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U.S. Army Security Cooperation

Toward Improved Planning and Management

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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.