

DEFENSE ACQUISITION



THE CHALLENGE

Defense acquisition is a complex series of processes a nation utilizes to obtain the goods and services necessary to satisfy its defense needs. A nation's approach to defense acquisition is influenced by many factors, including its history, politics, institutions, and social and economic characteristics. While defense acquisition is often challenging, the basic aims of a defense acquisition system are shared throughout the world: to deliver a quality product, on time, within budget, that meets the requirements of the end user.

The process of deciding what to buy, how to buy, and how to support the military systems and platforms needed to execute roles and missions is very complex. Nations often lack the systems, personnel, and funding to acquire and sustain the appropriate defense systems and platforms. An institutionalized set of processes that balances the need for enhanced capabilities with the need to manage limited resources and to ensure systems and platforms are effectively sustained is vital. Defense acquisition is the discipline that enables this balanced approach through the combination of requirements analysis

and definition, planning, procurement, logistics, and resource management.

The specific laws, regulations, policies, and procedures that define a country's approach to defense acquisition can vary greatly according to many factors including the structure of its government and armed forces, the maturity of its defense sector, and scale of resourcing. When joining forces to advance shared interests, the U.S. must have confidence that partner nations will be able to plan, budget for and sustain capabilities over the long term. Common challenges to meeting this objective include:

- ◆ Lack of established procedures to conduct capability-based planning or requirements analysis to determine prioritization of needed capabilities
- ◆ Inability to translate capability requirements into a clear and executable acquisition plan
- ◆ Insufficient budget allocation to operate and sustain required systems and platforms or train personnel
- ◆ Wasted and inefficient spending
- ◆ Lack of clear requirements or frequently changing requirements

THE CHALLENGE

STATE OF THE FIELD

WHY ICB MATTERS FOR
DEFENSE ACQUISITION

ICB BEST PRACTICES IN
DEFENSE ACQUISITION

ABOUT ISG

The Institute for Security Governance (ISG) – situated within the Defense Security Cooperation University (DSCU) – is the Department of Defense's Center of Excellence for Institutional Capacity Building (ICB). As a component of the Defense Security Cooperation Agency (DSCA), and one of its primary international Security Cooperation schoolhouses, ISG is charged with building partner institutional capacity and capability through tailored advising, education, and professional development programs grounded in American values and approaches.

This document is intended to frame the challenges, possibilities, and best practices associated with ICB for Defense Acquisition and ISG's role as integrator, implementer, and partner within DoD's security cooperation community.



THE CHALLENGE

STATE OF THE FIELD

WHY ICB MATTERS FOR DEFENSE ACQUISITION

ICB BEST PRACTICES IN DEFENSE ACQUISITION

THE CHALLENGE (CONT.)

- ◆ Poorly trained acquisition and logistics workforce with frequent turnover as experienced personnel leave government service for higher paying jobs in the private sector
- ◆ High value transactions and a frequent lack of transparency make defense acquisition especially vulnerable to fraud and corruption
- ◆ Negotiators may lack the skills and experience to negotiate complex agreements with industry

- ◆ representatives who are highly trained in their field
- ◆ Laws or policies may require acquisition of lowest price option in many cases, often at the expense of capability and sustainability

These challenges can combine to leave nations financially strained and operationally limited, leading to a wide range of problems and making them significantly less capable of meeting their own defense needs, and of serving as an effective, trusted U.S. security partner.



David Stanley via Flickr

STATE OF THE FIELD

The U.S. does not seek to replicate or impose its complex acquisition system in partner nations. Partner nations may face severe resource limitations and often have a limited ability to develop new systems, instead relying more heavily on existing technology and in many cases, donor equipment. Accordingly, acquisition specialists work closely with partner nation counterparts to evaluate the overall defense acquisition system, identify vulnerabilities, and address the most critical gaps. In many partner nations, defense acquisition is interpreted narrowly as simply procurement. Rigorous requirements analysis, capability assessments, and resource analysis (including understanding sustainment costs) may not be fully understood or incorporated into the decision making process, setting the stage for future challenges.

Through repeated and sustained engagement, acquisition-focused security cooperation efforts focus on improving a partner's ability to **deliver the right defense capability, on-time, with the resources and capacity in place to effectively sustain it.** Key defense acquisition questions that are often addressed when working with partner nations include:

REQUIREMENTS ANALYSIS

- ◆ What are the critical capability gaps that need to be addressed through the procurement of new systems/platforms? What other materiel needs to be purchased

to sustain new systems/platforms?

- ◆ Have these capability gaps been assessed to determine if there are viable alternatives to procurement (e.g. DOTMLPF-P changes)? Is it clear how the new capability will be integrated with existing capabilities and institutions to create the desired outcome?
- ◆ How are capabilities prioritized to ensure that limited acquisition resources are directed to the most important areas?

PROCUREMENT AND LOGISTICS

- ◆ Do acquisition personnel have the necessary skills and experience to negotiate and manage fair and reasonable procurement contracts?
- ◆ Do the necessary organizations (type, quantity, location) and personnel (type, quantity, grade) exist to employ and sustain the acquisition?

RESOURCE MANAGEMENT

- ◆ Beyond the purchase price, how costly will this acquisition be to own and operate over its anticipated life?
- ◆ Are sufficient resources available to procure, deploy and sustain the acquisition?
- ◆ Is there funding in place to provide the acquisition workforce with the education and training their jobs require, and to retain qualified acquisition personnel?
- ◆ Does the budget appropriately account for the risk of future cost growth?

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WHY ICB MATTERS FOR DEFENSE ACQUISITION

Ultimately, the most important benefit of ICB for defense acquisition is helping partner nations ensure that their defense systems and capabilities are efficient, effective and reliable. Partner nations routinely identify the need to develop and deepen defense acquisition skill sets and often contribute their own resources to build institutional capacity. A defense acquisition ICB program can offer the following benefits to a partner:

- ◆ Providing proven approaches to help partners assess and determine which capabilities are the most important to invest in, using tools like Capability-Based Planning / Assessment
- ◆ Creating a link between strategic defense planning and the acquisition of new systems, ensuring that acquisition directly supports the most important needs of the force
- ◆ Improving partner ability to mitigate corruption by designing transparent decision-making and procurement evaluation systems and training personnel appropriately
- ◆ Helping partners obtain and sustain more capability within existing resource limits through improved requirements and trade-off analysis, procurement best practices, and life cycle cost estimating
- ◆ Providing the tools to evaluate total ownership costs and make sound decisions about what to acquire,

including analysis of donor equipment, and when it would be cost-effective to retire existing, ageing equipment

DEFENSE ACQUISITION ICB PROJECT SPOTLIGHTS

Over the past decade, a **European** nation successfully transformed its defense acquisition system through significant process redesign and the full incorporation of life cycle planning into its decision making process. At the request of this nation, U.S. ICB stakeholders worked closely with the Ministry of Defense and national defense university to jointly develop and deliver a new defense acquisition curriculum tailored to their specific requirements and educational needs with courses designed for their logistics and financial management personnel.

Through separate engagements in **Latin America**, mature partner nations with modern defense sectors embedded life cycle cost estimating into their resource management and budgeting processes. This enabled service chiefs and ministers to appropriately budget for sustainment and maintenance costs, which are often three or four times the initial procurement outlay. They are also using capability-based planning to link requirements, budgets, and outcomes creating financial accountability for every defense dollar.



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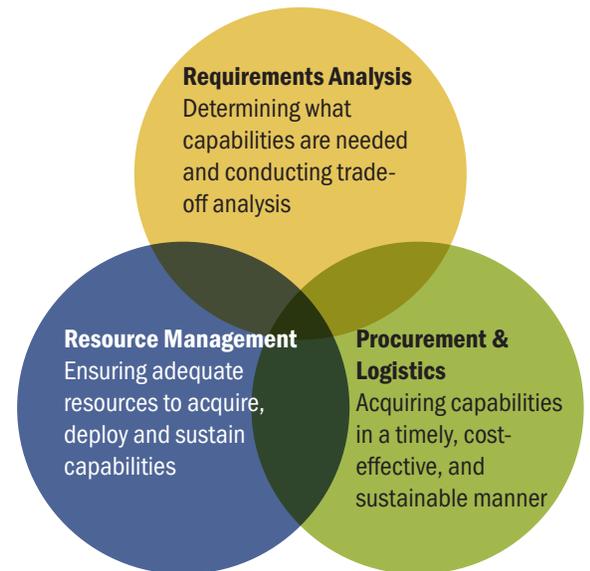
ICB BEST PRACTICES IN DEFENSE ACQUISITION

Supporting efforts to build or upgrade a partner’s defense acquisition system takes time and often requires local stakeholders to advocate for change despite bureaucratic risk aversion. Thinking differently about requirements, capabilities and planning processes can be threatening to defenders of the status quo. The gains from reducing fraud, waste and inefficiency can be substantial, and enable partners to use reclaimed resources on other priorities. Building a shared understanding that these are universal problems, and reframing these core challenges as major opportunities in this way can provide a motivating rationale for stakeholders to pursue defense acquisition ICB.

Additionally, encouraging partners to think holistically about defense acquisition is essential for success. The solutions that are most likely to be sustainable in the long run are those that address all components of a complete and coherent system. The graphic on the right illustrates the three primary elements of defense acquisition that must work together to create effective acquisition outcomes.

ISG’s International Defense Acquisition Resource Management (IDARM) Program and Advising & Consulting Division engage allied and partner nations to provide education and technical expertise in defense acquisition resource management, logistics and life cycle management, procurement and contracting, international negotiations, and defense acquisition project management.

DEFENSE ACQUISITION ICB ELEMENTS



These offerings may be combined with additional support from the Defense Institute of International Legal Studies (DIILS), the NATO Defense Capacity Building Initiative, and on an individual basis, other USG interagency partners. Overall, USG support to building defense acquisition capacity encompasses training, tailored education, and ongoing advising as appropriate.

WHAT IS INSTITUTIONAL CAPACITY BUILDING?

Institutional Capacity Building programs, overseen by DSCA, encompass Security Cooperation activities that directly support U.S. ally and partner nation efforts to improve security sector governance and core management competencies necessary to effectively and responsibly achieve shared security objectives.

ILLUSTRATIVE PARTNER INSTITUTIONS FOR ICB

Partner nations' civilian and military organizations focused at the strategic and operational levels such as Ministries of Defense and Interior, intelligence services, law enforcement organizations, military services, and legislatures.

ILLUSTRATIVE ICB DOMAINS

- ◆ Strategy & Policy
- ◆ Resource Management
- ◆ Human Resource Management
- ◆ Acquisition & Logistics
- ◆ Force Management
- ◆ Law & Human Rights

PRINCIPLES OF EFFECTIVE ICB

STRATEGICALLY DRIVEN

Driven by U.S. interests and values. When integrated early into Security Cooperation (SC) planning, ICB supports strategic dialogue about the partner's capability and will to execute a specified role.

PROBLEM FOCUSED

Assesses shortfalls in institutional performance that may impede partners' ability to execute role. Considers appropriate entry points for engagement and the enablers and inhibitors of change.

PARTNER CENTRIC

Avoids the projection or imposition of U.S. models, which may not fit a partner's specific context. Responsive to partners' priorities and their unique political and institutional dynamics.

MOVING FROM PROBLEM TO SOLUTION



ICB OFFERINGS

- 
ADVISING & CONSULTING
 Present partner with possibilities for institutional improvements or reform and assist with approaches tailored to partners' political and institutional context for change.
- 
EDUCATION & TRAINING
 Equip partners with the knowledge, skills, tools, and expertise to design and implement solutions.
- 
CONFERENCES & SEMINARS
 Engage partner stakeholders, explore country best practices, and help create space for progress.

SELECT SERVICES

- ◆ Resident/non-resident advising & consulting
- ◆ Multi-stakeholder workshops
- ◆ Tabletop Exercises (TTX)
- ◆ Resident courses
- ◆ Mobile engagement / training teams
- ◆ Senior Leader Engagement

ICB PLANNERS AND IMPLEMENTERS

- ◆ Defense Institute of International Legal Studies (DIILS)
- ◆ Defense Technology Security Administration (DTSA)
- ◆ Institute for Security Governance (ISG)
- ◆ Regional Centers



QUESTIONS ABOUT ICB?

Questions or comments about this Smart Sheet or any ICB topic?

Ask an ISG expert about any ICB question at:
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