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EXECUTIVE SUMMARY

1. While the large majority of NFAC production addresses consumer needs, "nice to have" production and duplication do occur. This problem has been avoided only where the NFAC office, division, or branch maintains close enough contact with users so that the intended user and the likely need are identified when the study is initiated.

The principle of production relevance should be emphasized in production management and in contemplated organizational changes.

2. Production management across NFAC offices has been almost non-existent until recently, and the problem at the community level remains considerably greater.

Coordination of production planning by NFAC offices should be strengthened, whether through the Production Board or some other mechanism that provides a forum for the office directors. At the community level, an interagency production board should be revitalized and provided with a small coordination and planning staff.

3. A community-wide bibliography of finished intelligence products is needed, both to serve the consumer by pointing out the existence of a study on a particular subject, and to identify and thereby help to reduce unnecessary duplication.

The DCI should investigate the feasibility of developing a community-wide bibliographic system.

4. Evaluation of finished intelligence is nearly absent both within NFAC and at the community level. The effect of the Senior Review Panel to date has been quite limited, in part because the Panel has become integral to NFAC's routine production machinery.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

2

An in-house evaluative element should be established within NFAC, while at the community level, the Senior Review Panel should be subordinated directly to the DCI, and enabled to function as an independent evaluator of interagency production and of the quality of single agency production on issues that are particularly important or contentious.

5. Inordinate delays in the production of NIEs and IIMs, and uncertainty as to their form and purpose, have seriously undermined their quality and responsiveness although recent steps have begun to address these problems.

The Director of NFAC should continue current efforts to define the nature and role of all interagency production; and greater guidance should be provided to the NIOs in the production of estimates.

6. Although NIOs contribute significantly in several capacities, the potential of the NIO system has never been realized, primarily because of confusion about NIOs' purpose and functions.

The NIO system should be maintained and its effectiveness strengthened by clearly defining the roles of the NIOs.

7. NFAC has not taken on such community-wide responsibilities as monitoring - or at least being able to identify - the allocation of analytic resources devoted to a given subject by all elements of the intelligence community.

The DCI must consider reestablishing an element at the community level which is cognizant of and capable of dealing with community-wide analytic resource issues.

CONFIDENTIAL

V. Conclusions and Recommendations

Conclusions about the management of intelligence production by the National Foreign Assessment Center must take into account the significant variation from one office to another. Generalizations tend also to be undermined by changes over time - turnover among senior personnel within the offices or in the NIO system, changes in the configuration of a given office or branch, and changes in the leadership of NFAC itself. Acknowledging these variations, the Subcommittee staff offers the following observations:

1. The staff finds that while the large majority of NFAC intelligence production is relevant as it relates to consumer needs, there is still the never-ending problem of studies which fall in the "nice to have" category. Others might describe these studies as "necessary redundancy" and/or "useful duplication." The staff is of the view while there is a need for competing analyses on major issues of user interest, it notes as stated in the Classified Annex to the Fiscal 80 Budget Authorization Bill (HR 3821) that the community needs to decide what areas require competing analyses and which do not.

As the discussion in Section III indicates, the staff found that a high percentage of NFAC studies are initiated within NFAC. For many of the products initiated in this way, the staff was unable to identify a relevant user community, or in some cases found that the product did not meet the needs of the intended consumer. Finding, for example, that nearly all of the studies produced by OWI and an almost equally high proportion of those produced by OSI to be self-generated suggested to the staff that some may have been undertaken independently of any perceived need, or might duplicate other analyses. With so much self-generated intelligence production in the two offices and in some cases on similar issues,

CONFIDENTIAL

CONFIDENTIAL

economies might be obtained by concentrating on those issues that require and demand competitive analyses, and that the resources of both offices concentrate on those critical issues as opposed to tackling those "nice to have" areas, for which there may be a limited consumer public.

The staff also finds that self-initiation is not necessarily all bad, finding examples throughout NFAC, and notably in OER, of studies undertaken with keen awareness of actual or anticipated user needs. The essential distinction between strong and weak production management is whether the production element (office, division, or branch) maintains close enough contact with users so that the intended user and the likely need are identified when the study is initiated. For example, the staff found that among the nine OER products it examined closely, there was one which was inadequately framed to address the current policy questions, and attributed this to the absence of contact between the principal State Department consumers on this issue and the OER analysts. There is no magic number, therefore, to describe the desirable proportion of self-initiated production. The ultimate criterion must be the value of each product in meeting identifiable user needs.

Recommendation: The principle of production relevance should direct all day-to-day production management, and should guide any contemplated change in NFAC organization. For example, contact between analysts and consumers should be encouraged, and both the NIOs and Office Directors should be recognized to play a major role in this regard.

2. Together with meaningful user-producer contact, the key to allocating available resources so that finished intelligence is relevant to consumer needs and so that there are no major gaps in coverage, is production planning and coordination. The staff found that until the middle of 1979 production management

CONFIDENTIAL

CONFIDENTIAL

across NFAC offices was almost non-existent, and the problem at the community level considerably greater.

It was only with the appointment of the Executive Secretary of the NFAC Production Board last spring that production planning was given impetus. Its major achievement to date has been the development of a schedule for NIEs and IIMs which provides for the status of a study to be identified, a yearly coordinated production cycle for these papers, as well as a set of guidelines for the production of interagency papers. Continued efforts to strengthen coordination of production planning across NFAC offices, whether achieved through the Production Board or some other mechanism, are clearly necessary to avoid inadvertent duplication among NFAC offices and to strengthen the interdisciplinary dimension of the studies.

At the community level, the staff notes the absence of production planning. An Interagency Production Board ostensibly was created by the DCI but the staff has been unable to discern if it ever functioned. In the course of its limited investigation it found several examples of NFAC studies which addressed subjects which appeared to have been covered recently by other community production elements and for which "competitive analysis" would not seem to be warranted. At present there is no element at the intelligence community level whose responsibility it is to even note the existence of such apparent duplication.

Recommendation: Coordination of Production planning by NFAC offices should be strengthened, whether through the Production Board or some other mechanism that provides a forum for the office directors. Whatever the mechanism, a small and active staff should be provided to stimulate the necessary coordination. The staff notes that such coordination is facilitated by ensuring that all NFAC offices conduct their production planning on the same cycle. While the staff believes that each agency ought to be responsive to its particular set of users it does find that in

CONFIDENTIAL

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an era of diminishing resources that agencies and/or organizations, to include not only NFAC but elements within the Department of Defense, ought to be more selective on what issues they choose to publish. For this reason, it believes that the concept of an Interagency Production Board ought to be revitalized.

Such a Board should be provided with a small coordination and planning staff reporting directly to the DCI. Through such a mechanism, a community-wide production planning cycle could be established. Such a community-wide coordination, however, must not undermine the authority of each agency to establish its own priorities. Its purpose should be informational, both to serve the consumer by pointing out the existence of a study dealing with a particular subject, and to identify unnecessary duplication where it occurs.

3. Associated with the need to improve production planning is the requirement to inform intelligence users of what is available. As noted by the Office of Management and Budget in a report (May 1978) on intelligence consumer attitudes, there is a need for a community-wide bibliography of finished intelligence products. *dev 11 bibliography* At present to identify what has been produced on a particular subject requires a bevy of publications, both finished as in the case of DIA's Monthly Production Summaries, as well as raw computer runs. None of these bibliographies are compatible; some are automated and others are not. The data fields are often different, so it is impossible to perform any type of research to identify what particular studies were done during a six-month period on some topic, or which studies may have been disseminated at a particular classification level. This bibliography, while beneficial to the user, would probably also be of great value to members of the intelligence community in that they would have an up-to-date and complete list of all finished intelligence studies from all producers. The staff believes that if such a list were developed, established and maintained on a community-wide basis that it might

CONFIDENTIAL

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eventually lead to a reduction in the so-called "nice to have" studies.

Recommendation: The DCI should investigate the feasibility of developing a community-wide bibliographic system.

4. The staff notes the absence of finished intelligence evaluation, both within NFAC and at the community level. In a report to the Congress in 1978 the DCI announced that "a full-time review panel of about 5 nationally recognized authorities will be created to review and critique important national intelligence products." By the end of 1978, when the Charter for the Senior Review Panel was written, the concept had evolved from that of evaluation to a broader role, in which the panel was expected to assist in the planning of intelligence production and the allocation of analytic resources in NFAC. During the first six months of operation, the panel, whose members had been carefully selected, applied itself seriously to observing the NIE process and improving the quality of NIEs currently underway. However, through interviews with the members of the panel, and with other intelligence personnel, the staff has concluded that the effect of the Senior Review Panel to date has been quite limited. It has not as yet attempted to evaluate single agency production other than NIEs and IIMs, nor has it conducted post mortems. More importantly, the staff finds that the panel has become integral to the routine machinery, seriously inhibiting its ability to set its own agenda for evaluation, and to maintain the independence necessary to perform that function.

Recommendation: The Senior Review Panel should be subordinated directly to the Director of Central Intelligence and its charter should be reexamined. Its role should be clearly that of an independent evaluator, rather than an integral part of the production machinery. Independence from CIA should be maintained in order to underline the panel's objectivity on interagency issues. Its purpose should be to evaluate significant national intelligence, to include not

CONFIDENTIAL

CONFIDENTIAL

only NIEs and IIMs, but the performance of the intelligence community on selected issues of major importance. Thus, it should from time to time undertake postmortems, and should examine the quality of single agency production on issues that are particularly important or contentious.

No external critiques can substitute for in-house evaluation; an evaluative element should be provided within NFAC to examine the utility of the present reporting and also to try to identify any gaps in analytic coverage.

5. The staff has found significant difficulties in NIE production, which are discussed in Section V. These have included inordinate delays in NIE production, some of which threaten the integrity of the product, subjecting it to actual or apparent manipulation by interested parties. Delays associated with interagency production make it unresponsive to users' needs. In addition there has been considerable uncertainty as to the form and purpose of NIEs and IIMs, with much unevenness in their format and quality and the degree to which they attempt estimative judgments. The staff has also observed that several steps have been taken in recent months to address these problems.

Recommendation: The Director of NFAC should continue current efforts to define the nature and role of all interagency production, including but not limited to NIEs and IIMs, and provisions should be made for the timely production of brief interagency products which can be produced in a more responsive manner. Greater guidance should be provided to the NIOs in the production of estimates. An administrative reference point for the NIO system should be maintained, which should provide for systematic monitoring of the production of interagency estimates, although no major administrative organization is indicated and considerable flexibility should be preserved for NIOs to interpret their roles.

CONFIDENTIAL

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6. The staff finds that in addition to the production of estimates, NIOs contribute significantly in other capacities - as the DCI's focal point for expertise, as a link to consumers, in warning, and as a link to academic and other experts. However, the staff finds that the potential of the NIO system has never been realized, and that the primary reason for the shortfall is a widespread lack of clarity about the purpose and functions of NIOs. In particular, the tension between the NIOs and production managers needs to be acknowledged and its value recognized, while at the same time the role of each of the NIOs should be defined to avoid replicating the function of any single division chief or office director. In addition, the recruitment and selection of NIOs should reflect the abilities and backgrounds necessary to perform the full range of NIO functions.

Recommendation: The NIO system should be maintained and its effectiveness strengthened. Authoritative statements by the DCI and the Director of NFAC need to be made defining the role of the NIOs, emphasizing the need for NIOs to actively reach out to consumers and establishing the NIOs' role as community-wide, rather than internal to CIA.

7. The staff finds that the community-wide responsibilities of the Director, National Foreign Assessment, must be clearly defined. The intention implicit in establishing NFAC and in subsuming the NIO system to it was that NFAC would take on greater community-wide responsibilities. This has not occurred. For example, inquiring into intelligence performance on the North Korean order of battle, the staff found that the DCI's suggestion to have NFAC handle the issue to be beyond its capabilities since the problem had far broader implications with the answers to the majority of questions that needed to be answered found in the Department of Defense. The intelligence community staff also lacked the capability to identify the intelligence analysis resources devoted to the subject by all elements of the

CONFIDENTIAL

CONFIDENTIAL

55

intelligence community. The staff believes that this capacity ought to exist at the DCI level. The Committee expressed this view in its Classified Annex to the FY 80 Budget Authorization Bill (HR 3821).

Recommendation: The DCI should reestablish an element at the community level which is cognizant of all community analytic resources. This element might be the community production coordination element urged above in recommendation number 2.