is to solicit the MILGPs' input on the security cooperation strategy and define the number and type of activities required for each country in the coming years. The UCC is personally involved in the process and attends the workshops along with the Future Plans staff and many security cooperation activity managers. By virtue of their involvement, the MILGPs, activity managers, and SCJ-5 Future Plans Division are the influential actors. The actors who are excluded (the components, OSD, JCS, State, and SCJ-5 Political-Military desk officers) are probably less influential in defining demand. The service components are relegated to a resource provider role.

At the Regional Workshop, the MILGPs present their country plans, beginning with the suggested main substantive focus areas for their country (from a list established beforehand by SCJ-5) and then an analysis of the specific capabilities that SOUTHCOM should grow in the partner country. The proposed capabilities are defined in a detailed manner, down to the individual unit level and in terms of specific tactical skills to be conveyed. The process provides connectivity to measures of effectiveness and breaks down regional objectives into individual tasks.

The workshop participants then prioritize the focus areas for each country. These focus areas are disaggregated into specific critical tasks that SOUTHCOM wishes the partner nation to undertake. The partner country's capacities are then assessed, and weaknesses are identified in the areas of training, equipment, and infrastructure. As a last step in the Regional Workshop analysis, prospective SOUTHCOM security cooperation activities are matched with these training, equipment, and infrastructure shortfalls. The planning takes place at a level of detail that greatly exceeds the planning done by other UCCs.

SOUTHCOM's planning methodology takes into account three primary U.S. objectives for the SOUTHCOM AOR: foster regional security, promote prosperity, and strengthen democracy. The staff, with SCJ-2 assistance, conducts a straight-line

---

<sup>3</sup> MILGPs are somewhat unique to the SOUTHCOM AOR. The senior DoD representative in most of the SOUTHCOM countries is not the Defense Attaché, who is somewhat ostracized by most host nations due to his/her intelligence role. Instead, most of the U.S. embassies have a MILGP separate from the Defense Attaché Office to oversee defense cooperation and security assistance. The MILGPs typically provide the senior U.S. Defense Representative and do most of the coordinating of bilateral contacts. The MILGPs have a variety of official names, depending on the history of the host nation's relationship with the U.S. (i.e., Military Advisory and Assistance Group, Military Liaison Office, Naval Liaison Office, Office of the Defense Representative, Military Group, Office of Defense Cooperation, etc.). SOUTHCOM refers to all as MILGPs.

assessment of each country's ten-year prospects on the basis of the Security Cooperation Guidance focus areas. The countries are measured (red-amber-green) on eleven key measures of effectiveness (MOEs). SOUTHCOM has identified eight core functional competencies that it can bring to bear on "red" MOEs identified in the theater: providing professional military development, building trust in the region, updating national security strategies, refining military roles and missions, organizing/training/equipping militaries, developing regional multilateral capabilities, facilitating regional cooperation, and providing operational and crisis response capability.

At its essence, the SOUTHCOM theater security cooperation strategy development process serves to focus the command's activities on the weaknesses identified in the MOEs. The set of security cooperation activities that SOUTHCOM conducts with each country is molded to respond to that country's "red" MOEs. Likewise, on a theater level, countries with many "red" MOEs will be offered more security cooperation activities than countries that are better off. The planning methodology acts as a leveling function on the theater by focusing assistance on those governments that are worst off.

The implementation stage of the security cooperation strategy development process starts with the promulgation of the UCC's Strategic Concept in early April. In early May, SOUTHCOM hosts a Component Workshop, whose purpose is to issue the activity requirements developed at the Regional Workshops to the component headquarters and activity managers. The components can also suggest activities that, in their opinion, would enhance security cooperation with specified countries.

On August 1, SOUTHCOM issues an executive order authorizing all the activities approved by SCJ-5 and agreed to by the relevant resource providers. The EXORD is the official plan, but it is not the formal statement of requirement from SOUTHCOM. Because SOUTHCOM's TEPMIS (Theater Engagement Planning Management Information System) gathers all of the suggested activities, its database represents the unconstrained demand for security cooperation. The difference between the full list and the actual list of executed activities at the end of the fiscal year gives planners a clear indicator of unmet demand.

The following January, the Future Plans Division begins a comprehensive formal assessment of security cooperation activities. The final assessment will include several subanalyses. There will be a financial analysis that totals outlay by activity type and total fiscal shortfall by activity and total. The Future Plans Division will also conduct a manpower assessment to measure how actual deployments matched planned deployments, how many man-days were devoted to each activity type, and what manpower shortfalls were encountered. Additionally, the division will perform an assessment of the progress in developing priority capabilities in regional partner militaries. Then, it will conduct a cross-analysis to measure progress toward regional objectives as a function of resourced commitments. As an input to this process, SCJ-

5 is establishing a systematic After Action Review process to identify high-payoff activities.

## **Army International Affairs: Funding**

---

	APPN	APE	MDEP	FY95 (\$K)	FY96 (\$K)	FY97 (\$K)	FY98 (\$K)	FY99 (\$K)	FY00 (\$K)	FY01 (\$K)	FY02 (\$K)	FY03 (\$K)	FY04 (\$K)
<b>TITLE 10</b>													
<b>Political-Military Interactions</b>													
<i>Arms Control Obligations</i>													
Chemical/Biological Weapons Treaty Compliance	OMA		VCWT	24,201	20,284	21,659	23,826	19,738	14,410	14,217	14,440	15,241	15,500
Panama Treaty Implementation			VTPA	70,590	41,526	52,109	61,621	140,271	16,033	3,924	—	—	—
Conventional Army Treaty Implementation	OMA		VTRE	10,132	8,688	7,541	7,221	6,840	6,938	8,068	7,697	6,981	7,165
START	OMA		VTSM	13	1,200	1,740	1,303	2,245	2,317	2,321	1,792	1,771	1,461
<i>Military Contacts</i>													
International Support, Other	OMA		XISQ	11,601	30,470	35,815	31,229	32,336	38,494	47,380	46,942	49,879	51,954
Conference of American Armies	OMA	121018000	XISQ										
Joint Contact Team Program	OMA		XISQ										
State Partnership Program	OMA		XISQ										
Foreign Dignitary Visits	OMA		XISQ										
NATO Industrial Advisory Group (NIAG)	RDTE	665801M76	XISH	—	—	—	—	—	—	739	749	746	746
Bilateral Staff Talks (Combat Development Activities)	OMA	122018000	VRSI	—	—	—	325	183	242	602	650	626	698
MFC/Interoperability	OMA	441004000	VRSI	1,569	1,713	1,907	1,574	1,565	2,570	1,538	1,926	3,254	3,510
NATO Fora/C4I Interoperability/ATEC	OMA	442015000	VRSI	—	2,041	1,949	745	1,759	1,840	2,457	2,602	2,627	2,695
Western Hemisphere Institute for Security Cooperation (formerly School of the Americas)	OMA	321731000	VFMS	2,441	2,662	2,601	2,655	2,968	2,559	2,963	3,041	3,115	3,192
	OMA	324772000	VFMS	—	—	—	—	—	—	—	291	280	279
	OMA	442010000	VFMS	51	34	67	32	67	33	63	64	—	—
Marshall Center	OMA		TAMC	11,451	17,831	23,265	23,513	26,015	33,660	31,415	20,905	20,768	21,381
	OMA		QMIS	—	—	—	—	—	397	331	9,856	7,874	8,780
Strategic Leadership Training (FAOs)	OMA		TFAO	—	—	11,392	13,731	2,736	3,724	4,336	7,730	5,682	6,042
<i>Humanitarian and Civic Assistance</i>													
	OMA	442010000	JDHC	3,871	3,572	3,264	3,824	3,911	5,633	4,813	5,687	6,552	6,318
Civic Actions Teams	OMA		VCAT	509	871	713	1,338	1,005	1,010	998	935	1,046	959
<i>Category Subtotal</i>				136,429	130,892	164,022	172,937	241,639	129,860	126,165	125,307	126,442	130,680
<b>Security Assistance</b>													
Civ Pay/Iran/Auditors/NR Costs/Drawdowns	OMA	442010000	VFMS	1,041	1,169	1,595	1,327	1,492	1,487	1,424	1,498	1,502	1,567
DFAS Recapitalization	OMA	442011000	VFMS	—	—	—	—	—	—	61	58	—	—
FMS Waiver Reimbursement	OMA	324731000	VFMS	—	—	148	489	—	294	442	448	449	463
	OMA	423012000	VFMS	14	10	12	17	2,164	—	—	—	—	—
	OMA	423612000	VFMS	—	—	—	—	81	—	—	—	—	—
Civ Pay/Munitions Licenses/Industrial Base Reg	OMA	442015000	VFMS	1,088	1,130	1,254	1,201	728	1,085	1,469	1,483	1,576	1,607
<i>Category Subtotal</i>				2,143	2,309	3,009	3,034	4,465	2,866	3,396	3,487	3,527	3,637
<b>Materiel-Technical Cooperation</b>													
NATO Cooperative R&D	RDTE	643790691	VRSI	—	—	9,495	7,885	3,843	1,820	1,902	8,633	8,794	8,962
Standardization Groups	RDTE	665801M16	VRSI	—	—	3,895	3,763	3,502	3,130	3,508	3,658	3,577	4,159
Armaments Groups	RDTE	665801M76	VRSI	—	—	—	—	1,103	1,166	406	406	382	432
<i>Category Subtotal</i>				—	—	13,390	11,648	8,448	6,116	5,816	12,697	12,753	13,553

	APPN	APE	MDEP	FY95 (\$K)	FY96 (\$K)	FY97 (\$K)	FY05 (\$K)	FY06 (\$K)	FY07 (\$K)	NOTES
<b>TITLE 10</b>										
<b>Political-Military Interactions</b>										
<i>Arms Control Obligations</i>										
Chemical/Biological Weapons Treaty Compliance	OMA		VCWT	24,201	20,284	21,659	14,736	14,482	12,561	
Panama Treaty Implementation			VTPA	70,590	41,526	52,109	—	—	—	
Conventional Army Treaty Implementation	OMA		VTRE	10,132	8,688	7,541	7,342	7,522	7,713	
START	OMA		VTSM	13	1,200	1,740	1,490	1,523	1,555	
<i>Military Contacts</i>										
International Support, Other	OMA		XISQ	11,601	30,470	35,815	51,324	52,504	53,853	
Conference of American Armies	OMA	121018000	XISQ							Included in XISQ above
Joint Contact Team Program	OMA		XISQ							Included in XISQ above
State Partnership Program	OMA		XISQ							Included in XISQ above
Foreign Dignitary Visits	OMA		XISQ							Included in XISQ above
NATO Industrial Advisory Group (NIAG)	RDTE	665801M76	XISH	—	—	—	747	766	782	
Bilateral Staff Talks (Combat Development Activities)	OMA	122018000	VRSI	—	—	—	648	665	679	
MFC/Interoperability	OMA	441004000	VRSI	1,569	1,713	1,907	3,719	3,919	4,146	
NATO Fora/C4I Interoperability/ATEC	OMA	442015000	VRSI	—	2,041	1,949	2,715	2,781	2,857	Includes three commands: 220, 410, and 6AO
Western Hemisphere Institute for Security Cooperation (formerly School of the Americas)	OMA	321731000	VFMS	2,441	2,662	2,601	3,275	3,360	3,451	WHS was removed from the VFMS MDEP in FY02/03 POM
	OMA	324772000	VFMS	—	—	—	283	290	299	
	OMA	442010000	VFMS	51	34	67	—	—	—	CMD = 570
Marshall Center	OMA		TAMC	11,451	17,831	23,265	21,834	22,359	22,977	Marshall Center operations consolidated beginning FY02; various program elements used previously
	OMA		QMIS				9,067	9,231	9,400	
Strategic Leadership Training (FAOs)	OMA		TFAO	—	—	11,392	6,050	6,211	6,431	
<i>Humanitarian and Civic Assistance</i>										
	OMA	442010000	JDHC	3,871	3,572	3,264	6,346	6,343	6,409	
Civic Actions Teams	OMA		VCAT	509	871	713	986	1,213	986	
<i>Category Subtotal</i>				136,429	130,892	164,022	130,562	133,169	134,099	
<b>Security Assistance</b>										
Civ Pay/Iran/Auditors/NR Costs/Drawdowns	OMA	442010000	VFMS	1,041	1,169	1,595	1,496	1,544	1,587	CMD = 6AO
DFAS Recapitalization	OMA	442011000	VFMS	—	—	—	—	—	—	CMD = 6AO
FMS Waiver Reimbursement	OMA	324731000	VFMS	—	—	148	483	501	513	
	OMA	423012000	VFMS	14	10	12	—	—	—	
	OMA	423612000	VFMS	—	—	—	—	—	—	
Civ Pay/Munitions Licenses/Industrial Base Reg	OMA	442015000	VFMS	1,088	1,130	1,254	1,667	1,718	1,766	
<i>Category Subtotal</i>				2,143	2,309	3,009	3,646	3,763	3,866	
<b>Materiel-Technical Cooperation</b>										
NATO Cooperative R&D	RDTE	643790691	VRSI	—	—	9,495	9,182	9,393	9,642	
Standardization Groups	RDTE	665801M16	VRSI	—	—	3,895	4,263	4,359	4,471	
Armaments Groups	RDTE	665801M76	VRSI	—	—	—	459	471	483	
<i>Category Subtotal</i>				—	—	13,390	13,904	14,223	14,596	

	APPN	APE	MDEP	FY95 (\$K)	FY96 (\$K)	FY97 (\$K)	FY98 (\$K)	FY99 (\$K)	FY00 (\$K)	FY01 (\$K)	FY02 (\$K)	FY03 (\$K)	FY04 (\$K)
<b>Operational Activities</b>													
Counternarcotics (Section 1004)													
CJCS Exercises													
						7,999	5,794	4,111	4,749	4,561	6,736	1,972	
	OMA		VJCS	46,973	48,293	51,631	40,904	57,683	38,617	46,920	47,964	48,555	49,656
	OMAR		VJCS	—	—	—	253	199	—	—	—	—	—
	OMNG		VJCS	—	—	—	145	—	—	—	—	—	—
Developing Countries Exercise Program													
SOUTHCOM Operations													
	OMA	442010000	JDHB	—	1,370	3,010	4,130	3,944	5,581	7,716	7,964	7,445	7,981
Joint Task Force Bravo													
	OMAR	121R18000	JDHB	—	—	—	—	143	—	—	—	—	—
RC Deployment for Training													
	OMA		TSSO	17,898	11,519	11,419	7,916	8,746	24,590	5,038	6,916	8,120	7,701
				26,508	25,049	22,941	22,998	24,004	22,126	13,117	16,679	13,926	14,152
<i>Category Subtotal</i>				<i>91,379</i>	<i>86,231</i>	<i>97,000</i>	<i>82,140</i>	<i>98,830</i>	<i>95,663</i>	<i>77,352</i>	<i>86,259</i>	<i>80,018</i>	<i>79,490</i>
<b>Potential International Activities</b>													
NATO Headquarters Operations													
	OMA		XISH	251,251	210,701	167,344	202,818	192,229	181,048	144,418	177,438	179,221	178,265
NDU/Regional Security Centers													
	OMA		TDDU	23,319	27,001	31,374	31,681	41,361	42,493	49,813	47,087	20,990	21,456
Defense Language Programs													
			TDLP	—	—	—	—	—	—	—	70,704	75,058	76,554
<i>Category Subtotal</i>				<i>274,570</i>	<i>237,702</i>	<i>198,718</i>	<i>234,499</i>	<i>233,590</i>	<i>223,541</i>	<i>194,231</i>	<i>295,229</i>	<i>275,269</i>	<i>276,275</i>
<b>TITLE 22</b>													
<b>Security Assistance Programs</b>													
<i>Foreign Military Sales</i>													
				2,635,000	3,893,000	2,506,000	3,697,000	3,795,000	4,065,000				
<i>FMS Training</i>													
						91,018	96,762	90,468	86,940	95,134	102,489	70,567	
<i>Other FMS</i>													
						2,414,982	3,600,238	3,704,532	3,978,060				
<i>International Military Training and Education</i>													
<i>Travel and Living Allowances</i>													
						7,060	8,863	9,751	10,533	9,195	18,496	23,210	
<i>Training</i>													
						9,204	10,700	10,935	9,744	10,421	18,392	19,866	
<i>Counternarcotics</i>													
<i>International Narcotics and Law Enforcement Affairs (INL) Program</i>													
						569	559	350	345	1,105	4,205	68	
<i>Category Subtotal</i>						<i>2,522,833</i>	<i>3,717,122</i>	<i>3,816,036</i>	<i>4,085,622</i>				
<b>Security Assistance Administration</b>													
<i>FMS Administrative Surcharge</i>													
								77,969	77,349	77,551	74,350		
<i>FMF Administrative Overhead</i>													
								2,096	2,108	2,110	2,110		
<i>Category Subtotal</i>								<i>80,065</i>	<i>79,457</i>	<i>79,661</i>	<i>76,460</i>		
<b>TITLE 10</b>				<b>504,521</b>	<b>457,134</b>	<b>476,139</b>	<b>504,258</b>	<b>586,972</b>	<b>458,046</b>	<b>406,490</b>	<b>522,979</b>	<b>498,009</b>	<b>503,635</b>
<b>TITLE 22</b>								<b>3,896,101</b>	<b>4,165,079</b>				



	APPN	APE	MDEP	FY95 (\$K)	FY96 (\$K)	FY97 (\$K)	FY05 (\$K)	FY06 (\$K)	FY07 (\$K)	NOTES
<b>Operational Activities</b>										
Counter narcotics (Section 1004)										
CJCS Exercises						7,999				
	OMA		VJCS	46,973	48,293	51,631	50,752	51,582	53,204	
	OMAR		VJCS	—	—	—	—	—	—	
	OMNG		VJCS	—	—	—	—	—	—	
Developing Countries Exercise Program										
SOUTHCOM Operations	OMA	442010000	JDHB	—	1,370	3,010	8,230	8,684	9,135	
Joint Task Force Bravo	OMAR	121R18000	JDHB	—	—	—	—	—	—	
RC Deployment for Training			TROS	17,898	11,519	11,419	13,200	13,594	14,000	
	OMA		TSSO	26,508	25,049	22,941	14,520	14,732	14,557	
<i>Category Subtotal</i>				<i>91,379</i>	<i>86,231</i>	<i>97,000</i>	<i>86,702</i>	<i>88,892</i>	<i>90,896</i>	
<b>Potential International Activities</b>										
NATO Headquarters Operations	OMA		XISH	251,251	210,701	167,344	179,020	183,979	189,606	
NDU/Regional Security Centers	OMA		TDDU	23,319	27,001	31,374	21,836	22,226	22,427	TDDU recently became VRSC
Defense Language Programs			TDLP	—	—	—	77,970	79,850	82,253	
<i>Category Subtotal</i>				<i>274,570</i>	<i>237,702</i>	<i>198,718</i>	<i>278,826</i>	<i>286,055</i>	<i>294,286</i>	
<b>TITLE 22</b>										
<b>Security Assistance Programs</b>										
<i>Foreign Military Sales</i>										
FMS Training				2,635,000	3,893,000	2,506,000				
Other FMS						91,018				
						2,414,982				
<i>International Military Training and Education</i>										
Travel and Living Allowances						7,060				
Training						9,204				
<i>Counter narcotics</i>										
International Narcotics and Law Enforcement Affairs (INL) Program						569				Executive transfer \$
<i>Category Subtotal</i>						<i>2,522,833</i>				
<b>Security Assistance Administration</b>										
<i>FMS Administrative Surcharge</i>										
										2.5% of total annual FMS
<i>FMF Administrative Overhead</i>										
										Largely funds IMET management; does not include UFRs
<i>Category Subtotal</i>										
<b>TITLE 10</b>				<b>504,521</b>	<b>457,134</b>	<b>476,139</b>	<b>513,640</b>	<b>526,102</b>		
<b>TITLE 22</b>										



## **Army International Affairs: Manpower**

---

	APPN	APE	MDEP	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	NOTES
<b>TITLE 10</b>														
<b>Political-Military Interactions</b>														
<i>Arms Control Obligations</i>														
Chemical/Biological Weapons Treaty Compliance	OMA		VCWT	—	—	—	49	49	49	49	49	49	49	
	MPA		VCWT	—	1	—	1	1	1	1	1	1	1	
Panama Treaty Implementation			VTPA	65	—	—	—	—	—	—	—	—	—	Disappears in PB01-02
Conventional Army Treaty Implementation	OMA		VTRE	—	—	—	29	29	29	29	29	29	29	
START	OMA		VTSM	—	—	—	1	1	1	1	1	1	1	
<i>Military Contacts</i>														
International Support, Other	OMA		XISQ	1,761	2,300	2,789	2,613	2,623	2,698	2,698	2,698	2,698	2,698	
Conference of American Armies	OMA	121018000	XISQ											Included in XISQ above
Joint Contact Team Program	OMA		XISQ											Included in XISQ above
State Partnership Program	OMA		XISQ											Included in XISQ above
Foreign Dignitary Visits	OMA		XISQ											Included in XISQ above
NATO Industrial Advisory Group (NIAG)	RDTE	665801M76	XISH	—	—	—	—	—	—	—	—	—	—	
Bilateral Staff Talks (Combat Dvlpmnt. Activities)	OMA	122018000	VRSI	—	—	—	—	—	—	—	—	—	—	
MFC/Interoperability	OMA	441004000	VRSI	—	—	—	—	—	—	—	—	—	—	
NATO Foral/C4I Interoperability/A TEC	OMA	442015000	VRSI	—	—	—	16	16	16	16	16	16	16	Includes three commands: 220, 410, and 6AO
Western Hemisphere Institute for Security Cooperation (formerly School of the Americas)	OMA	321731000	VFMS	—	—	—	47	47	—	—	—	—	—	WHS was removed from the FFMS MDEP in FY02/03 POM
	MPA	321731000	VFMS	131	35	113	141	141	141	141	141	141	141	
	OMA	324772000	VFMS	—	—	—	—	3	3	3	3	3	3	
	OMA	442010000	VFMS	—	—	—	—	—	—	—	—	—	—	CMD = 570
			XISH											Included in XISH above
Marshall Center	OMA		TAMC	108	—	—	173	152	151	151	151	151	151	Marshall Center Operations program consolidated beginning FY02; various programs elements used previously.
	MPA		TAMC	39	37	31	35	34	31	31	31	31	31	
	OMA		QMIS											
Strategic Leadership Training (FAOs)	OMA		TFAO	—	—	—	—	—	—	—	—	—	—	
	MPA		TFAO	—	—	—	—	—	—	—	—	—	—	TFAO military data is suspect

	APPN	APE	MDEP	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	NOTES
<b>Humanitarian and Civic Assistance</b>														
	OMA	442010000	JDHC											
Civic Actions Teams	OMA		VCAT											
Category Civilian Subtotal				1,934	2,300	2,789	2,928	2,920	2,947	2,947	2,947	2,947	2,947	
Category Military Subtotal				170	73	144	177	176	173	173	173	173	173	Does not include TAFO
Category Subtotal				2,039	2,372	2,933	3,025	3,016	3,040	3,040	3,040	3,040	3,040	Does not include TAFO
<b>Security Assistance</b>														
Civ Pay/Iran/Auditors/NR Costs/Drawdowns	OMA	442010000	VFMS	—	—	7	6	6	6	6	6	6	6	CMD = 6AO
DFAS Recapitalization	OMA	442011000	VFMS	—	—	—	—	—	—	—	—	—	—	CMD = 6AO
FMS Waiver Reimbursement	OMA	324731000	VFMS	—	—	—	—	—	—	—	—	—	—	
	OMA	423012000	VFMS	—	—	—	—	—	—	—	—	—	—	
	OMA	423612000	VFMS	—	—	—	—	—	—	—	—	—	—	
Civ Pay/Munitions Licenses/Industrial Base Reg	OMA	442015000	VFMS	18	17	16	9	9	9	9	9	9	9	
Category Civilian Subtotal				18	17	23	15	15	15	15	15	15	15	
Category Military Subtotal														
Category Subtotal				18	17	23	15	15	15	15	15	15	15	
<b>Materiel-Technical Cooperation</b>														
NATO Cooperative R&D	RDTE	643790691	VRSI	—	—	—	—	—	—	—	—	—	—	
Standardization Groups	RDTE	665801M16	VRSI	14	21	20	19	22	29	29	29	29	29	
Armaments Groups	RDTE	665801M76	VRSI	—	—	—	—	—	—	—	—	—	—	
Category Civilian Subtotal				14	21	20	19	22	29	29	29	29	29	
Category Military Subtotal														
Category Subtotal				14	21	20	19	22	29	29	29	29	29	
<b>Operational Activities</b>														
Counternarcotics (Section 1004)														
CJCS Exercises	OMA		VJCS											
	OMAR		VJCS											
	OMNG		VJCS											
Developing Countries Exercise Program	OMA	442010000	VJCS											
	OMAR	121R18000	VJCS											
Overseas Deployment Training (ODT)			TROS											
SOUTHCOM Operations	OMA		TSSO	131										Disappears from PB02/03
	MPA		TSSO	66										
Joint Task Force Bravo														
RC Deployment for Training														
Category Civilian Subtotal				131	—	—	—	—	—	—	—	—	—	
Category Military Subtotal				66	—	—	—	—	—	—	—	—	—	
Category Subtotal				197	—	—	—	—	—	—	—	—	—	

	APPN	APE	MDEP	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	NOTES
<b>Potential International Activities</b>														
NATO Headquarters Operations	OMA		XISH	—	63	131	128	128	128	128	128	128	128	
	MPA		XISH	—	—	1,414	1,730	1,617	1,649	1,660	1,660	1,660	1,660	
NDU/Regional Security Centers	OMA		TDDU	—	—	—	—	—	36	36	36	36	36	TDDU recently became VSRC No VSRC MPA figures in FY01/02. Zeros entered from FY99
	MPA		TDDU	77										
Defense Language Programs			TDLP											
<i>Category Civilian Subtotal</i>				—	63	131	128	128	164	164	164	164	164	
<i>Category Military Subtotal</i>				77	—	1,414	1,730	1,617	1,649	1,660	1,660	1,660	1,660	
<i>Category Subtotal</i>				77	63	1,545	1,858	1,745	1,813	1,824	1,824	1,824	1,824	
<b>TITLE 22</b>														
<b>Security Assistance Programs</b>														
<i>FMS Administrative Surcharge</i>														
Civilian Full Time					956	914	879	859						2.5% of total annual FMS
Civilian Part Time					114	115	113	104						
Contractor					12	13	9	9						
Military Full Time					27	28	28	28						
<i>FMF Administrative Overhead</i>														
<i>Category Civilian (Full Time) Subtotal</i>					956	914	879	859						
<i>Category Military Subtotal</i>					27	28	28	28						
<i>Category Subtotal</i>					938	942	907	887						
<i>Title 10 Civilian Total</i>				2,097	2,401	2,963	3,090	3,085	3,155	3,155	3,155	3,155	3,155	
<i>Title 10 Military Total</i>				313	73	1,558	1,907	1,793	1,822	1,833	1,833	1,833	1,833	
<b>Title 10 Total</b>				<b>2,410</b>	<b>2,474</b>	<b>4,521</b>	<b>4,997</b>	<b>4,878</b>	<b>4,977</b>	<b>4,988</b>	<b>4,988</b>	<b>4,988</b>	<b>4,988</b>	Materiel-Technical Coop + Export Control Function + Pol-Mil Inter- actions + Potential International Activities + Army Security Assistance (VFMS)
<i>Title 22 Civilian Total (Full Time)</i>				1,911	1,828	1,757	1,717							
<i>Title 22 Military Total</i>				54	56	56	56							Security Assistance – Army Security Assistance (VFMS)
<b>Title 22 Total</b>				<b>1,965</b>	<b>1,884</b>	<b>1,813</b>	<b>1,773</b>							