

Intelligence Reform Progress Report

**Remarks by the Director of National Intelligence
Ambassador John D. Negroponte**

&

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**DNI Headquarters – Defense Intelligence Agency
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GENERAL HAYDEN: Good afternoon everyone, please be seated. First of all, let me welcome our friends from Congress, my colleagues from throughout the Intelligence Community, everyone else gathered here this afternoon to help us assess the work of the Office of the Director of National Intelligence.

It's been a little over two years since the Intelligence Reform and Terrorism Prevention Act of 2004 went into effect. At the signing, President Bush said, and I am quoting him now, "Under this new law, our vast intelligence enterprise will become more unified, coordinated, and effective. It will enable us to better do our duty, which is to protect the American people."

Just looking at the words in between the two quotation marks, those are fairly profound phrases. But when you attach them to this President, who attaches so much importance to intelligence, whose decision making is so much centered on intelligence—the fact that he begins his day with intelligence, they take on even added significance and meaning.

The Act was a landmark piece of legislation in the wake of 9/11, one of those moments in the life of our Republic when a crisis compresses years into months, theory into doctrine, and compresses will into action. Our enemies weren't very interested in spotting us the time to regroup the IC [Intelligence Community] for a new kind of war. We would have to maintain the highest operational tempo in our history—and, at the same time, restructure our Community to better fulfill our mission.

You remember those days in late 2004, wasn't an easy time as we were trying to craft legislation—I think most of us as the time thought there wasn't enough time to craft legislation. But out of that effort came a bill that has given us every opportunity to be better—to be better as a community.

Shortly after the passage of the bill, the President nominated—and the Senate confirmed—Ambassador John D. Negroponte as the leader of this new and extraordinarily complex effort. It was my honor to be chosen as his deputy. I can recall my phone call at my home at Fort Meade, it was from Andy Card. He said, "Mike, do you know Ambassador Negroponte." I said, "We met in Baghdad but I know him only by reputation." He said, "Well, can you work with him." I

said, “I think I can.” I learned later that the Ambassador got a similar phone call from Andy Card about me. And when he was home on leave from Baghdad, with both us knowing that these nominations were in the works, we dared to have lunch in broad daylight at his club downtown; fearing the cover story of the Ambassador to Baghdad and the Director of the National Security Agency wouldn’t draw much attention the day before the official announcement. On the morning of 22 April, at seven o’clock in the morning, the Office of the DNI was officially up and running.

The Ambassador and I, and Pat [Kennedy], and David [Shedd], had long discussions in the Old Executive Office Building about what needed to be done—and I need to tell you right now, the page was literally blank. We filled the walls of our office in the Old EOB [Executive Office Building] with butcher paper. And around the walls of the office, we began to sketch in putative organization charts for this new organization, with the only guidance from Congress being you could have up to four deputies. Whether we wanted four, what those four would do—that was all to be decided. A lot of ground had to be covered very quickly. We benefited enormously from the hard work, and creative ideas, and dedication of the many Americans, inside and outside the IC.

The Intelligence Reform Act itself was our foundation document; the recommendations of various commissions—the WMD Commission, the 9/11 Commission—those informed our decisions, helped guide our way. And, of course, we were acutely aware that this was not a file and forget enterprise. We had the abiding interest of the President, the Congress, and the American people.

Today I think I can speak on the progress we’ve made based on both my experiences as Ambassador Negroponte’s Principal Deputy, and as a Director of an agency within the Community. It’s like seeing a game from the perspective of the coach and player. From either viewpoint, the past two years have been a success—a success for CIA, for our Community, and for the nation.

As CIA Director, I can tell you that the DNI structure allows me to devote my full attention to running a large, important, and complex agency. I tell anyone who cares to listen that by eight o’clock in the morning, I have read the PDB [Presidential Daily Brief] and all the other traffic, and I am ready to go to work as the Director of CIA, while the Ambassador is waiting to go into the Oval Office. For the first time ever, our Agency’s Seventh Floor is completely oriented toward managing CIA.

This newfound focus, this opportunity for focus within CIA *on* CIA is important not only for the Agency, but for the Community as well. The Ambassador has always said that CIA has to be at the top of its game if the IC is to thrive. Our capabilities, our position—two things that have defined us over the years and has established strong connective tissue from CIA to the rest of the Community—requires us to fulfill our role in the Community and work with our colleagues. My first session in the bubble, after my confirmation as D/CIA [Director, Central Intelligence Agency], I told the CIA workforce, “Don’t worry about being Central.” If we are competent and collaborative, our role in the Community will be clear.

And that's why we are implementing that in what we call our Strategic Intent. It's our blueprint for making our Agency more collaborative, both within the fence line at Langley and within the broader Intelligence Community. It outlines how we need to be proficient in the core missions that the Ambassador has given us—human intelligence, all-source analysis, covert action, open-source collection, and so on. We didn't draft our plan in a vacuum; just like the folks I see up here—my colleagues didn't draft their strategic plans in a vacuum either. Our Strategic Intent is aligned with and complement the National Intelligence Strategy that comes to us from the Office of the DNI. That strategy gets to the heart of effective intel reform—it provides us a strategic direction that cascades down from this building, this office, this leader, and promotes collaboration and cohesion throughout the entire Community.

I think the pattern here is very clear. Integration has been the mantra of our Community now for two years. And we're seeing the results, good for our nation and bad for our enemies.

You need look no further than the action we took in Iraq last year against Abu Mus'ab al-Zarqawi. And those of you know the fine print of that operation, know how seamless the intelligence cooperation was that allowed us to put 500-lb smart bombs on a target.

We are seeking greater collaboration, not only within our American Intelligence Community, but greater collaboration with our foreign partners as well. And that explains the stream of liaison partners, foreign visitors to the Ambassador's office, to his aggressive travel schedule. Meeting with, and cementing ties with these very powerful, very important partners.

If you want an example of how that works, look no further than last summer to the foiling of the transatlantic plot. Nothing less than intensive cooperation with our overseas colleagues could have achieved such a complete success.

Our time here this afternoon is limited, and I have only scratched the surface of what I think our Community has done in the past two years. We've seen the creation of the National Counterterrorism Center, FBI's National Security Branch, the establishment of the National Clandestine Service, the formation of the National Counterproliferation Center, Mission Managers against our toughest and most important targets, and any number of other initiatives that have brought our Community closer together and made it more effective.

Those who don't see the import of those kinds of structural changes occasionally are tempted to talk about overhead or moving boxes on a chart. I prefer to think of those things I just described to you as task organizing for the fight. Bringing to bear the resources of the Community, bringing them into a logical organization and creating what in my other profession I would call a joint taskforce for the mission at hand. There is more to be done, but what we have done so far is made the nation safer. What we have done so far is part of the legacy of a man who stepped forward into this role at a crucial juncture in the history of our country and of our Community.

Ambassador Negroponte will now bring his sharp intellect, steady leadership, deep wisdom—pending Senate confirmation of course—into another chapter of public service. And whenever that might happen, we will remember him for those attributes that he brought to us, as well as for a unique strength he brings to our field of intelligence. For even though his first calling is that of

a diplomat of the highest rank, he has grown to understand our profession—like frankly very few of us do. His many years in the Foreign Service—highly sensitive positions like Honduras or Baghdad—give him a unique comprehension of how intelligence informs policy in time of conflict, and made him the ideal man for this job when the post of DNI was created.

So it's now my honor and privilege to introduce to you the first Director of National Intelligence, and my good friend, Ambassador John Negroponte.

AMBASSADOR NEGROPONTE: Thank you Mike, thank you very much for that kind introduction. You've been an outstanding leader in the Intelligence Community for a long time. When you left the post of Principal Director of National Intelligence, it was a loss for me personally, but it was a big plus for the CIA and for the nation.

I would also like to acknowledge our many Intelligence Community leaders who are here this afternoon and other distinguished guests in attendance. Particularly, I would like to thank my good friend, Senator Ted Stevens for coming here today—thank you sir. The Intelligence Community greatly appreciates your steady commitment and support for our efforts. You are a very longstanding friend of the Intelligence Community indeed, and we all appreciate that.

Ladies and Gentlemen: today it's my pleasure to speak to you about the progress the United States Intelligence Community has made during the two years since the Congress enacted and the President signed the Intelligence Reform and Terrorism Prevention Act of 2004.

The act created the Office of the Director of National Intelligence and has served as the master plan for the ODNI's actions. In addition, the law was supplemented by those recommendations of the Robb-Silbermann Commission on Weapons of Mass Destruction—of which 70 out of 74 recommendations—were endorsed by the President in the summer of 2005.

Intelligence reform, as the President and Congress ultimately defined it, encompassed an ambitious scheme of rethinking our previous intelligence practices, rebuilding our intelligence programs in an integrated fashion, creating new entities to confront new threats, and developing fresh approaches to our fundamental way of doing business within the Intelligence Community and with the Intelligence Community's natural partners—both domestic and foreign.

The bar for intelligence reform was set high, but for our Intelligence Community, it was not set too high.

Over the last two years, the IC has achieved good results through a concerted effort to integrate itself more tightly, share information more freely, coordinate its actions more efficiently, define its priorities more clearly, and align its resource expenditures against those priorities more strategically.

The IC has built closer relations with the other agencies of the United States Government and our allies around the world. And the IC has improved partnerships with federal, state, and local law enforcement, homeland security officials, tribal leaders, and the private sector here in the United States.

The Office of the Director of National Intelligence has assumed responsibility for strategic leadership of the Intelligence Community, but the office has attempted to do this in concert with its Intelligence Community colleagues, relying on the individual agencies to execute their missions fully and completely. There's no other way to succeed.

I do think that we have succeeded, and I think we will keep succeeding. That's because strategic leadership—and the leadership demonstrated by establishing priorities, standards, policies, and budgets—is not the whole of leadership. In a true community, leadership in its fullness is a shared mandate; it extends across bureaucratic divisions and up and down the chain of command. Everyone has to feel responsible and be accountable for the effectiveness of his or her agency, programs, office, and personal actions.

Indeed, I have the sense that this kind of Community-wide leadership is characteristic of our Intelligence Community. The effort to reform the IC was already under way when I took office. The professionals of the IC were doing everything in their power to improve United States intelligence and guard against another 9/11 or failure to assess correctly the capabilities and intentions of America's adversaries.

To frame my assessment of intelligence reform this afternoon, I'd like to focus on structural change, collection and analysis, information access, science and technology, and human capital. There are several other significant components of intelligence reform, to be sure, but I will do my best to fit them under one or more of these headings.

A great deal of structural change has occurred within the Intelligence Community during the past two years in direct response both to our most important past failures and our most important pressing threats.

We have taken the reform legislation's call for a strong National Counterterrorism Center, established by Executive Order initially, and made it a reality. The National Counterterrorism Center stands at the center of the intelligence contribution to the War on Terror.

- The NCTC is led by a subcabinet official—Admiral Scott Redd—who I have designated as the mission manager for counterterrorism intelligence.
- It comprises officers representing all the relevant federal departments.
- It draws on and shares information from thirty intelligence networks, including foreign and domestic threat information.
- It convenes coordination meetings across the government three times a day.
- It guides the counterterrorism analytic workload across the Intelligence Community, and,

- When events mandate, it becomes a hub for critical intelligence support to our nation's leaders. The NCTC played an important role last summer when the British thwarted the Transatlantic airline bombing plot.

The law also focused on the FBI's contribution to national intelligence. In my view, the FBI's senior leadership embraced this mandate and has shown a great commitment to integration within the Intelligence Community. As a result, on September 12, 2005, the FBI established the National Security Branch to bring together under a single umbrella its counterterrorism, counterintelligence, and intelligence programs. The National Security Branch has since established a dedicated counter-Weapons of Mass Destruction effort within the NSB itself. And all this has greatly facilitated the FBI's participation in, among other things, Intelligence Community-wide intelligence training and education programs.

As you know, the Robb-Silbermann Commission emphasized the critical contribution human intelligence plays in preserving national security. The WMD Commission called for increased interagency HUMINT [Human Intelligence] coordination, better and more uniform tradecraft standards, and increased joint training for operators. This led to another important structural change in U.S. intelligence: the establishment of the National Clandestine Service in 2005.

These two changes—the establishment of the National Clandestine Service and the National Security Branch—strengthened our intelligence effort at home and abroad.

Additional innovations quickly followed: the creation of the DNI's Open Source Center at the CIA, the establishment of a National Counterproliferation Center, and the appointment of a MASINT [Measurement and Signature Intelligence] Community Executive, for example. Meanwhile, institutions of long-standing assumed important new responsibilities. NSA has been vital in helping support the Global War on Terror. In this regard, I would emphasize the critical contributions the Terrorist Surveillance Program has made to protect American lives and interests. DIA is on the front lines in Iraq and Afghanistan; and has taken the lead in developing the Defense Joint Intelligence Operations Center. The Department of Homeland Security has advanced the efforts to integrate homeland security intelligence and analysis. In so doing, it has assumed enormous responsibility for gathering and analyzing intelligence that is crucial to securing our land and maritime borders with Mexico and Canada. And the National Geospatial Agency stepped "out of the box" to help our nation assess and mitigate the terrible impact of Hurricane Katrina. The innovative response to domestic challenges perfectly reflects NGA's vital role on the warfront where it is totally integrated in successful real-time operations.

Virtually all observers of the Intelligence Community have focused attention on the interdependence of collection and analysis, as well as the need to continuously improve finished intelligence products through better methodology, more outreach, more alternative analysis, and more transparent sourcing.

If we are going to solve the most difficult intelligence challenges, our analysts and collectors must work together hand-in-glove. While greater integration is still needed, progress is being made in terms of attacking hard targets.

The National Intelligence Council, the National Counterproliferation Center, and the North Korea, Iran, Cuba and Venezuela Mission Managers are helping close collection and analytic gaps vis-à-vis our most crucial intelligence priorities.

And by the same token, we have taken many steps to bring analysts closer together. To generate greater collaboration:

- We established the ODNI's Analytic Resources Catalog;
- We established a Long Range Analysis Unit to stimulate more focus on "over-the-horizon" issues;
- We have brought Intelligence Community contributions into the President's Daily Brief beyond the traditional (and still strong) CIA input; and
- We have launched several initiatives to strengthen the quality, and ensure the integrity, of Intelligence Community-wide analytic practice.

Let me add one final word on collectors and analysts working together: I am very pleased that we have developed a new model for assessing and then tasking Intelligence Community organizations to "lift and shift" collection resources in response to emerging crises.

- The rapid application of this process in support of intelligence efforts against the summer 2006 Lebanon/Hezbollah/Israel crisis proved very effective in focusing Community efforts and delivering important new intelligence.
- The same model is being used against the ongoing Darfur crisis and also with regard to Somalia.

The fastest way to increase the value of intelligence is to share it for collaborative critiques and make it accessible for authorized action. Two senior officials—our Chief Information Officer and the Program Manager for the Information Sharing Environment—have accomplished a great deal toward both of these ends. Under their leadership we have:

- We have implemented a major classified information sharing initiative with key United States allies. And this was a project that was "stuck" for quite a long time and we managed to get it "unstuck."
- We developed—they developed rather—and rolled out the Electronic Directory Services, a "virtual phone book" for terrorism information and those that have counterterrorism responsibilities in the United States Government; and
- They shaped and disseminated the *Information Sharing Environment Implementation Plan* and the *Presidential Guidelines on Information Sharing*. These two documents provide the vision and road map for better information sharing within the Intelligence

Community and with our Federal, State, local, and tribal counterparts, as well as with the private sector.

Neutralizing insider threats, especially technically astute spies, will take on added urgency in such an environment of more freely flowing information. Guided by our Mission Manager for Counterintelligence, our counterintelligence community is evolving to better support this and other critical national priorities.

These are just a few examples of our “problem solving” approach to information sharing and access that enhances intra-IC collaboration and cooperation with those outside the Community who share our goals and objectives.

In an age of globalization that closely reflects developments in science and technology, intelligence reform would have dim prospects of success if it did not ensure our competitive advantage in the realm of S&T. As in all of our reforms, Science & Technology change cannot be effected overnight, but that is precisely why our Associate Director for S&T has chosen “Speed” as the first of his cardinal values, the other two being “Synergy” and “Surprise.”

With respect to speed, we have launched the Rapid Technology Transition Initiative to accelerate the transition of innovative technology to operations by funding 13 programs in FY 2007. In support of the warfighter our IC S&T team has made important contributions to General Meigs’ Joint IED Defeat Organization—and I know that has been one of Eric Haseltine’s very highest priorities.

With respect to synergy, we have developed a unified Intelligence Community S&T Strategy and Plan that identifies and addresses IC-wide technology gaps, establishes new joint Science & Technology programs against high value hard targets, and institutes new joint duty programs such as the ODNI’s Science & Technology Ambassadors initiative. We have also, through our Science & Technology Fellows Program, rewarded our top S&T talent with significant grants to pursue their innovative research projects and help foster greater collaboration among our most creative minds.

And with respect to surprise, we have laid the groundwork for an Intelligence Community version of DARPA, which we are calling IARPA—the Intelligence Advanced Research Projects Activity.

Now nothing is more important to the IC’s future than developing its personnel, which includes replenishing its ranks of analysts and collectors, attracting specialists in Science & Technology and counterproliferation, and making the most of America’s natural diversity.

By working closely with agencies and departments across the Community, our Chief Human Capital Officer has helped:

- Establish the framework that will make joint duty a prerequisite for promotion to senior levels of the Intelligence Community;

- He has helped complete the first Strategic Human Capital Plan for the Intelligence Community; and
- He has initiated development of a modern, performance-based compensation system for civilian employees that will be completed over the next few years.

We need to have a workforce that is fully equipped to meet every new threat, and we need to have a workforce that in the end looks like America. Building that diverse IC workforce is an area where we have made modest, but steady progress. But we still need to do significantly more as a Community to effectively recruit, hire, retain, reward, and promote women, minorities, and persons with disabilities. I strongly encourage each Intelligence Community agency director to make his commitment visible, specific, personal, and persistent, so that executives and managers will understand the importance of this mission imperative.

These are just a few of the initiatives in the area of human capital that we are monitoring closely with our annual surveys of the Intelligence Community workforce, a reminder to senior management that our colleagues' opinions, desires, and morale are vital elements of a strong Community.

It may be a contrarian view, but in my opinion, reform legislation, the recommendations of commissions, and specific presidential directives are more than desirable when it comes to transforming large parts of the national security community—they are indeed indispensable.

The intelligence reform process the United States has initiated is complex and demanding. The successful implementation of these reforms is a work in progress. We need to continue to evaluate our performance concerning the work that is underway to ensure that our goal of making our nation safer is being met. Several challenges remain:

- We need to ensure that the Community does more to tap into the great diversity of ethnicities and talents our nation possesses;
- We must increase training and education in foreign languages and the human and natural sciences to deepen our understanding of an increasingly complex world; and,
- We must continue to facilitate the seamless flow and collaboration of data between analysts and collectors; and,
- We must continue to emphasize the intangible but inestimable value of a well-integrated community.

Ladies and Gentlemen: The larger lessons of 9/11 and the pre-war estimates of Iraq's WMD programs will always remain broadly relevant and provide us with important benchmarks of success or failure.

Day by day we must do our utmost to thwart attacks by determined fanatics who wish to create the illusion that acts of indiscriminate murder are the emblems of political power and legitimacy.

If we succeed in defeating these perpetrators of crimes against humanity—and we have succeeded in thwarting many attacks and decommissioning terrorist leaders and cells—we will have made an important contribution to national security.

And day by day we must ensure that our estimates of a hostile actor's capabilities and intentions are realistic, transparent, and immune to intellectual error and adversarial deception.

In the process of initiating the reform of United States intelligence, I think that we have done this and more. We have questioned the basic premises of our collective enterprise—how we are organized, resourced, deployed, and focused. And we have rededicated ourselves to an ambitious goal: the highest quality global intelligence coverage and, within that coverage, an effective integration of the foreign, domestic, and military dimensions of our efforts.

We all recognize that achieving this ambitious goal will take time, but so far, so good.

We are making progress.

We are heading in the right direction.

Having had a hand in selecting the Intelligence Community's leadership team, I know that they are all dedicated professionals who are committed to Intelligence reform and effective integration. It is because of them—the heads of the Intelligence Community's agencies and our Senior ODNI officials—that I am confident the reform vision presented to us by the Congress and the President will be fulfilled.

So even though my tenure as DNI has been relatively brief, regardless who holds this office, I am confident that you, the Community's most senior leaders, will ably guide the Intelligence Community in helping keep the United States safe while strengthening our vital contribution to national security.

I am in your debt for all the support you have given me and so are the American people. I know that you will extend the very same fine collaboration to my successor.

Thank you very much.