



THE SECRETARY OF DEFENSE  
1000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1000

DEC 15 2009

MEMORANDUM FOR SECRETARY OF STATE

SUBJECT: Options for Remodeling Security Sector Assistance Authorities

Since the beginning of this Administration, our staffs have worked intensely – and, I believe, collegially – on synchronizing our respective efforts in the security assistance and capacity-building arena. Even so, the challenges have been substantial. The expansion of DoD's authorities and funding, driven by requirements in Afghanistan, Iraq, and other conflict prone areas, have produced some notable successes in the past several years, but they have also stirred debate over U.S. Government roles and missions that often required adjudication at our level. These recurring debates have taxed the time and energy of our departments and do not meet the Nation's long-term needs. My sense is that these requirements will be enduring ones given current and future security challenges.

The attached proposal sets forth a new approach that could transcend these debates. It argues for a new model of shared responsibility and pooled resources for cross-cutting security challenges. Based on a model employed by the United Kingdom, this approach would structure funding mechanisms and approval processes to reflect the importance of these activities to both our Departments as well as incentivize collaboration across our national security structure. It might also provide impetus to future steps towards broader national security budgeting.

I believe this approach has merit. I would welcome your views on it and whether it is an approach we could jointly direct our staffs to develop for us to engage Congress in the FY11 legislative cycle. I look forward to discussing it further with you.

A handwritten signature in black ink, appearing to read "Robert M. Gates".

Attachment:  
As stated

cc:

The Director of the Office of Management and Budget  
The Assistant to the President for National Security Affairs  
The Chairman of the Joint Chiefs of Staff

OSD 13826-09



**TAB A**

## RECALIBRATING SECURITY SECTOR ASSISTANCE: A “SHARED RESPONSIBILITY, POOLED RESOURCES” OPTION

### INTRODUCTION

The United States has a major interest in providing security sector assistance (SSA) that is responsive to crisis needs as well as designed to mitigate the risk of U.S. military action. Current programs that capture these priorities – Sections 1206 and 1207 – can fairly claim some notable successes in the past several years. On the other hand, they have stirred debate over USG roles and missions.

These jurisdictionally-based debates have levied a major tax in terms of adjudicating disputes at high levels in the Executive Branch and with Congress. To transcend these recurrent debates, this paper offers a dramatically new approach: “*Shared Responsibility, Pooled Resources*” (SRPR). This approach draws on a unique model of pooled departmental funding developed over the past decade in the United Kingdom.<sup>1</sup> It builds on the success of the “dual-key” concurrence model that recognizes SSA’s ability to meet multiple departmental imperatives while acknowledging that such assistance is rarely a matter of unique foreign policy or defense equities alone.

### THE PROPOSAL IN BRIEF

Building on the UK’s concept, this approach envisions pooled funding mechanisms for (1) Security Capacity Building, (2) Stabilization, and (3) Conflict Prevention.<sup>2</sup> Each department would seek funding within its budget to contribute to the funding pools. Each pool would operate with joint formulation requirements in the field and dual-key concurrence in Washington, DC. Legislation would endow these funds with inherent authority to achieve their purposes. Each department would be able to add funds to the pool to meet a departmental imperative, although the use of these funds would be subject to the dual-key approval requirements.

Given the United States’ emphasis on building partner-nation security capacity, and the relative expense of such activities, creating separate pool for each activity is key. This

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<sup>1</sup> The UK’s pooled funding model allows its Ministry of Defence, Foreign and Commonwealth Office, and Department for International Development to contribute funding to a joint pool designed to incentivize integrated approaches to cross-cutting issues. The pool is overseen by an integrated tri-departmental staff and tri-departmental approval structure. Originally, each agency contributed funds from within its budget. Now that the fund is more mature, it competes for funding directly from the UK treasury, although agencies may still “top-up” the pool with additional funds to meet a departmental priority, subject to the pool’s governance arrangements. Because such an interagency appropriation would be difficult given the U.S. congressional structure, a more likely mechanism is for DoD, State, and USAID to each secure funding for their contribution to the pool.

<sup>2</sup> Unfortunately, budget pressures in the UK have forced it to merge their Conflict Prevention and Stabilization pools in the next fiscal year. The UK pools are smaller than what would be required for the U.S. given its global reach, responsibilities, and commitments. In this more limited funding context, military training and equipment is funded by exception in the UK pools, but would be a key point of emphasis for the U.S. given its priorities.

approach also comports with a lesson offered in interviews with UK officials: that encumbering a single pool with too many purposes can create a structure that is “transaction heavy” (i.e., competing objectives create sclerotic processes that hinder effectiveness). Separate Stabilization and Conflict Prevention Pools would ensure that preventative measures are not displaced by current operations. All three pools would be targeted to fund programs with a clear security nexus. Assistance that primarily supports traditional defense policy, foreign policy, or development objectives would still be funded separately by DoD, State, and USAID under their existing authorities.

*What is SRPR's scope?*

In theory, an SRPR approach could be applied to any activity that would benefit from joint planning and programming. In the near term, however, such an approach is best suited to succeed the pioneering Sections 1206 and 1207 programs, which have notably incentivized interagency collaboration. If successful, a pooled approach could provide a model for other initiatives. Moreover, it is prudent to restrict this effort to enduring programs, keeping war-related programs separately funded in the Overseas Contingency Operations (OCO) appropriations given their contingent nature.

Under this construct, the Security Capacity Building Pool would assume the role currently provided by Section 1206. Section 1206 provides training and equipment to partners for counterterrorism operations or for stability operations in which U.S. forces are a participant, including Afghanistan. It has had some notable successes, including providing training and equipment to the Lebanese Armed Forces during their 2006 conflict and building maritime domain awareness, information-sharing, and increasing interdiction capacity in Indonesia, the Philippines, and Malaysia that has contributed to greater stability in the Malacca Straits. The Security Capacity Building Pool would include training and equipment for combating terrorism and stability operations, and could be expanded to other near-term operational priorities. Institutionalizing this capability would ensure our Chiefs of Mission and Combatant Commanders have the tools they need at their disposal, while pooling resources from both DoD and State would reflect the requirement to meet unplanned train and equip requirements for foreign policy needs as well as for operational military requirements.

Similarly, separate Conflict Prevention and Stabilization Pools would perform the stabilization purposes *originally* intended for Section 1207 as well as preventative measures to reduce the likelihood of crises and conflict. The Stabilization Pool would address stabilization requirements such as assistance to Georgia for both its police and internally displaced persons following the 2008 invasion by Russia. The Conflict Prevention Pool would be targeted at preventative measures intended to reduce the risk of crises as well as actions designed to seize windows of opportunity such as extending the Government of Colombia's writ after unanticipated successes against anti-government insurgents in the La Macarena region in 2007 and 2008.

*How would SRPR be governed?*

Sections 1206 and 1207 have catalyzed interagency collaboration in the field, with programs often facilitating joint efforts by COCOM and Embassy staffs. For each program, joint State-DoD formulation of projects is required by law. In the case of Section 1206, the policy requirement for both the Chief of Mission and Combatant Commander to endorse projects prior to review in Washington, DC further incentivized collaboration. The pooled approach would retain the concept of joint formulation and would include USAID in projects funded by the conflict prevention and stabilization pools.

For each funding pool, a senior steering group comprising Deputy Assistant Secretary-level representatives from each organization, supported by an interagency staff, would review proposals and forward recommendations to the Secretaries for final approval. The senior steering groups would also establish by-laws requiring Under Secretary-level adjudication of disagreements after 30 days. Each organization would serve as the secretariat for one of the pools and perform the administrative functions required for its operation.

	Security Capacity Pool	Stabilization Pool	Conflict Prevention Pool
<b>Field-Level Proposal Development</b>	Projects endorsed by the Chief of Mission and Combatant Commander	Projects endorsed by the Chief of Mission, USAID Mission Director, Combatant Commander	Projects endorsed by the Chief of Mission, USAID Mission Director, and Combatant Commander
<b>DC-based Staff Support</b>	<u>Near-term:</u> each department or agency provides staff support to Senior Steering Group representative. <u>Long-term:</u> Single, collocated staff of interagency detailees. <u>Process Secretariat:</u> DoD	<u>Near-term:</u> each department or agency provides staff support to Senior Steering Group representative. <u>Long-term:</u> Single, collocated staff of interagency detailees. <u>Process Secretariat:</u> State	<u>Near-term:</u> each department or agency provides staff support to Senior Steering Group representative. <u>Long-term:</u> Single, collocated staff of interagency detailees. <u>Process Secretariat:</u> USAID
<b>Senior Steering Group</b>	2-star level representatives from OSD(P), Joint Staff, and State/PM. By-laws would forward disagreements for 4-star level adjudication after 30 days (USDP, VCJCS, T)	2-star level representatives from OSD(P), Joint Staff, S/CRS, and USAID. By-laws would forward disagreements for 4-star level adjudication after 30 days (USDP, VCJCS, T, USAID Administrator)	2-star level representatives from OSD(P), Joint Staff, S/CRS, and USAID. By-laws would forward disagreements for 4-star level adjudication after 30 days (USDP, VCJCS, T, USAID Administrator)
<b>Final Approval Authority</b>	Dual-Key (SecDef & SecState)	Dual-Key (SecDef & SecState)	Dual-Key (SecDef & SecState)

*What authority and funding would be required?*

This approach would require a request for authorities and funding from Congress. First, the Administration would need to seek legislation establishing these funding pools in the Treasury of the United States as outlined above. Second, each department would need to

seek authority to provide funding to the pool as well as its own appropriation for this purpose. This funding could be drawn from existing accounts or identified as a separate funding requirement with a dedicated appropriation each year. The request for authority would likely also include a mechanism for each department to be able to add to the pool if a departmental priority needs to be addressed in the near term.

The division of funding needs further consideration. The simplest agreement would be for matching shares, with State and DoD splitting the Security Capacity Building Pool, and for the Conflict Prevention and Stabilization Pools, DoD providing half and State and USAID collectively providing half. An alternative might be for each department to fund each pool relative to the priority it places on its particular function. Under this rubric, DoD might contribute more to the Security Capacity Building Pool given the relative importance of training and equipping partners for COCOM security objectives while contributing less to support primarily-civilian preventive efforts. The ability of each department to secure appropriations will be critical for long-term success, and will likely require burden-sharing negotiations between State, USAID, DoD, and their respective committees.

#### *How Would Congressional Oversight Be Secured?*

Substantial senior-level engagement will likely be required for Congressional buy-in on funding pools, which would cut across multiple committee jurisdictions. To ensure adequate agility, the Administration should pursue flexible oversight arrangements, such as reducing requirements for informal consultations while allowing sufficient time for Congress to raise objections to programs before implementation begins.

Oversight of such pools in Congress under the current committee structure would require oversight by eight committees (SASC, HASC, SFRC, HFAC, SAC-D, HAC-D, SAC-FO, HAC-FO), with each requiring formal notifications, receiving DoD and State staff briefings, and exercising jurisdiction. This is the model that Sections 1206 and 1207 have followed for the last three years which, while very cumbersome, has provided more transparency to Congress than is typical of most programs. Of note, Sections 1206 and 1207 notifications have also fostered whole-of-Congress approaches, with State and Defense committees starting to take briefings jointly.

A more transformative option would be for these committees to create a select committee in both the House and Senate to oversee these funds. For example, the House and Senate could each create a Select Committee on Security Capacity-Building, Stabilization, and Conflict Prevention). Most radically, Congress could establish a new title of U.S. Code, separate from DoD's Title 10 or State's Title 22, under the oversight of these Select Committees. A new "Title 51" would codify this approach in law and demonstrate that these programs are cross-cutting and not appropriately captured within any single committee's jurisdiction or section of U.S. Code.

**TAB B**

# **THE UNITED KINGDOM'S CONFLICT PREVENTION POOL**

## *Details of the Pool's Activities and Potential Lessons for the United States*

### **INTRODUCTION**

New approaches to security sector assistance that transcend the interagency debates surrounding Sections 1206 and 1207 authorities are needed. One such approach is offered by the United Kingdom, which is considered by many to be the “market leader” in security sector assistance. This innovation, known in the UK as the Conflict Prevention Pool (CPP), allows the UK Ministry of Defence (MOD), Foreign and Commonwealth Office (FCO), and Department for International Development (DFID) to collectively pool resources and jointly manage funds for cross-cutting challenges. Creating such funding pools and joint decision making in the United States would create a “whole-of-government” fund to match our whole-of-government rhetoric – in other words, a true “3D” fund. The United States can incorporate lessons learned by the UK from nearly a decade of experience with pooled funding while adapting the concept to suit U.S. needs. This paper outlines the basic history and practical applications of the UK funding pools and then suggests essential elements for application by the United States.

### **HISTORY**

The UK’s funding pools originated in 2000 as a result of the UK’s “joined-up government initiative.” Previously, MOD, FCO, and DFID each played roles in conflict prevention but funded their own activities separately. The pooled approach was intended to sharpen the UK’s focus on conflict prevention and post-conflict stabilization and mitigate the costs – both in lives and treasure – for the UK to intervene directly in conflicts abroad.

The UK originally created two pools: a Global Conflict Prevention Pool and an Africa Conflict Prevention Pool. The pools were designed to improve the effectiveness of UK interventions in conflict prevention, conflict management, and peace building by:

- Improving coordination of policy analysis, objective setting, and program implementation across the partner Departments.
- Avoiding the transaction costs and delays arising from separate departmental interventions, and making more efficient use of funds.
- Improving arrangements to cope with unexpected demands, including through the faster and more flexible deployment of resources.
- Improving coordination with international partners.

These pools leveraged the funding, authorities, and program management capabilities in all three Departments and featured a tri-departmental governance structure. Both pools were governed by a Public Sector Agreement (PSA) binding on all three departments. The PSA

roughly served as a contractual arrangement with the UK Treasury that provided authority and targets for the Pools.

In 2008, the UK merged the Global and Africa pools into a single “Conflict Prevention Pool.” Also in that year, the UK established a separate Stabilisation Aid Fund (SAF) for UK post-conflict stabilization and reconstruction activities—especially in Iraq and Afghanistan. The separation of responsibility and funding for prevention and stabilization activities was intended to prevent CPP funding from becoming skewed towards contingency operations at the expense of preventing future conflicts.

## **THE CONFLICT PREVENTION POOL IN PRACTICE**

### *Uses of the Conflict Prevention Pool*

Conflict prevention activities that can be funded through CPP include security sector reform, small arms and light weapons programs, peacekeeping, and other activities that depend upon close interagency collaboration and whole-of-government approaches for success.

The supply of military equipment and training is permitted if essential to the success of an agreed upon conflict prevention strategy. The supply of weapons and ammunition is also permitted but requires Ministerial-level approval. Professional military education may be funded in support of a conflict prevention strategy as well.

### *Governance*

The CPP facilitates integrated approaches at every level:

- At the highest level, the three Ministerial principals exercise “triple-key” responsibility for CPP and set strategic priorities, agree to allocations between the three departments, and oversee CPP impact.
- An Officials’ Committee on Conflict, chaired by the Cabinet Office (roughly equivalent to our NSC) and attended by the Foreign Secretary, Secretary of State for International Development, Secretary of Defense, and the Chief Secretary of the Treasury, advises and supports the Cabinet-level committee on resource allocation recommendations and program accountability.
- A CPP Steering Team, supported by a CPP Secretariat, is composed of Directors from FCO, DFID, and MOD. DFID chairs the team although all decisions are subject to tri-departmental agreement. Steering Team responsibilities include recommending initial spending allocations, monitoring CPP resources, and agreeing upon program objectives. The Steering Team structure is not unlike the structure the USG currently employs for Section 1207 authority.

- Individual programs are overseen by a Senior Responsible Owner (SRO) from FCO, DFID, or MOD, and a Program Board, which comprises counterparts from the other two departments. The department providing the SRO is the lead department. The SRO sets program objectives and bids for CPP resources.

### *Funding Mechanisms*

Originally, each department contributed funding for the pool from its budget, with the Treasury providing additional resources. After the initial start-up period, however, the pools competed directly for funds from the Treasury. CPP funding is now provided by the Treasury separately to FCO, DFID, and MOD budgets, but sits administratively on DFID's baseline. The Global Conflict Prevention Pool started at approximately \$100M for the 2001/2002 fiscal year. The CPP budget for FY 2008/09 is approximately \$180M.

Although the UK Treasury now funds the CPP directly, the three departments may still "top off" CPP funds from their own accounts if CPP funding is insufficient for a departmental priority. These funds must accord with one of the strategies set forth by the CPP governance bodies to govern its activities. Once such funds are provided to the Pool, they can be executed by the most appropriate department. For example, if the MOD views the development of courts in a country as critical to the success of UK military capacity building efforts, it can provide funding to the Pool, which can then execute the program through DFID.

Importantly, the CPP does not replace individual department assistance accounts. Traditional funding remains available for stabilization and conflict prevention through separate accounts within departmental budgets. Humanitarian assistance, counter-proliferation, and counter-terrorism activities are also normally funded by individual departments. What the CPP does is to complement those accounts and incentivize interagency collaboration where a "3D" approach is needed most.

### *Program Management and Execution*

Unlike current programs like Sections 1206 and 1207, which have separate DoD and State staffs, the Conflict Prevention Pool requires each agency to detail personnel to a single integrated staff to support the work of the Pool. The staff members then operate jointly to support the governance structure outlined above.

Field execution is similarly tri-departmental. The MOD, FCO, and DFID have jointly funded a "Security Sector Development Advisory Team" (SSDAT) through the CPP. The SSDAT provides deployable security sector reform advisors for the defense, police, justice, intelligence, and oversight elements of the security sector. SSDAT can provide assistance directly or provide the UK with an assessment of required assistance. Implementation of security sector assistance programs funded by the pool can be executed by a UK department or a contractor.

In the case of conflict response and stabilization, the UK operates the "Stabilisation Unit." The staff of the unit is also tri-departmental, with a focus on staffing UK post-conflict efforts, including for current operations in Afghanistan. This unit also oversees the UK's efforts to

develop a cadre of civilian personnel that can deploy in support of stabilization operations akin to the S/CRS-led Civilian Response Corps.

Unfortunately, extreme budgetary pressures resulting from the global financial crisis have forced the UK government to merge the CPP and SAF into a single Conflict Pool starting in the next fiscal year. Similarly, the SSDAT will be merged into the Stabilisation Unit as the Security and Justice Team. Informally, UK experts in these areas would prefer to maintain separate conflict prevention and stabilization pools so that urgent requirements do not come at the expense of preventative measures.

## LESSONS FOR THE UNITED STATES

Leveraging the pooled funding concept for the United States does not require adopting every aspect of the UK's program. The US context is different in many ways from the UK context. Essential elements of a pooled funding approach for the USG include the following:

- *Adequate size:* The United States would likely require a funding pool far larger than those held by the UK given the United States' global reach, responsibilities, and commitments.
- *Separate pools for security capacity-building, stabilization, and conflict prevention:* A key lesson from interviews with UK counterparts was that encumbering a funding pool with too many divergent purposes can create a structure that is "transaction heavy" (i.e., competing objectives create sclerotic processes that hinder effectiveness).
  - Given the premium DoD has placed on security capacity-building to meet COCOM theater campaign plans, and given the greater expense associated with the provision of training and equipment (versus civilian-provided advice or development), a separate funding pool for training and equipment is advisable.
  - A separate conflict *prevention* pool would safeguard against the risk of funding urgent measures at the expense of preventative ones.
  - A stabilization pool would fund urgent stabilization activities—both civilian and military. For example, a "3D" stabilization pool could fund deployments by both the Civilian Response Corps and DoD's Civilian Expeditionary Workforce.
- *The ability of individual agencies to add funding:* Part of the rationale behind programs like Section 1206 has been that DoD has requirements that it must be able to perform to meet its core responsibilities. The ability to add funding to the pools from a Department's budget to meet a priority requirement—subject to dual-key concurrence per the pool's governance—would retain a construct that comports with this concept.
- *Speed and Agility:* Flexibility is a key requirement in responding to dynamic, agile, and networked threats. Unallocated, flexible funding has been a tremendous asset to Sections 1206 and 1207; while these funds have never been adequately sized in DoD's view, their

relative smaller size combined with a mandate to be able to respond to “urgent and emergent” threats made it easier to avoid advance earmarks. State’s committees, however, have been less willing to offer such flexibility.

- ***Dependability:*** A frequent COCOM complaint is the lack of dependable funding to build capable, interoperable partners. Even if COCOMs and Chiefs of Mission must compete for centrally held funding, the dependability of a funding source makes it easier to plan and execute programs and convince partners to work with the United States. The UK, for example, has three-year funding for its funding pools.
- ***Focus on Security:*** The funding pools should fund requirements with a clear security nexus. Security assistance that supports foreign policy objectives or meets political commitments would still be funded separately by State under its existing authorities.
- ***Burden-Sharing:*** Section 1207 fairs poorly in Congress not only from detractors who argue that it takes funding away from steaming-hours and tank-miles, but because DoD shoulders 100 percent of the funding burden. Ensuring adequate State and USAID contributions to the pools – either matching DoD contributions or based on some negotiated division based on relative budget size – will be key to successful outcomes with DoD committees.
- ***Joint Formulation and Dual-Key Approval:*** The “dual-key” nature of Section 1206 and Section 1207 has been among their most novel aspects. That construct includes joint program formulation by Embassies and COCOMs in the field, and dual approval by SecDef and SecState in Washington. A dual-key approval process for these pools is imperative. A single, jointly collocated staff comprising senior detailees from each organization would be a further step towards jointness, but is not essential.
- ***Flexible Authorities:*** The UK’s funding pools operate on the basis of the underlying authorities of each parent departments. This ability will be a critical but not sufficient characteristic of US funding pools. An ideal structure for the US would endow the pools with inherent authority to achieve their purposes, subject to dual-key approval and follow-on Congressional oversight, while allowing them to also leverage authorities and capabilities resident in each of their parent organizations. Some elements of the CPP, especially its governance structure, could be adopted as a matter of policy without new legislation.
- ***Pooled Appropriations from Separate Department Budgets:*** In the US Government system, individual departments and agencies are provided legally mandated responsibilities and endowed with authorities and resources to accomplish those mandates. Although an “interagency appropriation” would be ideal, this would be a heavy lift with Congress. A pooled approach, with each department requesting an individual funding for contribution to a pooled account, provides this structure within the USG’s governmental framework.
- ***Flexible Congressional Oversight:*** The stovepipes between State and DoD are reflections of Congressional Committee structures. Secretary-level engagement will likely be required for Congressional buy-in on funding pools, which would cut across committee jurisdictions.

**TAB C**

**RECALIBRATING SECURITY SECTOR ASSISTANCE:  
“SHARED RESPONSIBILITY, POOLED RESOURCES” OPTIONS FOR FY11**

Over the long-term, the pooled funding model might be applied more broadly to other DoD and State programs. In the near term, pooled funds replacing Sections 1206 and 1207 could be pursued according to several options, depending on whether the Administration decides to seek more funds than are currently programmed in the FY11 budget and whether they choose to implement each pool at once or phase them in as existing authorities phase out.

*Current DoD and State Legislation and Budget Requests for FY11*

In DoD’s budget, we have included \$500M for Section 1206 and \$100M for Section 1207. Section 1207 is set to expire; Section 1206 has an additional year of authority at \$350M before it sunsets at the end of FY11.

The \$500M programmed for Section 1206 is intended to fund an expansion of Section 1206 consistent with past requests. The increase from \$350M to \$500M would meet two key requirements. Globally, COCOM requirements have always exceeded the authority for Section 1206. Additionally, Congress broadened its interpretation of Section 1206 in the FY10 NDAA to meet new requirements for coalition training and equipment in Afghanistan. EUCOM has already identified nearly \$300M in potential requirements for FY11; the increase in funding would cover the most pressing of these new requirements.

The \$100M for Section 1207 is a placeholder pending the outcome of the NSC’s Security Sector Assistance review; it was included to provide DoD with an option for contributing to a pool funding construct such as that presented here. Absent such a step, Section 1207 could be funded from State’s budget, or DoD could seek a one-year extension until FY12.

We do not know what requests are included in State’s FY11 budget. In FY10, State sought a “Stabilization Bridge Fund,” and USAID sought a “Rapid Response Fund” totalling over \$115M. Although these funds were zeroed out for FY10, the Senate Foreign Operations appropriation bill includes \$100M for an “Emergency Crises Fund.” If these initiatives are both sought in FY11, they could form the State and USAID contributions to a Conflict Prevention Pool and Stabilization Pool in FY11—providing \$100M for each, with potential growth in future years.

We are unaware of any request within State for Section 1206-like authority. State could repleta to OMB to add such funding to its topline, or State could use a portion of unallocated funds within its budget to provide its contribution to the Pool, if it could absorb such decrements to traditional accounts. Unallocated FMF, when removing major political commitments to Egypt, Israel, Pakistan, Jordan, and Iraq, totals nearly \$600M. Using all of these funds for contributions to the Security Capacity Pool is not advisable, however, as those funds provide for long-term defense modernization, access, and bilateral relationships and are expected each year by recipient nations.

*FY11 Options for Introducing a Pooled Funding Approach*

1. *Phased Approach, Current Budgets:* For FY11, seek separate funding pools only for Conflict Prevention and Stabilization, while seeking an increase to current Section 1206. Together, the pools would supersede Section 1207 and funding requests by State and USAID for related purposes. Use this effort as a test case for additional initiatives.
  - Because Section 1206 has an additional year of extant authority, wait until FY12 to seek the Security Capacity Building pool, pending FY11 outcomes. However, in light of additional coalition train and equip requirements, DoD should still seek an expansion of Section 1206 until such time as the Security Capacity Building pool is established.
  - DoD could contribute \$100M to the two funding pools in FY11. State could contribute the \$100M in the Emergency Crisis Fund if it passes Congress, or include larger amounts from its Civilian Stabilization Initiative or other funding sources.
2. *Comprehensive Approach, Current Budgets:* Under this approach, DoD and State would agree to pursue all three pools in FY11.
  - DoD could contribute the \$500M currently being requested for Section 1206. State could contribute an additional \$300M from other accounts in FY11 to a Security Capacity Building Pool for an \$800M program. Combined with the potential \$200M for the other two pools, this would result in a \$1B request for FY11.
  - The unequal contributions to the Security Capacity Building pool would align with the division of funding in which each organization provides funding according to the priority the fund has for their department.
3. *Comprehensive Approach, Additional Funding:* This approach lifts the constraints of current Departmental budgets, especially since these budgets do not contemplate the transformative approach envisioned here. Funding options under this approach are limited only by Congressional support:
  - COCOM submissions for Section 1206 alone often exceed \$700M annually, and have been substantially higher. While not every request may merit funding, a \$1B Security Capacity Pool would allow for a flexible, agile fund with sufficient topline for a more comprehensive approach, from tactical and operational training and equipment to strategic level advising, education, and institutional capacity-building. DoD and State could each seek matching \$500M contributions.
  - DoD and State could, for example, then agree to seek \$1B between the other two funding pools, again with matching DoD and State contributions (\$500M apiece). Such an approach would dramatically increase non-military assistance and would have the optic of balancing military and non-military assistance.