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ICS-77-6237
29 March 1977

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MEMORANDUM FOR:
Director, Office of Performance, Evaluation
and Improvement, Intelligence Community Staff

FROM:
Director, Office of Policy and Planning,
Intelligence Community Staff

SUBJECT: Inputs for Sections of the Draft Paper on
PRM-11, Part 2

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Forwarded for inclusion in the first composite draft, are
papers covering the subjects reflected in the attachments
hereto.

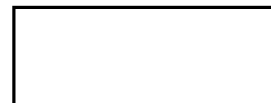
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Attachments:

- (1) The Intelligence Community Guidance and Planning System
- (2) Setting Priorities and Requirements
- (3) The National-Tactical Relationship
- (4) Compartmentation and Dissemination
- (5) Planning and Requirements

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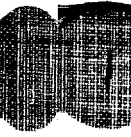
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III.C.2.d. The Intelligence Community Guidance and Planning System

1. Section 3(d), Executive Order 11905 charges the DCI with "providing leadership guidance and technical assistance to other government departments and agencies performing foreign intelligence activities...." and NSCID No. 1 states that the DCI shall oversee such activities and is authorized to plan, direct, conduct and coordinate them. Inherent in the PRC (CFI) resource management role of the DCI is the responsibility to prepare a planning basis for development of the National Foreign Intelligence Program.
2. Historically DCI substantive and resource management guidance documents provided to the Community for current operations and for planning and programming were not issued at times so as to maximize their utility, were not developed for all areas of primary concern, nor have they been related to each other in a total systems context.
3. Efforts to refine and improve Community guidance and planning have culminated in the recent development of a more cohesive and comprehensive National Foreign Intelligence Community Guidance and Planning System. Included is a proposal to establish a DCI Committee to participate in the development, operation and maintenance of the system. (The coordinated proposal will be referred to NFIB shortly.) The three major elements of the system focus on the current, mid-range, and long-range periods:

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- a. Components of the current element include a substantive overview, a priorities and requirements framework, lists of requirements, Key Intelligence Questions and Goals and Objectives.
 - b. Components of the mid-range element include Perspectives for Planning and Programming, an intelligence strategy and a projection of changes in priorities over the next five years.
 - c. The long-range element will be a study which projects the world environment and identifies related intelligence implications out to a 20-year horizon.
4. The refined Community Planning System should be a more effective mechanism for the DCI in exercising his responsibility for the coordination and direction of intelligence Community activities.
- a. Expanded guidance for the current time frame is designed to provide a broader substantive basis which considers the intelligence needs of all consumers. Linked with this appreciation is a revised intelligence requirements categories and priorities mechanism (DCID No. 1/2) which portrays current priorities for all geographical areas and major topics. The priorities will be continuously updated as world events unfold and emphasis changes.

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- The same framework will be used to project changes in priorities into the mid- and long-range periods.
- b. Special attention will be given to including in the Goals and Objectives document not only the broad goals and specific objectives of the DCI but also those of the Intelligence Community as a whole. (An examination is ongoing as to how Goals and Objectives will relate to zero-based budgeting.)
 - c. For the mid-range element of the System, the focus is on support for the annual preparation of PRC(I) guidance for the development of the National Foreign Intelligence Program and Budget. Rounding out the current element of the Guidance and Planning System should now provide an improved basis for initiating mid-range planning. The new "perspectives" component of the mid-range element of the System will highlight the anticipated changes in world conditions that are likely to have implications for intelligence. With some understanding of this impact, attention will be given to how these changes in intelligence support needed during the mid-range will require that we alter our strategy for dealing with that period. By identifying specific anticipated changes in intelligence priorities occurring during the mid-range, initial guidance will be available

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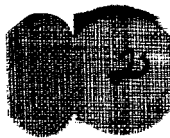
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on what resource adjustments should be considered during the program period when the budget is reviewed.

- d. For the first time, the Intelligence Community is endeavoring to capture a long-range view and relate it to the rest of a guidance and planning system. Initial efforts are limited to an exploratory study which has examined what non-intelligence people have concluded in looking at the future. From an analysis of this review, an attempt will be made to identify implications for the intelligence planning process. Although it will likely take more than one iteration of this effort to reach optimum effectiveness, it does show some promise of providing, in a systematic way, very useful guidance for resource programming during the mid-range period.

5. The refined and improved Community Guidance and Planning System is currently in the development phase. As it generates updated guidance for current operations and for planning and programming, better guidelines will be available for the evaluation of overall performance and the identification of key areas in which to focus Community improvement efforts.

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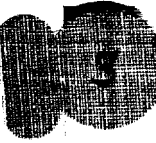
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IV.A.8 The National-Tactical Relationship

1. The national-tactical interface has developed as a matter of concern to the Intelligence Community as a result of ambiguous language in EO 11905. In Section 3, the EO notes that the DCI shall have no responsibility for tactical intelligence but the CFI should provide guidance on the relationship between tactical and national intelligence. An NSCID assigns responsibility for tactical intelligence to the SecDef. The NSCID's, however, assigned the DCI responsibilities as set forth below:

(1) The DCI shall supervise the production and dissemination of national intelligence and shall develop national intelligence requirements and priorities;

(2) The DCI shall ensure that planning for the utilization of the collection and reporting capabilities for intelligence purposes of each of the several departments and agencies avoids undesirable duplication and uncoordinated overlap and provides adequate coverage for national security purposes.

2. Clearly then the DCI must have some responsibility for tactical intelligence even if only limited to a review process. The Senate recognizes this fact by deleting the "no responsibility" clause and adding that the CFI shall "review tactical intelligence programs and initiatives in the context of National Foreign Intelligence Programs to assure coordination where warranted and to address the overall balance of resources devoted to all intelligence activities."

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3. From the perspective of the Intelligence Community, the national-tactical interface is a byproduct of organization and not a determinant in the merits of any particular organization. The national part of the interface exists independent of who controls the national assets because national intelligence is defined as representing many broad legitimate interests at the highest policy and decision making level. Tactical is on the opposite end of the scale and represents a narrow, limited need of a lower echelon commander. All organizational options will develop a national-tactical interface and generate problems caused by the conflict of interests.

4. From the DCI's perspective there are some interests to protect in whatever organizational scheme is adopted. Examples were developed in the national tactical intelligence relationship paper recently forwarded to the NFIB for information. The following policy guidance on the interface has been suggested as helpful:

(1) In general, the DCI is not the appropriate official to provide resource recommendations pertaining to intelligence units and activities that exist for the principal purpose of supporting combat commanders in wartime, or to evaluate their efficiency and effectiveness for wartime missions. He can, however, take advantage of force support units for intelligence in peacetime consistent with their missions and the missions of supported forces.

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(2) The DCI will ensure that national assets are designed and operated to optimize capabilities to provide support, where needed, to tactical intelligence users consistent with the primary national mission purpose.

(3) In the context of national-tactical interface, the DCI shall concern himself with tactical intelligence to the extent that:

- a) tactical intelligence assets can provide significant national intelligence, b) tactical intelligence requirements interfere or conflict with national requirements in the tasking of national assets, and c) tactical intelligence requirements impact on resource allocation in the NFIP.

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IV.A.10 Compartmentation and Dissemination

1. Compartmentation is justified by the need to enforce limits on access to protect intelligence sources vulnerable to counter-action. Where it applies to the product of intelligence collection programs, or to generalized or inherent source data needed to evaluate the product, it inevitably operates at cross purposes to full dissemination. In such cases, it divides the intelligence data base; inhibits cross-communication between program managers; invites duplication of effort; and is costly to administer. Necessary compromises between collectors' restrictions and users' requirements for access can result in anomalies--too many accesses for tight control, but not enough to satisfy all claimed needs. In the case of the major compartments, continuing unauthorized disclosures raise questions about the effectiveness of the systems. The relatively small amount of damage reasonably attributable to those disclosures raises questions about the true need for the compartments.

2. No system exists for periodic DCI validation of the need for and effectiveness of compartments, or for balancing the need for additional security against the analytical and management problems resulting from restrictive dissemination systems. The DCI is tasked with responsibilities in both areas. The National Security Act gives him a responsibility to

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protect sources and methods*. Executive Order 11905 tasks him to ensure timeliness, relevancy and quality of intelligence product-- factors closely affected by dissemination practices.

3. A more rational system of security and a better balance between compartmentation and dissemination might be attained by:

(a) Reforming the classification system and supporting personnel security programs so as to restore their credibility to protect secrets, and thereby relieve artificial pressures for compartmentation.

(b) Reorienting producers to provide only generalized descriptions of sensitive sources in their disseminated product-- enough information for the user to weigh the validity of the product, but not enough to compromise the source.

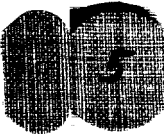
(c) Giving the DCI full authority to set and change policy bearing on all Community compartments--he does not have this for TK, which is tied to diplomatic considerations.

(d) Subjecting compartments to the sunset law concept--i.e., making them self-cancelling after a stated period unless renewed by the DCI, based on an IC Staff risk-gain assessment participated in by both collectors and consumers. This principle also to apply to proposed new compartments.

*See Item V. A on the role of the DCI as protector of sources and methods.

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IV.B.1 Planning and Requirements: Do Needs or Capabilities Drive Requirements?

1. Intellectually, it has come to be axiomatic throughout the Intelligence Community that needs must drive programs. And in actual fact, needs are used as justification in acquiring new or modified capabilities. However, once large investments have been made to develop new capabilities, there is a natural tendency to improve and perpetuate those capabilities from an operational efficiency viewpoint which may or may not continue to be supported by the continuing requirement for output from those capabilities.

2. A related problem arises when the advances in technology uncover a new way to increase intelligence capabilities, quite apart from the point that these improved capabilities should be exercised only if it can be demonstrated that they can respond to validated priority needs.

3. Of course, the decision to take advantage of these technological advances is based on a review and confirmation that there are needs for these new capabilities to satisfy. However, the problem in the Intelligence Community is not with the concept but in developing improved tools for making the correlation between needs and capabilities. In some specific areas, this can be done well; but across the board, it is a complex and difficult task. The primary reason for this is that many consumers have an interest in the same intelligence needs and many intelligence capabilities have the capacity to respond to a wide spectrum of needs. Coupled with these basic factors, the timeliness and duration of interest

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with respect to needs are constantly changing in unpredictable ways.

4. This is the constant dilemma which has been the driving factor behind the emphasis given recently on the development of an improved guidance and planning system and the evolution of a better and more comprehensive requirements and priorities system. Both the planning system and the setting of priorities are discussed in other sections of this paper.

5. Priorities and requirements are basic considerations in the guidance and planning system. In the current time frame, it is important to link consumer needs and an appreciation of the world environment to a priorities mechanism and a full spectrum of substantive intelligence requirements. Then by associating specific production and collection requirements to these substantive requirements, it is possible to relate the resources working on these requirements to the initial needs statements.

6. This improved current baseline can be very useful in projecting priorities and requirements into the mid range by first focusing on the specific changes in needs anticipated during that time period. In this way, the continuum is recognized and the changes in needs between the present and the mid range can then be compared with current capabilities contrasted with proposed adjustments in capabilities for the mid range.

7. The emphasis given recently to improve guidance and planning in the manner described should contribute to better correlation between needs and capabilities. Sustained high-level support will be needed to complete these developmental efforts.

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8. Another problem area that deserves increased attention is the relationship between the R&D planners and the capabilities--needs equation. The Intelligence Community is just beginning to reap the benefit accruing from the establishment of the Intelligence R&D Council. As yet, no consolidated evaluation effort has been undertaken to plot the composite course of all the intelligence-related R&D projects to determine whether they are collectively leading to capabilities which match our continuing needs, overlap unnecessarily, or leave shortfalls that deserve attention.

9. Another plaguing problem is deciding on how much capability should be available to support initiative efforts in the production analysis and collection opportunity areas. These will probably remain judgmental matters but they are areas that should not be overlooked as contributions which can be of critical importance. When reviewing resource capabilities, care needs to be exercised to preclude jeopardizing potentials in these areas.

10. Perhaps the most fundamental problem in striking the proper relationship between needs and capabilities lies in the leadership area. Without centralized direction and coordination of the development and determination of programs and rather rigid adherence to a common discipline, it will not be possible to assure that excessive and misdirected capabilities have been minimized and that all possible has been done to develop capabilities designed to respond to critically important chronic gaps in our ability to respond to priority needs.

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