

) INTERNATIONAL ENGAGEMENTS IMPROVING U.S. RETURN ON INVESTMENT

MARCH 2017

Bottom Line Up Front

The changing nature and increasing complexity of the global environment have strained our legacy policymaking apparatuses to the point of dysfunction. The U.S. requires structural and procedural reforms to thrive in these conditions while addressing the underlying causes of failures of traditional approaches to international engagements. The current and previous administrations exemplify what many consider to be two categorical approaches to foreign policy. Whereas President Obama's policies were generally viewed as pragmatic variants of a "principled" approach, the new Trump administration's mantra of "America First" has raised expectations of a more "transactional" approach going forward.

This report, rather than further discussing the relative merits and pitfalls of principled or transactional approaches, highlights two challenges to effective foreign policymaking that demand reform regardless of which approach is favored, and offers initial pathways to overcoming them:

) **CHALLENGE:** A lack of interagency coordination and shared awareness of ongoing operations, resources, and objectives have resulted in siloed efforts that are not mutually supportive or, worse, could be in conflict.

RECOMMENDATION: Building common knowledge-bases for fostering shared awareness across agencies and implementing organizational reforms that enable alignment of perspectives would dramatically improve deconfliction and coordination, leading to policies that complement one another and serve a common strategy.

) **CHALLENGE:** Policy as currently designed is unable to adapt to a complex, uncertain, and evolving environment. Decisions about programs occur despite an inability to assess progress towards strategic objectives, and to adjust when necessary.

RECOMMENDATION: Reforming the policymaking process to leverage frequent feedback for adapting to uncertain and changing conditions will enable efficient resource use as well as identification and exploitation of opportunities.

Discussion

The United States' approach to foreign policy or strategy for international engagements has been defined historically as either “principled”, “transactional”, or some combination of the two. A “principled” approach is typically defined as one based on American values. For instance, the policy of investing in foreign aid might be based on the principle that reduced poverty and improved development in foreign countries is generally good for global stability, security, and economy, to the benefit of the U.S. A transactional approach favors a realpolitik frame to foreign policy focused on advancing American national interests more directly and with specific and tangible payoffs. Using again the example of foreign aid investments, the more “transactional” view is that such expenditures should be made with a clear sense of the direct benefit to American interests, such as political influence or geographic access.

Shifts in the environment have strained the current policymaking apparatus, making international engagements more reactive and less effective. Indeed, the “transactional” vs. “principled” debate on foreign policy obscures larger issues that significantly limit the return on investment of any U.S. international engagement strategy. This report, rather than further discussing the relative merits and pitfalls of these two frames, highlights two challenges to effective foreign policy that demand structural and procedural reform regardless of which approach is favored, and offers pathways to overcoming these challenges. As a result of these challenges, it has become increasingly difficult for the federal government to translate strategic interests and objectives into concrete funding of activities and programs, and to measure their effects against desired outcomes.

The first challenge is the much-cited lack of effective “interagency” coordination across the government. Existing mechanisms and processes for the coordination and oversight of foreign policy activities and expenditures are generally based on a late-20th-century global environment and its relatively modest level of complexity and activity. The sharp increases in security-related expenditures and an increasingly complex array of partner activities and international interests have strained legacy coordinating mechanisms to the point of dysfunction. A clear example – and acute manifestation – of this coordination problem is the realm of security sector assistance, or SSA. A recent report by the Open Society Foundation concluded that “we actually know very little about what the United States is spending in each country, and why. Further, there are few ways to judge with any precision what is and isn’t working.” Nevertheless, SSA spending by the U.S. government has increased approximately 250% since 9/11, while DOD-related SSA expenditures increased over 1,000%.

The second challenge is an inability to adapt to a complex environment, where effects of policy are difficult to know beforehand and often do not achieve desired outcomes. An iterative and adaptive approach is needed to measure whether investments are resulting in the desired effects and to enable continuous policy improvements and adjustments according to feedback and the changing environment. To meet the challenges of an increasingly complex global environment, the U.S. should adopt an agile approach to foreign policy that includes mechanisms to measure

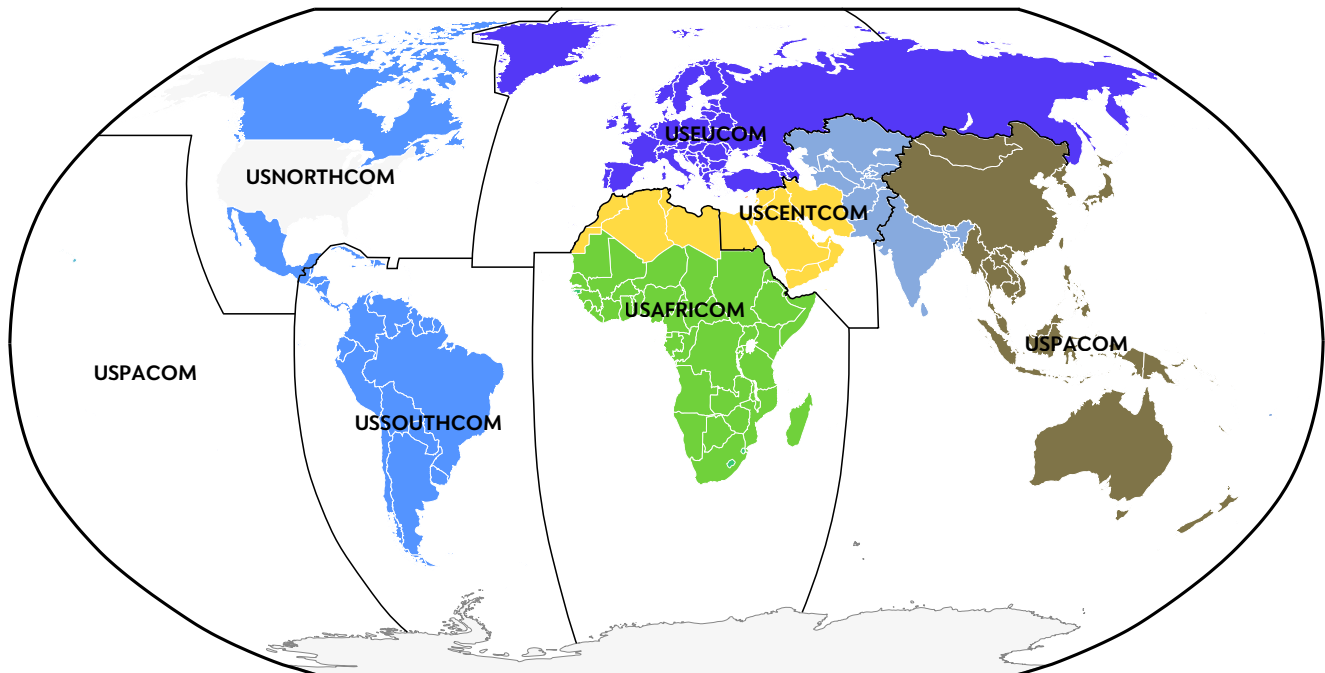
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the effectiveness of policies and to promote learning through the use of feedback that improves current and future policies. “Closing the loop” in policymaking would significantly enhance effectiveness and ensure alignment with strategic goals and interests, providing an improved return on investment for foreign policy and security-related expenditures.

) LACK OF COORDINATION & COLLABORATION

The lack of interagency coordination and shared awareness of ongoing operations, their resources, and their objectives has resulted in siloed efforts that are not mutually supportive and are potentially in conflict. This dysfunctionality of the “interagency” process stems from a combination of changes to the global environment and a failure to reform the system in response. The current system is a 20th-century committee-based structure struggling to manage an increasingly complex and fast-changing series of U.S. activities and foreign challenges. Moreover, departments and agencies have evolved independently, resulting in a system with stovepipes and organizational misalignment. Two of the largest players, the Defense and State Departments, have significantly different organizational constructs. For instance, regional boundaries set by the two departments do not align – e.g. India is bundled with South Asia at the State Department, but with the Pacific theater by DOD. Moreover, DOD’s basic level of aggregation occurs at the regional level, whereas

Department of Defense and State Area of Responsibilities



U.S. Department of State Regional Bureaus

- Bureau of Western Hemisphere Affairs
- Bureau of European & Eurasian Affairs
- Bureau of Near Eastern Affairs
- Bureau of African Affairs
- Bureau of South & Central Asian Affairs
- Bureau of East Asian & Pacific Affairs

U.S. Department of Defense Commanders’ Area of Responsibility

- Area of Responsibility Boundaries
- USEUCOM** Area of Responsibility Acronyms

Source: Department of State, U.S. Global Leadership Coalition

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the State Department is generally organized at the country level. These differences result in unnecessary difficulties in coordination where areas of responsibilities do not align.

A modern example of interagency coordination challenges can be found in the 2009 U.S. strategy for Afghanistan, which called for a “fully-resourced counter-insurgency” effort. This strategy involved a “clear-hold-build-transfer” approach to push insurgents from key population areas followed by a civilian-led effort to assist in the “build” phase to create new governance capabilities. These newly cleared areas would then connect with the central government in Kabul and begin much-needed judicial and economic reforms. In theory, it was a sound approach, but a failure to coordinate across agencies at the strategic level resulted in a plan that demanded resources and capabilities misaligned with the actual resourcing and capabilities of the various departments responsible for implementation.

Under the leadership of Senators John McCain and Jack Reed, the Senate Armed Service Committee sought to enact reforms in the FY17 National Defense Authorizations Act (NDAA) that would address many “interagency” coordination issues. While the resulting NDAA succeeded in pushing the largest package of reforms to national security since the 1986 Goldwater-Nichols legislation, most of the reforms were confined to internal DOD matters, such as streamlining and replacing the Quadrennial Defense Review (QDR) requirement with a new “National Defense Strategy,” restructuring the acquisition process, and revising the role of the Chairman and the Service Chiefs. Ultimately, the NDAA does little to address interagency coordination mechanisms aside from capping the size of professional National Security Council (NSC) staff to 200.

Rolling back the growth of the NSC staff was an easy target for legislation – nearly every Washington, D.C. think-tank study on the subject of national security reform in recent years had recommended as much. The intent of the legislation was to mitigate White House micro-management and push control back to departments and agencies. Nevertheless, growth in the NSC staff did not reflect a desire for White House micromanagement so much as it has been driven by a burgeoning array of “new” national security issues, such as cybersecurity, weapons of mass destruction, and countering violent extremism. Moreover, the tendency towards a reactive and overly operational NSC staff also reflects some level of dysfunction within the departments. However, mandating a more modest NSC staff will not solve the problem of interagency coordination.

Again, this problem manifests most readily in the administration of security sector assistance. The Open Society Foundation’s study referred to above cited a clear lack of understanding of priorities across the U.S. government (USG) and “at least 46 different offices or bureaus [that] have an SSA policy or program mandate, which leads to complicated coordination and implementation across the government.” Compounding the problem, there is no centralized, government-wide database of SSA activities to improve awareness for coordination, to the extent that even USG personnel utilize non-USG tracking mechanisms, such as NGO websites (e.g. <http://securityassistance.org/>), to compile data on SSA programming.

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) DRIVING COORDINATION THROUGH DIGITAL AWARENESS

Comprehensive solutions to the dysfunction in the interagency foreign policy process are beyond the scope of this paper. However, building common knowledge-bases to foster shared awareness across agencies and implementing organizational reforms can reduce the burden of coordination and allow for holistic policymaking. Improved coordination in the more limited, but still expansive, field of SSA is achievable and would yield a considerably improved return on investment. The first step toward a more coordinated strategy is improved shared awareness of execution. In the domain of SSA, a common database of USG activities and programs would significantly enhance the ability to gauge effectiveness and deconflict activities across regions and activities.

Fortunately, congressional scrutiny of the SSA issue has yielded increasing oversight toward a more coordinated and effective system of activities and programs. However, Congress has yet to mandate the development of a centralized data-tracking system for SSA-related activities, even though such a database has been recommended by several studies. The use of data-driven awareness and decision methodologies is widespread within private sector applications. While a metrics-based decision methodology may be a longer-term aspiration, a centralized data-driven system to provide improved awareness is feasible in the near-term.

The Defense Security Cooperation Agency (DSCA) is the central authority for DOD SSA activities and utilizes a database termed the “Global Theater Security Cooperation Collection System” (G-TSCIMS). However, this system does not necessarily capture the full scope of DOD activities, not to mention the entirety of USG activities. The State Department and USAID have an integrated system but its categorization methodology makes it difficult to differentiate economic and security forms of assistance, and there is no common system that ties DOD and State together to provide a single consolidated view of USG activities. In recent years, the Office of Management and Budget mandated centralized reporting of aid programs via the foreignassistance.gov website, but compliance and the underlying data remains incomplete. In June 2016, the Congressional Research Services found that only 10 of 30 agencies involved in foreign aid have reported to foreignassistance.gov.

) LINEAR, NON-ADAPTIVE POLICYMAKING PROCESS

The Syria “Train and Equip” program seemed straightforward: train and equip moderate Syrian rebels to fight ISIS. However, during its implementation, the Pentagon experienced difficulties in identifying individuals willing to fight ISIS and not the Assad regime. Furthermore, DOD discovered it was not easy to distinguish moderates from extremists. In the end, the program was canceled after completing training for only 145 individuals at the cost of \$384 million. An inability to adapt policy to unanticipated conditions on the ground led to this costly failure.

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This failure highlights the need for a better policymaking architecture that is focused on outputs, rather than inputs, and can adapt to a difficult-to-predict and rapidly changing environment. Currently, decisions about programs are made without an ability to assess progress towards strategic objectives, to respond to unanticipated conditions and unintended effects, and to adjust when necessary.

The push for “results-based” planning is a common refrain in national security reform debate and typically focused on recommendations regarding better utilization of “output” metrics. For instance, and in the context of DOD security cooperation, RAND has conducted extensive research on a potential framework for assessing, monitoring and evaluating (AM&E) security assistance activities. In 2016, and based on new policy promulgated in Presidential Policy Directive 23, DOD, in collaboration the State Department, released a “Performance Management Framework for Security Cooperation”. The framework is meant to be a mechanism to determine the effective use of resources and to serve as the basis for changes to future initiatives. However, despite the obvious need, this AM&E framework remains in draft format and has yet to be implemented. Moreover, while the focus on performance metrics is commendable, in the absence of a policymaking process that supports adaptation and adjustment, the insights provided by such data cannot be fully leveraged.

The challenge of a results-based foreign policy approach is not just that the current approach lacks metrics – it is the architecture of the process itself. The existing protocols and processes for developing and implementing policy were conceived at a time when the international environment changed slowly and engagements, even hostile ones, were relatively straightforward. With increasing global complexity, the rate of change and variety of threats and stressors the U.S. as a nation faces have increased dramatically, a trend that will at least continue, if not accelerate. In sum, inherited tools for policymaking cannot adequately address the complexity of the current international environment.

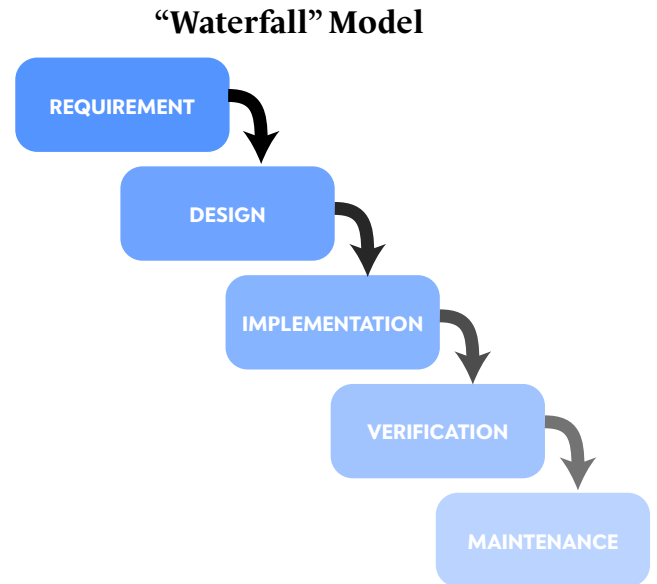
Policy and strategies are currently developed in a one-way linear and sequential manner. First, a need or requirement is identified, which is increasingly driven by crises or international incidents rather than deliberate long-term objectives. Second, a policy posture or response is drafted by a small set of stakeholders. Third, if adopted, the policy is handed-off to the organizations and individuals who are tasked with implementation. Finally, the policy is sustained for some period, with the possibility of small adjustments, perhaps in funding, while the overall structure of the initial policy is left relatively unchanged.

This one-way process, from drafting to implementation, is commonly represented in systems design by the term “waterfall model” because of its one-directional flow. It has a limited ability to deal with dynamic or changing environments because it lacks the feedback mechanisms to inform the upstream decisions of policymaking. The troubled Syria “Train and Equip” program highlights

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the risks and costs of this model. The policies that determined its scope and objectives were left unquestioned and unchanged.

A one-way approach to systems design is effective in settings in which certain conditions are reliably met. However, the global environment in which we must undertake our engagements with other state and non-state actors does not conform to any of these conditions. In the table below, the left-hand column lists conditions for which a one-way design approach is suitable, and the right-hand column describes general attributes of the global foreign policy environment.



) CLOSING THE LOOP

To enable policy that can adapt to the complexity of the international environment, the design process must evolve from a one-way “waterfall” process to a closed-loop iterative and adaptive model. To close the loop, feedback must be transmitted from the implementation and deployment phases of a policy back to the requirements identification and design phases.

In the policymaking phase of the cycle as many stakeholders and subject matter experts from across the public, private, and academic sectors as is feasible should be brought together to align objectives, generate alternative approaches, identify risks, analyze likely and possible outcomes, and finally draft policy. This phase can and should include those who will be tasked with policy implementation and, where appropriate, those who will be affected by policy on the ground (e.g. local tribal leaders).

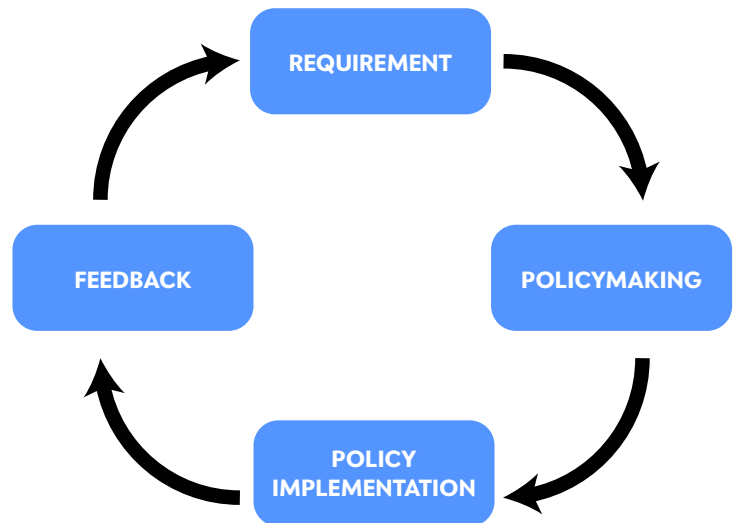
| Suitable conditions for the “waterfall model” | Conditions of the current environment |
|--|--|
| <ul style="list-style-type: none"> • The operational environment is well-understood, transparent and static • Desired end states and objectives can be precisely specified and do not change • System structures and behaviors that achieve objectives are precisely specifiable beforehand • Adjustments beyond general maintenance are not needed after implementation • A realistic testing environment is available | <ul style="list-style-type: none"> • The operational environment is deeply complex, opaque and continuously evolving • Desired end states are typically not precisely specifiable, abstract, and change along with the evolving situation • It is difficult to know whether an action will achieve an intended effect, and what unintended effects may result • Major adjustments and structural reform may be necessary as new requirements emerge • No comprehensive test environment to validate potential solutions prior to deployment |

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A set of quantifiable and/or verifiable indicators should be defined to inform decision-makers about tangible progress towards strategic objectives. Further, other means of general feedback outside the scope of the metrics should be established that can aid in the identification of opportunities and unintended effects. This general feedback could be in the form of “crowdsourcing”, and should focus on generating feedback from those closest to the policy implementation (e.g. American troops and contractors, local peoples). Data mining this feedback for trends and patterns would aid in distilling what could become relatively large volumes of data.

Cycles of policy iteration should take place on a regular basis, with all layers of the policy eligible for review and adjustment as necessary:

| Closing the loop |
|--|
| <ul style="list-style-type: none"> • strategic objectives should be re-aligned with the current situation • whether requirements as currently conceived are appropriate for meeting objectives should be considered • the veracity of current metrics to appropriately reflect progress towards meeting objectives should be probed • novel opportunities and unintended effects should be identified and explored |



This self-renewing cycle would dramatically enhance the United States’ ability to operate in complex and evolving foreign engagements, increasing effectiveness in setting and meeting objectives, and decreasing the magnitude of costly failures.

Acknowledging and addressing these two challenges is a necessary step in evolving U.S. policymaking so that the nation thrives in the new global environment.

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Neptune Advisory

202-827-0277

www.neptuneasc.com

415 8th Street SE
Washington, DC 20003

Scott Ellison scott@neptuneasc.com

David Schopler schop@neptuneasc.com

Patrick McCarthy, CFA patrick@neptuneasc.com

Joe Norman jnorman@neptuneasc.com

Kevin Jiang kevin@neptuneasc.com

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