

SAMM

Security Assistance Management Manual

Department of Defense

**Defense Security
Cooperation
Agency**



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DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

FOREWORD

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This Manual is reissued under the authority of DoD Directive 5105.65, "Defense Security Cooperation Agency," October 31, 2000, (reference (a)). It provides guidance for the administration and implementation of Security Assistance and related activities in compliance with the Foreign Assistance Act (FAA), the Arms Export Control Act (AECA) (references (b) and (c)), and related statutes and directives.

DoD 5105.38-M, "Security Assistance Management Manual," October 1, 1988, (reference (d)) is hereby canceled.

This Manual applies to the Office of the Secretary of Defense (OSD), the Military Departments (MILDEPs), the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, Security Cooperation Organizations (SCOS), and all other organizational entities within the Department of Defense (hereafter referred to collectively as "the DoD Components") engaged in management or implementation of Security Assistance.

This Manual is effective immediately and is mandatory for use by all the DoD Components. The DoD Component heads may issue supplementary instructions when necessary for unique requirements within their organization. A copy of any supplemental instructions must be provided to the Defense Security Cooperation Agency (DSCA) (Strategy Directorate). Deviations from policies shall not be implemented without prior approval of the Director, DSCA.

Send recommended changes to the Manual through channels to:

Defense Security Cooperation Agency
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Director

Defense Security Cooperation Agency

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ACRONYMS

Abbreviation	Meaning
AA&E	Arms, Ammunition and Explosives
ACC	Accelerated Case Closure
ACDA	Arms Control and Disarmament Agency
ACOTA	African Contingency Operations Training and Assistance
ACSA	Acquisition and Cross-Servicing Agreement
ACSS	Africa Center for Strategic Studies
ADL	Advanced Distance Learning
ADM	Administration and Management (DSCA Business Operations)
ADP	Automated Data Processing
ADUSD(TP)	Assistant Deputy Under Secretary of Defense - Transportation Policy
AECA	Arms Export Control Act
AFI	Air Force Instruction
AFJMAN	Air Force Joint Manual
AFP	Annual Funding Plan
AFR	Africa Region
AFSAC	Air Force Security Assistance Center
AFSAT	Air Force Security Assistance Training
AGE	Aerospace Ground Equipment
AID or USAID	(United States) Agency for International Development
AIG	Address Information Group
AIK	Assistance-in-Kind
ALP	Aviation Leadership Program
AMC	Air Mobility Command
AMRAAM	Advanced Medium-Range Air-to-Air Missiles
AO	Action Officer
AOR	Area of Responsibility
APO	Army Post Office
APOD	Aerial Port of Debarkation
APOE	Aerial Port of Embarkation
AR	American Republic Region
AR	Army Regulation
ASD(APSA)	Assistant Secretary of Defense for Asian and Pacific Security Affairs
ASD(GSA)	Assistant Secretary of Defense for Global Security Affairs
ASD(HD&ASA)	Assistant Secretary of Defense for Homeland Defense and Americas' Security Affairs
ASD(ISA)	Assistant Secretary of Defense for International Security Affairs
ASD(ISP)	Assistant Secretary of Defense for International Security Policy
ASD(LA)	Assistant Secretary of Defense for Legislative Affairs
ASD(NII)	Assistant Secretary of Defense for Networks and Information Integration
ASD(RA)	Assistant Secretary of Defense for Reserve Affairs
ASD(SO/LIC)	Assistant Secretary of Defense for Special Operations/Low Intensity Conflict
ASD(SO/LIC-CN)	Assistant Secretary of Defense for Special Operations/Low Intensity Conflict/Counter-Narcotics

Abbreviation	Meaning
ASDA	Automated State Department Approval
AT	Anti-Tamper
ATEA	(DoD) Anti-Tamper Executive Agent
ATMG	Arms Transfer Management Group
BATFE	Bureau of Alcohol, Tobacco, Firearms, and Explosives
BEQ	Bachelor Enlisted Quarters
BOQ	Bachelor Officers' Quarters
BOS	Base Operating Support
BPR	Business Process Reengineering
C4ISR	Command Control Communications Computers Intelligence Surveillance and Reconnaissance
CAO	Collateral Action Officer
CAS	Contract Administration Services
CBA	Commercial Banking Account
CBJ	Congressional Budget Justification
CBL	Commercial Bill of Lading
CBS	Commercial Buying Service
CBSR	Census Bureau Shipment Report
CCB	Configuration Control Board
CCBL	Collect Commercial Bill of Lading
CCIF	Combatant Command Initiative Fund
CDTS	Counter-Drug Training Support
CE	Central Command
CEMIS	Case Execution Management Information System
CETS	Contractor Engineering Technical Services
CFD	Country Finance Director
CFM	Country Financial Management (DSCA Business Operations)
CFS	Contract Field Services
CHDS	Center for Hemispheric Defense Studies
CIA	Central Intelligence Agency
CIF	Cost, Insurance and Freight
CIO	Chief Information Officer
CJCS	Chairman of the Joint Chiefs of Staff
CJCSI	Chairman of the Joint Chiefs of Staff Instruction
CLSSA	Cooperative Logistics Supply Support Arrangement
CMP	Comptroller (DSCA Business Operations)
COCOM	Combatant Command
CODEL	Congressional or Congressional Staff Delegation
COM	Chief of Mission (U.S. Diplomatic Mission)
COMSEC	Communications Security
CONUS	Continental United States
COR	Contracting Officer's Representative
CORCOM	EDA Coordinating Committee
CPD	Country Program Director
CPI	Critical Program Information
CRA	Continuing Resolution Authority

Abbreviation	Meaning
C-SEAP	Cadet Semester Exchange Abroad Program
CSP	Concurrent Spare Parts
CST	Caribbean Support Tender
CTR	Cooperative Threat Reduction
CUI	Controller Unclassified Information
DASA DEC	Deputy Assistant Secretary of the Army for Defense Exports and Cooperation
DBO	DSCA Directorate of Business Operations
DCA	Defense Cooperation in Armaments
DCAA	Defense Contract Audit Agency
DCC	Direct Commercial Contracts
DCMA	Defense Contract Management Agency
DCS	Direct Commercial Sale
DDA	Designated Disclosure Authority
DELG	Defense Export Loan Guarantee
DELP	Defense English Language Program
DEPSECDEF	Deputy Secretary of Defense
DESC	Defense Energy Support Center
DFARS	Defense Federal Acquisition Regulation Supplement
DFAS	Defense Finance and Accounting Service
DGR	Designated Government Representative
DIA	Defense Intelligence Agency
DIADS	DSCA IMET Allocation Database System
DIC	Defense Industrial Cooperation
DIFS	Defense Integrated Financial System
DIMO	Defense Institute of Medical Operations
DISA	Defense Information Systems Agency
DISAM	Defense Institute of Security Assistance Management
DISCO	Defense Industrial Security Clearance Office
DISP	Defense Industrial Security Program
DLA	Defense Logistics Agency
DLAI	Defense Logistics Agency Instruction
DLIELC	Defense Language Institute English Language Center
DLIS	Defense Logistics Information Service
DMS	Defense Message System
DoC	Department of Commerce
DoD	Department of Defense
DoDD	Department of Defense Directive
DoDFMR	Department of Defense Financial Management Regulation
DoDI	Department of Defense Instruction
DoDIG	Department of Defense Inspector General
DoS	Department of State
DoS (ISN/MTR)	Department of State, Bureau of International Security and Nonproliferation/Office of Missile Threat Reduction
DoS (PM)	Department of State (Bureau of Political and Military Affairs)
DoS (PM/DDTC)	Department of State - Directorate of Defense Trade Controls

Abbreviation	Meaning
DoS (PM/RSAT)	Department of State - Office of Regional Security and Arms Transfer Policy
DoT	Department of Transportation
DPDS	Defense Property Disposal Service
DRB	Defense Resources Board
DRMO	Defense Reutilization and Marketing Office
DRMS	Defense Reutilization and Marketing Service
DSADC	Defense Security Assistance Development Center
DSAMS	Defense Security Assistance Management System
DSCA	Defense Security Cooperation Agency
DSS	Defense Security Service
DTC	Delivery Term Code
DTRA	Defense Threat Reduction Agency
DTS	Defense Transportation System
DTSA	Defense Technology Security Administration
DTSI	Defense Trade Security Initiative
DUSD(PS)	Deputy Under Secretary of Defense (Policy Support)
DVOT	Distinguished Visitor Orientation Tours
DWCF	Defense Working Capital Fund
DX	Direct Exchange
E.O.	Executive Order
EACC	Enhanced Accelerated Case Closure
EAP	East Asia and Pacific Region
ECL	English Comprehension Level
EDA	Excess Defense Article
EEE	Emergency, Extraordinary Expenses
E-IMET	Expanded International Military Education and Training
EIPC	Enhanced International Peacekeeping Capabilities
ELT	English Language Training
ENDP	Exception to National Disclosure Policy
EOQ	Economic Order Quantity
EPG	European Participating Governments
ESF	Economic Support Fund
ETSS	Extended Training Service Specialist
EU	European Command
EUM	End-Use Monitoring
EUR	European Region
FAA	Foreign Assistance Act
FAD	Force Activity DesignATOR
FAR	Federal Acquisition Regulation
FAW	Financial Analysis Worksheet
FDS	Foreign Disclosure System
FFB	Federal Financing Bank
FICS	FMS Integrated Control System
FM	Financial Management
FMC	Full Mission Capable
FMCS	Foreign Military Construction Services

Abbreviation	Meaning
FMF	Foreign Military Financing
FMS	Foreign Military Sales
FMS ADMIN	Foreign Military Sales Administrative (Fund)
FMSCR	Foreign Military Sales Credit
FMSO	Foreign Military Sales Order
FOB	Free On Board
FOIA	Freedom of Information Act
FORDTIS	Foreign Disclosure and Technical Information System
FPO	Fleet Post Office
FPS	Financial Policy and Support (DSCA Business Operations)
FRB	Federal Reserve Bank
FRS	Federal Reserve System
FSC	Federal Supply Classification
FSG	Federal Supply Group
FSN	Foreign Service National
FTD	Field Training Detachment
FTE	Field Training Exchanges
FSP	Field Studies Program (formerly IP – Informational Program)
FVS	Foreign Visit System
FY	Fiscal Year
FYDP	Future Years Defense Program
FYPA	Fiscal Year Planning Assessment
GAO	General Accounting Office
GBL	Government Bill of Lading
GC	General Counsel
GEBAT	Government Excess Baggage Authorization Ticket
GEOINT	Geospatial-Intelligence
GFE	Government Furnished Equipment
GFM	Government Furnished Materiel
GPS-PPS	Global Positioning System – Precise Positioning System
GRE	Graduate Record Examination
GSA	General Services Administration
GSOMIA	General Security of Military Information Agreements
GWOT	Global War on Terrorism
HA	Humanitarian Assistance
HA/MA	Humanitarian Assistance and Mine Action
HAC	House Appropriations Committee
HAO	Humanitarian Assistance Other
HAP	Humanitarian Assistance Program
HAPC	Humanitarian Assistance Policy Committee
HAP-EP	Humanitarian Assistance Program - Excess Property
HASC	House Armed Services Committee
HAZMAT	Hazardous Materiel
HCA	Humanitarian and Civic Assistance
HDR	Humanitarian Daily Rations
HFAC	House Foreign Affairs Committee

Abbreviation	Meaning
HIV	Human Immunodeficiency Virus
IAAFA	Inter-American Air Forces Academy
ICASS	International Cooperative Administrative Support Services
ICP	Inventory Control Point
IEMP	International Engine Management Programs
ILCO	International Logistics Control Office
ILS	Integrated Logistics Support
IMC	Internal Management Control
IMET	International Military Education and Training
IMF	International Monetary Fund
IMSO	International Military Student Officer
INCLE	International Narcotics Control and Law Enforcement
IPL	Integrated Priority List
IPO	(Navy) International Programs Office
IRRD	Issue Release and Receipt Documents
ISAN	International Security Assistance Network
ISR	Industrial Security Regulation
ISTL	Integrated Standardized Training List
IT	Information Technology
ITAR	International Traffic in Arms Regulations
ITO	Invitational Travel Orders
JCET	Joint Combined Exchange Training
JCS	Joint Chiefs of Staff
JFTR	Joint Federal Travel Regulations
JLOC	Joint Logistics Operations Center
JMPAB	Joint Materiel Priorities and Allocation Board
JR	Joint Regulation
JSAT	Joint Security Assistance Training (Regulation)
JTR	Joint Travel Regulations
JVI	Joint Visual Inspection
LAA	Limited Access Authorization
LO/CLO	Low Observable/Counter Low Observable
LOA	Letter of Offer and Acceptance
LOAD	Letter of Offer and Acceptance Data
LOI	Letter of Intent
LOR	Letter of Request
LPA	Legislative and Public Affairs
LRC	Logistics Readiness Center (Chairman of the Joint Chiefs of Staff)
LSC	Logistics Support Charge
LSE	Logistics Support Expense
LTD	Language Training Detachments
MANPADS	Man-Portable Air Defense System
MAP	Military Assistance Program
MAPAD	Military Assistance Program Address Directory
MAPEX	Military Assistance Program Excess
MAPOM	MAP-Owned Materiel

Abbreviation	Meaning
MARAD	Maritime Administration
MASFEX	Military Assistance Service Funded Excess
MASL	Military Articles and Services List
MDA	Missile Defense Agency
MDE	Major Defense Equipment
MEDEVAC	Medical Evacuation
MET	Mobile Education Team
MFA	Ministry of Foreign Affairs
MFP	Major Force Program
MFR	Memorandum for Record
MIA	Missing in Action
MILDEP	Military Department
MILSTRIP	Military Standard Requisitioning and Issue Procedures
MIMEX	Major Item Material Excess
MIRR	Materiel Inspection and Receiving Report
MISWG	Multinational Industrial Security Working Group
MLA	Manufacturing Licensing Agreements
MNS	Mission Needs Statement
MOA	Memorandum of Agreement
MOD	Ministry of Defense
MOS	Months
MOU	Memorandum of Understanding
MPA	Military Personnel Account
MPP	Mission Performance Plan
MPP	Mission Program Plan
MREs	Meals-Ready-to-Eat
MRI	MILSTRIP Routing Identifier
MS	Mission Sustainment
MSC	Military Sealift Command
MTCR	Missile Technology Control Regime
MTDS	Manpower and Travel Data Sheet
MTT	Mobile Training Team
NACSI	National Communication Security Instruction
NAD	National Armaments Director
NADR	Nonproliferation, Anti-Terrorism, Demining, and Related Programs
NAMSA	NATO Maintenance and Supply Agency
NATO	North Atlantic Treaty Organization
NAVICP	Naval Inventory Control Point
NAVINST	Navy Instruction
NAVSCIATTS	Naval Small Craft Instruction and Technical Training School
NC	Nonrecurring Cost
NCB	National Codification Bureau
NDP	National Disclosure Policy
NDPC	National Disclosure Policy Committee
NDPS	National Disclosure Policy System
NDU	National Defense University

Abbreviation	Meaning
NESA	Near East and South Asia Region
NESA	Near East South Asia Center for Strategic Studies
NETSAFA	Naval Education and Training Security Assistance Field Activity
NGA	National Geospatial-Intelligence Agency
NIIN	National Item Identification Number
NIPO	Navy International Programs Office
NISP	National Industrial Security Program
NISPOM	National Industrial Security Program Operating Manual
NIST	National Institute of Standards and Technology
NO	Northern Command
NOA	Notice of Availability
NR	Non Regional
NSA	National Security Agency
NSAS	National Security Assistance Strategy
NSC	National Security Council
NSDD	National Security Decision Directive
NSN	National Stock Number
NSSC	Notice of Supply and/or Service Completion
NVD	Night Vision Device
O&M	Operations and Maintenance
OA	Obligational Authority
OBL	Ocean Bill of Lading
OC-ALC	Oklahoma Air Logistics Center
OCONUS	Outside the Continental United States
ODS	Ozone Depleting Substance
OED	Offer Expiration Date
OFDA	Office of Foreign Disaster Assistance
OGC	DSCA Office of General Counsel
OHDACA	Overseas Humanitarian, Disaster and Civic Air
OJT	On-The-Job Training
OMB	Office of Management and Budget
OPI	Oral Proficiency Interviews
OPR	Office of Primary Responsibility
ORC	Offer Release Code
ORD	Operational Requirements Document
ORF	Official Representation Funds
OSD	Office of the Secretary of Defense
OSP	Offshore Procurement
OT	Orientation Tour
OT&E	Operational Test and Evaluation
P&A	Price and Availability
PA	Pacific Command
PA	Procurement Appropriation
PAO	Primary Action Officer
PBAS	Program Budget Allotment System
PC&H	Packing, Crating, and Handling

Abbreviation	Meaning
PCC	Policy Coordinating Committee
PCCSG/HMA	Policy Coordinating Committee Subgroup on Humanitarian Mine Action
PCH&T	Packing, Crating, Handling, and Transportation
PCS	Permanent Change of Station
PD	Presidential Determination
PDA	Principal Disclosure Authority
PDF	Portable Document Format
PDLI	Project Directive Line Item
PDM	Program Decision Memorandum
PEC	Pricing Element Code
PEM	Program Element Monitor
PFP	Partnership for Peace
PKO	Peace Keeping Operations
PLAD	Plain Language Address DesignATOR
PM	Program Manager
PM/RSAT	Bureau of Political-Military Affairs/Office of Regional Security and Arms Transfers
PME	Professional Military Education
PML	Program Management Line
PMO	Program Management Office
POC	Point of Contact
POD	Port of Debarkation
POE	Port of Embarkation
POM	Program Objective Memorandum
POTUS	President of the United States
POW	Prisoner of War
PPBS	Planning, Programming, and Budgeting System
PPR	Positions of Prominence Report
PROS	Parts and Repair Ordering System
PWS	Performance Work Statement
QAT	Quality Assurance Team
QOL	Quality of Life
R&D	Research and Development
RCN	Record Control Number
RCS	Reports Control Symbol
RDT&E	Research, Development, Test & Evaluation
RFP	Request for Proposal
RIM	Retainable Instructional Materials
RM	Resource Management
RSI	Rationalization, Standardization, and Interoperability
SA	Security Assistance
SA	Specialized English Training Advised
SAAM	Special Assignment Airlift Mission
SAARMS	Security Assistance Automated Resource Management Suite
SAC	Senate Appropriations Committee
SAF/IA	Secretary of the Air Force for International Affairs

Abbreviation	Meaning
SAMM	Security Assistance Management Manual
SAN	Security Assistance Network
SANG	Saudi Arabia National Guard
SAPRWG	Security Assistance Planning and Review Working Group
SASC	Senate Armed Services Committee
SAT	Security Assistance Team
SATFA	Security Assistance Training Field Activity
SBA	Special Billing Arrangement
SBLC	Standby Letter of Credit
SC	Source Code
SC	Security Cooperation
SCO	Security Cooperation Organization/Officer
SCI	Special Compartmented Information
SCIP	Security Cooperation Information Portal
SDAF	Special Defense Acquisition Fund
SDDC	(Military) Surface Deployment and Distribution Command
SDI	Strategic Defense Initiative
SDR	Supply Discrepancy Report
SECDEF	Secretary of Defense
SECSTATE	Secretary of State
SED	Shipper's Export Declaration
SET	Specialized English Training
SFRC	Senate Foreign Relations Committee
SHAPE	Supreme Headquarters Allied Powers, Europe
SME	Significant Military Equipment
SNAP	Simplified Nonstandard Acquisition Process
SO	Southern Command
SO/LIC	Special Operations/Low Intensity Conflict
SOF	Special Operations Forces
SOFA	Status of Forces Agreement
SOW	Statement of Work
SPAN	DoD Security Policy Automation Network
SPO	Systems Program Office
SR	Specialized English Training Required
STL	Standardized Training List
SVI	Single Vendor Integrity
TA	Type of Assistance
TAA	Technical Assistance Agreement
TAC	Type of Address Code
TAD	Temporary Additional Duty
TAFT	Technical Assistance Field Team
TAR	Team After-Action Review
TAT	Technical Assistance Team
TBC	Transportation Bill Code
TCG	Technical Coordinating Group
TCN	Transportation Control Number

Abbreviation	Meaning
TDP	Technical Data Package
TDR	Transportation Discrepancy Report
TDY	Temporary Duty
TL	Termination Liability
TLA	Travel and Living Allowance
TLW	Termination Liability Worksheet
TMS	Training Management System
TOEFL	Test of English as a Foreign Language
TOR	Term of Reference
TOW-2B	Tube-Launched, Optically-Tracked, Wire-Guided Missile
TPA	Total Package Approach
TPMR	Training Program Management Review
TPS	Technology Protection System
TRANSCOM	U.S. Transportation Command
U.S.	United States
U.S.C.	United States Code
UAV	Unmanned Aerial Vehicle
UCMJ	Uniform Code of Military Justice
ULO	Unliquidated Obligation
UMMIPS	Uniform Material Movement and Issue Priority System
UN	United Nations
UND	Urgency of Need DesignATOR
UNLOA	United Nations Letters of Assist
UPT	Undergraduate Pilot Training
USAF	United States Air Force
USAMMA	United States Army Medical Materiel Agency
USAREUR	United States Army - Europe
USARPAC	United States Army - Pacific
USASAC	United States Army Security Assistance Command
USCENTCOM	United States Central Command
USCG	United States Coast Guard
USD(AT&L)	Under Secretary of Defense for Acquisition, Technology, and Logistics
USD(C)	Under Secretary of Defense, Comptroller
USD(I)	Under Secretary of Defense for Intelligence
USD(P)	Under Secretary of Defense for Policy
USDR	United States Defense Representative
USEUCOM	United States European Command
USG	United States Government
USJFCOM	United States Joint Forces Command
USMC	United States Marine Corps
USML	United States Munitions List
USN	United States Navy
USPACOM	United States Pacific Command
USPS	United States Postal Service
USSOCOM	United States Special Operations Command
USSOUTHCOM	United States Southern Command

Abbreviation	Meaning
USTRANSCOM	United States Transportation Command
V&A	Valuation and Availability
WAAS	Washington Headquarters Services Allotment Accounting System
WCF	Working Capital Fund
WCN	Worksheet Control Number
WHINSEC	Western Hemisphere Institute for Security Cooperation
WHS	Washington Headquarters Services
WIF	Warsaw Initiative Fund
WMD	Weapons of Mass Destruction
WPOD	Water Port of Debarkation
WPOE	Water Port of Embarkation
WSLO	Weapons System Logistics Officer

C1. CHAPTER 1

SECURITY ASSISTANCE OVERVIEW

C1.1. SECURITY ASSISTANCE PROGRAMS

C1.1.1. Definition and Purpose. Security Assistance is a group of programs, authorized by law, that allows the transfer of military articles and services to friendly foreign Governments. Security Assistance transfers may be carried out via sales, grants, leases, or loans and are authorized under the premise that if these transfers are essential to the security and economic well-being of allied Governments and international organizations, they are equally vital to the security and economic well-being of the United States (U.S.). Security Assistance programs support U.S. national security and foreign policy objectives. They increase the ability of our friends and allies to deter and defend against possible aggression, promote the sharing of common defense burdens, and help foster regional stability. Security Assistance can be the delivery of defense weapon systems to foreign Governments; U.S. Service schools training international students; U.S. personnel advising other Governments on ways to improve their internal defense capabilities; U.S. personnel providing guidance and assistance in establishing infrastructures and economic bases to achieve and maintain regional stability; etc. When we assist other nations in meeting their defense requirements, we contribute to our own security.

C1.1.2. Types of Security Assistance. Table C1.T1. outlines some of the major types of Security Assistance and identifies the department (Department of Defense or Department of State (DoS)) that administers the program. Each program or activity is described in more detail in later chapters of this Manual.

Table C1.T1. Major Types of Security Assistance Programs

Type of Security Assistance Program		Administered by:
1	Foreign Military Sales (FMS)	DoD
2	Foreign Military Construction Services (FMCS)	DoD
3	Foreign Military Sales Credit (FMSCR)	DoD
4	Leases	DoD
5	Military Assistance Program (MAP)	DoD
6	International Military Education and Training (IMET)	DoD
7	Drawdown	DoD
8	Economic Support Fund	DoS
9	Peace Keeping Operations (PKO)	DoS
10	International Narcotics Control and Law Enforcement (INCLE)	DoS
11	Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR)	DoS
12	Commercial Export Sales Licensed Under the Arms Export Control Act (AECA) of 1976, as amended (reference (c))	DoS

C1.2. AUTHORITIES FOR SECURITY ASSISTANCE

C1.2.1. Legislative Authorities for Security Assistance Security Assistance authorizations and appropriations are provided primarily under three public laws: the Foreign Assistance Act (FAA) of 1961, as amended (reference (b)); the Arms Export Control Act (AECA) of 1976, as amended (reference (c)); and annual appropriations acts for Foreign Operations, Export Financing and Related Programs. Each year, the Administration submits a Security Assistance appropriations budget request as part of the President's budget submission. The Administration may also request legislative amendments to authorization laws from Congress. Congress reviews the request, authorizes and appropriates funds, and enacts necessary legislative amendments for carrying out Security Assistance programs. Standing authorizations relate to programs 1-7 shown in Table C1.T1. Programs 3, 5, 6, 8, 9, 10, and 11 are U.S. Government (USG)-financed programs that require annual appropriations from Congress. Appropriations may also be requested to reimburse the Department of Defense for the value of items furnished under Military Assistance Drawdown. In the event appropriations are not enacted prior to the beginning of the fiscal year, essential activities are usually carried out under a Continuing Resolution Authority (CRA). The CRA is a temporary or stopgap appropriation made by Congress.

C1.2.2. Annual Legislative Initiatives for Security Assistance. Each year the Defense Security Cooperation Agency (DSCA) solicits input from the Military Departments (MILDEPs), other defense agencies, and Combatant Commands, through the Chairman of the Joint Chiefs of Staff, regarding the upcoming year's Security Assistance legislative initiatives. These initiatives are reviewed for submission within the Administration's proposed annual foreign aid and defense legislation. DSCA forwards its legislative proposals to the Office of the General Counsel, Department of Defense (OGC, DoD) for departmental and interagency coordination. The OGC, DoD submits the initiatives to the Office of Management and Budget (OMB) for approval prior to submission to Congress.

C1.2.3. Executive Orders for Security Assistance. Detailed Security Assistance requirements are also found in Executive Order (E.O.) 11958 (reference (e)). This Executive Order allocates authority and responsibility for Security Assistance principally to the Secretary of Defense and the Secretary of State. The Secretary of Defense authority is further delegated to the Undersecretary of Defense, Policy (USD(P)) and to the Director, DSCA, in DoD Directive 5105.65 (reference (a)).

C1.2.4. Regulations and Manuals for Security Assistance

C1.2.4.1. Security Assistance activities must be in compliance with law, this Manual and additional policy guidance issued by DSCA, the Secretary of Defense, and the Secretary of State. Implementing Agencies may supplement this Manual with internal regulations or policy guidance covering details unique to their organizations. Supplements must be consistent with this Manual. Information copies of the supplements must be sent to DSCA (Strategy Directorate).

C1.2.4.2. Other DoD regulations and manuals that cover specific program details relating to Security Assistance are referenced throughout this Manual. Identify any inconsistencies between these regulations and this Manual to DSCA (Strategy Directorate) for resolution.

C1.3. PLANNING FOR SECURITY ASSISTANCE

C1.3.1. General. Long-range Security Assistance planning assists friendly and allied Governments to identify and assess their military capabilities and requirements. The USG welcomes consultation with friends and allies regarding planning to meet their defense needs or to undertake research, development, production, and logistics support programs of mutual interest. Information obtained through consultation is important in the planning process and helps ensure orderly program implementation.

C1.3.1.1. The necessary planning for follow-on support, training, and other elements of continuity should accompany the transfer of end-items. The “total package approach” ensures items can be operated and maintained in the future.

C1.3.1.2. DoD Security Assistance planning activities must be consistent with U.S. military strategic plans and objectives, policy guidance issued by the Secretary of Defense and policy guidance issued by the Secretary of State. See DoD Directive 5132.03 (reference (f)).

C1.3.2. Responsibilities for Security Assistance. The primary responsibilities for Security Assistance planning are quoted from the corresponding document (if applicable) below.

C1.3.2.1. Defense Security Cooperation Agency (DSCA). “Direct, administer, and provide overall policy guidance for the execution of security cooperation and additional DoD programs....” DoD Directive 5105.65 (reference (a)).

C1.3.2.2. Chairman of the Joint Chiefs of Staff. “Provide implementation guidance for military plans and programs and provide the Secretary of Defense with military advice concerning security assistance programs, actions, and activities security cooperation” DoD Directive 5132.03 (reference (f)).

C1.3.2.3. Combatant Commands. “Develop campaign plans, as appropriate, to conduct security cooperation programs and activities...” See DoD Directive 5132.03 (reference (f))

C1.3.2.4. Military Departments (MILDEPs) and Other Implementing Agencies. MILDEPs and other Implementing Agencies provide information for Security Assistance planning (e.g., information related to production capacity).

C1.3.2.5. Security Cooperation Organizations (SCOs). “...evaluation and planning of the host Government’s military capabilities and requirements;...” FAA, section 515(a) (reference (b)).

C1.3.2.6. Secretary of State. “...the continuous supervision and general direction of economic assistance, military assistance, military education and training, including ... determining whether there shall be a security assistance program and the value thereof, to the end that such programs are effectively integrated both at home and abroad, and that the foreign policy of the United States is best served thereby.” FAA, section 622(c) reference (b).

C1.3.2.7. Foreign Government. Foreign Governments determine their security objectives based on their own priorities.

C1.3.3. Planning Considerations for Security Assistance. Security Assistance planning capability varies from country-to-country. Crises, conflicts, and other events may change program direction and overall financing options.

C1.3.3.1. Security Assistance plans consider the economic capabilities of the foreign Government, the support provided by third parties, and the overall U.S. and regional conventional arms transfer policies. The amount and type of military equipment that a country can support is also considered. Security Assistance plans emphasize the country's capabilities to organize, employ, and manage national resources allocated to defense. Plans should be consistent with overall political, economic, technological, and national security goals of the United States.

C1.3.3.2. A "needs assessment" is a critical part of long-range Security Assistance plans. The assessment lists items that the country team believes necessary to maintain the country's defense.

C1.3.3.3. Discussions and correspondence between DoD representatives and foreign officials on the development of plans, programs, and related data are conducted with the mutual understanding that the discussions do not constitute or imply any commitment on the part of the United States.

C1.3.4. Planning Activities and Tools. Several tools exist to aid the Security Assistance planning process.

C1.3.4.1. Military Assistance Budget Process. For the purposes of this section, military assistance is defined as Foreign Military Financing (FMF) and International Military Education and Training (IMET). The Military Assistance Budget is under the direct purview of the DoS and is included in its International Affairs Budget request to OMB. The Secretary of State is the final authority on what funding levels are included in the DoS budget request. Military assistance funding, appropriated by the U.S. Congress, is provided to the Department of Defense by the DoS to execute the authorities in FAA, sections 503(a) and 541 (reference (b)) and AECA, section 23 (reference (c)). Military assistance funding is administered by DSCA.

C1.3.4.1.1. Military Assistance Budget Call. Within the DoS, the Bureau of Political and Military Affairs (DoS (PM)) is the focal point for the Military Assistance Budget. DoS (PM) issues the budget call to DSCA and sets the deadline for the budget submission. Upon receipt of the budget call, DSCA (Legislative and Public Affairs Office) sends a cable to all SCOs, Combatant Commands, and the Chairman of the Joint Chiefs of Staff providing details of the budget call.

C1.3.4.1.2. Strategic Guidance and Priorities. The Secretary of Defense's guidance serves as the overarching strategic guidance for FMF and IMET Budget development. Approved regional Combatant Command plans are also used in developing the annual FMF and IMET Budget recommendation. FMF and IMET Budget requests should reflect the Secretary of Defense's strategic priorities as funding constraints exist with any budgetary process and resources are not limitless.

C1.3.4.1.3. Mode of Military Assistance Budget Submissions. Budget requests are submitted and maintained using the FMF and IMET Budget Formulation and Submission Tool via the World Wide Web. The web tool provides a central, on-line repository of FMF and IMET budgetary data that provides a timely, efficient, and visible method for budget development and subsequent reporting. SCOs that have difficulty accessing the web tool may submit their data via another mode for import into the web tool. SCOs should submit requests to use the alternate mode to the appropriate Combatant Command who requests approval from DSCA.

C1.3.4.1.4. Scope of Military Assistance Budget Submissions. Military Assistance funding is a key tool in promoting foreign policy and national security objectives. As such, it is imperative, based on the congressionally mandated National Security Assistance Strategy (NSAS) reporting, that DSCA incorporate a long-term strategy into the Military Assistance Budget process. Therefore, budget submissions incorporate the following elements: 5 years of out-year program requirements; objective-oriented input detailing what needs to be accomplished and why, how long it takes, and the desired end state; justifications that detail what is required in the way of materiel and/or services and why this is critical in meeting the stated objective; measurement of how effective past funding has been in meeting objectives; prioritization of requirements; and funding requests that are consistent with the purpose of the source of funding being sought.

C1.3.4.1.5. Military Assistance Budget Call and the DoS Mission Program Plan (MPP). The SCO's FMF and IMET Budget requests should reflect the Department of Defense's views. The MPP reflects the Chief of Mission's (COM's) views on required funding, which may differ from the SCO's views. The MPP input is tasked separately by the DoS. The SCO provides the data it compiled for the FMF and IMET Budget as input to any tasking it may receive for the MPP.

C1.3.4.1.6. Factors Influencing Final Military Assistance Budgetary Funding Recommendations. There are many factors that impact decisions that result in the final DoD funding recommendations provided to the DoS. They include: fiscal constraints; policy and political concerns; sanctions; absorption capability (IMET); schoolhouse capacity (IMET); and effective and efficient use of previously provided funding.

C1.3.4.1.7. Channels and Notional Timeline of Military Assistance Budget Submissions. Table C1.T2. outlines the organizational chain and notional timeline for budget submissions. An actual timeline is provided via electronic mail (e-mail) and posted on the web site as each annual budget cycle approaches. Organizational submission dates must be met in order for the annual DoD funding recommendation to arrive at the DoS by the deadline.

Table C1.T2. Channels and Notional Timeline for Military Assistance Budget Submissions

Date	Action
Mid December	DSCA requests the SCOs to prepare their annual FMF and IMET Budget submissions. SCOs formulate their budget requests.
Late January	SCOs submit their budget requests to the Combatant Commands, who review and modify the SCOs requests, as required, to address DoD requirements.
Late February	Combatant Commands submit budget data to the Chairman of the Joint Chiefs of Staff, who reviews and ensures DoD requirements are accurately addressed.
Early March	Combatant Commands submit budget data to DSCA. DSCA and the Office of the Secretary of Defense (OSD) Policy Regional offices review the Chairman of the Joint Chiefs of Staff submission and make adjustments as necessary to address other factors that influence final budgetary funding recommendations.
Late March	DSCA conducts “roundtable” discussions with Combatant Commands and the Joint Staff.
Early April	DSCA coordinates and prepares budget recommendation package for the Deputy Secretary of Defense.
Late April	DSCA submits DoD budget recommendation to the DoS.

C1.3.4.2. Security Assistance Survey Teams. When requested by a country, teams conduct surveys in-country to review military capabilities and to make recommendations for meeting Security Assistance objectives. These teams generally are funded by an FMS case and include USG personnel as well as representatives of the host country, commercial contractors, etc. A comprehensive survey of a country’s military capabilities may be requested to provide a baseline for a new program. Surveys may also be conducted as part of an ongoing program to address specific needs. Types of surveys include defense requirements surveys, site surveys, general surveys or studies, and engineering assessment surveys. Figure C1.F1. provides information regarding survey teams, their roles, and reporting requirements. Logistics conferences for program definition are excluded from these requirements.

C1.3.4.3. Materiel Notices. Materiel notices inform countries of events that impact their ability to acquire or support an item through FMS. They normally call for submission of a Letter of Request (LOR) officially requesting the items or associated support. Implementing Agencies prepare notice messages or letters when U.S. production of an item is scheduled to end or the United States is making a periodic buy of items that may have foreign demand. The Implementing Agency coordinates proposed notices with the involved DoD Components and then with DSCA (who in turn coordinates with the DoS) prior to release. Correspondence includes rationale for issuing the notification, the deadline for receipt of an LOR, and the final date for acceptance of the Letter of Offer and Acceptance (LOA). Notices are sent only to countries that have shown interest in the items and are eligible to purchase the items under the National Disclosure Policy (NDP) as implemented in DoD Directive 5230.11 (reference (h)). “Interest” includes previous purchase (via FMS or commercial), request for Price and Availability (P&A) data, or purchase of related weapon systems that use the items. See Chapter 6, paragraph C6.4.7. for information on System Support Buyouts.

Figure C1.F1. Security Assistance Survey Teams

Security Assistance Survey Teams (AECA, Section 26 (Reference (c)))

I. General

A. The Assistant Secretary of Defense for International Security Affairs (ASD(ISA)) coordinates DoD actions on surveys to assess country or international organization capabilities and future needs. This includes the interface with the DoS and other agencies. Survey actions, including personnel details, are also coordinated with the Joint Staff and DSCA.

B. The decision to dispatch a survey team includes an assessment of U.S. and country impact on funding for the program on which the survey is conducted, the program's regional arms control implications, interface with current arms sales policies, and pertinent data beyond strictly military considerations, such as human rights factors. This information is reflected in the Terms of Reference (TORs) developed by the combatant command/lead agency and provided to the team.

C. Teams normally are led by the Department of Defense with the DoS invited to provide a deputy team chief of roughly comparable rank. MILDEP affiliation is determined by the survey purpose. For surveys to meet a requirement rather than to evaluate overall capabilities, the lead agency is identified during initial staffing of the requirement. When a joint team is required, the team chief is determined on the basis of the MILDEP having predominant interest. DoD participation is limited to the minimum number required to effectively gather the technical information necessary to ensure the success of the survey. The Secretary of State has the final authority to rule on the survey team participation by agencies other than the Department of Defense, although these decisions normally are reached by DoD/DoS consensus. Concerns of other agencies are carefully considered in determining team composition.

D. DSCA, based on AECA, section 26(b) (reference (c)) and as part of the overall AECA, section 36(a) (reference (c)) quarterly report to Congress, includes a list of Security Assistance surveys authorized during the preceding calendar quarter. The report includes the following information: country surveyed, dates of survey, purpose of survey, and number of USG personnel participating.

1. The lead MILDEP is responsible for submitting the report to DSCA (Business Operations) no later than 30 days after the end of each quarter. The report identifies Security Assistance surveys conducted during the preceding quarter. Negative reports are required.

2. DSCA reviews each submission and provides a consolidated report with the quarterly report to Congress.

E. Necessary staffing is accomplished before finalization of survey reports to ensure each report reflects a coordinated USG position. Coordination with DSCA is required for each draft survey report within 30 days of its preparation. Consistent with AECA, section 26(c) (reference (c)), individual survey reports should not be provided to Congress unless a specific request is received. The lead MILDEP ensures that a copy of each such request is forwarded to the Director, DSCA, for submission to Congress.

II. Terms of Reference (TORs)

A. Security Assistance Survey Teams shall:

1. Report to the U.S. Ambassador or, in his or her absence, the charge d'affaires upon arrival in country and serve under the overall supervision of the Ambassador. Formal consultations with the host country are conducted subject to the concurrence of the Ambassador, with the participation of such embassy staff as he or she may direct (the SCO office is normally the coordination office within the mission). Prior to departure, the team briefs the Ambassador as well as the SCO on preliminary conclusions. Additionally, the team considers, on a case-by-case basis, whether its evaluation warrants leaving an interim report with the host country upon departure.

Figure C1.F1. Security Assistance Survey Teams(continued)

2. Ensure recommendations reflect the total package concept including end-items, ancillary equipment, training, ammunition, and logistics. Recommendations are not necessarily based on U.S. force solutions. At least three levels of funding alternatives should be presented in the report.
3. Evaluate the military manpower base, its capacity, the existing logistics support capability, the capability of the country to prevent compromise of sensitive data and equipment, training requirements, and compatibility of recommended equipment with the host country's current inventory.
4. Debrief the respective combatant command on preliminary findings prior to its return to the United States.

B. Security Assistance Survey Teams shall avoid:

1. Making comments to host Governments concerning possible availability of USG resources in any form.
2. Providing the host Government any Price and Availability (P&A) data, DoD lead times on equipment, or indicate prospects for accelerated deliveries. P&A or Letter of Offer and Acceptance (LOA) data estimates can only be provided through channels and procedures described in Chapter 5 of this Manual. The team may provide general orders of magnitude information for illustrative purposes.
3. Committing the USG to the sale of any specific defense article or service.
4. Providing any possible indication that the USG would assist in construction of airfields, camps, or other military facilities.
5. Providing any kind of independent assessment or confirmation of the external threat as perceived by the host country. Release of classified information is in accordance with NDP-1.
6. Providing military advice concerning tactics, doctrine, basing, combat planning, or operations.
7. Making commitments to follow-up technical discussion or further surveys.
8. Except as discussed in II.A.1 above, providing the host country with an interim report.

III. Security Assistance Survey Team Procedures

- A. Consideration of conducting a survey is a result of presenting the USG with a significant defense sales request, or requesting the USG survey defensive capabilities and requirements. Also, the USG may, at its own initiative, propose a survey team.
- B. The normal response to the initial request for a survey is that the scope of the request requires review before a decision on the survey can be given. A comprehensive review of current defense sales restraint policies, regional arms control considerations, potential economic impacts, and human rights implications of defense sales is then initiated.
- C. The DoS and the Department of Defense review the defense sales request within the context of policy guidance, highlighting areas requiring policy decisions. The Department of Defense prepares a preliminary assessment of the availability of the requested equipment or services, as well as the requesting nation's requirement for and technical ability to absorb the items in question. The DoS reviews the Foreign Military Financing (FMF) situation for the host country, where applicable. Any statement regarding FMF beyond the current fiscal year's approved budget must receive Executive Office clearance by the National Security Council (NSC) and the Office of Management and Budget (OMB). Future financing contributions can only be made in accordance with prevailing procedures.
- D. The DoS and the Agency for International Development (AID) estimate the extent of the ability of the host country to devote its economic resources to defense purchases without deleterious effect on the host country economy. Needs for additional information are identified during this review.

Figure C1.F1. Security Assistance Survey Teams(continued)

E. Simultaneously with the above review, the U.S. Embassy is instructed by the DoS to contact appropriate host country ministries to ascertain the extent to which the host country is willing to commit its own resources to military purposes over the next 3 to 5 years, noting that financial parameters are essential ingredients in a realistic survey effort.

F. The Director, Central Intelligence Agency (CIA), is requested to produce an interagency threat assessment.

G. Information gathered above is incorporated by the DoS into an Action Memorandum to the Secretary of State, coordinated with the Department of Defense, OMB, and NSC, to determine:

1. whether to send a survey team and
2. the mission of the team. If a decision is made to send the team prior to completion of the information gathering process outlined above, as many of the steps as possible shall be completed prior to the departure of the team. Affirmative decisions are reported to Congress by DSCA as required by AECA, section 26(b) (reference (c)).

H. If the decision is made to dispatch a survey team, TORs and team composition are developed by the Department of Defense in coordination with the DoS and AID, if appropriate. The NSC and OMB must clear the TORs and team composition. The U.S. Embassy ensures that the Government of the country to be surveyed understands and accepts the projected scope. If a decision is made not to dispatch the survey team, the U.S. Embassy, by direction of the DoS, conveys this decision to the Government, with rationale.

I. Pre-departure briefings for Security Assistance survey teams include:

1. Scope and mission of the survey, Congressional or legal considerations, and arms control considerations (DoS/DoD).
2. Condition of the host country economy (DoS/AID).
3. Political situation in the host country and personal conduct in-country (DoS).
4. Threat assessment and armed forces (CIA/Defense Intelligence Agency (DIA)).

J. In-country gathering of information. The survey is conducted in accordance with the TORs.

K. Within 10 duty days after returning to CONUS, a preliminary briefing is given by the team chief to appropriate DoS, DoD, AID, NSC, OMB, CIA, and DIA personnel, with special attention to issues requiring high-level policy review.

L. Within 30 days of return to the continental United States (CONUS), the team provides the draft report for review.

M. All appropriate agencies simultaneously review the draft review. The Arms Transfer Management Group (ATMG) serves as the interagency forum for the coordination of the report and the formulation of policy issues. The NSC staff, as necessary, reviews the survey findings and makes recommendations to the President.

N. The approved report is presented to the host country and to Congress, if requested, pursuant to AECA, section 26(c) (reference (c)).

C1.4. SECURITY ASSISTANCE IN WARTIME AND EXTRAORDINARY CIRCUMSTANCES

C1.4.1. Commitments. The following provision, adapted from AECA, section 42(e)(1) (reference (c)), is contained in the Standard Terms and Conditions of each LOA. This would have a higher likelihood of being used in times of crisis or war.

“Under unusual and compelling circumstances, when the national interest of the United States requires, the USG reserves the right to cancel or suspend all or part of this LOA at any time prior to the delivery of defense articles or performance of defense services.”

C1.4.2. Self-Evaluation. Each country or international organization evaluates its needs and develops contingency plans to the level necessary to process orders quickly in an emergency.

C1.4.3. Alternatives. While Security Assistance arrangements may be canceled in certain situations, the United States continues these programs to the extent our national security requirements permit. In most situations, Security Assistance programs continue and may even increase for some countries directly involved in the emergency. However, assets may not be sufficient to meet all requirements. Some of the considerations and a summary of possible alternatives are outlined below.

C1.4.3.1. DSCA, through the Implementing Agencies, identifies incomplete or open FMS orders and cases and the Director, DSCA, in consultation with the Joint Staff, reallocates any undelivered materiel among FMS countries. The Joint Staff consults with the Combatant Commanders as necessary.

C1.4.3.2. Assets may be allocated between U.S. and FMS requirements based on the level of conflict and other pertinent factors. The Joint Staff's Joint Materiel Priorities and Allocation Board (JMPAB) reviews requirements based on MILDEP and Combatant Command input and recommends a worldwide Allocation Plan to the Secretary of Defense. Within the theater, the Combatant Command allocates to U.S., allied, and friendly forces. Chairman of the Joint Chiefs of Staff Instruction (CJCSI) 4120.01A (reference (i)) provides information on this allocation process.

C1.4.3.3. A Presidential Determination may be required to exercise emergency authorities, e.g., waiver of pre-sale notification requirements (AECA, section 36(b) (reference (c))); drawdown (FAA, sections 506 and 552 (reference (b))); or authority to bill after delivery (AECA, section 21(d) (reference (c))).

C1.4.3.4. After consultation between the DoS and Department of Defense, emergency legislation may be presented to Congress to meet the needs of the situation, e.g., modification of Congressional reporting requirements or a supplemental Security Assistance funding request.

C1.4.3.5. When appropriate, DSCA (Strategy Directorate) works with the Joint Staff and the MILDEPs to establish a Project Code to help expedite requisitions for foreign partners. (See Chapter 6, paragraph C6.4.2. for more information on project codes).

C2. CHAPTER 2

RESPONSIBILITIES AND RELATIONSHIPS

C2.1. RESPONSIBILITIES AND RELATIONSHIPS - GENERAL

C2.1.1. As discussed in Chapter 1, section C1.2., Congress authorizes and appropriates funds for the United States Government (USG)-financed portions of Security Assistance. Congress also oversees the sale of defense articles and services to foreign countries and international organizations. Executive Branch agencies such as the National Security Council, the Office of Management and Budget, the Department of the Treasury, and others have responsibilities related to Security Assistance. However, aside from the President, the principal legislated responsibilities fall to the Department of State (DoS) and the Department of Defense (DoD).

C2.2. DEPARTMENT OF STATE

Under Executive Order 11958 (reference (e)), the Secretary of State is responsible for continuous supervision and general direction of the Security Assistance program. This includes determining whether (and when) there will be a program or sale for a particular country or activity (to include International Military Education and Training (IMET)) and, if so, its size and scope. It also includes the determination of budget requests and allocation of funds for military assistance. The DoS reviews and approves export license requests for direct commercial sales of items on the United States (U.S.) Munitions List. The DoS also reviews and approves third party transfers. The DoS ensures Foreign Assistance Act (FAA), section 503 (reference (b)) eligibility and obtains FAA, section 505 (reference (b)) assurances from recipient countries and organizations. The DoS prepares the SCO Mission Program Plan and reviews and submits FMS projections (the Javits report) required under the Arms Export Control Act (AECA), section 25 (reference (c)) to Congress and the Congressional Budget Justification (CBJ).

C2.3. DEPARTMENT OF DEFENSE - ORGANIZATIONS

The Secretary of Defense establishes military requirements and implements programs to transfer defense articles and services to eligible foreign countries and international organizations. Within the Department of Defense, the principal planning agencies for Security Assistance are the Defense Security Cooperation Agency (DSCA), the Combatant Commands, the Joint Staff, the Security Cooperation Organizations (SCOs), and the Military Department (MILDEP) international organizations.

C2.3.1. Defense Security Cooperation Agency (DSCA). DSCA directs, administers, and supervises the execution (to include closure) of all Security Assistance programs for the Department of Defense. DSCA is the DoD focal point for Government-to-Government arms transfers, budget, legislative, projections, forecasting, and other Security Assistance matters (including IMET). DSCA conducts international logistics and sales negotiations with foreign countries, provides financial management, develops and implements Security Assistance policies, and assists U.S. industry in exporting military equipment and services. All authorities conferred on the Secretary of Defense by the FAA and AECA pertaining to Security Assistance and all authorities under those acts delegated by the President to the Secretary of Defense are

redelegated to the Director, DSCA. See DoD Directive 5105.65 (reference (a)). The Director, DSCA, is not in the SCO direct chain of command, but funds SCO program management.

C2.3.2. Under Secretary of Defense for Policy (USD(P)). USD(P) is the Secretary of Defense's principal Security Assistance representative. The Director, DSCA, provides USD(P) staff support for Security Assistance matters. USD(P) is responsible for overall policy and relationships in regard to the North Atlantic Treaty Organization (NATO) and its members and other alliances and security partners. USD(P) ensures that both U.S. and allied technology receive the necessary protection through management of technology security. USD(P), through the Office of the Deputy Under Secretary of Defense for Technology Security Policy and National Disclosure Policy (DUSD(TSP&NDP)), oversees implementation of National Disclosure Policy (NDP)-1 and operation of the National Disclosure Policy Committee (NDPC), ensures implementation of NATO security policy within the USG on behalf of the Secretary of Defense and provides security policy for international programs. USD(P) coordinates with the DoS on all bilateral and multilateral agreements (except for Contract Administration Services (CAS) reciprocal waivers). USD(P) Assistant Secretaries with regional responsibilities coordinate on Security Assistance matters that directly affect their regions.

C2.3.3. Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)). The USD(AT&L) is the principal staff assistant and advisor to the Secretary of Defense for all matters relating to the DoD Acquisition System; research and development; production; logistics; command, control, communications, and intelligence activities related to acquisition; military construction; and procurement. The USD(AT&L) is responsible for co-development, co-production, co-procurement, logistics support, wartime host-nation support, and research interchange with allied and friendly foreign nations. In coordination with USD(P), USD(AT&L) promotes cooperation in science and technology and defense acquisition with allies and friendly foreign nations, and is responsible for associated international agreements. USD(AT&L) negotiates and concludes CAS reciprocal agreements and waivers and must concur on sales of major defense equipment (MDE) that have not yet completed Operational Test and Evaluation.

C2.3.4. Under Secretary of Defense, Comptroller (USD(C)). USD(C) establishes policies and procedures involving financial management, fiscal matters, accounting, pricing, auditing, and international balance of payments related to Security Assistance. (See DoD Directive 5132.03 (reference (f)))

C2.3.5. Military Departments (MILDEPs) and Other Implementing Agencies. Security Assistance program management is an integral part of the overall defense mission of each MILDEP. The MILDEPs and other Implementing Agencies prepare and execute Foreign Military Sales (FMS) cases to provide defense articles and services to meet approved Security Assistance requirements. They also provide information for Security Assistance planning (e.g., information related to production capacity). The MILDEP Secretaries advise the Secretary of Defense on all Security Assistance matters that impact their departments. They act for the Secretary of Defense on Security Assistance matters when the responsibility has been specifically delegated. The Secretaries ensure their departments are responsive to the Secretary of Defense (or to organizations with delegated authority such as DSCA). Other Implementing Agencies include the National Geospatial-Intelligence Agency (NGA), the Defense Logistics Agency (DLA) (see paragraph C2.3.6.), the Defense Threat Reduction Agency (DTRA), and the

National Security Agency (NSA). See Chapter 5, Table C5.T2. for a complete list of Implementing Agencies.

C2.3.6. Defense Logistics Agency (DLA). The Director, DLA advises the Secretary of Defense on all Security Assistance matters impacting DLA and acts for the Secretary of Defense when responsibility has been delegated. DLA prepares FMS cases for cataloging services, disposal services, and Excess Defense Articles (EDA) at the Defense Reutilization and Marketing Service (DRMS). DLA coordinates on MILDEP FMS cases exclusively for medical equipment and supplies (except for U.S. Army cases prepared by U.S. Army Medical Materiel Agency (USAMMA)), clothing and textiles, subsistence, and bulk petroleum. As the item manager for consumable stock-funded secondary items, DLA supply centers work with the MILDEPs to fill requisitions, process Supply Discrepancy Reports (SDRs), close cases, etc.

C2.3.7. Defense Contract Management Agency (DCMA). DCMA performs contract administration and management, quality assurance, and inspection for the Department of Defense, other federal agencies, foreign Governments, international organizations, and others as authorized. See DoD Directive 5105.64 (reference (j)). This includes contracts that support FMS cases.

C2.3.8. Defense Contract Audit Agency (DCAA). DCAA performs all necessary contract auditing for the Department of Defense and provides accounting and financial advisory services regarding contracts and subcontracts to all the DoD Components responsible for procurement and contract administration. These services are provided in connection with negotiation, administration, and settlement of contracts and subcontracts. See DoD Directive 5105.36 (reference (k)). This includes contracts that support FMS cases.

C2.3.9. Defense Finance and Accounting Service (DFAS). DFAS performs accounting, billing, disbursing, and collecting functions for the Security Assistance program. DFAS also issues accounting procedures. The primary site for Security Assistance is DFAS Denver. See DoD Directive 5118.5 (reference (l)).

C2.3.10. The Joint Chiefs of Staff. The Joint Chiefs of Staff provide implementation guidance for U.S. military plans and programs, provide the Secretary of Defense with military advice concerning security cooperation, and review, in conjunction with USD(P), combatant command campaign plans (including security cooperation aspects) and oversee deconfliction of the campaign plans as necessary. The Joint Chiefs of Staff assign force and activity designators for priorities in the allocation of defense articles, defense services, and military education and training between partner countries and organizations and among partner countries and organizations and the U.S. Armed Forces and recommend priorities for allocation of materiel and equipment for partner countries when competing needs cannot be resolved by Director, DSCA. See DoD Directive 5132.03 (reference (f)).

C2.3.11. Combatant Commanders. The Combatant Commanders develop campaign plans, as appropriate, to conduct security cooperation programs and activities; coordinate on seam issues (for combatant commands with geographic responsibility) or coordinate on their individual functional responsibilities (for combatant commands with a global focus); complete campaign plan and campaign support plan assessments, as appropriate; provide appropriate assistance as requested by the USD(P) or the Director, DSCA; and supervise the SCOs in matters related to execution of the Guidance for Employment of the Force, including the provision of

necessary technical assistance and administrative support to the SCOs. See DoD Directive 5132.03 (reference (f)).

C2.3.12. Defense Security Service (DSS). Although not directly involved with Security Assistance, DSS (formerly Defense Investigative Service) administers the National Industrial Security Program (NISP) on behalf of the Secretary of Defense, who is the NISP Executive Agent. DSS implements industrial security policy established by the Assistant Secretary of Defense (Networks and Information Integration) (NII), based upon security policies developed by national level decision making authorities, and promulgated within Executive Orders. DSS provides Government contracting agencies with assurance that a contractor is both eligible to access and has a system in place to properly safeguard classified information for which it is entrusted. Toward that goal, DSS implements DoD 5220.22-M (reference (m)), the security requirements of 22 CFR parts 120-130 (the International Traffic in Arms Regulations (ITAR), reference (n)), and U.S. obligations under international industrial security agreements, and oversees the export of classified articles and services by U.S. industry under direct commercial sales (DCS) arrangements.

C2.4. DEPARTMENT OF DEFENSE – CASE MANAGERS

C2.4.1. Definition. The Case Manager integrates functional and inter- and intra-organizational efforts for the successful performance of an FMS case including logistics and financial management and closure. The Implementing Agency assigns a Case Manager to each Letter of Offer and Acceptance (LOA) or FMS case before the case is implemented.

C2.4.1.1. FMS cases vary in dollar magnitude and complexity. For example, a \$25 million sale of a major weapon system is extremely complex. A \$50 million LOA for off-the-shelf replacement spares is less complex. While the two are different in complexity and dollar value, they both require emphasis and special management attention (even a very low value case may involve many different functional activities), and both are managed in accordance with well-defined guidelines. The level of case management also depends on the purchaser's expertise and previous experience with the weapon system, budget constraints, etc.

C2.4.1.2. Management begins during Price and Availability (P&A) and LOA preparation and should include a total package.

C2.4.2. Responsibilities. The Case Manager is the focal point for case activities and manages all aspects of the FMS case. Table C2.T1. lists some of the Case Manager's responsibilities.

C2.4.3. Accountability. The Case Manager must accomplish the program objectives of the assigned case while adhering to applicable laws and regulations. The Case Manager achieves successful performance when the case objectives are met. These objectives are: provide all articles or services included in the case on schedule; provide the items within the stated value; and close the case in a timely manner.

Table C2.T1. Case Manager Responsibilities

Case Manager Responsibilities (not inclusive)	
1	Establish initial and long-range goals and objectives for execution.
2	Ensure foreign disclosure and international transfer arrangements are approved prior to signature of the LOA or agreement.
3	Prepare a master plan (including a plan for case closure).
4	Develop a financial and logistics management plan.
5	Approve plans of execution, scope, and schedule of work.
6	Review and verify funding and program requirements.
7	Integrate the program.
8	Initiate requirements.
9	Ensure that all schedules are accurate and timely.
10	Validate that costs are accurate and billed.
11	Reconcile cases especially during execution.
12	Respond to purchaser, higher headquarters, counterparts, functional activities, and other supporting agencies.
13	Initiate working agreements with supporting activities as appropriate.
14	Analyze performance in relation to required performance specifications.
15	Maintain a complete chronological history (significant events and decisions).
16	Provide status, progress, and forecast reports.
17	Ensure all automation records are in agreement.
18	Prepare case for closure.
19	Ensure that case records are retained in accordance with DoD 7000.14-R (reference (o)) Volume 15, Chapter 6. Retention period is 10 years after the date of final closure.

C2.4.4. Authority. FMS cases require concentrated management effort. The Case Manager has a role in each of the major elements of the case: acquisition, programming, logistics, and finance; and is involved in every aspect of planning and executing assigned cases. Effective case management depends on the performance and interaction of many organizations. The Case Manager must have the authority to take action and task other organizations in the day-to-day management of a case. If a supporting activity's performance is deficient in regard to a case, the Case Manager may not be able to meet case objectives. The manager attempts to resolve problems with the supporting activity and elevates the issue when necessary to ensure that case objectives are met. However, the manager's final authority is limited to the chain of command - the manager must use established lines of communication and authority. The Case Manager coordinates on all decisions involving the case. However, there may be situations when higher authority preempts the Case Manager's authority, such as final negotiations with FMS purchasers or diverted deliveries. These situations must be communicated promptly to the Case Manager and potential impacts documented for future reference.

C2.4.5. Case Control. The Case Manager develops a Master Plan that separates the case into management components, indicates significant activities requiring coordination, and establishes an implementation schedule. The plan identifies key points of contact and their assigned responsibilities. It is prepared at the beginning of the case and updated as required. The Case Manager tailors the Master Plan to fit the complexity of the case. The Case Manager makes periodic comparisons of actual versus programmed deliveries and associated costs, updates the supply, delivery, and financial schedules, and controls the flow of funds from the case to the supporting activities.

C2.4.6. Reporting Requirements. The Case Manager informs the community of the progress, status, problems, and resource requirements of the case. In addition, the Case Manager responds to information requests from higher authorities (e.g., DSCA). The Case Manager uses normal channels of communications to higher authorities, supporting activities, and the purchaser to advise how the case is progressing and what is needed. The Case Manager establishes procedures with supporting activities to provide management information in support of the case.

C2.4.7. Case Manager Training. Organizations must ensure that individuals assigned as Case Managers receive adequate training. The following Defense Institute of Security Assistance Management (DISAM) courses are recommended as a part of a training plan for a Case Manager: Basic Continental U.S. (CONUS), Financial Management, Case Management, Reconciliation and Closure, Logistics and Customer Support, and Training Management. In addition, Implementing Agencies conduct internal training to cover the organization's unique FMS procedures and to address case management issues. See Chapter 13, paragraph C13.2.3. for information on Defense Security Assistance Management System user training.

C2.5. DEPARTMENT OF DEFENSE – SECURITY COOPERATION ORGANIZATIONS (SCOS)

C2.5.1. Definition. The FAA authorizes the President to assign U.S. military personnel overseas to manage Security Assistance programs administered by the Department of Defense. The generic term SCO encompasses all DoD elements, regardless of actual title, located in a foreign country to carry out Security Assistance management functions under the FAA and the AECA. The programs include grant military assistance (including those grant programs provided under the authority of Peacekeeping Operations (FAA, section 551 (reference (b))), IMET, and FMS. SCO personnel serve under the direction and supervision of the COM to ensure that DoD Security Assistance management responsibilities are properly executed.

C2.5.2. SCO Functions. SCO personnel perform the following functions funded by FMS and FMF Administrative funds (see Chapter 14, paragraph C14.3.2. for additional information on SCO funding).

C2.5.2.1. Security Assistance Program Management and Oversight. SCO personnel provide management oversight of Security Assistance activities to ensure compliance with legal and policy provisions. Table C2.T2. lists these functions.

C2.5.2.2. General Advisory and Training Assistance. SCO personnel may provide advisory and training assistance to the host country military establishment; however, this assistance must be minimal and cannot interfere with the SCO's performance of Security Assistance management responsibilities.

C2.5.2.3. Administrative Support. The SCO can provide normal administrative support for personnel assigned in-country to perform non-Security Assistance functions so long as such support does not reach a level that would require additional administrative personnel. If the support for non-Security Assistance personnel requires additional administrative personnel, Operations and Maintenance (O&M), Military Personnel Account (MPA), Research and Development (R&D), or other funded billets must be provided.

Table C2.T2. SCO Functions - Security Assistance Program Management and Oversight

SCO Functions - Security Assistance Program Management and Oversight (not inclusive)	
1	Provide interface for exchange of information and advice between the host nation's military establishment, the Chief of Mission (COM), and the DoD Components responsible for the Security Assistance programs. This includes promotion of Rationalization, Standardization, and Interoperability (RSI) and other armaments cooperation measures in connection with Security Assistance programs.
2	Provide the host country information needed to make decisions concerning Security Assistance programs. Encourage the host country to establish and depend on its procurement mission in the United States.
3	Evaluate host military capability to employ and maintain requested equipment and assist, as required, in processing Security Assistance requests. (Referred to as the Country Team Assessment.)
4	Assist the NDPC in evaluating host country security programs and negotiating security agreements.
5	Facilitate the timely and efficient implementation of approved host country Security Assistance programs.
6	Assist U.S. MILDEPs and the host country in the receipt, transfer, and acceptance of Security Assistance materiel, training, and other services (to include drawdowns, etc.).
7	Monitor Security Assistance programs' and transactions' progress, initiate appropriate remedial action, or advise the appropriate DoD Components of problems and issues encountered.
8	Perform programming, planning, management, and implementation functions relating to FMS and IMET programs.
9	Inform host country of U.S. Security Assistance laws, policies, and procedures.
10	Monitor FMS billing statements and payments and inform the host country of financial requirements.
11	Engage the host military, to the extent practicable, in cooperative planning for total military acquisitions over a 3 to 5 year planning period.
12	Acquire information on host country potential defense acquisitions and anticipate demands on U.S. resources.
13	Report on the use of U.S. origin defense articles, services, and training by the host country. These procedures vary from country to country; therefore, no standards are prescribed. The SCO should use available resources (e.g., country reporting or documentation, temporary duty (TDY) personnel assigned in-country performing other duties, other elements of the U.S. Diplomatic Mission, and spot checks during the normal course of SCO duties and travel). The SCO should report on an exception basis through established Security Assistance channels and maintain records on file. See Chapter 8 for more details on End-Use Monitoring (EUM).
14	Assist the host country to identify, administer, and properly dispose of excess Security Assistance materiel.
15	Provide input to the COM for the Mission Program Plan (MPP).
16	Coordinate and supervise activities of DoD personnel and elements that are in-country under DoD sponsorship (excluding Defense Intelligence Agency (DIA)) or other Security Assistance authority. See Chapter 11, section C11.13. for more information on these responsibilities.
17	Coordinate between U.S. defense industry representatives and the host nation defense establishment, and provide oversight, without limitation to any country or group of countries, for in-country RSI and Defense Industrial Cooperation (DIC) initiatives.
18	Supervise C-12 aircraft activities.
19	Perform SCO administrative functions to include budget preparation and execution and review of organizational and manning requirements.

C2.5.2.4. U.S. Defense Representative (USDR). When designated as USDR, the SCO Chief complies with DoD Instruction 5105.57 (reference (p)).

C2.5.2.5. Safeguarding Classified Material. The SCO safeguards U.S. Security Assistance-related classified information located in foreign countries. Except for classified information authorized for release to a foreign Government or international organization pursuant to DoD Directive 5230.11 (reference (h)), and under the security control of that Government or organization, the retention of U.S. classified material is authorized only if it is necessary to satisfy USG mission requirements. This includes classified material temporarily transferred into a foreign country via USG personnel authorized to escort or carry such material. Whether permanently or temporarily retained, classified material shall be stored under USG control as follows:

C2.5.2.5.1. At a U.S. military installation or a location where the United States enjoys rights of inviolability, such as an embassy or consulate.

C2.5.2.5.2. At a USG activity located in a building used exclusively by USG tenants, provided the building is under 24-hour control by USG personnel.

C2.5.2.5.3. At a USG activity located in a building not used exclusively by USG tenants nor under host Government control, provided the classified material is stored in security containers approved by General Services Administration (GSA) and is under 24-hour control by USG personnel.

C2.5.2.5.4. At a USG activity located in a building not used exclusively by USG tenants but which is under host Government control, provided the classified material is stored in GSA-approved security containers that are further secured in a locked room or area to which only USG personnel have access.

C2.5.2.5.5. When host Government, including locally hired foreign national USG employees, and USG personnel are collocated, U.S. classified material that has not been authorized for release to the host Government pursuant to DoD Directive 5230.11 (reference (h)) shall, to the extent possible, be segregated from releasable classified material to facilitate physical control and prevent inadvertent compromise. However, U.S. classified material that is releasable to the host country need not be subject to the 24-hour U.S. control requirement provided the host Government exercises its own control measures over the pertinent areas or containers during non-duty hours.

C2.5.2.5.6. SCO personnel shall escort foreign nationals in areas where non-releasable U.S. classified material is present. However, when required by operational necessity, foreign nationals may be permitted, during duty hours, unescorted entry to such areas provided the non-releasable information is properly stored or is under the direct personal supervision and control of cleared USG personnel who can prevent unauthorized access.

C2.5.2.5.7. Foreign Service Nationals (FSNs) employed by the USG in SCOs or in other U.S. installations may not have access to U.S. classified information unless specifically authorized under a Limited Access Authorization (LAA) issued in accordance with DoD 5200.2-R (reference (q)). LAA shall not be issued merely as a convenience or to avoid the requirement to control access by foreign national employees to areas and information. The FSN must

demonstrate a unique skill or expertise in support of a lawful and authorized Government function, require access to classified information in performance of the job, and there is no cleared or clearable U.S. citizen available. As the LAA is issued under the condition that access is not inconsistent with determination of releasability to the country of which the individual is a citizen, the requirements for control of non-releasable U.S. classified information also apply to foreign nationals employed by the United States.

C2.5.2.6. Congressional Threat Report Preparation. AECA, section 21(c)(2) (reference (c)) requires a report to Congress, under certain conditions, within 48 hours of a change in status of significant hostilities or terrorist acts, or a series of such acts, that may endanger American lives or property.

C2.5.2.6.1. Report Criteria. The report is required when the following criteria are met, including instances where there is doubt in this regard.

C2.5.2.6.1.1. U.S. military or U.S. civilian personnel are in-country performing defense services under the AECA or the FAA, other than those assigned to SCOs. The term “defense services” does not include administrative services performed by the SCO. The term “U.S. civilian personnel” means USG civilian employees and U.S. employees of U.S. firms under DoD contracts financed by Security Assistance funds, including FMS case funds. If SCO personnel are the subjects of hostile or terrorist acts, but there is no one else in-country performing defense services, a report to Congress is not required.

C2.5.2.6.1.2. The existence or the change in status of hostilities or terrorist acts from the previous situation must be of a meaningful nature.

C2.5.2.6.1.3. The hostilities or terrorist acts must constitute a general threat to American lives or property.

C2.5.2.6.2. SCO Chief Responsibilities for Threat Report. The SCO Chief identifies when a report is required and coordinates this report with the country team. The SCO Chief transmits a message by the most rapid means available to USD(P), the Office of the General Counsel, Department of Defense (OGC, DoD), the Chairman of the Joint Chiefs of Staff, the Combatant Command, DSCA, DIA, and the DoS. The report includes the location; a description of the hostilities or acts, including an explanation of how they constitute a meaningful change in the existing situation; the estimated number of U.S. personnel present in-country; and any additional information needed to assist evaluating the situation.

C2.5.2.6.3. Processing the Threat Report. Upon receipt of a report, the Director, DSCA, through DSCA (Office of the General Counsel (OGC)), consults immediately with the OGC, DoD providing relevant facts and a recommendation as to whether a report to Congress under AECA, section 21(c)(2) (reference (b)) should be made. The OGC, DoD then consults with USD(P), the Chairman of the Joint Chiefs of Staff, the DoS, and others as appropriate, to determine whether a report to Congress is required and advises the Secretary of Defense or Deputy Secretary of Defense of the conclusion. If a report to Congress is required, the OGC, DoD advises the Director, DSCA, and provides an approved draft of the report. The Director, DSCA, submits the required report to Congress. If a report is not required, the OGC, DoD prepares a memorandum for record and provides a copy to the Director, DSCA.

C2.5.2.7. Non-Security Assistance Funded Functions. Some functions in-country should be performed by personnel who are not funded by Security Assistance administrative funds. These functions include:

C2.5.2.7.1. Specific Case Advice and Training. If direct advice and training assistance is required for a specific purpose (particularly assistance related directly to an FMS case), it must be provided by Technical Assistance Field Teams (TAFTs), Technical Assistance Teams (TATs), Mobile Training Teams (MTTs), or similar teams authorized by the FAA or the AECA and paid for by the host country through an FMS case. (See Chapter 11, section C11.13. for more information on Security Assistance Teams.). In general, SCO travel is funded via the T-20 account, which is subsidized through DSCA's annual allocation of administrative funds to the Combatant Commands. If the Implementing Agency determines SCO travel is required to support a specific FMS case or group of cases, an FMS case line may be used to pay for the SCO's travel and per diem costs (not salaries).

C2.5.2.7.2. Armaments Cooperation. Personnel dedicated to Armaments Cooperation are funded from sources other than Security Assistance. These personnel are under the supervision and oversight of the SCO Chief and perform the Armaments Cooperation functions listed in Table C2.T3. If there are no Armaments Cooperation personnel assigned to the SCO, the SCO chief is responsible for these functions to the degree staff assets permit.

C2.5.2.7.3. Collateral Duties. The COM must approve assignment of collateral duties. These duties most often relate to functions performed on behalf of U.S. forces under the direction of the Combatant Commander. If these duties are to be conducted on a continuing basis, the Combatant Command should conduct a review and classification prior to assignment to determine appropriate funding categories and provide the results to the Director, DSCA. SCO personnel may perform these duties if they do not detract from the ability to perform the Security Assistance mission.

C2.5.2.7.4. Translation Services. The host country is responsible for translating documents. SCOs should convey this point to host country counterparts. For purposes of communicating between USG and purchaser representatives only, SCOs may provide "informal translations" using the same practices as the U.S. Diplomatic Mission when the SCO Chief determines an informal translation of an English text is in the U.S. interest. Translators must clearly mark the translated document "Informal and unofficial translation -- English text governs." The SCO Chief must ensure that a forwarding letter accompanies each contractual document (e.g., LOA) emphasizing that the English text is the official binding document. Translation assistance is limited to U.S. and host country officials. Other requestors are advised to seek assistance from local translators.

Table C2.T3. SCO Functions - Armaments Cooperation

SCO Functions – Armaments Cooperation	
Activity	Specific Function
General Program Support	<p>a. Liaison for National Armaments Director (NAD) to host country counterparts in the Ministry of Defense (MOD), services and industry for:</p> <ul style="list-style-type: none"> ▪ Representation ▪ Information exchange ▪ Coordination of contacts ▪ Advice on technical capabilities and military developments <p>b. NAD advisor and liaison for cooperation in R&D, production, and support of military systems for:</p> <ul style="list-style-type: none"> ▪ Identification of possibilities and contacts ▪ Transmittal of proposals and liaison with contacts ▪ Exchange of data, information, and questions on DoD and NATO cooperative initiatives and programs ▪ Stimulation of host country participation in cooperative initiatives (e.g., emerging technologies, Nunn Amendment concerning cooperative projects) ▪ Participation in negotiations for initiation and continuation of cooperative programs and monitor ongoing programs ▪ Identification of problem areas and potential solutions
Support Of Specific Activities	<p>Liaison for DoD planning and advisory activities intended to develop defense industrial capabilities in nations with whom we have formal agreements for:</p> <ul style="list-style-type: none"> ▪ Identification of host country defense industry needs and capabilities ▪ Data exchange ▪ Project monitoring and assessment
Support Of Specific Reciprocal Defense Procurement MOU and MOAs	<p>a. Substantive and administrative participation and support for:</p> <ul style="list-style-type: none"> ▪ Bilateral meetings ▪ Renegotiation and negotiations of annexes ▪ Seminars (Government and industry) to explain acquisition practices <p>b. Point of contact for MOD and foreign firms on DoD acquisition and logistics practices and contacts for:</p> <ul style="list-style-type: none"> ▪ Explanation of DoD practices ▪ Identification of DoD contacts ▪ Interface with host country organizations with existing implementing annex <p>c. Point of contact for the Office of the Secretary of Defense (OSD) and foreign Governments to support initiatives that establish new reciprocal procurement Memoranda of Understanding (MOUs) and Memoranda of Agreement (MOAs).</p>
Other Activities (applicable to all of the above categories)	<p>a. Oversight of participating arrangements for protection of U.S. and allied technologies and military systems to ensure continued cooperative activities.</p> <p>b. Coordination of host country cooperative activities (e.g. hosting meetings with U.S. theater forces, U.S. Mission NATO activities, and representatives of CONUS organizations located in host country involved with Defense Cooperation in Armaments (DCA).</p> <p>c. Liaison and advisory support for MILDEP activities in support of cooperative programs.</p> <p>d. Administrative support for visits.</p> <p>e. Provide assistance to the NDPC in evaluating host country security programs and negotiating security agreements.</p> <p>f. Point of contact for U.S. defense industry visits.</p>

C2.5.3. Manning Authorizations. The general criteria for reviewing, requesting, and approving SCO manning authorizations follow.

C2.5.3.1. Justification. SCO manning is justified based on the Security Assistance duties performed. The functions of the SCO as a whole and of each of its members must be related primarily to Security Assistance program management. If an unfilled Security Assistance management requirement exists, the SCO should request manning through Security Assistance channels. If the requirement involves training and advising, the country must fund it. If the requirement is non-Security Assistance, the SCO should address the requirement to the Combatant Command for funding by other than Security Assistance funds (e.g. O&M, MPA, or R&D). Non-Security Assistance funded personnel under the oversight and supervision of the SCO Chief should be clearly identified as such.

C2.5.3.2. U.S. Policy Initiatives. When a major U.S. policy initiative with a country results in the need for personnel to support exercises, pre-positioning, ship visits, or other security cooperation efforts, these personnel must be funded by other appropriations. When these functions gradually accrue to the SCO, it is more difficult to determine the threshold at which personnel should be shifted to other appropriations or new personnel added. As a general rule, an individual should be in a Security Assistance-funded position if he or she spends 50 percent or more of his or her time performing Security Assistance functions. Conversely, an individual spending 50 percent or more of his or her time performing non-Security Assistance functions should be carried as, or transferred to, an alternatively funded position.

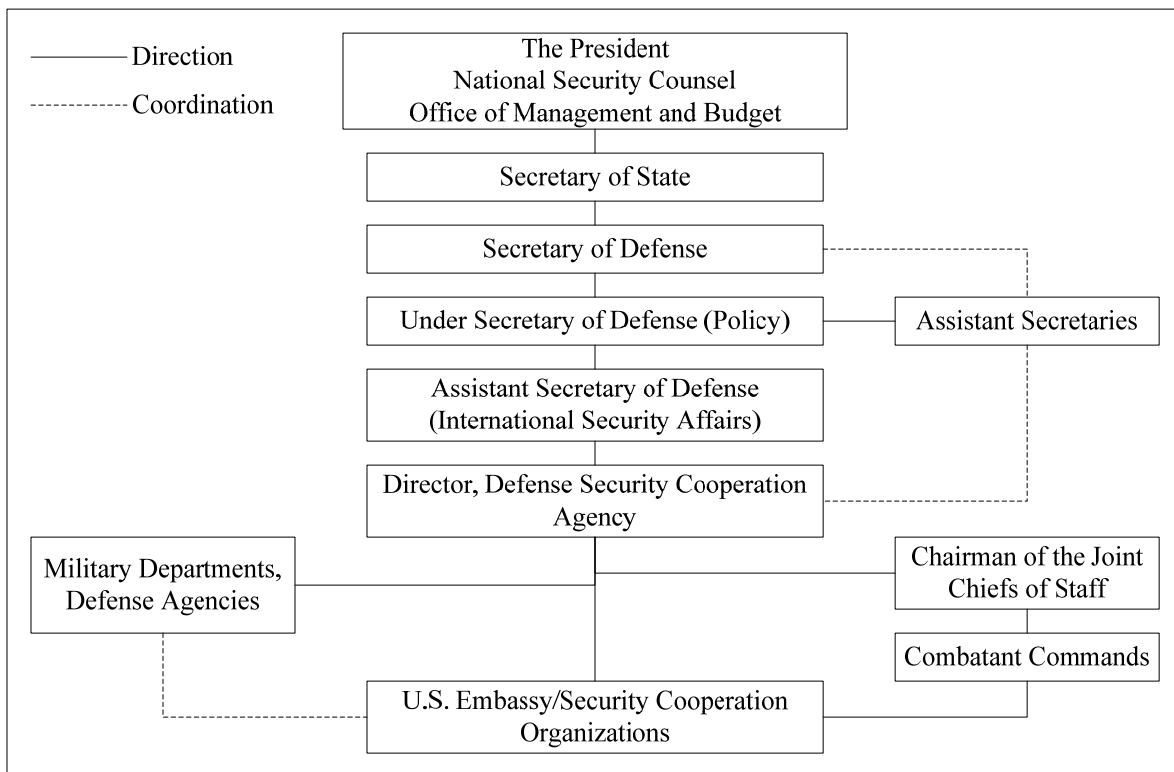
C2.5.3.3. Work-Years. Problems can arise when a number of individuals in a SCO each accrue non-Security Assistance functions while performing mostly Security Assistance functions. The Combatant Command should evaluate these functions during reviews and when considering staffing requests. If 1 work-year or more of the SCO's effort is devoted to O&M, MPA, R&D, or other functions, the Combatant Command should combine those functions into a single position and fund it accordingly.

C2.5.3.4. Temporary or Permanent Personnel. In general, temporary duty personnel from outside the SCO should perform Security Assistance functions if those functions would detract from permanently assigned SCO personnel performing their primary management and oversight duties or if those functions involve dedicated training and advisory functions. Permanently assigned SCO personnel should not be dedicated to a single project when its primary purpose is to assist the host Government in a function in which the host Government should ultimately be self-sufficient. The degree of involvement and the extent of dedicated effort required to perform the function is the determinant. Dedicated planning, training, advising, and management of logistics centers are a few examples of Security Assistance functions that should be funded by the host Government or other channels.

C2.5.3.5. Responsibilities for Manning Authorizations. The Combatant Command, the Joint Staff, and DSCA determine the positions, if any, that can be added or changed to another funding source based on an assessment of the Security Assistance mission. The Combatant Command processes revised workforce costs as a result of such changes using the Chairman of the Joint Chiefs of Staff procedures and applicable directives. They coordinate with the appropriate DoD offices. The Combatant Command must obtain the approvals of the DoS and the COM for changes in size, composition, or mandate of the SCOs through the National Security Decision Directive (NSDD) 38 (reference (r)) process. The Director, DSCA has approval authority for changes.

C2.5.4. Channels of Communication for SCOs. Figure C2.F1. shows the decision channels involved in Security Assistance.

Figure C2.F1. Security Assistance Decision Channels



C2.5.4.1. SCO personnel serve under the direction and supervision of the COM as authorized by the FAA. The Combatant Commanders command and supervise the SCOs in matters that are not COM functions, including the provision of technical assistance and administrative support. The SCO Chief ensures that all SCO activities are fully coordinated with the COM.

C2.5.4.2. SCOs communicate directly with DSCA and MILDEP Security Assistance elements as appropriate and provide information copies of communications of record to the Combatant Command for evaluation and comment as specified by the Combatant Command.

C2.5.4.3. The MILDEPs maintain offices to coordinate acquisition activities, identify technological capabilities, stimulate participation in joint projects, and fund local basic research and studies. These offices establish formal liaison with the SCOs to maximize complementary activities.

C2.5.5. Directives and Record Communications. Security Assistance directives and record communications to the Combatant Commands, SCOs, and MILDEPs that have military operational or policy implications require coordination with the Chairman of the Joint Chiefs of Staff. All Security Assistance directives and record communications from the Chairman of the Joint Chiefs of Staff to the Combatant Commands (e.g., new fighter aircraft sales policy recommendations), SCOs, and MILDEPs require coordination with the Director, DSCA. If appropriate, the Director, DSCA, coordinates further within OSD and the Executive Branch.

C2.5.6. Defense Cooperation in Armaments (DCA). The Secretary of Defense has directed a DoD-wide emphasis on NATO DCA to include armaments cooperation, DIC, reciprocal MOU implementation, and Security Assistance. It is essential to coordinate and track DCA activities in a timely manner. Figure C2.F2. shows the DCA decision channels. Table C2.T4. identifies the DCA programs and the responsible office.

Figure C2.F2. Defense Cooperation in Armaments (DCA) Decision Channels

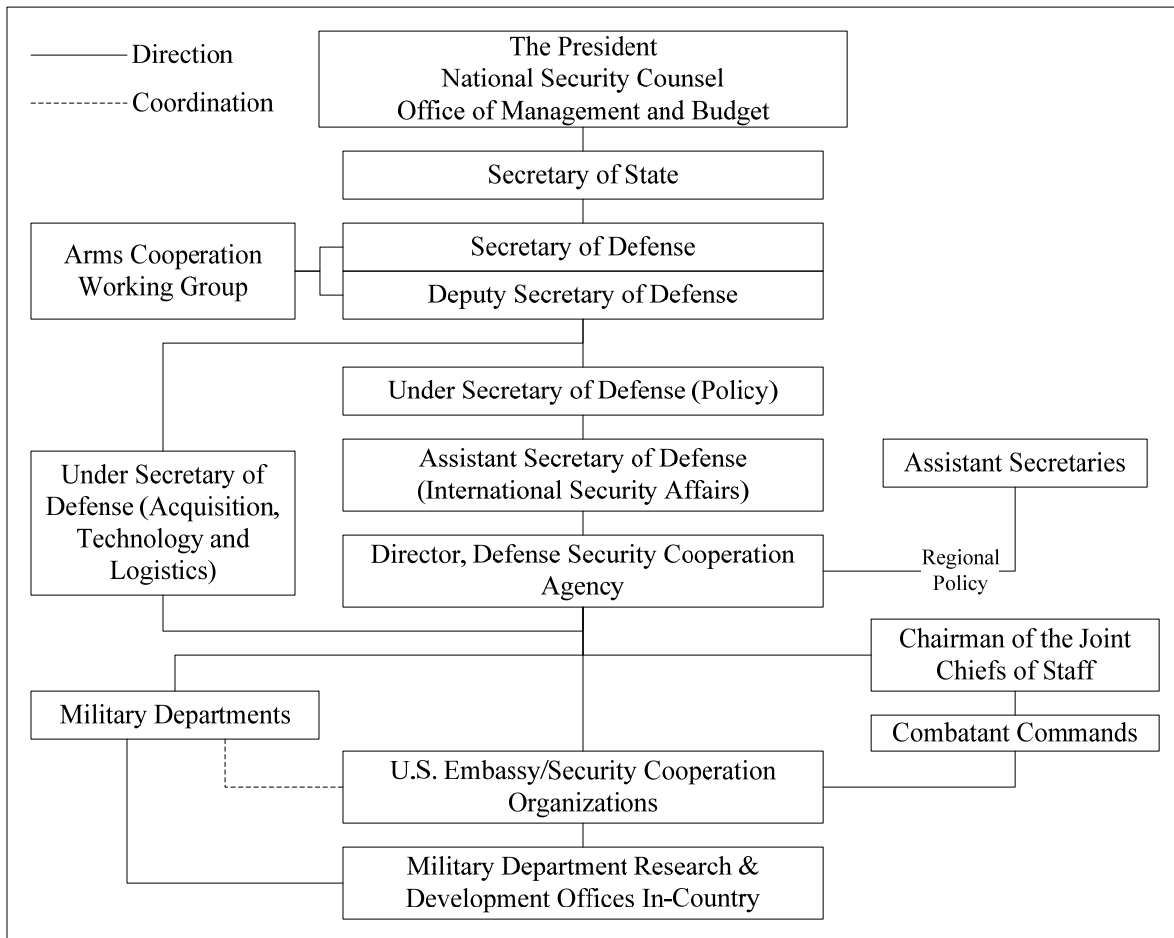


Table C2.T4. Defense Cooperation in Armaments (DCA) Programs

Program Type	Responsible Office
U.S. development and acquisition, involving the expenditure of U.S. funds, or equivalent compensation, to acquire foreign technical information or components.	USD(AT &L)
Joint U.S. and foreign development programs involving shared efforts and expenditure of U.S. funds or equivalent compensation.	USD(AT &L)
Foreign production of U.S.-designed equipment (i.e., co-production) under predominantly commercial arrangements with shared product improvement potential involving U.S. funds committed or anticipated.	USD(AT &L)
Foreign production of U.S.-designed equipment, under either commercial or FMS arrangements, with no U.S. program or commitments involved (but with flowback included without charge).	DSCA
Foreign production of U.S.-designed equipment (i.e., co-production) with anticipated or committed U.S. second source utilization. Foreign countries acquisition of U.S. data or equipment by means of either commercial or FMS arrangement is secondary issue.	USD(AT &L)
Foreign production of U.S.-designed equipment (i.e., co-production) where principal issue is acquisition of data or equipment from U.S. sources, via FMS or commercial, without U.S. commitment or funding for second source.	DSCA
Sale of U.S. equipment or services in order to further the foreign production of U.S.-designed equipment with no U.S. commitment or funding involved.	DSCA
Cooperative logistics support arrangements for alliance-fielded equipment.	USD(AT &L)

C2.5.7. SCO and Industry Interface Policy and Guidelines.

C2.5.7.1. SCO Assistance to Industry. Individuals marketing U.S. defense products should receive the same courtesy and support offered to persons marketing other U.S. products. The SCO, rather than the Commercial Attaché, is the principal point of contact in U.S. missions for most U.S. defense industry representatives marketing defense equipment. It is in the U.S. national security and economic interests that if a country intends to purchase a defense article it be a U.S. product. Consequently, SCOs should support the marketing efforts of U.S. companies while maintaining strict neutrality between U.S. competitors. The SCO facilitates the flow of U.S. systems information, subject to releasability considerations including export licensing, while avoiding advocacy of a program with a specific U.S. producer. DSCA works closely with industry representatives to develop a mutually supportive relationship. The following guidance is designed to supplement DoS guidance and to define an appropriate SCO and U.S. industry representative relationship.

C2.5.7.1.1. Providing Country Information. SCOs should be well informed and responsive to U.S. defense industry interests in the host country. The SCO should draw on resident Embassy experts (e.g., Commercial, Economic, or Political Officers) to inform industry representatives of the country's financial position, any International Monetary Fund controls and restrictions on credit, and the relationship between the MOD and other Government branches. Upon request, but subject to factors such as availability of resources and country sensitivity to release of specific data, the SCO provides industry representatives the following types of unclassified information:

C2.5.7.1.1.1. Data on the defense budget cycle in the host country including the share of that budget devoted to procurement. Industry representatives may also be informed of the country's current FMS, FMF, and MAP budgets.

C2.5.7.1.1.2. Information on the national decision making process, both formal and informal, and on decision makers in the MOD and military services.

C2.5.7.1.1.3. Information on the national procurement process, to include bidding procedures, legal or policy impediments to procure from U.S. sources, and other information needed for the U.S. commercial competitor to work with the country.

C2.5.7.1.1.4. Estimates of the kind of equipment the country needs to fill current and future defense requirements and when appropriate procurement plans for this equipment.

C2.5.7.1.1.5. Information on the marketing efforts of foreign competitors.

C2.5.7.1.1.6. Information on the major in-country defense firms and their products. This can assist U.S. firms to identify possible subcontract support services, or teaming, licensing, and other cooperative arrangements.

C2.5.7.1.2. Reciprocal Procurement Agreements. Countries that have reciprocal procurement agreements with the Department of Defense (covering mutual cooperation in R&D, production, procurement, and logistics) have agreed to provide equal access to each other's defense markets. Based on these agreements, SCOs should have a working knowledge of the host country's acquisition system. In conjunction with the Embassy Commercial Attaché, the SCO should have a process for obtaining procurement information on bid solicitations. Such information should be obtained at the same time as bid solicitations are provided to in-country suppliers. Reciprocal agreement and host country solicitation information should be provided to appropriate U.S. industry representatives. The exchange of information between the SCO and the industry representative is used to monitor host country compliance with the reciprocal agreement. If the SCO suspects that U.S. companies do not have equal access to the host country defense market or if U.S. industry representatives can provide information that indicates an agreement is not being honored, the SCO works with the Embassy Commercial Attaché to resolve the issue and advise the host country procurement officials and appropriate OSD activities.

C2.5.7.1.3. Appointments. The SCO should assist industry representatives with visit appointments in the Embassy and, as time and circumstances permit, with host country MOD and services (e.g., provide appropriate country individuals or office POCs). Industry representatives make appointments with country officials to avoid the impression of SCO endorsement of a given item or service. The SCO makes the appointment only if the host country desires that appointments be made through the SCO. The SCO may attend key meetings to help assess defense requirements and the extent of U.S. industries' ability to meet those requirements, if requested by the industry representatives and the host Government.

C2.5.7.1.4. U.S. Competitors. Unlike most countries that sell defense equipment, the United States is likely to have more than one weapon system manufacturer. The SCO must maintain neutrality between U.S. competitors. When more than one U.S. competitor is involved, the SCO should explain to host country personnel why a U.S. system would be to the country's advantage. If asked by a representative of one U.S. company, the SCO can acknowledge whether and when other U.S. vendors have come through the country, but should not divulge any marketing strategy or other proprietary information of any U.S. competitor. In cases where it is clear that there is only one U.S. source or producer marketing a system, the SCO may endorse a specific American product to the host Government. If it has not already been communicated to the SCO that a specific product or capability is to be supported, the SCO may inquire from DSCA whether the Department of Defense can actively participate in supporting a specific sale.

C2.5.7.1.5. Commercial Versus FMS Sales. Generally, the Department of Defense supports fulfillment of foreign countries' defense needs through either FMS or commercial channels. Unless the host country requests the purchase be made through FMS, the Department of Defense tries to accommodate the U.S. contractor's preference for direct commercial sale (DCS). In addition, normally the Department of Defense does not provide price quotes for comparison of FMS to DCS. To avoid any pricing discrepancies and to ensure that the SCOs provide accurate P&A data, inquiries on pricing are referred to the appropriate MILDEP and/or DSCA (see Chapter 5). All sales, either FMS or DCS, may include differences in delivery schedules, equipment modifications, spare parts, and training packages, and the recipient should exercise caution in comparing FMS and DCS data. The SCO assists a broad spectrum of U.S. defense industry marketing efforts and the SCO is expected to provide adequate support to vendors regardless of the complexity or price of the item.

C2.5.7.1.6. Follow-Up. The SCO Chief should encourage visiting U.S. contractors to debrief the SCO Chief and other relevant members of the mission staff on their experiences in country. The SCO Chief responds to follow-up inquiries from industry representatives with respect to any reactions from host country officials or subsequent marketing efforts by foreign competitors. The SCO Chief alerts embassy staff to observe reactions of the host country officials on U.S. defense industry marketing efforts. As appropriate, the SCO Chief can pass these reactions to the U.S. industry representatives.

C2.5.7.1.7. Exceptional Circumstances. If the SCO believes that the marketing efforts do not coincide with overall U.S. defense interests or have potential for damaging U.S. credibility and relations with the country, these concerns, along with a request for guidance, is sent to the MILDEP and/or DSCA.

C2.5.7.2. Industry Guidelines for Interfacing with SCOs. To support U.S. policy, trade, and interests, including enhancement of U.S. defenses through support to friendly countries, the USG and U.S. industry must work together through both FMS and DCS channels to effectively market U.S. military items and services. The major differences between FMS and DCS are presented in the DISAM book, "The Management of Security Assistance," (reference (s)) and other DoD publications pertaining to Security Assistance. They are available from DISAM. SCOs are responsible for long-term mutually beneficial relationships between the United States and host countries. The SCO promotes maximum defensive capability within available resources. The SCO must give their overall mission precedence over the benefits of a prospective sale.

C2.5.7.2.1. Contacts with Country Representatives. In international marketing, ethics, customs, policies, and laws sometimes vary from those accepted or in-force in the United States. Industry representatives must familiarize themselves with the foreign country's circumstances and with U.S. laws that govern the conduct of international business.

C2.5.7.2.2. Quality of Products and Support. Industry representatives should be knowledgeable and forthright concerning follow-on support arrangements and should assist purchasers in using the available logistics infrastructure to operate and maintain marketed equipment. This is especially important in less-developed countries. In any DCS, but particularly for those items not in the DoD inventory, industry should provide a total package, including concurrent and follow-on spare parts, special tools, publications, training, and a repair and return program. Quality control and customer service should be present through delivery and acceptance.

C2.5.7.2.3. Administration Actions. 30 days in advance of initial visits, defense industry representatives should provide SCOs: a synopsis of equipment and services proposed for sale; current export license information, including restrictions and provisos; dates of planned in-country travel; non-proprietary information already provided to the host country, or other contacts concerning this equipment or service; and specific support (briefings, appointments) requested. To help ensure program continuity, industry representatives should also brief SCOs before departing the host country.

C2.6. DEPARTMENT OF COMMERCE

The Department of Commerce (DoC) advocates on behalf of U.S. companies for foreign defense contracts, and works closely with the DoS and the Department of Defense and U.S. missions to engage foreign decision makers on the strategic, military, and economic issues associated with major defense procurements. It also reviews EDA allocations, materiel surveys, and international agreements. The DoC regulates the export of sensitive dual-use goods and technologies. The DoC also administers the Defense Priorities and Allocations System.

C2.7. FOREIGN PURCHASER

Foreign purchasers submit Security Assistance requests through the proper channels with all required information. Purchasers agree not to transfer U.S.-origin defense articles, training, and services to anyone not as office, employee, or agent of their Government; to use such defense articles, training, and services only for the purposes for which they are furnished; and to participate in the EUM program. Purchasers ensure that the Military Assistance Program Address Directory (DoD 4000.25-8-M (reference (t))) addresses are accurate. Other responsibilities of the foreign purchaser are specified throughout this Manual.

C3. CHAPTER 3

TECHNOLOGY TRANSFER AND DISCLOSURE

C3.1. TECHNOLOGY TRANSFER

DoD Directive 2040.2 (reference (u)) requires that the Department of Defense treat defense-related technology as a valuable, limited national security resource and apply export controls to its release. Table C3.T1. summarizes the DoD technology transfer policies implemented through strategic trade licensing, munitions licensing, and the Foreign Military Sales (FMS) processes.

Table C3.T1. DoD Technology Transfer Policies

DoD Technology Transfer Policies	
1	Manage transfers of technology, goods, services, and munitions consistent with United States (U.S.) foreign policy and national security objectives.
2	Control the export of technology, goods, services, and munitions, which could prove detrimental to U.S. security interests.
3	Limit transfers of advanced design and manufacturing know-how to those that support specific national security objectives.
4	Facilitate the sharing of technology only with allies and nations that cooperate in safeguarding the technology and reciprocate in sharing such technology.
5	Seek to strengthen foreign procedures to protect sensitive and defense related technology.
6	Comply with the National Disclosure Policy (NDP) in cases involving the release of classified military information.
7	Ensure that the requirements of DoD Directive 5230.24, DoD Directive 5230.25, and DoD 5200.1-R (references (v), (w), and (x)) are adhered to regarding Controlled Unclassified Information (CUI).
8	Ensure that transfers of munitions and services technology receive special scrutiny, taking into account the importance of arms cooperation with North Atlantic Treaty Organization (NATO) and other close friends and allies, potential third party transfers, and the protection of advanced military operational capabilities.

C3.1.1. Technical Data

C3.1.1.1. Definition of Technical Data. The International Traffic in Arms Regulations (ITAR) (22 CFR parts 120 – 130 (reference (n))) defines technical data as: information, other than software that is required for the design development, production, manufacture, assembly, operation, repair, testing, maintenance, or modification of defense articles including blue prints, drawings, photographs, plans, instructions, and documentation; classified information relating to defense articles and services; information covered by an invention secrecy order; and software, as defined in the 22 CFR part 121.8(f) (reference (n)), directly related to defense articles. Technical data does not include information concerning general scientific, mathematic, or engineering principles commonly taught in schools, colleges and universities, or information in the public domain. Technical data does not include basic marketing information on function, purpose, or general system descriptions of defense articles.

C3.1.1.2. Release Of Technical Data. Releasability of technical data is considered in the same manner as other potentially sensitive parts of the program. In accordance with 22 CFR part 124.2 (reference (n)), the release of technical data is limited to the provision of training in basic

operations and maintenance of defense articles lawfully exported. This specifically excludes the release of technical data for training in support of intermediate and depot level maintenance. Release in support of intermediate and depot level maintenance must be reviewed to ensure that the Technical Data Package (TDP) does not contain information that can be used for design, development, or production of an item. Controlled Unclassified Information (CUI) is exempt from public disclosure under 5 U.S.C. 552 (reference (y)) (Freedom of Information Act) (see paragraph C3.4.1.) and must be reviewed in foreign disclosure channels before release to foreign Governments or international organizations.

C3.1.1.2.1. Release of USG Owned Technical Data. The USG either owns or has the legal right to use defense-related technical data. USG owned TDPs are released under FMS procedures and only in support of a specifically defined, lawful, and authorized USG purpose. The Letter of Offer and Acceptance (LOA) must cover the full cost of preparation, reproduction, and handling of technical data.

C3.1.1.2.2. Release of Privately Owned Technical Data. When private ownership exists, foreign representatives normally request the data through commercial channels. Release is subject to export licensing requirements. If the DoD Components release such information under a Security Assistance program, the data must be properly marked and the owner must authorize release. The Letter of Offer and Acceptance (LOA) must cover the full cost of preparation, reproduction, and handling of technical data.

C3.1.1.3. Requests for TDPs. TDP requests must specify if the TDP is for use in operating and maintaining U.S.-origin defense equipment; for study purposes to determine if a request for production authorization will be submitted; or for production of the defense article or component(s) or follow-on development or improvement of an item of U.S. equipment (or derivations thereof). The LOA must identify the purpose for which the TDP is provided. See Chapter 5, Table C5.T5. for exact note placement and wording.

C3.1.1.4. Sale of TDPs for Operation and Maintenance (O&M). TDPs are sold for O&M only if the Implementing Agency verifies that the article was provided to the purchaser through authorized transfer and there is no other viable means of maintaining the U.S.-origin equipment. The Implementing Agency provides the LOA (or other documentation that validates the authorized transfer of the U.S.-origin equipment) and Table C3.T2. information to the release and disclosure authority for use in making a release determination. If the proposed release involves classified information or CUI, the decision must be approved by a Designated Disclosure Authority appointed pursuant to DoD Directive 5230.11 (reference (h)). A standard note is included in LOAs that contain O&M TDPs. See Chapter 5, Table C5.T5. for the LOA note wording.

Table C3.T2. Data Sheet for TDPs Transferred for Operations and Maintenance

Data Sheet for TDPs Transferred for Operations and Maintenance (O&M)	
1	Nomenclature of hardware, major end item, or component, as applicable
2	Major assemblies or components in TDP having USG patent or other proprietary rights not releasable without prior approval
3	Statement as to whether the TDP requirement would be met by means of pertinent DoD instructions, maintenance manuals, or other similar publications
4	In-country inventory of major end items requiring maintenance support from the requested TDP
5	Current status of DoD maintenance capability (e.g., is there an excess depot level capability at the DoD facility?)
6	Estimated date by which USG repair parts support terminates
7	Security classification of the TDP
8	Identify any classified information or CUI
9	Verification of legal rights to release the TDP for this purpose
10	The DoD Component recommendation on releasing the TDP
11	Attach copy of pertinent correspondence with purchaser

C3.1.1.5. Sale of TDPs for Study or Production. TDPs are offered for study only when the Department of Defense is prepared to release the TDP for production. If an article is in limited supply or if foreign production would adversely impact the U.S. mobilization base, requests for TDPs for study or production are normally denied. The Implementing Agency provides the LOA and Table C3.T3. information to the release and disclosure authority for use in making a release determination. If the proposed release involves classified information or CUI, a Designated Disclosure Authority appointed pursuant to DoD Directive 5230.11 (reference (h)) must approve the decision. Standard notes are included in LOAs that contain TDPs for study or production. See Chapter 5, Table C5.T5. for the wording of these notes.

Table C3.T3. Data Sheet for TDPs Transferred for Study or Production

Data Sheet for TDPs Transferred for Study or Production	
1	Nomenclature of defense article to be studied or produced
2	Quantity to be produced by, and production schedule of, the requesting Government
3	Use of article to be produced, with names of third country purchasers if for third country sale
4	Stock on hand, show separately any quantity beyond approved acquisition objective
5	U.S. and foreign production history for last 5 years
6	Production plans (a) underway, (b) approved, and (c) proposed
7	Estimated date by which USG repair parts support terminates
8	Known U.S. source(s) of supply
9	USG cost of the article
10	Security classification of the TDP and of the article to be produced
11	Other countries authorized to produce the article
12	Anticipated impact of TDP sale on U.S., FMS, or other programs
13	Whether production recipients previously obtained the article and quantities obtained
14	Verification of legal rights to release the TDP for this purpose
15	TDP elements having patent or other proprietary rights not releasable without prior approval
16	Whether TDP requirement could be met by maintenance manuals or other publications
17	The DoD Component recommendation regarding release of the TDP
18	Attach copy of pertinent correspondence with purchaser

C3.1.1.6. Revising Services. After TDPs have been approved for transfer, revising services can be offered. Revising services may appear as a separate line item on the LOA transferring the TDP or they may be offered on a separate LOA. Revising services require a unique LOA note shown in Chapter 5, Table C5.T5. If previous TDP transfer notes on the case require updating, the revising services LOA must contain the complete provisions required for initial TDP transfer.

C3.1.1.7. Restrictive Markings on TDPs. Implementing Agencies must ensure the TDP includes markings showing the rights of use authorized and not authorized, the security classification, and other restrictions. Each separate part of the technical information including drawings and aperture cards are marked. If individual part marking is not possible, TDP cover information provides the restrictions. DoD Directive 5230.24 and DoD Directive 5230.25 (references (v) and (w)) provide DoD policy and procedures for marking and handling export-controlled technical data that are critical technology. Technical data so marked constitute CUI.

C3.1.1.8. TDPs Related to Defense Articles Manufactured by Watervliet Arsenal. See Chapter 4, paragraph C4.3.10. for information on these items.

C3.1.2. Foreign Manufacture. Foreign manufacture of U.S. equipment benefits the United States when it strengthens friendly defense forces, improves U.S. defense relationships, or enhances interoperability. It may also benefit the United States when it is advantageous to assist in maintaining the purchaser's defense industrial base or in improving general defense capabilities by means of collaborative defense programs. Program implementation can be through an FMS case that provides the purchaser with technical data and authority necessary to operate and maintain or manufacture the defense article. Implementation can also involve an international agreement (such as for cooperative development) or an LOA and complementary international agreement in the form of a Memorandum of Understanding (MOU) or a Memorandum of Agreement (MOA). (See DoD Directive 5530.3 (reference (aa)).) A program specific MOU or MOA is the preferred method when there is no General Security Agreement with the purchaser. Sample security language for a program specific MOU or MOA is provided at Figure C3.F1.

Figure C3.F1. Sample Text for a Program-Specific Security Agreement

When there is no General Security of Information Agreement or General Security Military Information Agreement with a purchasing government, a program specific security agreement will contain the provisions described below, at a minimum. The agreement must be approved by the Office of the Deputy Under Secretary of Defense for Technology Security Policy and National Disclosure Policy (DUSD(TSP&NDP))) prior to discussion with the purchasing government. Any modification to the text during negotiation must be approved by the DUSD(TSP&NDP). Once the terms set forth in the agreement are agreed upon, the DUSD(TSP&NDP) shall sign or delegate authority to sign the agreement.

1. The first paragraph shall contain a reference to the pertinent Letter of Offer and Acceptance, citing the Case Designator, and indicate that the agreement takes precedence. For example: This security agreement between the Department of Defense of the United States of America and the Ministry of Defense of the Government of [insert the country] (hereafter, “the Parties”) establishes the terms and conditions by which classified information and material related to the [insert system] to be sold to the Government of [insert the country] under Letter of Offer and Acceptance [insert Case Designator] will be protected. In the case of any difference in interpretation between the terms of Letter of Offer and Acceptance [insert Case Designator] and this Agreement, the terms of this Agreement will govern. The Parties hereby agree as follows:
2. Definitions:
 - a. Information - Knowledge in any form (i.e., in oral, visual or material form).
 - b. Classified Information - Information that has been determined to require protection in the interests of national security and is marked with a classification designation by the country that originated the information (e.g., Top Secret, Secret, Confidential, or Restricted).
 - c. Material - Tangible matter, such as documents, equipment, photographs, magnetic tapes, computer disks, or other tangible matter that my contain information.
 - d. Facility - Physical location, such as a building or compound.
 - e. Disclose/Disclosure - Providing of information in any form (i.e., oral, visual, or material).
 - f. Release - Disclosure of information in material form (e.g., documentary form).
3. Classified information and material shall be transferred through official government channels or through other channels that may be agreed upon in writing by the responsible security officials of the Parties. When a transfer of classified information or material is executed, a Transportation Plan shall be prepared to describe security requirements and arrangements for each segment of the transfer, from the point of origin to the ultimate destination.
4. Each Party shall take all lawful steps available to it to ensure that classified information and material provided or generated pursuant in connection with the sale of the (cite system) shall be protected from compromise or further disclosure unless such disclosure is authorized by the Party that provided the information or material. Accordingly, each Party shall:
 - a. The recipient Party will not disclose or release or authorize the disclosure or release of the information or material to any government, person, firm, organization, or other entity of a third country, or to any firm, organization or entity that is owned or controlled by a third country person or entity, without the prior written consent of the Party that provided the information or material.

Figure C3.F1. Sample Text for a Program-Specific Security Agreement (cont)

- b. The recipient Party shall not use or permit the use of the classified information or material for any purpose other than that for which it was provided pursuant to Letter of Offer and Acceptance [insert Case Designator] without the prior written consent of the Party that provided the information or material.
 - c. The recipient Party will provide security protection for the classified information or material in a manner that is no less stringent than the protection provided to its own classified information and material of an equivalent security classification level.
5. Prior to the disclosure or release of any classified information or material provided or generated under Letter of Offer and Acceptance [insert Case Designator] to a person or a facility within its territory, consistent with paragraph 4.a., above, the recipient Party shall:
 - a. Ensure that any facility (governmental or commercial) to which the information or material may be provided has the capability to protect the information or material and the responsible person at the facility has executed a written contractual arrangement under which the person agrees to provide such protection.
 - b. Ensure that all persons who will be authorized to have access to the information or material have been determined to be qualified for access to classified information, have an official need for such access, and have been informed of their responsibilities for protecting the information or material.
 - c. Appoint a person at each facility that will have access to the classified information or material who will be responsible for ensuring the proper protection of the information or material.
 - d. Conduct periodic inspections of all facilities that will have access to the information or material and ensure that the information or material is properly protected.
6. Each Party shall report to the other Party any loss or compromise, or potential loss or compromise, of classified information or material provided or generated under Letter of Offer and Acceptance [insert Case Designator].
7. Any visit by representatives of either Party to the territory of the other Party related to Letter of Offer and Acceptance [insert Case Designator] shall be submitted through government channels in compliance with the visit procedures of the country that will host the visit. Visitors shall be required to protect any classified information or material disclosed or released during the visit in compliance with this Agreement.
8. Each Party shall accept visits by security officials of the other Party, when mutually convenient, to review the requirements set forth in this Agreement.
9. This agreement shall remain in force as long as classified information or material provided or generated under Letter of Offer and Acceptance [insert Case Designator] remains in the possession of the Government of [insert Country].

C3.2. MISSILE TECHNOLOGY CONTROL REGIME

C3.2.1. Missile Technology Control Regime (MTCR) Definition. The MTCR is an informal international political arrangement designed to control the proliferation of rocket and unmanned air vehicle (UAV) systems (and their associated equipment and technology) capable of delivering weapons of mass destruction. It was formed in 1987 and currently includes 33 member countries. Regime controls are applicable to all items on the MTCR annex to include all items listed in 22 CFR part 121.16 (reference (n)). The MTCR Annex Handbook is published by the DoS (<http://www.mtcr.info/>).

C3.2.2. MTCR Screening Process. Although the regime is a political commitment rather than a treaty with international legal obligation, many countries, including the United States, have passed laws restricting the export of MTCR-controlled items (Arms Export Control Act (AECA), Chapter 7 (reference (c))). The Department of State (DoS), the Department of Commerce (DoC), and the Department of Defense all have a role in regulating the export of MTCR-controlled items from the United States. The Department of Defense identifies MTCR-controlled items that purchasers have requested via FMS.

C3.2.2.1. The System Program Office (SPO), Program Manager (PM), or equivalent performs a technical review of each LOA, as early in the LOA development process as practical. Possible MTCR-controlled items contained in the LOA or envisioned to be part of the associated program are identified. To ensure technical reviews are standardized, reviewers must complete a Defense Security Cooperation Agency (DSCA)-approved Missile Technology Proliferation Course, or have equivalent experience in MTCR and Ballistic Missile Proliferation. Implementing Agencies maintain a roster of personnel trained and/or knowledgeable on MTCR controls.

C3.2.2.2. Implementing Agencies screen all LOAs for MTCR-controlled items. The LOA transmittal memorandum to DSCA must contain a statement that a qualified individual accomplished an MTCR review. If MTCR items ARE NOT identified in the review, this is stated in the LOA transmittal memorandum. If MTCR-controlled items ARE identified in the LOA, the following procedures are used.

C3.2.2.2.1. The reviewer transmits a list of the MTCR-controlled items to the Implementing Agency MTCR point of contact (POC) at the earliest opportunity to ensure minimal delays in the LOA processing time. This list includes: the case identifier; a general case description identifying major associated systems; the Military Articles and Services List (MASL) number of each MTCR-controlled item; the nomenclature of each item; and a detailed description of each item including the manufacturer.

C3.2.2.2.2. The reviewer must report the compounds listed in Item 4 of the MTCR Annex if they are to be exported in bulk as an input for a manufacturing process, or in any other manner or form that might support the creation of a propellant for a missile or a UAV. However, the reviewer is NOT to report Item 4 explosive compounds if they are molded or poured into a form that precludes their use as rocket propellant (e.g., as a bursting, propelling, or gas-generating charge in a shell, cartridge, squib, or actuator).

C3.2.2.2.3. The reviewer is NOT to report as a possible MTCR-controlled item any common type munition fuse, even though all such fuses meet the criteria of Item 2.A.1.f. in the

MTCR Annex (i.e., “weapon or warhead safing, arming, fusing and firing mechanisms...”). If the fuse in question is an unusual type, a rough equivalent of which is not likely to be found in most foreign arsenals, or if the fuse uses sophisticated means to determine burst height (e.g., radar), the reviewer should report it.

C3.2.2.2.4. The Implementing Agency MTCR POC verifies the list and forwards it via memorandum to DSCA (Programs Directorate/Weapons Division). The memorandum should be submitted electronically to mtr@dca.mil. The name, telephone and fax number, and e-mail address of the Implementing Agency MTCR POC are included.

C3.2.2.2.5. DSCA (Programs Directorate/Weapons Division) reviews and forwards the memorandum to the DoS, Deputy Director, Office of Chemical, Biological, and Missile Threat Reduction, Bureau of International Security and Nonproliferation (ISN/MTR), for review and approval.

C3.2.2.2.6. DoS (ISN/MTR) coordinates the possible transfer of the MTCR-controlled items. This process is accomplished in advance of final LOA development to avoid delays.

C3.3. COMMAND, CONTROL, COMMUNICATIONS, COMPUTER, INTELLIGENCE, SURVEILLANCE AND RECONNAISSANCE (C4ISR)

C3.3.1. C4ISR Definition. C4ISR encompasses systems, procedures, and techniques used to collect and disseminate information. It includes intelligence collection and dissemination networks, command and control networks, and systems that provide the common operational/tactical picture. It also includes information assurance products and services, as well as communications standards that support the secure exchange of information by C4ISR systems. Under the C4ISR umbrella, systems exchange digital, voice, and video data to appropriate levels of command. The two key classified aspects of C4ISR systems are access to secure networks controlled by Information Security (INFOSEC) products and services, and the classified data resident in the C4ISR networks. See CJCSI 6510.06 (reference (ap)) for information on the release of U.S. INFOSEC products (e.g., Communications Security (COMSEC), cryptographic algorithms, cryptographic key material, security infrastructure, etc.) to foreign purchasers. Transfers of U.S. C4ISR capabilities to countries and international organizations must support a U.S. Combatant Commander’s (COCOM) interoperability requirements or otherwise clearly benefit U.S. policy objectives (e.g., telemetry test data transmissions for FMS aircraft transfers). A purchaser’s desire to be interoperable with the United States is insufficient justification for release. Prior to physically receiving any U.S. INFOSEC products or services associated with a secure C4ISR system, the purchaser must negotiate and sign a Communication Interoperability and Security Memorandum of Agreement (CISMOA) or other INFOSEC agreement (e.g., COMSEC MOU, INFOSEC Equipment Agreement) with the COCOM. A purchaser must obtain approval from the supporting COCOM for access to classified U.S. C4ISR and INFOSEC prior to submitting a Letter of Request (LOR) for C4ISR. See Chapter 5 for more information on processing LORs for C4ISR equipment and services. Pre-LOR coordination activities will take place between the requesting foreign purchaser (via SCO in country or Embassy in U.S.) and DSCA (Programs Directorate) (see section C3.3.4).

C3.3.2. C4ISR Release Process.

C3.3.2.1. Release of Classified Military Information. Interoperable systems that exchange classified military information are subject to a releasability review and approval as defined in National Disclosure Policy (NDP-1). In addition to classified system hardware and software information, all data flowing between foreign and secure U.S. C4ISR systems are classified. Approvals for release of U.S. classified data flowing over secure coalition networks are required before issuance of LOA and/or P&A data. (see section C3.6.).

C3.3.2.2. INFOSEC Release. The release process for INFOSEC products is defined in CJCSI 6510.06 (reference (ap)). With two exceptions (see paragraph C3.3.2.3. and C3.3.2.4. below) all INFOSEC releases to non-NATO (excluding Australia and New Zealand) nations are limited to specific quantities in support of a specific interoperability requirement.

C3.3.2.3. Global Positioning System/Precise Positioning System (GPS/PPS) and Identification Friend or Foe (IFF) Mode IV Releases. All INFOSEC products require release before being offered on an FMS case. GPS/PPS and IFF Mode IV releases are not tied to a specific quantity or platform. Once these devices are approved for release, the purchaser may obtain these products through National Security Agency-authorized channels.

C3.3.2.4. Bilateral INFOSEC Agreement Signature. A bilateral agreement (e.g., CISMOA or COMSEC MOU, INFOSEC Equipment Agreement) must be in place in order for a purchaser to receive INFOSEC products or services associated with a C4ISR system.

C3.3.3. C4ISR Oversight/Steering Group. The C4ISR Oversight/Steering Group consists of representatives from DSCA, OSD (NII), Chairman, Joint Chiefs of Staff, the COCOM, Implementing Agencies, and NSA. C4ISR Oversight/Steering Group meetings, chaired by OSD NII International Affairs, are called annually, or as needed, to address policy, operational, or acquisition issues for Phases 1 and 2 C4ISR programs. This group gathers policy-related information from implemented Phases 1 and 2 FMS cases to ensure current programs are in compliance with existing policy or whether existing policy needs to be changed to address new circumstances.

C3.3.4. C4ISR Responsibilities. Table C3.T4. lists organizations and their C4ISR responsibilities.

Table C3.T4. C4ISR Responsibilities

Organization	Responsibility
Security Cooperation Organization	<ul style="list-style-type: none"> • Informs host country of the requirement for COCOM sponsorship of requests for INFOSEC-enabled C4ISR systems • Promotes the C4ISR three-phased approach (3PA)(see paragraph C3.3.5. for more information), to assist the country with planning and budgeting for secure interoperability with U.S. C4ISR systems and capabilities • Coordinates pre-LOR C4ISR requirements with DSCA (Programs Directorate through Operations Directorate) • Forwards LOR after pre-coordination to Implementing Agency
Purchaser	<ul style="list-style-type: none"> • Signs bilateral CISMOA or other binding INFOSEC agreement • Coordinates with SCO on pre-LOR C4ISR requirements • Submits C4ISR LOR for each phase of the C4ISR 3PA to SCO who then forwards to Implementing Agency that has been determined during the pre-LOR consultations with DSCA

Organization	Responsibility
	<ul style="list-style-type: none"> Submits LOR for a dedicated INFOSEC facility, and staffing by two U.S. accredited COMSEC custodians to Implementing Agency (see C3.3.5.)
U.S. Combatant Commander (COCOM)	<ul style="list-style-type: none"> Establishes interoperability requirement for specific C4ISR capabilities requiring INFOSEC products and services Initiates CJCSI 6510.06 (reference (ap)) INFOSEC release process Participates in CONOPS development in Phase 1 Following delegation from the Chairman, Joint Chiefs of Staff, negotiates and signs the CISMOA or other appropriate bilateral INFOSEC agreement governing the transfer of INFOSEC products and services to non-NATO (excluding Australia and New Zealand) nations Serves as member of C4ISR Oversight/Steering Group
DSCA	<ul style="list-style-type: none"> DSCA (Operations and Programs Directorate) reviews C4ISR pre-LOR requirements in coordination with NSA and COCOM, and, as appropriate, assigns the lead Implementing Agency Monitors planning activities Serves as Executive Secretary of the C4ISR Oversight/Steering Group Provides input to and review of the C4ISR planning process and Phases 1 and 2 deliverables
Implementing Agencies	<ul style="list-style-type: none"> Receive and review C4ISR LORs after pre-LOR review by DSCA Obtain DSCA (Operations Directorate) approval before processing LOR Obtain input and coordinate LOA Data with all activities participating in Phases 1 and 2 Generate Price and Availability (P&A) data and/or FMS case Serve as members of the C4ISR Oversight/Steering Group
National Security Agency (NSA)	<ul style="list-style-type: none"> Identifies the appropriate INFOSEC solution to satisfy COCOM validated interoperability requirements Delegates authority through the Chairman, Joint Chiefs of Staff to the COCOM to negotiate the COMSEC portion of the CISMOA, or to negotiate INFOSEC Equipment Agreements Generates FMS case for foreign purchase of U.S. INFOSEC products and services; under limited circumstances, provides written authority to MILDEPs to include specific INFOSEC products and services on Military Department FMS cases (see National COMSEC Instruction (NACSI) 6001 (reference (am))) Serves as member of the C4ISR Oversight/Steering Group
Chairman, Joint Chiefs of Staff	<ul style="list-style-type: none"> Validates COCOM interoperability requirements associated with the requests for U.S. INFOSEC products and services Delegates final authority to COCOM to negotiate and conclude the CISMOA Serves as member of the C4ISR Oversight/Steering Group
Office of the Secretary of Defense (OSD) Networks and Information Integration (NII)	<ul style="list-style-type: none"> Provides input to and review of Phases 1 and 2 products Chairs the C4ISR Oversight/Steering Group

C3.3.5. C4ISR Planning Process - Three-Phased Approach (3PA). To the greatest extent possible, C4ISR foreign requirements are addressed from a joint service perspective. Before a C4ISR LOR is submitted, pre-coordination with DSCA (Operations and Programs Directorates), the respective COCOM, potential Implementing Agencies, the SCO, and the foreign purchaser is recommended. Through this pre-LOR coordination, DSCA determines whether the COCOM supports the transfer, identifies releasability challenges, and designates the lead Implementing Agency and, where applicable, supporting Implementing Agencies in advance of receiving the

C4ISR LOR (see C5.1.4.3.5). DoD encourages the use of a 3PA to plan C4ISR programs, as outlined below. Separate LORs are normally submitted for each individual phase of the 3PA.

C3.3.5.1. Phase 1. Before submitting an LOR for the acquisition of a C4ISR system, purchasers are encouraged to submit an LOR for C4ISR planning that explores the intended Concept of Operations (CONOPS) and develops an overarching C4ISR architecture that ensures efficient, interoperable, and economical technical solutions that enhance interoperability with U.S. forces. The deliverables of Phase 1 include a CONOPS, a risk assessment of the purchaser's current communications architecture, and development of a notional high-level architecture based on both COCOM and purchaser requirements. If the purchaser opts not to have an FMS case for C4ISR planning (e.g., Phase 1), then the FMS case to support the C4ISR system sale should include provisions to address interoperability, CONOPS, and C4ISR architecture development. The lead Implementing Agency, in concert with the supporting Implementing Agencies, will present to the C4ISR Oversight/Steering Group the joint program management concept for executing Phase 1 approximately 90 days after LOA signature.

C3.3.5.2. Phase 2. Phase 2 provides a Procurement Plan that is a "total package" of options and recommendations with associated costs, schedules, and risk impacts to the purchaser. It is generated within the purchaser's budget and funding constraints, using performance engineering assessments, and includes analysis of alternatives of select specific hardware/software solutions, risk analyses and trade-offs, and infrastructural assessment. Other tasks include definition of information exchange requirements, refinement of high-level architecture, and initiation of C4ISR training. Due to the joint nature of these programs, DSCA will assign a lead Implementing Agency to coordinate and integrate other Implementing Agency input into the P&A data/FMS case. If required, the lead Implementing Agency, in concert with the supporting Implementing Agencies, presents the Procurement Plan to the C4ISR Oversight/Steering Group for review.

C3.3.5.3. Phase 3. Phase 3 implements the procurement strategy through FMS, direct commercial sales (DCS), and/or cooperative programs. Implementing Agencies may only execute sales of INFOSEC articles and related services for which NSA has provided written FMS sales authority to the Implementing Agency, in accordance with NACSI 6001 (reference (am)).

C3.3.6. INFOSEC FMS Case Processing. NSA is the Implementing Agency for INFOSEC products, to include both external INFOSEC equipment and embedded cryptographic modules. NSA may grant exceptions for other Implementing Agencies to establish FMS cases that include INFOSEC products embedded in weapons and communication systems. The association of a specific INFOSEC product with a foreign government may be classified; however, classifying the entire FMS case will be avoided, when possible. See Chapter 5, C5.4.11. for more information on classified FMS cases. For more information on what equipment may be transferred, contact DSCA (Programs Directorate).

C3.3.7. INFOSEC Accounts, Facilities, and Custodians. C4ISR purchasers may be required to establish a dedicated INFOSEC account and purchase an INFOSEC facility manned by two U.S. accredited INFOSEC custodians. The COCOM, during the negotiation phase of the CISMOA with the purchaser, determines if the INFOSEC account requirement applies to a purchaser. NSA and the COCOM may assign additional duties to INFOSEC custodians.

C3.4. ANTI-TAMPER (AT) POLICY COMPLIANCE

The U.S. Government reserves the right to incorporate AT technologies and methodologies in weapons systems and components offered under the Security Assistance Program, which contain Critical Program Information (CPI). Chapter 5 Table C5.T5 provides LOA note language that is included in all LOA documents for materiel sales (not applicable to service LOAs). Prior to proposal for transfer of materiel containing CPI, the Implementing Agency will coordinate with the DoD Anti-Tamper Executive Agent (DoD ATEA) to ensure sensitive technologies or program information is defended against unlawful exploitation or loss. The DoD ATEA is located at Suite 1500, 1500 Wilson Blvd, Arlington, Virginia 22209. Implementing agencies shall certify compliance with AT requirements on the LOA transmittal memorandum forwarded to DSCA for LOA processing.

C3.5. DISCLOSURE OF CLASSIFIED MILITARY INFORMATION

C3.5.1. Disclosure of Classified Military Information Policy. DoD Directive 5230.11 (reference (h)) implements National Disclosure Policy (NDP-1). It is U.S. national and DoD policy that classified military information is a national security asset that shall be protected. It can be shared with foreign Governments only when there is a clearly defined benefit to the United States, when authorized by officials designated under DoD Directive 5230.11 (reference (h)), and when all DoD Directive 5230.11 (reference (h)) requirements are met.

C3.5.2. Disclosure Authorities. Under the terms of NDP-1, the National Disclosure Policy Committee (NDPC) is the central authority for formulating, promulgating, administering, and monitoring NDP-1. The Secretary of Defense or the Deputy Secretary of Defense are the only officials who may grant unilateral exceptions to the National Disclosure Policy. However, in most cases, exceptions to policy are granted or denied by the NDPC. Under DoD Directive 5230.11 (reference (h)), the Secretary of Defense has delegated disclosure authority to the Secretaries of the Military Departments (MILDEPs) and other DoD officials whose decisions must be in compliance with NDP-1. They are required to appoint a Principal Disclosure Authority (PDA) at component headquarters level to oversee the disclosure process and a Designated Disclosure Authority (DDA) at subordinate command and agency levels to oversee disclosure decisions at their level when disclosure authority is delegated. It is the PDA or DDA who is authorized to make disclosure decisions, unless authority is otherwise delegated in a Delegation of Disclosure Authority Letter (DDL).

C3.5.3. Disclosure Decisions.

C3.5.3.1. Disclosure of classified information relating to defense articles and services is evaluated on a case-by-case basis in accordance with NDP-1, DoD Directive 5230.11 (reference (h)), and MILDEP regulations. Specifically designated foreign disclosure officials in the MILDEPs and defense agencies (see paragraph C3.3.2) must authorize disclosure of information originated by or for those departments and agencies. The Implementing Agency uses the resulting disclosure determination to implement approved transfers of classified information.

C3.5.3.2. Disclosure authorizations for classified information are recorded in the National Disclosure Policy System (NDPS), Foreign Visit System (FVS), and Foreign Disclosure System (FDS), which are part of the DoD Security Policy Automation Network (SPAN). The

Technology Protection System (TPS) (also part of SPAN) is used to process export license applications.

C3.5.3.3. The SPAN operates both a classified and a separate unclassified network. The classified network supports coordination among DoD activities on export control, international arms control and cooperation subjects in addition to foreign disclosure decisions. Foreign embassies within the National Capital Region are able to process international visit and requests for documentary information through the unclassified network.

C3.5.4. False Impressions. U.S. policy is to avoid creating false impressions of its readiness to make available classified military materiel, technology, or information. Much military hardware is unclassified; however its operation and maintenance or related training may involve sensitive classified information. Some classified information (e.g., Sensitive Compartmented Information (SCI), COMSEC information, etc.) may require approval outside of the Department of Defense and the NDPC. Therefore, initial planning to include the release of unclassified Price and Availability (P&A) Data with foreign governments and international organizations concerning programs which might involve the eventual disclosure of classified military information may be conducted only if such action is coordinated with a designated disclosure official from the originating organization and it is explicitly understood and acknowledged that no U.S. commitment to furnish such classified information or materiel is intended or implied until disclosure has been approved. Accordingly, proposals to foreign governments or international organizations which result from either U.S. or combined (U.S. and proposed recipient) initial planning, and which will lead to the eventual disclosure of classified military information, must be authorized in advance by designated disclosure officials in the departments and agencies originating the information or by the NDPC.

C3.5.5. Visits, Assignments, and Exchanges of Foreign Nationals. Many disclosures of classified information occur as a result of visual demonstrations or verbal exchanges during meetings or visits. DoD Directive 5230.20 (reference (ab)) contains standard procedures concerning visits, assignments, and exchanges of foreign nationals to the Department of Defense and to DoD contractor facilities over which the DoD Components have security responsibility. Approval of a classified visit is a disclosure decision. With few exceptions, visits and assignments requiring access to classified material are processed through the DoD FVS of the SPAN. One exception is for visits by students under Security Assistance-sponsored training programs where the DD Form 2285, "Invitational Travel Orders (ITO)" (see Chapter 10, Figures C10.F3. and C10.F4.) provides the necessary security information. Visits are categorized as one-time, recurring, or extended visit authorizations.

C3.5.5.1. One-Time Visit Requests. Approval of a one-time visit request permits a single, short-term (normally less than 30 days) visit for a specified purpose.

C3.5.5.2. Recurring Visit Requests. A recurring visit authorization permits intermittent visits over a specified period of time for a Government-approved license, contract or agreement, or other program when the information to be released has been defined and approved for release in advance by the USG.

C3.5.5.3. Extended Visit Requests. An extended visit permits a single visit for an extended period of time (beyond 30 days) for a foreign Government contract or joint program (e.g., joint venture, representative to a joint or multinational program), or for a liaison officer,

exchange officer, or cooperative program person under authorized international agreements. Before any commitment is made to assign a liaison officer to a cleared defense contractor facility in support of the sale of defense articles or services, the extended visit shall be coordinated and agreed to with the contractor and the supporting Defense Security Service (DSS) office, in order to fix responsibility for security oversight. The specific terms of the assignment, including security responsibility, shall be set forth in the supporting contract.

C3.5.6. National Industrial Security Program (NISP). U.S. security depends on the proper safeguarding of classified information released to industry. The NISP assures safeguarding of classified information released during all phases of the contracting, licensing and grant process to cleared U.S. contractor facilities. The NISP also applies to all classified information not released under a contract, license certificate, or grant and to Foreign Government Information (FGI) furnished to contractors that requires protection in the interest of national security. DoD 5220.22-R (reference (ac)) provides NISP policies, practices, and procedures used by the Department of Defense to ensure maximum uniformity and effectiveness in its application throughout industry. DoD 5220.22-M (reference (m)) contains detailed security requirements for U.S. contractors' use in safeguarding classified information. The NISPOM is applied to industry by management's execution of the DoD Security Agreement (DD Form 441), and by direct reference in the "Security Requirements" clause in the contract. The Defense Industrial Security Clearance Office (DISCO) verifies the eligibility of industry personnel to access classified defense information.

C3.5.7. U.S. Contracts with Foreign Firms. Implementing Agencies may award (or permit a contractor to award) a classified contract to a foreign contractor provided the classified information is releasable to the Government of the foreign contractor under NDP-1. The Government of the foreign contractor must also have a security agreement or other security arrangement with the United States wherein it agrees to protect the classified information released to it. Implementing Agency responsibilities are contained in DoD 5220.22-R (reference (ac)). Foreign disclosure implications are identified by the program office and resolved by the supporting DDA, prior to any announcements that could lead to foreign involvement. Classified information must be requested and transferred through Government channels in compliance with the DoD Component documentary request procedures.

C3.5.8. Contracts Requiring Overseas Deliveries. When an Implementing Agency places a contract with a cleared U.S. contractor for delivery of classified information or materiel to a foreign Government, the Implementing Agency is responsible for delivery. See Chapter 7 for more information regarding transportation of classified information.

C3.5.9. Release of Classified FMS Case Planning Information.

C3.5.9.1. Tentative Security Assistance Plans and Programs. Classified planning information for budget and future years may be released to a foreign Government or international organization to the extent it is necessary for participation in the security assistance planning process; it is necessary for development of related defense plans; the purchaser can maintain security precautions; and the purchaser uses the information only for the intended purposes. If the release involves classified information or CUI, the release must be approved by the supporting DDA. Classified dollar levels of proposed programs may be released only with permission of the Director, DSCA, and DoS concurrence. U.S. officials releasing information

under this paragraph ensure that the recipient understands that the release does not constitute a commitment by the United States.

C3.5.9.2. FMS Agreements. Once approved, classified information regarding the quantity and projected delivery schedules for articles and services in FMS agreements may be released to facilitate appropriate planning by the recipient, subject to assurance by the recipient that it shall maintain adequate security precautions and shall use the information only for the purposes for which provided.

C3.5.9.3. Procedures for Release. Release of classified information under subparagraphs C3.3.9.1. and C3.3.9.2. is subject to the provisions of DoD Directive 5230.11 and DoD 5200.1-R (references (h) and (x)). Release is made only to purchaser Government officials who require the information in their official capacity.

C3.6. RELEASE OF INFORMATION

C3.6.1. Freedom of Information Act (FOIA). Records containing security assistance-related information, including LOAs and FMS procurement contracts, are released in accordance with the Freedom of Information Act, 5 U.S.C. 552 (reference (y)) as implemented in DoD 5400.7-R (reference (ad)), DoD Instruction 5400.10 (reference (ae)), and DoD 5200.1-R (reference (x)).

C3.6.1.1. Any request under the FOIA for an LOA or FMS procurement contract should be referred to the appropriate counsel of the DoD Component for action. Final decisions to withhold or release, in whole or in part, LOAs already accepted or in preparation shall be coordinated with DSCA (Office of the General Counsel).

C3.6.1.2. Under FOIA exemption (b)(4) (reference (y)), commercial or financial information provided to the USG in confidence by a person (including a foreign Government or a domestic or foreign business) may be exempt from disclosure to the public if it is the type of information that is NOT released by the originator; if disclosure is likely to cause substantial competitive harm to the originator; if disclosure is likely to impair the ability of the USG to obtain necessary commercial or financial information in the future; or if disclosure is likely to impair some other legitimate USG interest. Such information is to be marked "For Official Use Only" in compliance with DoD 5400.7-R (reference (ad)). If the DoD Component determines that it may be required to disclose commercial information obtained in confidence from a person, corporation, or foreign Government, it shall notify the submitter of the information in accordance with DoD 5400.7-R (reference (ad)), and Executive Order 12600 (reference (af)).

C3.6.1.3. Under FOIA exemption (b)(3) (reference (y)) and 10 U.S.C. 130c (reference (ag)), effective October 1, 2000, information provided by, made available by, or produced in cooperation with, a foreign Government or international organization may be withheld from release.

C3.6.2. Release of Unclassified Information. Except as provided in subparagraph C3.1.1.2., unclassified information pertaining to systems for which the purchaser has been authorized release may be provided by the USG to the purchaser country or international organization as appropriate for purposes related to security assistance.

C3.6.3. In-Country Release Approval. Once a disclosure decision has been made in accordance with paragraph C3.3.3., the Chief of the U.S. Diplomatic Mission must approve in-country release of all security assistance information to a purchaser.

C3.6.4. Release of Foreign Government Information. Information provided by a foreign Government (both classified and unclassified) in confidence, is held in confidence when the foreign country expects it to be treated as such. Similar information produced by the USG as a result of a joint arrangement with a purchaser is also held in confidence. DoD 5200.1-R (reference (x)) provides instructions for protecting such information.

C3.6.4.1. Classification of foreign Government information is in accordance with DoD 5200.1-R (reference (x)). Foreign Government classification decisions shall be honored and under no circumstances modified without the express written consent of the Government that provided the information.

C3.6.4.2. Requests for mandatory review for the declassification of foreign Government information are processed in accordance with DoD 5200.1-R (reference (x)).

C3.7. EXPORT LICENSE AND CUSTOMS CLEARANCE

C3.7.1. International Traffic in Arms Regulations (ITAR) Requirements. DoS policies and procedures for the permanent export of items on the U.S. Munitions List (USML), purchased under the FMS program, are set forth in the ITAR (reference (n)). The ITAR can be found at the website: <http://www.pmdtc.org/reference.htm>. Export of USML items, including certain services and technical information, generally requires a license unless it is done via FMS. The Defense Technology Security Administration (DTSA) vets license applications through the Department of Defense and other departments. This is done using the TPS. TPS allows all agencies, which might have an interest in the technology in question to review the proposed export and to restrict its terms and conditions, or recommend denial of license, if warranted. TPS includes search and historical retrieval capabilities.

C3.7.2. International Traffic in Arms Regulations (ITAR) Exemptions. There are many exemptions to the licensing requirements in reference (n). Some are self-executing by the contractor who is to use them, and normally are based on prior authorizations. Other exemptions, such as the exemption in 22 CFR 125.4(b)(1) (reference (n)) may be requested or directed by the DoD Component. Only a Principal or a Designated Disclosure Authority has the authority to exercise certain of these exemptions in compliance with the NISPOM (reference (m)).

C3.7.3. DoD-Sponsored Shipments of FMS Materiel.

C3.7.3.1. Export License Requirements for DoD-Sponsored Shipments. An export license is not required when FMS materiel is moved through the Defense Transportation System (DTS) unless the purchaser takes custody of the materiel in the United States. A DSP Form 94 is required pursuant to ITAR, Part 126.6(c)(6)(ii) (reference (n)). When classified material is involved, a Transportation Plan is required in accordance with ITAR, Part 126.6(c)(6)(iii) (reference (n)).

C3.7.3.2. U.S. Customs Clearance Requirements for DoD-Sponsored Shipments. A Shipper's Export Declaration (SED) (U.S. DoC Form 7525-V) may be required when FMS

materiel is moved through DTS. If a continental U.S. (CONUS)-located shipping activity offers FMS shipment directly to commercial air carriers for lift to a purchaser's country, it may be necessary for the shipper to prepare a SED to enable the materiel to depart CONUS. (Item 16 in the SED must contain "M"s to identify the materiel as FMS exports. The Census Bureau maintains a web page (<http://www.census.gov/foreign-trade/www/correct.way.html>) and customer assistance phone number to assist shippers with SED preparation.)

C3.7.3.3. Overseas Customs Clearance Requirements for DoD-Sponsored Shipments.

The purchaser is responsible for obtaining overseas customs clearances and for all actions and costs associated with customs clearances for deliveries of FMS materiel using DTS to a purchaser's port of discharge (including delivery to third countries).

C3.7.3.4. Reporting of FMS Export Shipments for DoD-Sponsored Shipments. All USG and DoD-sponsored shipments of FMS export materiel moving overseas within DTS are reported monthly to the Foreign Trade Division, Bureau of Census, DoC, by the MILDEP or Implementing Agency sponsoring the sale. The Census Bureau Shipment Report (CBSR) assures compliance with conditions under which exemptions are granted and satisfies the export data requirements of the U.S. DoC.

C3.7.4. Purchaser-Sponsored Shipments of FMS Materiel.

C3.7.4.1. Export License Requirements for Purchaser-Sponsored Shipments. An export license is not required when FMS materiel is transferred; however, ITAR Form DSP-94 (Figure C3.F2.) must be used to export these shipments. A DSP-94 must be accompanied by a signed and implemented LOA. Table C7.T3. outlines responsibilities for FMS purchasers and their freight forwarders. To use a DSP-94, a freight forwarder must: be registered with the DoS, Directorate of Defense Trade Controls; file a letter with the Directorate of Defense Trade Controls from the foreign embassy or Government appointing them as a forwarding agent for that Government's shipments; file a statement with the Directorate of Defense Trade Controls assuming full responsibility for compliance with reference (n); and have a security clearance issued by DSS if it is to handle classified consignments. If a foreign purchaser acts as its own freight forwarder, it must register with the Directorate of Defense Trade Controls and file a statement that it shall comply with reference (n). If the materiel involves classified articles or data, a cleared courier or escort and a Transportation Plan is required. See 22 CFR 126.6 (reference (n)) for requirements.

C3.7.4.2. U.S. Customs Clearance Requirements for Purchaser-Sponsored Shipments.

The purchaser must obtain customs clearances for FMS materiel exported from the United States by its freight forwarder or other non-DTS means. The purchaser's representative or freight forwarder prepares the SED. SEDs must be filed with and authenticated by the District Director of Customs at the port of exit. Laws and regulations concerning export declarations are found on the reverse side of Department of Commerce Form 7525-V, and in 22 CFR 123.9, 123.22, 123.25, and 126.6 (reference (n)). A SED is required for the following types of shipments.

C3.7.4.2.1. All exports of materiel made through or by the FMS purchaser's freight forwarder or other designated agent.

C3.7.4.2.2. Pilot pick-up of materiel by the purchaser's military aircraft or purchaser-chartered civilian aircraft at a CONUS DoD-controlled aerial port of embarkation (APOE).

C3.7.4.2.3. Export by purchaser-owned or chartered ocean vessel, or by FMS country-procured space aboard commercial vessel picking up cargo at CONUS DoD-controlled water port of embarkation (WPOE).

C3.7.4.3. Overseas Customs Clearance Requirements for Purchaser-Sponsored Shipments. The purchaser is responsible for obtaining overseas customs clearances and for all actions and costs associated with customs clearances for deliveries of FMS materiel using commercial means to a purchaser's port of discharge (including delivery to third countries).

C3.7.4.4. Reporting of Non-DTS Exports for Purchaser-Sponsored Shipments. All exports of FMS materiel from the United States shall be reported to the U.S. DoC as required by current Federal statutes or regulations.

C3.7.4.5. Purchaser-Sponsored Shipments of Classified FMS Materiel. If a purchasing country proposes to take possession of classified defense articles identified in 22 CFR Part 121 (reference (n)), purchased under the FMS program within the United States, it must obtain an export authorization (e.g., see 22 CFR Part 125 (reference (n)) regarding licensing of technical data) from the DoS in accordance with the ITAR. Classified defense articles are only licensed using a Form DSP-85 (Figure C3.F3.), an approved manufacturing or technical assistance agreement, or an exemption.

C3.7.4.5.1. Transportation Plan for Purchaser-Sponsored Shipments. The applicable LOA must contain the requirement for a Transportation Plan, describe the specific responsibilities for preparing the Transportation Plan, and provide a generic description of the transfer arrangements and nationality of freight forwarders and carriers to be used, all of which shall be consistent with DoD 5200.1-R (reference (x)) and DoD 5220.22-M (reference (m)). While the transfer procedures may be included in the LOA when Government-owned transportation is used, a Transportation Plan is always required for the use of any commercial carrier. The consignment shall be accompanied by a courier or escort who possesses a personal security clearance at least at the classification level of the consignment. The security office that supports the FMS Case Manager provides assistance and ensures that the arrangements are in compliance with DoD policy. FMS shipments are not released until the supporting security office verifies that the transfer arrangements meet DoD standards. The FMS Case Manager provides the DSS advance copies of all Transportation Plans that involve U.S. defense contractors, freight forwarders, or commercial carriers. These plans are provided for information purposes and are to be used by the addressees as a means to clarify their role and responsibilities in the transfer process. The Transportation Plan must be completed and approved before delivery of the item. A copy of the plan must be included in the case file. Figure C3.F4. summarizes the Transportation Plan requirements. Figure C3.F5. is a sample format for the Transportation Plan as provided in the International Program Security Handbook (reference (ah)).

C3.7.4.5.2. Foreign Government Representative. Classified material may be released only to a person who has been designated by the purchasing Government in writing as its Designated Government Representative (DGR) or as its transfer agent (e.g., freight forwarder) that is used for onward movement to the point where custody of the shipment is assumed by the Government's DGR. A freight forwarder or commercial carrier cannot act as the purchasing Government's DGR; they are only transfer agents. The Military Assistance Program Address

Directory (MAPAD) (reference (t)) may be consulted for the verification of freight forwarders that have been approved to handle classified shipments. However, the shipping activity verifies security clearances of U.S. cleared freight forwarders and carriers and their personnel with the DSS prior to releasing a shipment to them. The identity of the transfer agent, carrier, and DGR is included in the Transportation Plan or in the Notice of Consignment for individual shipments (see Figure C3.F4.). The identity of the person who signs for the shipment may also be contained in the shipping activity's Notice of Availability, but must be in the Transportation Plan or Notice of Consignment. Each entity that has custody of a classified shipment shall be required to sign a receipt for the shipment, regardless of the security classification, and a copy of each receipt is returned to the shipping activity.

C3.7.4.6. Purchaser-Sponsored Shipments of Commercially-Purchased Materiel.

C3.7.4.6.1. Export License and Customs Clearance Requirements for Purchaser-Sponsored Shipments of Commercially-Purchased Materiel. Commercial exports made by a foreign Government or its freight forwarder require an export license and SED. The U.S. vendors involved in the direct commercial sale (DCS) must obtain the export license (i.e., a DSP-5 for permanent exports or a DSP-73 for temporary exports).

C3.7.4.6.2. Classified Shipments under Direct Commercial Sales (DCS) for Purchaser-Sponsored Shipments of Commercially-Purchased Materiel. Classified shipments resulting from DCS must comply with the same security standards that apply to FMS contracts. Prior to consummation of a DCS contract that results in the shipment of classified material, contractors must consult with the purchasing Government and the DSS Cognizant Security Office to obtain approval of the contractor-prepared Transportation Plan. In the event the defense contractor is unable to make suitable arrangements for shipment of classified material procured under a DCS contract, the contractor should advise the purchaser to make appropriate DTS shipment arrangements under an FMS LOA.

C3.7.4.6.3. FMS Credit Financed Direct Commercial Contracts. DSCA approval of Foreign Military Financing (FMF) for a DCS contract does not relieve the exporter from obtaining required export licenses, nor imply automatic USG approval of such licenses when requested.

C3.7.5. Temporary Imports.

C3.7.5.1. Temporary Import of Unclassified Defense Articles. A Temporary Import License, ITAR Form DSP-61 (Figure C3.F6.) is required for the import and re-export from the United States of unclassified defense articles that are not associated with an FMS Repair and Return or similar program pursuant to an executed FMS case. The Transportation Plan that is prepared for the initial sale will include instructions and requirements for imports for Repair and Return. See 22 CFR part 123.4 (reference (n)) for more information.

C3.7.5.2. Temporary Import of Offshore Procurements. Materiel procured outside of the United States under USG and DoD procurement actions for the FMS program must be imported and exported under a DSP-61 if it passes through the United States en route to the purchasing country unless an exception under 22 CFR part 123.4 (reference (n)) applies (there are additional exceptions for Canada and Mexico under 22 CFR parts 123.19 and 126.5 (reference (n))). The DSP-61, filed by the purchaser or its agent, is required whether the materiel is imported or

exported intact or is incorporated into another defense article that is subsequently exported to the purchasing country.

C3.7.5.3. Temporary Import of Defense Articles for Repair. Articles temporarily imported to the United States for overhaul, repair, modification, etc., under an LOA are exempt from the DSP-61 requirement. When it is anticipated that articles will be returned to the United States for overhaul, repair, or modification, the import requirements shall be included in the Transportation Plan or LOA for the original sale. The purchaser or its agent is responsible for filing documentation with U.S. Customs upon entry of Repair and Return materiel into the United States. This documentation (e.g., Customs Form 3461, 7512, etc.) must contain the statement,

“This shipment is being imported in accordance with and under the authority of 22 CFR part 123.4(a)(subsection____)”

and include a complete list and description of the defense articles being imported. The description includes quantity and value in U.S. dollars. When the materiel is subsequently re-exported, the purchaser or its agent must submit a SED to the District Director of U.S. Customs that cross-references to the import documentation. The SED or an attachment must also contain the statement, “22 CFR (section____) and 22 CFR part 120.1(c) applicable.” Shipments moved via the DTS do not require import or export processing with U.S. Customs. Implementing Agencies preparing LOAs for Repair and Return programs include a note (see Chapter 5, Table C5.T5.) indicating the requirement for the foreign country to report imports and exports made under the LOA to U.S. Customs.

C3.7.5.4. Temporary Imports of Defense Articles Without Subsequent Export of the Same Article. Under 22 CFR part 123.4(b) (reference (n)), a license is not required for the temporary import (but not the subsequent export) of unclassified defense articles that are to be incorporated into another article; or modified, enhanced, upgraded, altered, improved or serviced in any other manner that changes the basic performance or productivity of the article. A DSP-5 is required for the re-export of these enhanced defense articles unless FMS exceptions apply.

C3.7.6. Permanent Imports. The Department of Justice, Bureau of Alcohol, Tobacco, Firearms, and Explosives (BATFE), pursuant to the AECA and implementing federal regulations, regulates the permanent import of defense articles, as listed in the United States Munitions Import List (based on the USML). Imports of defense articles into the United States require an approved permit issued by BATFE.

C3.7.7. Contractor Proposals and Presentations. Policy and procedures for DoS approval regarding sales proposals or presentations of Significant Military Equipment (SME) are in 22 CFR part 126.8 reference (n). These requirements do not apply to SME that has been approved for sale under FMS.

C3.7.7.1. Export License Requirement. If marketing efforts involve the disclosure of technical data or temporary export of defense articles, the contractor must obtain the appropriate export license.

C3.7.7.2. Prior Approval for Contractor Presentations and Proposals. DoS approval must be obtained before any marketing efforts for sales that meet ALL of the following criteria: SME


valued at \$14 million or more; end-use by foreign armed forces other than NATO countries, Australia, New Zealand, or Japan; export of any defense article or the furnishing abroad of any defense service including technical data; and identical SME has not been previously licensed for permanent export or approved for sale under the FMS program. This prior approval permits the contractor to conduct unclassified discussions and propose a sale of a specific item of SME to a particular country.

C3.7.7.3. Advance Notification for Contractor Presentations and Proposals. When the identical equipment meets the first three conditions in subparagraph C3.5.7.2. and has not been previously licensed for permanent export or approved for sale under the FMS program to any foreign country, the contractor must notify the DoS in writing at least 30 days in advance of the proposal or presentation.

C3.7.7.4. Prior Approval for Manufacturing Licensing Agreements (MLA) and Technical Assistance Agreements (TAA). Prior approval must be obtained for all proposals to enter a MLA or TAA with a foreign country for the production or assembly of SME. An MLA or TAA is not required during the period in which the FMS case and implementing USG FMS contracts and subcontracts are in effect. Under 22 CFR part 126.6 (reference (n)), the LOA and the implementing contracts serve as the authorization for the transfers without a license.

Figure C3.F2. Department of State Form, DSP-94, Authority to Export Defense Articles and Defense Services Sold Under the Foreign Military Sales Program

OMB APPROVAL NO. 1405-0051
 EXPIRATION DATE: NOVEMBER 30, 1991
 ESTIMATED BURDEN: 30 MINUTES



**UNITED STATES OF AMERICA
DEPARTMENT OF STATE**

**AUTHORITY TO EXPORT DEFENSE ARTICLES AND DEFENSE SERVICES SOLD UNDER
THE FOREIGN MILITARY SALES PROGRAM**

This form, when properly executed and accompanied by an authenticated Department of Defense Offer and Acceptance (DD Form 1513), constitutes authority under section 126.6 of the International Traffic in Arms Regulations (ITAR) to export the defense articles and defense services listed thereon. This form may be used in lieu of a Department of State export license to export defense articles and services sold by the Department of Defense under the Foreign Military Sales (FMS) program. This export authority is valid for 2 years from the date shown in item 12 below.

The Department of State may, without prior notice to the exporter, deny, revoke, suspend, or amend this authority consistent with ITAR section 126.7.

Willful violation of the ITAR, making an untrue statement of a material fact, or omission of a material fact required to be stated on this form are subject to prosecution and, upon conviction, fines up to \$100,000 or up to 2 years' imprisonment, or both. (Section 38(c), Arms Export Control Act; section 127.3, ITAR.)

1. PM/DTC Applicant Code	2. Country of Ultimate Destination/Purchaser	3. Port of Exit from U.S.
4. Applicant's Name, Address, ZIP Code, Tel. No.	5. Foreign Military Sales Case Identifier	6. Date of FMS Case Implementation
	7. Total Value of Defense Articles and Defense Services of Original FMS Case \$ _____	
	8. Only the unshipped balance, valued at \$ _____, of this FMS case is covered by this DSP-94. Previous shipments of this FMS case were covered by a Form DSP-94 dated _____ and/or Department of State license No. _____	

9. Form DSP-94 constitutes an amendment to the value and/or quantity of defense articles and services authorized under this FMS case as shown in the attached-amended DD Form 1513.
 Yes No

10. If exporter is a freight forwarder acting on behalf of a foreign government or diplomatic mission, provide the name, address, and telephone number of the foreign official in the U.S. familiar with this FMS case.

For illustration purposes only

11. U.S. Munitions List Categories (see section 121.1 of the ITAR). Please check the appropriate categories to indicate the types of defense articles and/or defense services included on this FMS case:

I. _____	VI. _____	XI. _____	XVI. _____	XXI. _____
II. _____	VII. _____	XII. _____	XVII. _____	
III. _____	VIII. _____	XIII. _____	XVIII. _____	
IV. _____	IX. _____	XIV. _____	XIX. _____	
V. _____	X. _____	XV. _____	XX. _____	

12. Exporter's Statement

I, _____, hereby exercise the authority to effect the export described above; warrant the truth of all statements made herein; and acknowledge, understand, and will comply with the provisions of Title 22 CFR Parts 120-130 and any conditions and limitations imposed.

Signature _____ Date _____
 (Authority valid for 24 months from above date.)

1 - AUTHORITY TO EXPORT

FORM 12-91 DSP-94

Figure C3.F3. Department of State Form, DSP-85, Application-License for Permanent-Temporary Export or Temporary Import of Classified Defense Articles and Related Classified Technical Data .

(U.S. DEPARTMENT OF STATE USE ONLY)

SEAL _____ Signature _____

License is hereby granted to the applicant for the described commodity to be permanently exported from the U.S., to be temporarily exported from and returned to the U.S., or to be temporarily imported into the U.S. and returned to the foreign owner, provided shipment is made in accordance with the Department of Defense Industrial Security Manual. This license may be revoked, suspended or amended by the Secretary of State without prior notice whenever the Secretary deems such action advisable.

C

LICENSE NO. _____ **LICENSE VALID FOR MONTHS FROM ABOVE DATE** _____

UNITED STATES OF AMERICA DEPARTMENT OF STATE
APPLICATION/LICENSE FOR PERMANENT/TEMPORARY EXPORT OR TEMPORARY IMPORT OF CLASSIFIED DEFENSE ARTICLES AND RELATED CLASSIFIED TECHNICAL DATA

1. Date prepared	2. PM/DTC applicant code	3. Check one: <input type="checkbox"/> Permanent export <input type="checkbox"/> Temporary export <input type="checkbox"/> Temporary import	4. Country of ultimate destination or sojourn	5. Country from which shipped (temporary imports only)
6. Applicant's name, address, ZIP code Applicant is: <input type="checkbox"/> government <input type="checkbox"/> agent/manufacturer <input type="checkbox"/> freight forwarder		7. Names, agency and telephone numbers of U.S. Government personnel (not PM/DTC) familiar with the commodity <input type="checkbox"/> Army <input type="checkbox"/> Navy <input type="checkbox"/> Air Force <input type="checkbox"/> Other		
FSC, level and date of clearance: TELEPHONE NUMBER: _____		8. Name and telephone number of applicant contact if U.S. Government needs additional information.		

9. Description of Transaction
a. This application represents: ONLY completely new shipment; ONLY the unshipped balance of license no. _____
b. The IDENTICAL commodity was licensed to the country in block 3 under license no. _____; was licensed to other countries under license no. _____; was returned without action; was denied to the country in block 3 under voided license no. _____; was never licensed for this applicant.
c. If commodity is being financed under Foreign Military Sale (FMS); Foreign Military Financing (FMF) or; Grant Aid Program (GAD), give the case number: _____

10. QUANTITY	11. COMMODITY <input type="checkbox"/> Hardware <input type="checkbox"/> Technical Data	12. CLASS.	13. USML CAT.	14. VALUE
<i>For illustration purposes only</i>				
15. TOTAL VALUE: \$ _____				

16. <input type="checkbox"/> Source or <input type="checkbox"/> Manufacturer of Commodity FSC, level and date of clearance: _____	17. Name and address of foreign end-user FSC, level and date of clearance: _____
18. Name and address of seller in United States FSC, level and date of clearance: _____	19. Name and address of foreign consignee FSC, level and date of clearance: _____
20. Name and address of consignor and/or freight forwarder in United States FSC, level and date of clearance: _____	21. Specific purpose for which the material is required, including specific program/end item
22. Name and address of cognizant DIS security office	23. APPLICANT'S STATEMENT (See Instructions) I, _____, hereby apply for a license to complete _____ (Typed name) the transaction described above, warrant the truth of all statements made herein, and acknowledge, understand and will comply with the provisions of Title 22 CFR 120 - 130, and any conditions and limitations imposed, and the DOD Industrial Security Manual. CHECK ALL THAT APPLY: <input type="checkbox"/> I am a responsible official empowered by the applicant to certify that the conditions of 22 CFR 126.13 and 22 CFR 130 as listed on the reverse of this form have been met in full. <input type="checkbox"/> The applicant or another party to this export cannot meet one or more of the conditions in 22 CFR 126.13. A request for an exception to policy is attached. <input type="checkbox"/> U.S. consignor(s) and/or freight forwarder list(s) is/are attached. Signature _____
24. LICENSE COPY TO BE SENT TO: Name, address, ZIP code	

FORM 11-92 DSP-85 1 - APPLICATION/LICENSE

OAS APPROVAL NO. 1405-002
EXPIRATION DATE: 12-31-99
*ESTIMATED BURDEN: 1/2 HOUR

*Public reporting burden for this collection of information is estimated to average 1/2 hour per response, including time required for searching existing data sources, gathering the necessary data, providing the information required, and reviewing the final collection. Send comments on the accuracy of this estimate of the burden and recommendations for reducing it to: Department of State (DIS/RA/CR) Washington, D.C. 20520-0204, and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (1405-0022), Washington, D. C. 20503.

Figure C3.F4. Transportation Plan Requirements

Transportation Plan Requirements

DoD 5200.1-R, "Information Security Program," (reference (x)) and DoD 5100.76-M, "Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives," (reference (ai)), require that the transmission instructions or the requirement for an approved Transportation Plan be incorporated into the security requirements of the LOA when the foreign purchaser proposes to take delivery and custody of classified material in the United States and use its own facilities and transportation for forward shipment to its territory. The requirement for this plan shall be included with any contract, agreement, LOA, or other arrangement involving the release of classified material to foreign entities. The Transportation Plan is developed by the DoD Component that prepares the LOA in coordination with the purchasing government. It is to be submitted to, and approved by, the applicable DoD Component security authorities and a copy will be provided to DSS when freight forwarders or commercial carriers are involved, when consignment is directed to a commercial firm, or if the consignment emanates from a U.S. contractor location. The FMS Case Manager and supporting security office must coordinate with DSS and other Government security and Customs authorities to ensure that the proper security arrangements are made under such circumstances. As a minimum, the Transportation Plan shall include the following provisions:

- a. A description of the classified material together with a brief narrative as to where and under what circumstances transfer of custody occurs;
- b. Identification, by name or title, of the DGR of the foreign recipient Government or international organization who will receive and assume responsibility for the materiel and U.S. DGR who will verify the security arrangements and approve the release of the consignment. In case of classified material, the person(s) so identified must be cleared for access to the level of the classified material to be shipped;
- c. Identification and specific location of delivery points, stops or layover points, transfer points, and the identification of a point of contact and alternate at each location (including telephone and cell phone numbers and email address) who will provide assistance;
- d. Identification of commercial carriers and freight forwarders or transportation agents who are involved in the process, the extent of their involvement, and, as applicable, security clearance status verified by DSS;
- e. Identification of any storage or processing facilities to be used and, relative thereto, certification that such facilities are authorized by competent Government authority to receive or process the level of classified material to be shipped and a primary and alternate point of contact, including telephone and cell phone numbers and email address, who can provide assistance;
- f. When classified material is involved, the identification, by name or title, of couriers and escorts to be used and details as to their responsibilities and security clearance status;
- g. Description of shipping methods to be used, together with the identification of carriers (foreign and domestic). For classified material, see DoD 5200.1-R (reference (x)), Chapter 8, and for classified sensitive materials, see DoD 5100.76-M (reference (ai)), Chapter 7;
- h. In those cases when it is anticipated that the U.S. classified material or parts thereof may be returned to the U.S. for repair, service, modification, or other reasons, the plan must require that shipment shall be via a carrier of U.S. or recipient Government registry, handled only by security-cleared authorized personnel, and that the applicable DoD Component (for FMS) or DSS (for commercial sales) is given advance notification of estimated time and place of arrival and is consulted concerning inland shipment, as well as the identification of a point of contact and an alternate, with telephone and cell phone numbers and email address, who will provide assistance;

Figure C3.F4. Transportation Plan Requirements (cont)

- i. The plan shall require the DGR of the recipient Government or international organization to examine shipping documents upon receipt of the classified material in its own territory and advise the responsible DoD Component in the case of FMS, or DSS in the case of commercial sales, if the materiel has been transferred enroute to any carrier not authorized by the Transportation Plan or other circumstances that deviated from the procedures in the plan;
- j. The recipient Government or international organization also is required to inform the responsible DoD Component or the DSS promptly and fully of any known or suspected compromise of U.S. classified material while such materiel is in its custody or under its cognizance during shipment;
- k. The plan shall include each segment of the route from the point of origin to the ultimate destination, including all border crossings and actions required at border crossings, together with the identification of a point of contact and alternate at each location, including telephone and cell phone numbers and email address, who can provide assistance. If overnight stops are required, security arrangements for each stopping point must be specified, to include contingency stopovers as necessary; and
- l. The plan will include a requirement for transportation instructions with respect to material that is to be returned to the United States for modification, upgrade, or repair.

Figure C3.F5. Sample Transportation Plan for the Transfer of Classified Material

AUTHORIZATION: [Insert FMS Case Designator, Export License Number, Authorization Letter, or ITAR Exemption]

A. PURPOSE. This Transportation Plan describes procedures for the transfer by commercial carrier of the [insert the name and military nomenclature (if applicable) of the defense article or technical data] between the United States and [insert recipient country] as authorized by [insert the FMS Case Designator, License Number, Authorization Letter, or Exemption, as applicable. If an ITAR Exemption is cited, identify the underlying FMS Case, License, etc.].

[Guidance: If there is to be a single shipment under the FMS case or license, the format and requirements of this basic plan should be used. If there are to be recurring shipments, this format should be used as a generic plan to describe the requirements and terms of reference that are standard to all recurring shipments (such as packaging, procedures for handling searches by port security and Customs officials); the details for each shipment will appear in an annex to the basic plan, using the format for a Notice of Consignment at the annex. If this plan is to be a generic plan that provides the standard requirements and general terms of reference for recurring shipments, with the individual consignments described in detail in an attachment, that fact should be so stated here. Also see section B, below, and the annex, "Notice of Classified Consignment," which is to be used for the shipment of each individual consignment. A Transportation Plan will be used for consignments only up to the Secret classification level; Top Secret material must always be transferred via Government courier.]

B. DESCRIPTION OF CONSIGNMENT. [Provide a specific, detailed description of the material to be transferred (list end items, parts, sub-assemblies, software, test equipment, technical documents, etc., together with nomenclature (when applicable) and serial numbers). No classified information should appear in the description. The description of items of material to be transferred under this plan may be appended to the plan as an attachment when the plan is used for a single shipment, or included in a Notice of Classified Consignment (see annex) for recurring shipments.]

C. IDENTIFICATION OF RESPONSIBLE GOVERNMENT AND/OR COMPANY REPRESENTATIVES [This section will identify by name and/or title (when a specific named person is not appropriate) and organization, the Government and/or company security or licensing officials who will participate in the activities related to the transfer, together with the nature of their responsibilities (e.g., actions to verify shipment against the license, verify security arrangements, coordinate with airport security and Customs officials). The list will include depot or company security and licensing officials and the Designated Government Representatives (DGRs) of the dispatching country who will verify the adequacy of the arrangements for the transfer and approve release of the consignment, and those of the receiving country who will sign receipts for, and assume final security responsibility for the classified consignment. Mailing addresses, telephone, telefax, and cell phone numbers (both for business and non-business hours) and e-mail addresses are to be listed for each country's representatives. (Freight forwarders and other commercial agents shall not be designated to act as a Government representative; they are transfer agents.) This information also may be included as an attachment or in the "Notice of Classified Consignment" when there are to be recurrent shipments and the information will be different for each shipment.]

D. IDENTIFICATION OF COMMERCIAL ENTITIES TO BE INVOLVED IN EACH SHIPMENT. [Identify fully all commercial entities, such as freight forwarders, customs brokers, and commercial carriers (trucking companies, airlines, surface ships, etc.), including DTS-contracted carriers, that will be involved. Include the level of facility security clearance and storage capability of each entity's facility. For each listed entity, include names of points of contact and their alternates and their addresses, telephone, telefax, and cell phone numbers (for business and non-business hours), e-mail addresses, and the specific functions that named persons will perform (a position may be identified when it is not appropriate to cite a person by name). This information must include the name of the captain of the aircraft or vessel or other on-board representative who has been briefed on the shipment and is to provide assistance. If there will be recurring shipments and the information will vary for each shipment, the details will be placed in the "Notice of Classified Consignment".]

Figure C3.F5. Sample Transportation Plan for the Transfer of Classified Material (cont)

E. **PACKAGING THE CONSIGNMENT.** [Fully describe how the material is to be packaged. Packaging requirements will conform to the national security rules of the dispatching organization. The requirements for dispatch documents, inventories, seals, receipts, storage, and security containers will be explained. Any unique requirement of the sending and receiving Governments also should be stated. When there are to be recurrent shipments and the details would be different; the specific requirements will be placed in the Notice of Consignment.]

F. **ROUTING OF THE CONSIGNMENT.** [Briefly identify in the basic paragraph the route to be taken, including the point of origin (e.g., identity of a military depot, contractor facility, etc.), any locations other than the destination where there will be stops or layovers, or the transfer of custody will occur, (e.g. names and addresses of freight forwarder facilities, ports, railheads, airports, airline terminal, etc.), and the final destination. Then describe the specific activities at each individual location for which handling and/or security oversight arrangements must be undertaken (e.g., the movement of a shipment from a Constant Surveillance Service truck to the hold of an aircraft), as indicated in subparagraphs 1 through 5, below. The establishment of these arrangements will require advance coordination between the shipper and airline or surface transport officials, and local security officials (e.g., airport and airline security and Customs) at the point of origin, at stops or layovers, and transfer points, and similar coordination at the destination by officials of the receiving Government. The courier or escort must be provided with a written description of the arrangements that have been made, to include the identities of the points of contact and alternates (see section G, below), and the courier's or escort's responsibilities for each occurrence (e.g., observing the loading or unloading of a shipment to ensure maintenance of security). Also describe any special security arrangements that will be required because of the unique nature of a transfer, stop or layover, or processing point (e.g., an airport freight terminal or port receiving station), and the specific duties of persons who will be responsible for each action. For example, if a programmed layover is required, arrangements must be made for security storage of the consignment; this might entail arrangements with local Government officials. Contingency stopover locations must be anticipated and arrangements made for such situations (e.g., an unexpected landing in a third country). Provide the specific information described below regarding the specific activities that are necessary at each location that is listed. For recurring shipments, any information that is different for a specific shipment may appear in the "Notice of Classified Consignment" for each shipment.

1. Procedures and responsibility for notifying the DGRs and the carrier and port security officials, and Customs in each country of the arrangements and schedule for the shipment (e.g., date, time, carrier, flight number, port, etc.).
2. Procedures and responsibility for verifying and overseeing the loading and sealing/locking the consignments on the carrier. Describe procedures at the loading points and any transfer points, to include verifying tally records, surveillance responsibilities, and witnessing of the counting and loading arrangements.
3. Procedures for arranging accessibility by the courier to the consignment en route (e.g., layovers, stops, diversions, etc.), such as priority disembarking from an aircraft at a stop. These procedures must be arranged in coordination with any freight forwarder/transfer agent and port and carrier security authorities.
4. Procedures for unloading at the destination, to include identification of a pre-arranged representative of the dispatching Government in country who will provide assistance (if applicable) and the recipient Government's DGR, and procedures for change of custody, and receipt arrangements. If there are to be shipments to various locations and/or the arrangements are to be different for each shipment, this section may be very brief and the "Notice of Classified Consignment" annex will be used for the details.
5. Emergency communication procedures. List telephone, telefax, and cell phone numbers (for business and non-business hours) and email addresses for dispatching and recipient Government points of contact to be notified at each location (including stopovers) in the event of emergency. For recurring shipments, this information will be placed in the "Notice of Classified Consignment" annex.]

Figure C3.F5. Sample Transportation Plan for the Transfer of Classified Material (cont)

G. **COURIERS/ESCORTS.** [This section will describe the procedures for the use of couriers or escorts from the point of origin to the ultimate destination. When couriers or escorts are to be used, they must be identified by name and title, organization, and passport number and/or other secondary identification, and include the identity of a dispatching company or Government official who may be contacted to verify the identity of the courier/escort. Documentation required by or to be provided to the courier or escort will be described here. The section will include procedures for ensuring that the courier or escort is aware of the rules necessary to comply with Customs and security requirements. Provide in this section the procedures for handling Customs searches, and identify points of contact and alternates (the names and telephone, telefax and cell phone numbers (for business and non-business hours) and email addresses of Government officials who may be called upon for assistance, together with the identity of the Customs and port security officials with whom prior arrangements have been made).]

[Guidance: A courier (term used for a person who is carrying the material in his or her possession) or escort (term used for a person who is responsible for overseeing the security of material that is shipped as freight and stowed in the carrier) must accompany the consignment unless the commercial carrier possesses a Facility Security Clearance and agrees in the contract to provide a courier or escort who has the necessary personnel security clearance. Couriers and escorts may not be third-party persons (i.e., contract couriers). They must be cleared at the classification level of the material to be shipped and be briefed on their security responsibilities. Briefings of couriers or escorts will be tailored to the mode of transfer (e.g. commercial air, ships, truck, rail etc.). The courier must be provided the identity, by name, of the specific person who is designated as the receiving Government's DGR, as well as the means by which such person will be identified (e.g., a specified type of picture identification card). Each courier or escort will be issued a "Courier Certificate" and will be provided a list of possible secure storage locations and points of contact and emergency phone numbers (for business and non-business hours). The Courier Certificate and security responsibility briefings from Multinational Industrial Security Working Group (MISWG) Document No. 1, "Arrangements for the International Hand Carriage of Classified Documents, Equipment and/or Components," both contained in the International Programs Security Requirements Handbook available on the Defense Security Service and Defense Institute of Security Assistance Management websites, should be used and included as an enclosure to the Transportation Plan. For recurring shipments, this section will describe the standard requirements for use of the courier or escort and the details for each shipment, including the identity of couriers or escorts, will appear in the "Notice of Classified Consignment".]

H. **H. RECIPIENT RESPONSIBILITIES.** [Describe the specific responsibilities of the recipient Government for making arrangements with its port security and Customs officials to facilitate entry of the shipment into the recipient country, including the identification of points of contact and alternates at the debarkation location. Indicate where the Government-to-Government transfer will be completed. If the location is other than the port of debarkation, explain how the consignment will be moved to the specified location and the responsibility and procedures for such movement. Also describe the responsibility of the recipient Government's DGR to inventory the material and receipt for the consignment and its contents at the specified location, including specifically how:

1. The recipient organization will notify its Government security authority and the DGR of the dispatching organization of any deviation in the routes or methods prescribed in the Transportation Plan.
2. The recipient organization will notify its security authority and the DGR of the dispatching organization of any discrepancies in the documentation, damage or tampering with the packaging, or shortages in the consignment.
3. The recipient organization or Government will advise the DGR of the dispatching organization of any known or suspected compromise of classified material or any other exigencies that may have placed the consignment in jeopardy.
4. The recipient DGR will sign for the contents of the package and return a copy of the receipt to the dispatching organization.]

Figure C3.F5. Sample Transportation Plan for the Transfer of Classified Material (cont)

I. **TRANSFER DOCUMENTATION:** [Identify the documentation that is related to the shipment, including packing list, receipts, inventories, letter of offer and acceptance, export license, bill of lading, air waybill, signature and tally record, and declarations that may be required by law or regulation, etc.]

J. **RETURN OF MATERIAL.** [This section will identify any requirements for the return of classified material to the manufacturer or Government entity in the dispatching country (e.g., for warranty, repair, test, calibration etc.). The information provided will of necessity be general in nature. However, the basic requirement for a return Transportation Plan and methods to be used will be documented in the original Transportation Plan. The specific information required for an individual return shipment subsequently may be described in a Notice of Classified Consignment.]

Annex

NOTICE OF CLASSIFIED CONSIGNMENT TO TRANSPORTATION PLAN FOR

[Insert name and military nomenclature of the defense article or technical data]

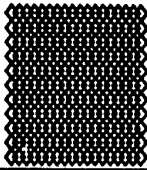

AUTHORIZATION: [Insert the FMS Case Designator, License Number, Authorization Letter, or ITAR Exemption.]

1. **PURPOSE.** This annex describes procedures for the transfer by commercial carrier of the below listed items sold pursuant to [cite the FMS Case Designator, Export License, Authorization Letter, or Exemption]. If an ITAR Exemption is cited, identify the underlying authorization; e.g., FMS Case, License, etc. between [insert the name and address of the U. S. military depot or contractor facility] and [insert the name and address of the Government organization, contractor facility, or international organization] in [insert the identity the country].
2. **DESCRIPTION OF CONSIGNMENT.** [Insert a specific, detailed description of the end-items, parts, assemblies, sub-assemblies, software, test equipment, components, technical documents, etc. to be transferred under the annex, including the military nomenclature when applicable, and serial numbers; the number of packages or containers; a description of the packages or containers (e.g., the material of which they are constructed and the size and weight); and the numerical count of each item to be transferred in each package or container.]
3. **IDENTIFICATION OF RESPONSIBLE GOVERNMENT AND/OR COMPANY OFFICIALS.** [If the information was covered in the basic Transportation Plan, and has not changed, refer to the applicable section of the basic Transportation Plan. If the identity or other information related to any the persons in the basic Transportation Plan has changed, or the information was not covered in the basic Transportation Plan, include in this paragraph all of the information specified for section C of the Transportation Plan.]
4. **IDENTIFICATION COMMERCIAL ENTITIES INVOLVED IN EACH TRANSFER.** [If the information was covered in the basic Transportation Plan, and has not changed, refer to the basic Transportation Plan. If the identity or other information related to any the carriers, facilities or persons in the basic Transportation Plan has changed, or the information was not covered in the basic Transportation Plan, include in this paragraph all of the information specified for section D of the Transportation Plan.]
5. **ROUTING OF CONSIGNMENT.** [Unless the information is specifically covered in the basic approved Transportation Plan, the following information must be provided for each shipment. If the information is covered in the basic Transportation Plan, reference the applicable section of that Plan.]

Figure C3.F5. Sample Transportation Plan for the Transfer of Classified Material (cont)

- a. Identity of Mode of Transport: [For each segment of the transfer (from point of origin to ultimate destination), identify the carriers to be used and include the name and address and the identity of a point of contact and an alternate (including telephone, cell phone, and telefax numbers, and e-mail addresses, both business and non-business hours) at all carriers. Include the flight, rail, or ship number, or other means of identifying the specific aircraft, vessel, or vehicle to be used, as well as the identity of the captain or other on-board representative who has been briefed on the arrangements for the shipment and is to provide assistance.]
- b. Routes: [Describe the routes to be used between the point of origin of the shipment, the point of export from the country of origin, the point of import into the recipient country and the ultimate destination point (identify any specific programmed stops, layovers or transfer points; use codes that appear in Transportation Plan, if applicable).]
- c. Dates and Times of Departure: [Provide the established date and time for each segment of the transfer.]
- d. Date and Estimated Time of Arrival: [Provide the estimated date and time of arrival of the final carrier at the port in the country of destination.]
- e. Freight Forwarders/Transfer Agents/Customs Brokers: [Identify the companies and their names and addresses, and the identity of a point of contact and an alternate (including the telephone, cell phone, and telefax number and e-mail address, both business and non-business hours) at the companies to be used, if they are not specified in the approved basic Transportation Plan. If the information is in the approved Plan, reference the applicable section. The security officer or DGR at the releasing depot or facility must verify the clearance and safeguarding capability of these entities, prior to the release of the consignment.]
- f. Customs and Port Security Contacts: [Provide the name of a point of contact and an alternate at all ports, together with their telephone, cell phone, and telefax numbers and email addresses (for business and non-business hours), if they are not listed in the approved Transportation Plan. If they are so listed, reference the applicable section of the Plan.]
- g. Emergency Procedures: [Provide the procedures to be followed for each segment of the transfer, and the names of points of contact and alternates in each country who are to be contacted in the case of an emergency. Provide telephone, cell phone, and telefax numbers and email addresses (for business and non-business hours).]
6. NAME(S) AND IDENTIFICATION OF COURIER/ESCORT. [Provide their full names, passport numbers and secondary identification, courier orders number and issuing authority, and the name and telephone and telefax number and e-mail address of an official that Customs or security authorities may contact, if further identification is necessary.]

Figure C3.F6. Department of State Form, DSP-61, Application/License for Temporary Import of Unclassified Defense Articles

(U.S. DEPARTMENT OF STATE USE ONLY)			
<p style="text-align: center;">SEAL</p> <p style="text-align: center;">_____ Signature</p> <p>License is hereby granted to the applicant for the described commodity to be shipped to the United States in transit to indicated destination. This license may be revoked, suspended or amended by the Secretary of State without prior notice whenever the Secretary deems such action advisable.</p>			<p>LICENSE NO. _____</p> <p>LICENSE VALID FOR _____ MONTHS FROM ABOVE DATE</p>
 <p style="text-align: center;">UNITED STATES OF AMERICA DEPARTMENT OF STATE</p> <p style="text-align: center;">APPLICATION/LICENSE FOR TEMPORARY IMPORT OF UNCLASSIFIED DEFENSE ARTICLES</p>			
1. Date prepared	2. PM/DTC applicant code	3. Foreign country from which shipped	4. U.S. port of import
5. Foreign country of ultimate destination		6. U.S. port of export	
8. Applicant's name, address, ZIP code, tel. no. Applicant is: <input type="checkbox"/> agent/manufacturer <input type="checkbox"/> freight forwarder <input type="checkbox"/> government TELEPHONE NUMBER: _____		7. Name, agency and telephone numbers of U.S. Government personnel (not PM/DTC) familiar with the commodity. <input type="checkbox"/> Army <input type="checkbox"/> Air Force <input type="checkbox"/> Navy <input type="checkbox"/> Other	
		9. Name and telephone number of applicant contact if U.S. Government needs additional information.	
10. The IDENTICAL commodity <input type="checkbox"/> was licensed to the country in block 3 under license no. _____ ; <input type="checkbox"/> was licensed to other countries under license no. _____ ; <input type="checkbox"/> was denied to the country in block 3 under voided license no. _____ ; <input type="checkbox"/> was never licensed for this applicant.			
11. QUANTITY	12. COMMODITY (Indicate overhaul/freight/modification cost if applicable and known; follow instructions carefully)	13. USML CAT.	14. VALUE
For illustration purposes only			
		15. TOTAL VALUE: \$ _____	
16. Name and address of owner of commodity in foreign country from which shipped		17. <input type="checkbox"/> Source or <input type="checkbox"/> manufacturer of commodity	
18. Name and address of consignor in foreign country from which shipped		19. Name and address of U.S. intermediate consignee (overhaul/repair facility or transshipment agent)	
20. Name and address of foreign intermediate consignee		21. Specific purpose for which the material is imported <input type="checkbox"/> Overhaul/repair <input type="checkbox"/> Modification/upgrade <input type="checkbox"/> Transshipment to a third country	
22. Name and address of consignee in foreign country of ultimate destination		23. APPLICANT'S STATEMENT I, _____, hereby apply for a license to complete the transaction described above; warrant the truth of all statements made herein; and acknowledge, understand and will comply with the provisions of Title 22 CFR 120 - 130, and any conditions and limitations imposed. If the commodity is firearm or ammunition of U.S. manufacture, I certify that, based on corroborative evidence, the commodity was not furnished on a grant basis to, or acquired without full payment by, a foreign government under a foreign assistance program of the U.S. as set forth in Title 27 CFR 47.57. CHECK ALL THAT APPLY: <input type="checkbox"/> I am a responsible official empowered by the applicant to certify that the conditions of 22 CFR 126.13 and 22 CFR 130 as listed on the reverse of this form have been met in full. <input type="checkbox"/> The applicant, or another party to this export cannot meet one or more of the conditions in 22 CFR 126.13. A request for an exception to policy is attached. <input type="checkbox"/> U.S. consignor(s) and/or freight forwarder list(s) is/are attached. Signature _____	
24. Name and address of end user in foreign country of ultimate destination			
25. LICENSE COPY TO BE SENT TO: Name, address, ZIP code			
FORM 11-82 DSP-61		1 - APPLICATION/LICENSE	
OMB APPROVAL NO. 1405-0013 EXPIRATION DATE: 12-31-88 *ESTIMATED BURDEN: 1/2 HOUR *Public reporting burden for this collection of information is estimated to average 1/2 hour per response, including time required for searching existing data sources, gathering the necessary data, providing the information required, and reviewing the final collection. Send comments on the accuracy of this estimate of the burden and recommendations for reducing it to: Department of State (OS/PA/CFR), Washington, D.C. 20520-0264, and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (1405-0013), Washington, D.C. 20503			

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C4. CHAPTER 4

FOREIGN MILITARY SALES PROGRAM GENERAL INFORMATION

C4.1. DEFINITION AND PURPOSE

C4.1.1. The Foreign Military Sales (FMS) Program is that part of Security Assistance authorized by the Arms Export Control Act (AECA) and conducted using formal contracts or agreements between the United States Government (USG) and an authorized foreign purchaser. These contracts, called Letters of Offer and Acceptance (LOAs), are signed by both the USG and the purchasing Government or international organization; and provide for the sale of defense articles and/or defense services (to include training) usually from Department of Defense (DoD) stocks or through purchase under DoD-managed contracts. As with all Security Assistance, the FMS program supports United States (U.S.) foreign policy and national security objectives.

C4.2. WHO MAY PURCHASE USING THE FMS PROGRAM

C4.2.1. Presidential Determination. Defense articles and/or services may be sold or leased to a country or international organization only if the President, in accordance with AECA, section 3 (reference (c)), makes a determination that the prospective purchaser is eligible. Table C4.T1. summarizes the AECA criteria for this determination.

Table C4.T1. Presidential Determination Criteria for FMS Eligibility

FMS Eligibility Criteria	
1	The furnishing of defense articles and defense services to such country or international organization strengthens the security of the United States and promote world peace;
2	The country or international organization shall have agreed not to transfer title to, or possession of, any defense article or related training or other defense service so furnished to it or produced in a cooperative project, to anyone not an officer, employee, or agent of that country or international organization, and not to use or permit the use of such an article or related training or other defense service for purposes other than those for which furnished unless the consent of the President has first been obtained;
3	The country or international organization shall have agreed that it shall maintain the security of such article or service and provide substantially the same degree of security protection afforded to such article by the United States; and
4	The country or international organization is otherwise eligible to purchase or lease defense articles or defense services.

C4.2.2. Other Factors Determining Eligibility

C4.2.2.1. Defense articles and/or services are not sold to foreign purchasers under the AECA unless they are part of the national defense establishment, under the direction and control of the ministry responsible for defense matters. Requests for training for foreign personnel (or units) that are not part of the Defense Ministry must be directed to the Department of State (DoS) and to the Agency for International Development (AID) through U.S. Embassy channels. The Defense Security Cooperation Agency (DSCA) and relevant Implementing Agencies should be informed of the request.

C4.2.2.2. Prior DSCA and DoS approval must be obtained for the sale or lease of defense articles, defense services, or training to foreign organizations or personnel if they are engaged in on-going civilian police functions under the direction and control of the ministry responsible for defense matters.

C4.2.2.3. Assistance may be provided to Communist countries only if the President exercises the waiver authority under the Foreign Assistance Act (FAA), section 614(a) (reference (b)), and reports to Congress that such assistance is vital to the security of the United States and promotes the independence of the recipient country from international communism. (FAA, section 620(f) reference (b))

C4.2.3. Purchasers Currently Eligible. Questions regarding eligibility should be referred to DSCA. Table C4.T2. lists the country and international organization codes. (Organizations are listed at the end of the table.)

C4.2.3.1. The table identifies the short names and two position country and organization codes assigned for FMS purposes (e.g., for assignment of LOA identifiers or Security Assistance communications). For territories, the host country code is listed in parenthesis to the right of the territory name. The responsible Combatant Commands and Region Groupings are also given.

C4.2.3.2. The country codes are generally consistent with National Institute of Standards and Technology (NIST) codes in NIST Publication 10-4, Federal Information Processing Standards (reference (aj)), maintained by National Geospatial-Intelligence Agency (NGA). If FMS and NIST codes differ, NIST codes are listed in parenthesis to the right of the FMS code.

C4.2.3.3. The FMS AECA Eligible (Yes/No) column indicates those countries and organizations determined by the President under AECA, section 3(a)(1) (reference (c)) to be eligible to purchase defense articles and defense services under authority of the AECA. The Presidential Determination date can be found in the Congressional Budget Justification for Foreign Operations. An eligibility determination by itself does not signify that sales will be made since sales may be suspended (indicated by note \3) for legal or policy reasons and certain items may not be releasable to the requesting country.

C4.2.3.4. The “Term of Sale – Dependable Undertaking Authorized” column indicates if this specific term of sale may be used on a purchaser’s FMS cases. If a purchaser is not authorized for Dependable Undertaking, no contracts shall be signed by the Department of Defense until the entire LOA value has been received from the purchaser. Normally, the Term of Sale “Cash With Acceptance” is used on any cash-financed FMS cases for countries that are not authorized Dependable Undertaking. See Chapter 9 for additional information.

C4.2.3.5. The “Accelerated Case Closure Eligible” column indicates if the country participates in the Accelerated Case Closure (ACC) program. (See Chapter 6, section C6.8.)

Table C4.T2. Country, International Organization, and Regional Codes and FMS Eligibility

Country/ Territory (Host Country)	FMS Country Code/ (NIST Code)	Combatant Command |1	Region Grouping |2	FMS AECA Eligible |3	Term of Sale – Dependable Undertaking Authorized	Accel. Case Closure Eligible
Afghanistan	AF	CE	NESA	Yes	No	Yes
Albania	AL	EU	EUR	Yes	No	Yes
Algeria	AG	AF	AFR	Yes	Yes	Yes
Andorra	AN	EU	EUR	No	No	N/A
Angola	AO	AF	AFR	Yes	No	Yes
Anguilla (UK)	AV	SO	AR	No	No	N/A
Antigua and Barbuda	AC	SO	AR	Yes	No	Yes
Argentina	AR	SO	AR	Yes	Yes	Yes
Armenia	AM	EU	EUR	Yes	No	Yes
Aruba	AA	SO	AR	No	No	N/A
Australia	AT (AS)	PA	EAP	Yes	Yes	Yes
Austria	AU	EU	EUR	Yes	Yes	Yes
Azerbaijan	AJ	EU	EUR	Yes	No	Yes
Bahamas	BF	NO |6	AR	Yes	Yes	Yes
Bahrain	BA	CE	NESA	Yes	Yes	Yes
Bahrain National Guard	BZ	CE	NESA	Yes	Yes	Yes
Bangladesh	BG	PA	NESA	Yes	Yes	Yes
Barbados	BB	SO	AR	Yes	Yes	Yes
Belarus	BO	EU	EUR	No	No	N/A
Belgium	BE	EU	EUR	Yes	Yes	Yes
Belize	BH	SO	AR	Yes	No	Yes
Benin	DA (BN)	AF	AFR	Yes	No	Yes
Bermuda (UK)	BD	NO	AR	No	No	N/A
Bhutan	BT	PA	NESA	No	No	Yes
Bolivia	BL	SO	AR	Yes	No	Yes
Bolivia INC	D1	SO	AR	Yes	No	Yes
Bosnia-Herzegovina	BK	EU	EUR	Yes	No	Yes
Botswana	BC	AF	AFR	Yes	Yes	Yes
Brazil	BR	SO	AR	Yes	Yes	No
British Indian Ocean Territory (UK)	IO	PA	NESA	No	No	N/A
British Virgin Islands (UK)	VI	NO |7	AR	No	No	N/A
Brunei	BX	PA	EAP	Yes	Yes	Yes
Bulgaria	BU	EU	EUR	Yes	No	Yes
Burkina Faso	UV	AF	AFR	Yes	No	Yes
Burma	BM	PA	EAP	Yes	No	Yes
Burundi	BY	AF	AFR	Yes	No	Yes
Cambodia	CB	PA	EAP	Yes	No	Yes
Cameroon	CM	AF	AFR	Yes	Yes	Yes
Canada	CN (CA)	NO	EUR	Yes	Yes	Yes

Country/ Territory (Host Country)	FMS Country Code/ (NIST Code)	Combatant Command |1	Region Grouping |2	FMS AECA Eligible |3	Term of Sale – Dependable Undertaking Authorized	Accel. Case Closure Eligible
Cape Verde, Republic of	CV	AF	AFR	Yes	No	Yes
Cayman Islands (UK)	CJ	SO	AR	No	No	N/A
Central African Republic	CT	AF	AFR	Yes	No	Yes
Chad	CD	AF	AFR	Yes	No	Yes
Chile	CI	SO	AR	Yes	Yes	Yes
China	CH	PA	EAP	Yes	Yes	Yes
Colombia	CO	SO	AR	Yes	Yes	Yes
Colombia INC	D5	SO	AR	Yes	Yes	Yes
Comoros	CR (CN)	AF	AFR	Yes	No	Yes
Congo, Republic of (Brazzaville)	CF	AF	AFR	Yes	No	Yes
Congo, Democratic Republic of (Kinshasa)	CX (CG)	AF	AFR	Yes	No	Yes
Cook Islands (NZ)	CW	PA	EAP	Yes	No	Yes
Costa Rica	CS	SO	AR	Yes	Yes	Yes
Croatia	HR	EU	EUR	Yes	No	Yes
Cuba	CU	NO	AR	No	No	N/A
Cyprus	CY	EU	EUR	No	No	N/A
Czechoslovakia |5	CZ	EU	EUR	No	No	N/A
Czech Republic	EZ	EU	EUR	Yes	Yes	Yes
Denmark	DE (DA)	EU	EUR	Yes	Yes	Yes
Djibouti	DJ	AF	AFR	Yes	No	Yes
Dominica	DO	SO	AR	Yes	Yes	Yes
Dominican Republic	DR	SO	AR	Yes	No	Yes
East Timor	TT	PA	EAP	Yes	No	Yes
Ecuador	EC	SO	AR	Yes	Yes	Yes
Ecuador INC	D6	SO	AR	Yes	Yes	Yes
Egypt	EG	CE	NESA	Yes	Yes	Yes
El Salvador	ES	SO	AR	Yes	Yes	Yes
Equatorial Guinea	EK	AF	AFR	Yes	No	Yes
Eritrea	ER	AF	AFR	Yes	No	Yes
Estonia	EN	EU	EUR	Yes	No	Yes
Ethiopia	ET	AF	AFR	Yes	No	Yes
Faeroe Islands (DE)	FO	EU	EUR	No	No	N/A
Falkland Islands (UK)	FA	SO	AR	No	No	N/A
Fiji	FJ	PA	EAP	Yes	No	Yes
Finland	FI	EU	EUR	Yes	Yes	Yes
France	FR	EU	EUR	Yes	Yes	No
French Guiana (FR)	FG	SO	AR	No	No	N/A
French Polynesia (FR)	FP	PA	EAP	No	No	N/A
Gabon	GB	AF	AFR	Yes	No	Yes
Gambia	GA	AF	AFR	Yes	No	Yes

Country/ Territory (Host Country)	FMS Country Code/ (NIST Code)	Combatant Command |1	Region Grouping |2	FMS AECA Eligible |3	Term of Sale – Dependable Undertaking Authorized	Accel. Case Closure Eligible
Georgia	GG	EU	EUR	Yes	No	Yes
Germany	GY (GM)	EU	EUR	Yes	Yes	Yes
Ghana	GH	AF	AFR	Yes	No	Yes
Gibraltar (UK)	GI	EU	EUR	No	No	N/A
Greece	GR	EU	EUR	Yes	Yes	Yes
Greenland (DE)	GL	EU	AR	No	No	N/A
Grenada	GJ	SO	AR	Yes	No	Yes
Guadeloupe (FR)	GP	SO	AR	No	No	N/A
Guatemala	GT	SO	AR	Yes	Yes	Yes
Guinea	GV	AF	AFR	Yes	No	Yes
Guinea-Bissau	PU	AF	AFR	Yes	No	Yes
Guyana	GU	SO	AR	Yes	No	Yes
Haiti	HA	SO	AR	Yes	Yes	Yes
Honduras	HO	SO	AR	Yes	Yes	Yes
Hong Kong (CH)	HK	PA	EAP	No	No	N/A
Hungary	HU	EU	EUR	Yes	Yes	Yes
Iceland	IL (IC)	EU	EUR	Yes	Yes	Yes
India	IN	PA	NESA	Yes	Yes	Yes
Indochina	IC	PA	EAP	No	No	N/A
Indonesia	ID	PA	EAP	Yes	Yes	Yes
Iran	IR	CE	NESA	No	No	No
Iraq	IQ	CE	NESA	Yes	No	N/A
Ireland	EI	EU	EUR	Yes	Yes	Yes
Israel	IS	EU	NESA	Yes	Yes	Yes
Italy	IT	EU	EUR	Yes	Yes	Yes
Ivory Coast (Cote d'Ivoire)	IV	AF	AFR	Yes	No	Yes
Jamaica	JM	SO	AR	Yes	Yes	Yes
Japan	JA	PA	EAP	Yes	Yes	Yes
Jordan	JO	CE	NESA	Yes	Yes	Yes
Kazakhstan	KZ	CE	EUR	Yes	No	Yes
Kenya	KE	AF	AFR	Yes	Yes	Yes
Kiribati	KR	PA	EAP	Yes	No	Yes
Korea (North)	KN	PA	EAP	No	No	N/A
Korea (Seoul)	KS	PA	EAP	Yes	Yes	Yes
Kosovo	KV	EU	EU	Yes	No	No
Kuwait	KU	CE	NESA	Yes	Yes	Yes
Kyrgyzstan	KG	CE	EUR	Yes	No	Yes
Laos	LA	PA	EAP	Yes	No	Yes
Latvia	LG	EU	EUR	Yes	No	Yes
Lebanon	LE	CE	NESA	Yes	Yes	Yes
Lesotho	LT	AF	AFR	Yes	No	Yes

Country/ Territory (Host Country)	FMS Country Code/ (NIST Code)	Combatant Command |1	Region Grouping |2	FMS AECA Eligible |3	Term of Sale – Dependable Undertaking Authorized	Accel. Case Closure Eligible
Liberia	LI	AF	AFR	Yes	No	Yes
Libya	LY	AF	AFR	Yes	No	No
Liechtenstein	LS	EU	EUR	No	No	N/A
Lithuania	LH	EU	EUR	Yes	No	Yes
Luxembourg	LX (LU)	EU	EUR	Yes	Yes	Yes
Macau (CH)	MC	PA	EAP	No	No	N/A
Macedonia	MK	EU	EUR	Yes	No	Yes
Madagascar	MA	AF	AFR	Yes	No	Yes
Malawi	MI	AF	AFR	Yes	No	Yes
Malaysia	MF(MY)	PA	EAP	Yes	Yes	Yes
Maldives	MV	PA	NESA	No	No	N/A
Mali	RM(ML)	AF	AFR	Yes	No	Yes
Malta	MT	EU	EUR	Yes	Yes	Yes
Marshall Islands	R1 (RM)	PA	EAP	Yes	No	Yes
Martinique (FR)	MB	SO	AR	No	No	N/A
Mauritania	MR	AF	AFR	Yes	No	Yes
Mauritius	MP	AF	AFR	Yes	No	Yes
Mexico	MX	NO	AR	Yes	Yes	Yes
Micronesia	FM	PA	EAP	Yes	No	Yes
Moldova	MD	EU	EUR	Yes	No	Yes
Monaco	MN	EU	EUR	No	No	N/A
Mongolia	MG	PA	EAP	Yes	No	Yes
Morocco	MO	AF	AFR	Yes	Yes	Yes
Mozambique	MZ	AF	AFR	Yes	No	Yes
Myanmar (see Burma)						
Namibia	WA	AF	AFR	Yes	No	Yes
Nauru	NR	PA	EAP	No	No	N/A
Nepal	NP	PA	NESA	Yes	Yes	Yes
Netherlands	NE (NL)	EU	EUR	Yes	Yes	Yes
Netherlands Antilles (NE)	NA (NT)	SO	AR	No	No	N/A
New Caledonia (FR)	NC	PA	EAP	No	No	N/A
New Zealand	NZ	PA	EAP	Yes	Yes	Yes
Nicaragua	NU	SO	AR	Yes	No	Yes
Niger	NK (NG)	AF	AFR	Yes	No	Yes
Nigeria	NI	AF	AFR	Yes	Yes	Yes
Niue (NZ)	NQ	PA	EAP	No	No	N/A
Norfolk Island (AT)	NF	PA	EAP	No	No	N/A
Norway	NO	EU	EUR	Yes	Yes	Yes
Oman	MU	CE	NESA	Yes	Yes	Yes
Pakistan	PK	CE	NESA	Yes	Yes	Yes
Palau	PS	PA	EAP	Yes	No	Yes

Country/ Territory (Host Country)	FMS Country Code/ (NIST Code)	Combatant Command |1	Region Grouping |2	FMS AECA Eligible |3	Term of Sale – Dependable Undertaking Authorized	Accel. Case Closure Eligible
Palestinian Authority	PA	CE	NESA	No	No	No
Panama	PN (PM)	SO	AR	Yes	Yes	Yes
Papua-New Guinea	PP	PA	EAP	Yes	No	Yes
Paraguay	PA	SO	AR	Yes	No	Yes
Peru	PE	SO	AR	Yes	Yes	Yes
Peru INC	D3	SO	AR	Yes	Yes	Yes
Philippines	PI (RP)	PA	EAP	Yes	Yes	Yes
Pitcairn (UK)	PC	PA	EAP	No	No	N/A
Poland	PL	EU	EUR	Yes	Yes	Yes
Portugal	PT (PO)	EU	EUR	Yes	Yes	Yes
Qatar	QA	CE	NESA	Yes	Yes	Yes
Republic of Montenegro	MJ	EU	EUR	Yes	No	No
Republic of Serbia	RB	EU	EUR	Yes	No	No
Reunion (FR)	RE	AF	AFR	No	No	N/A
Romania	RO	EU	EUR	Yes	No	Yes
Russia	RS	EU	EUR	Yes	No	Yes
Rwanda	RW	AF	AFR	Yes	No	Yes
Saint Helena (UK)	SH	AF	AFR	No	No	N/A
Saint Kitts and Nevis	SC	SO	AR	Yes	No	Yes
Saint Lucia	ST	SO	AR	Yes	Yes	Yes
Saint Pierre and Miquelon (FR)	SB	SO	AR	No	No	N/A
Saint Vincent and Grenadines	VC	SO	AR	Yes	Yes	Yes
Samoa	WS	PA	EAP	Yes	No	Yes
San Marino	SM	EU	EUR	No	No	No
Sao Tome and Principe	TP	AF	AFR	Yes	No	Yes
Saudi Arabia	SR (SA)	CE	NESA	Yes	Yes	Yes
Saudi Arabia Ministry of the Interior	SD	CE	NESA	Yes	No	Yes
Saudi Arabia National Guard	SI	CE	NESA	Yes	Yes	Yes
Senegal	SK (SG)	AF	AFR	Yes	No	Yes
Serbia (Refer to Republic of Serbia)	S2 (SR)	EU	EUR	No	No	No
Serbia and Montenegro	YI	EU	EUR	No	No	No
Seychelles	SE	AF	AFR	Yes	No	Yes
Sierra Leone	SL	AF	AFR	Yes	No	Yes
Singapore	SN	PA	EAP	Yes	Yes	Yes
Slovak Republic	LO	EU	EUR	Yes	No	Yes
Slovenia	S3 (SI)	EU	EUR	Yes	Yes	Yes
Solomon Islands	BP	PA	EAP	Yes	No	Yes
Somalia	SO	AF	AFR	Yes	No	Yes
South Africa	UA (SF)	AF	AFR	Yes	No	Yes
Spain	SP	EU	EUR	Yes	Yes	Yes
Sri Lanka	CE	PA	NESA	Yes	No	Yes

Country/ Territory (Host Country)	FMS Country Code/ (NIST Code)	Combatant Command |1	Region Grouping |2	FMS AECA Eligible |3	Term of Sale – Dependable Undertaking Authorized	Accel. Case Closure Eligible
Sudan	SU	AF	AFR	Yes	No	Yes
Government of Southern Sudan	SX	AF	AFR	No	No	N/A
Suriname	NS	SO	AR	Yes	Yes	Yes
Swaziland	WZ	AF	AFR	Yes	No	No
Sweden	SW	EU	EUR	Yes	Yes	No
Switzerland	SZ	EU	EUR	Yes	Yes	Yes
Syria	SY	CE	NESA	No	No	No
Taiwan	TW	PA	EAP	Yes	Yes	Yes
Tajikistan	TI	CE	EUR	Yes	No	Yes
Tanzania	TZ	AF	AFR	Yes	No	Yes
Thailand	TH	PA	EAP	Yes	Yes	Yes
Togo	TO	AF	AFR	Yes	No	Yes
Tokelau (NZ)	TL	PA	EAP	No	No	No
Tonga	TN	PA	EAP	Yes	No	Yes
Trinidad-Tobago	TD	SO	AR	Yes	Yes	Yes
Tunisia	TU (TS)	AF	AFR	Yes	Yes	Yes
Turkey	TK (TU)	EU	EUR	Yes	Yes	Yes
Turkmenistan	TX	CE	EUR	Yes	No	Yes
Turks and Caicos (UK)	TS	NO	AR	No	No	No
Tuvalu	TV	PA	EAP	Yes	No	Yes
Uganda	UG	AF	AFR	Yes	No	Yes
Ukraine	UP	EU	EUR	Yes	No	Yes
United Arab Emirates (previous code TC)	AE	CE	NESA	Yes	Yes	Yes
United Kingdom	UK	EU	EUR	Yes	Yes	Yes
United Kingdom Polaris Project	UZ	EU	EUR	Yes	Yes	No
United Nations Interim Mission in Kosovo	T2	EU	EU	No	No	N/A
Uruguay	UY	SO	AR	Yes	Yes	Yes
Uzbekistan	U2	CE	EUR	Yes	No	Yes
Vanuatu	NH	PA	EAP	Yes	No	Yes
Venezuela	VE	SO	AR	Yes	Yes	Yes
Vietnam (previous code VS)	VM	PA	EAP	Yes	No	Yes
Western Sahara	WI	AF	AFR	No	No	N/A
Yemen	YE (YM)	CE	NESA	Yes	No	Yes
Yemen, Aden	YS (YM)	CE	NESA	No	No	N/A
Zaire (see Congo, Kinshasa)						
Zambia	ZA	AF	AFR	Yes	No	Yes
Zimbabwe	ZI	AF	AFR	Yes	No	Yes

Table C4.T2. Country, International Organization, and Regional Codes and FMS Eligibility (continued)

Organization	FMS Code	Combatant Command /1	Regional Grouping /2	FMS Eligible /3 AECA Eligible /8	Term of Sal – Dependable Undertaking Authorized	Accel. Case Closure Eligible
Central Treaty Organization (CENTO) (ceased 1979)	T3	NR	NR	No	No	N/A
DSCA\DFAS reserved						
Consolidated Appropriations Act, 2008 (Public Law 110-161) Afghanistan Security Forces Fund	E3	CE	NR	AECA Only	No	N/A
Consolidated Appropriations Act, 2008 (Public Law 110-161) Iraq Security Forces Fund	E4	CE	NR	AECA Only	No	N/A
Supplemental Appropriations Act for Fiscal Year 2008 (P.L. 110-252, 122 Stat. 2398) for Coalition Readiness Support Program (CRSP) cases	E7	NR	NR	No	No	N/A
Fiscal Year 2007 DoD Appropriations Act (Public Law 109-289) (Sep 29, 2006) as supplemented by PL 110-28 (May 25, 2007) Afghanistan Security Forces Fund	B6	CE	NR	AECA Only	No	N/A
Fiscal Year 2007 DoD Appropriations Act (Public Law 109-289) (Sep 29, 2006) as supplemented by PL 110-28 (May 25, 2007) Iraq Security Forces Fund	B7	CE	NR	AECA Only	No	N/A
Internal DSAMS Training	AA	NR	NR	No	No	N/A
Emergency Supplemental Appropriations (Public Law 109-234) (Jun 15, 2006) Afghanistan Security Forces Fund	B2	CE	NR	AECA Only	No	N/A
Emergency Supplemental Appropriations (Public Law 109-234) (Jun 15, 2006) Iraq Security Forces Fund	B3	CE	NR	AECA Only	No	N/A
Internal DSAMS Training	NN	NR	NR	No	No	N/A
Section 1107 of FY04 Supplemental (Train and Equip Authority) for the Afghanistan National Army	Y2	CE	NR	AECA Only	No	N/A
Section 1107 of FY04 Supplemental (Train and Equip Authority) for the New Iraqi Army	Y3	CE	NR	AECA Only	No	N/A
Uzbekistan - Emergency Wartime Supplemental Appropriations Act 2003 (Public Law 108-11)	Y4	CE	NR	AECA Only	No	N/A
Section 9006 of FY05 Defense Appropriations Act (Public Law 108-287) for Afghanistan	Y5	CE	NR	AECA Only	No	N/A

Organization	FMS Code	Combatant Command /1	Regional Grouping /2	FMS Eligible /3 AECA Eligible /8	Term of Sal – Dependable Undertaking Authorized	Accel. Case Closure Eligible
Section 9006 of FY05 Defense Appropriations Act (Public Law 108-287) for Iraq	Y6	CE	NR	AECA Only	No	N/A
Emergency Supplemental Appropriations Act for Defense and for the Reconstruction of Iraq and Afghanistan, 2004 (Public Law 108-106) for Iraq	Y7	CE	NR	AECA Only	No	N/A
Afghanistan Security Forces Fund - FY05 Emergency Supplemental Appropriations Act (Public Law 109-13)	Y8	CE	NR	AECA Only	No	N/A
Iraq Security Forces Fund - FY05 Emergency Supplemental Appropriations Act (Public Law 109-13)	Y9	CE	NR	AECA Only	No	N/A
USG Transition Support (Iraq)	IZ	CE	NR	No	No	N/A
Airborne Warning and Control System	W1	NR	NR \4	No	No	N/A
Case Closure Suspense Account (post 1995)	55	NR	NR	No	No	N/A
Dept. of Defense	00	NR	NR	No	No	N/A
European Participating Group F-16 follow on	PG	NR	NR	No	No	N/A
Extraordinary Expenses – IMET and Counterterrorism	22	NR	NR	No	No	N/A
General Costs - IMET and Counterterrorism	66	NR	NR	No	No	N/A
Counterterrorism Program/Contractor Support	33	NR	NR	No	No	N/A
Counterterrorism DSAMS	44	NR	NR	No	No	N/A
F-16, Belgium	F1	NR	NR	No	No	Yes
F-16, Denmark	F2	NR	NR	No	No	Yes
F-16, Netherlands	F3	NR	NR	No	No	Yes
F-16, Norway	F4	NR	NR	No	No	Yes
FAA Sec 607 Sales, Reimbursable (Delayed Payment)	S5	NR	NR	AECA Only	No	N/A
FAA Sec 607 Sales, Payment in Advance	S6	NR	NR	AECA Only	No	N/A
FAA Sec 632 Transactions	S4	NR	NR	AECA Only	No	N/A
National Defense Authorization Act (NDAA), Section 1033 Transactions	S7	NR	NR	AECA Only	No	N/A
National Defense Authorization Act for Fiscal Year 2006 (PL 109-163), Section 1206	B4	NR	NR	AECA Only	No	N/A
National Defense Authorization Act for Fiscal Year 2007 (PL 109-364), Section 1206	B5	NR	NR	AECA Only	No	N/A
National Defense Authorization Act for Fiscal Year 2007 PL 109-364,	B8	NR	NR	AECA Only	No	N/A

Organization	FMS Code	Combatant Command /1	Regional Grouping /2	FMS Eligible /3 AECA Eligible /8	Term of Sal – Dependable Undertaking Authorized	Accel. Case Closure Eligible
Section 1206; and National Defense Authorization Act for Fiscal Year 2008 PL 110-181, Section 1206 for the Pakistan Frontier Corps						
NDAAs, Section 1004 Transactions	S8	NR	NR	AECA Only	No	N/A
Presidential Drawdowns (DSCA authorized use only)	S9	NR	NR	AECA Only	No	N/A
FMF Administration (DFAS use through FY95)	55	NR	NR	No	No	N/A
FMS Agreements (FACTS Data, DSCA)	C2	NR	NR	No	No	N/A
MAP Owned Materiel (DSCA Records)	M3	NR	NR	No	No	N/A
MAP Property Sales and Disposal (MAPSAD)	M2	NR	NR	No	No	N/A
Panama Canal Area Military Schools (PACAMS)	11	SO	AR	No	No	N/A
Seasparrow (Sec 1004, P.L. 98-525)	N3	NR	NR \4	No	No	N/A
Security Assistance Automated Resource Management Suite (SAARMS) database	E1	NR	NR	No	No	N/A
Special Defense Acquisition Fund (SDAF)	D2	NR	NR	No	No	N/A
Intl Civil Def Organization (ICDO)	T8	NR	NR	No	No	N/A
NATO						
NATO	N2	EU	EUR	Both	Yes	No
Headquarters	N6	EU	EUR	Both	Yes	No
Airborne Early Warning & Control Operations & Support (O&S) Budget	K7	EU	EUR	Both	Yes	No
Prog Mgt Ofc (NAPMO)	N1	EU	EUR	Both	Yes	No
C3 Agency (NC3A)	K4	EU	EUR	Both	Yes	Yes
NEFMA \5	M1	EU	EUR	Both	Yes	No
HAWK Prod & Log Org (NHPLO)	M6	EU	EUR	Both	Yes	Yes
Missile Firing Installation (NAMFI)	N9	EU	EUR	Both	Yes	No
EF2000 and Tornado Dev, Prod, & Log Mgt Agency (NETMA)	K3	EU	EUR	Both	Yes	No
Mutual Weapons Dev Prog (MWDP)	N8	EU	EUR	Both	Yes	No
NAMSA-F104 + C-130	K2	EU	EUR	Both	Yes	No
NAMSA General + Nike	N4	EU	EUR	Both	Yes	No
NAMSA-HAWK	N7	EU	EUR	Both	Yes	No
NAMSA-Weapons	M5	EU	EUR	Both	Yes	No
Southern Region Signal/ Communications	M7	EU	EUR	Both	Yes	No
Supreme Allied Commander, Atlantic (SACLANT)	K5	EU	EUR	Both	Yes	No
Supreme HQ, Allied Powers,	A2	EU	EUR	Both	Yes	No

Organization	FMS Code	Combatant Command /1	Regional Grouping /2	FMS Eligible /3 AECA Eligible /8	Term of Sal – Dependable Undertaking Authorized	Accel. Case Closure Eligible
Europe (SHAPE)						
NATO Air Command and Control Management (NACMA)	A6	EU	EUR	Both	Yes	No
NATO Airlift Management Organization (NAMO)	K8	EU	EUR	Both	Yes	No
Regions						
Africa	R6	AF	AFR	No	No	Yes
American Republic	R5	SO	AR	No	No	Yes
East Asia/Pacific	R4	PA	EAP	No	No	Yes
European	R2	EU	EUR	No	No	Yes
Near East/South Asia	R3	CE	NESA	No	No	Yes
Regional Security System	SS	SO	AR	Both	No	No
SE Asia Treaty Organization (ceased 24 Sep 75)	T4	NR	NR	No	No	Yes
United Nations	T9	NR	NR	Both	No	Yes
International Civil Aviation Organization (ICAO)	T7	NR	NR	Both	No	Yes
United Nations Office for the Coordination of Humanitarian Assistance to Afghanistan (UNOCHA)	A4	NR	NR	Both	No	Yes
United Nations Transitional Authority in East Timor (UNTAET)	E2	PA	EAP	Both	No	Yes
African Union (AU)	A3	AF	AFR	Both	No	Yes
Organization of American States (OAS)	A1	NR	NR	Both	No	Yes
Organization of Security and Cooperation in Europe (OSCE)	A8	EU	EUR	Both	No	Yes
Economic Community of West African States (ECOWAS)	A7	AF	AFR	Both	No	Yes
Dept of Humanitarian Affairs (UNDHA)	A5	NR	NR	Both	No	Yes

Notes

1 Combatant Command

NR Non-Regional
 AF Africa CMD
 CE Central CMD
 EU European CMD
 PA Pacific CMD
 SO Southern CMD
 NO Northern CMD

2 Regional Grouping

NR Non-Regional
 AFR Africa Region
 AR American Republic
 EUR European
 EAP East Asia/Pacific
 NESA Near East/South Asia

3 Purchaser's eligibility may change. See paragraph C4.2.4.

4 Affiliated with but not eligible for FMS as part of NATO.

5 Included for historical purposes.

6 Responsibility for Security Cooperation transitioned from U.S. Southern Command to the U.S. Northern Command on October 1, 2008.

7 Responsibility for Security Cooperation transitioned from U.S. Southern Command to the U.S. Northern Command on October 1, 2003.

8 Authorized under program-specific legislation.

C4.2.4. Changes in Eligibility Status. Sales to purchasers may be suspended or terminated for legal and/or policy reasons. If the DoS determines that it is necessary to suspend Security Assistance to a particular country, the Director, DSCA, issues instructions to the Security Assistance program Implementing Agencies. Details about this process can be found in Chapter 6. Questions relative to eligibility should be referred to DSCA (Operations Directorate). The following are some of the reasons why purchasers may not be eligible for support.

C4.2.4.1. Termination Due to Unnecessary Military Expenditures. Further sales, credits, and guaranties shall be terminated to any country that diverts economic aid, or its own resources to unnecessary military expenditures, to a degree that materially interferes with its development (AECA, section 35 (reference (c))). Existing sales, credits, and guaranties need not be terminated.

C4.2.4.2. Prohibition Against Discrimination, Intimidation, or Harassment. No sales are made and no credits or guaranties extended to, or for, any country whose laws, regulations, official policies, or governmental practices prevent any person from participating in the furnishing of defense articles or defense services on the basis of race, religion, national origin, or sex. Sales, credits or guaranties shall NOT be made or extended to countries engaged in a consistent pattern of acts of intimidation or harassment directed against individuals in the United States. (AECA, sections 5 and 6 (reference (c)))

C4.2.4.3. Terrorism. Unless the President finds that the national security requires otherwise, the President shall terminate all assistance, sales, credits, and guaranties to any Government that aids or abets (by granting sanctuary from prosecution) any individual or group that has committed an act of international terrorism. (FAA, section 620A (reference (b)))

C4.2.4.4. Nationalization of U.S. Property. Assistance shall be suspended for countries that have nationalized, expropriated, or seized U.S. property, or have imposed discriminatory taxes. Assistance shall also be suspended if a country has initiated steps to repudiate or nullify existing agreements with U.S. citizens or entities without taking proper compensatory action. (FAA, section 620(e) (reference (b)))

C4.2.4.5. Compensation for Nationalized Property. FAA, section 620(g) (reference (b)) states that no monetary assistance shall be made available under this act to any Government or political subdivision or agency of such Government that compensates owners for expropriated or nationalized property.

C4.2.4.6. Narcotics. Economic and military assistance and sales to a country shall be suspended if the President determines the Government of that country has failed to take adequate steps to prevent either the sale of illegal drugs or other controlled substances to USG personnel or their dependents or the smuggling of such narcotics into the United States. (FAA, section 490 (reference (b)))

C4.2.4.7. Violation of Agreements. Any Government using equipment and/or services in substantial violation of an agreement between the United States and that Government shall be ineligible for future U.S. assistance until the President determines that such violations have ceased and is assured they shall not recur. (FAA, section 505(d) and AECA, section 3(c) (references (b) and (c)))

C4.3. WHAT MAY BE PURCHASED USING THE FMS PROGRAM

The FMS program transfers defense articles and services to eligible foreign purchasers. AECA, section 47 (reference (c)) defines the terms “defense article” and “defense service.” The U.S. Munitions List designates specific items that fall into these categories and includes an asterisk (*) by Significant Military Equipment (SME). The U.S. Munitions List (22 CFR part 121 of (reference (n))) can be found at the website http://pmdtc.state.gov/docs/itar/2007/itar_part_121.doc. Any item of SME that has a nonrecurring research and development cost of more than \$50 million or a total production cost of more than \$200 million is considered Major Defense Equipment (MDE). See Appendix 1 for the Nonrecurring Cost Recoupment Charges for MDE.

C4.3.1. Source of Supply. Defense articles or services may be sold from DoD stocks, or the Department of Defense may enter into contracts to procure defense articles or services on behalf of eligible foreign countries or international organizations (AECA, sections 21 and 22 (reference (c))). DoD procurements for FMS use standard Federal Acquisition Regulation (FAR) (reference (ak)) contract clauses and contract administration practices except where deviations for FMS are authorized in the Defense Federal Acquisition Regulation Supplement (DFARS) (reference (al)).

C4.3.2. Materiel Standards. It is DoD policy that defense articles sold under FMS programs should reflect favorably upon the United States. Defense articles offered and sold under FMS are new or unused or, as a result of refurbishment, possess original appearance insofar as possible and, as a minimum, have serviceability standards prescribed for issue to U.S. Forces. If the purchaser desires exclusively new equipment, this requirement is stated in the LOA. If the purchaser wishes to purchase “as is” (no assurance of serviceability), this is also stated in the LOA. In addition to full disclosure of item condition, the purchaser is informed of unusual safety or environmental risks known at the time of sale. This information is included in the LOA with reference to separate publications or correspondence as appropriate.

C4.3.3. Logistics Support. The Department of Defense considers the support of U.S. origin defense articles critical to the success of the Security Assistance program. Systems in use with U.S. Forces are supported through the DoD procurement system. Support items that are stocked, stored, and issued due to common application with end items in use, should be provided even though the end items may have been acquired commercially or system support buyout is complete. (See Chapter 6.)

C4.3.3.1. When a system is to be phased out of the DoD inventory, countries that have acquired the system under FMS are given the opportunity to determine item requirements and to place final orders designed to maintain system capability through its service life. These orders are consolidated to ensure economic buys. (See Chapter 6.)

C4.3.3.2. The Department of Defense shall take reasonable steps to support systems that are not used by U.S. Forces including items that were never adopted by U.S. Forces. Support is provided for these items when mutually satisfactory arrangements are made with the country involved and supply sources are available. Effort is made to support non-standard items, whether acquired commercially or through FMS, when this effort serves U.S. interests.

C4.3.4. Communications Security (COMSEC) Equipment. Discussions relating to secure transmissions of U.S. classified data by foreign Governments involve the release and delivery of

U.S. COMSEC. These discussions are initiated with prior approval from the National Security Agency (NSA), the National Manager for COMSEC. In general, COMSEC discussions can take place once a Released in Principle (RIP) by the Committee for National Security Systems (CNSS), chaired by the Assistant Secretary of Defense for Networks and Information Integration (ASD NII) is approved. This interagency release process is documented in Chairman Joint Chiefs of Staff Instruction (CJCSI) 6510.06. The Implementing Agency is responsible for assuring that National Disclosure Policy (NDP) requirements are satisfied and that program details are staffed with appropriate security activities before a response is provided to the purchaser. Refer to National COMSEC Instruction 6001 (reference (am)), Joint Chiefs of Staff Memo 131 (reference (an)), NSTISSP No. 8 (reference (ao)), and CJCSI 6510.06 (reference (ap)).

C4.3.5. Design and Construction Services. AECA, section 29 (reference (c)) authorizes the sale of design and construction services to eligible foreign countries and international organizations provided that full costs are paid to the United States.

C4.3.5.1. Design and construction services are offered under normal FMS procedures. When part of a larger program, the services are included in the total package LOA under the cognizance of the managing Implementing Agency. When required, the Implementing Agency and construction agent may conclude an internal agreement to show program management relationships.

C4.3.5.2. When these services are stand-alone, the construction agent is normally the Implementing Agency.

C4.3.6. Police Training or Related Programs. Although the FAA, section 660 (reference (b)) expressly forbids it (see paragraph C4.4.3.), the AECA does not prohibit police training or related programs. DSCA (Strategy Directorate) and DoS approval must be obtained before offering this type of defense article or service through FMS procedures.

C4.3.6.1. If foreign students are authorized to attend military police training, foreign Governments must certify that the students are not involved in any civilian law enforcement functions for at least 2 years after receiving the training. Law enforcement includes apprehension and control of political offenders and opponents of the Government in power (other than prisoners of war), as well as persons suspected of common crimes.

C4.3.6.2. Counterterrorism training may be requested through the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict (SO/LIC) under the Regional Defense Counterterrorism Fellowship Program. DSCA should be informed of any request for antiterrorism or counterterrorism training. Foreign officers nominated to receive such training are vetted using the same DoD and/or DoS procedures in place for all International Military Education and Training (IMET) and FMS training.

C4.3.6.3. Limited military intelligence training is available. The scope of this type training shall be limited to training that is directly related to combat or operational intelligence or intelligence management of combat or operational intelligence at the joint military staff level. In case of doubt about whether or not a particular course or type of training falls into one of these two categories, obtain a clarification from DSCA.

C4.3.7. White Phosphorous Munitions. Requests for white phosphorus munitions should be submitted in accordance with the procedures established for SME. Requests should indicate, by type of ammunition, the quantity, and intended use. Requests should be accompanied by the U.S. Mission's opinion as to whether the amount requested is reasonable in relation to the intended use, current on-hand inventories, and predictable usage rates of such items; and requests must also contain assurance from the host Government that white phosphorus munitions are used only for purposes such as signaling and smoke screening. The DSCA (Operations Directorate) shall coordinate the request. Upon approval, the DSCA (Operations Directorate) advises the DoD Component and provides the special conditions that must be included in the LOA.

C4.3.8. M-833 and Comparable Depleted Uranium Rounds. FAA, section 620G (reference (b)) allows the sale of M-833 depleted uranium ammunition and comparable anti-tank rounds containing a depleted uranium-penetrating component to NATO member countries, major non-NATO allies, Taiwan, and countries for which a Presidential national security interest determination has been completed. Such a determination has been completed for the M-833 round for Bahrain and Saudi Arabia and the M-829 round for Saudi Arabia and Kuwait.

C4.3.9. Ship Transfers. Vessels 20 years old or more and no more than 3,000 tons (light load displacement) or less may be transferred after 30 continuous days of the date that the U.S. Navy (USN) notifies Congress of its intent to make the transfer. Naval vessels that are less than 20 years old or more than 3,000 tons may be transferred only after enactment of legislation authorizing the transfer. 10 U.S.C. 7307 (reference (aq)) prescribes these criteria and Congressional oversight provisions. See Chapter 11 for information on Excess Defense Articles (EDA) Congressional notification requirements.

C4.3.10. Technical Data Packages (TDPs) for Defense Articles Manufactured by Watervliet Arsenal. TDPs from a Government-owned and operated defense plant manufacturing large caliber cannons (e.g., Watervliet Arsenal) to a foreign Government, or assistance to a foreign Government in producing defense items currently manufactured or developed in a Government-owned and operated defense plant manufacturing large caliber cannons, may be transferred if the statutory exceptions in 10 U.S.C. 4542 (reference (z)) are met. The Secretary of the Army must determine if these requirements can be met before committing to such transfers; notify the Congress of every transfer agreement; and submit a semiannual report to Congress on the operation of this law and all agreements entered into under it.

C4.3.11. Stinger/Man-Portable Air Defense System (MANPADS). All security cooperation organizations and personnel to include Military Departments (MILDEPs) and Security Cooperation Organizations (SCOs) must get specific approval from DSCA (Programs and Strategy Directorates) prior to any discussions on MANPADS with any potential purchaser. This includes discussion of sales for replacement batteries, parts, components, or expendables for MANPADS. This requirement stands even for countries previously sold MANPADS or approved for MANPADS sales. See Chapter 8 for more information on Stinger/MANPADS.

C4.3.12. Landmines. All security cooperation organizations and personnel to include MILDEPs and SCOs must get specific approval from DSCA (Strategy Directorate) prior to any discussions on landmines with any potential purchaser.

C4.3.13. Foreign Liaison Officer Support. Countries may locate a representative in the United States to assist with their programs. LOAs may be written to cover administrative costs (e.g., office space, secretarial support) for these personnel. See paragraph C4.4.2. for the types of foreign representative services and/or expenses that may NOT be included on an LOA.

C4.3.14. Night Vision Devices (NVDs). NVDs are man-portable devices, which incorporate image intensification, infrared, thermal, or sensor-fused technologies. NVDs fall under Category XII(c) of the U.S. Munitions List (22 CFR part 121 of reference (n)) and are designated as sensitive, unclassified SME. The Deputy Under Secretary of Defense for Technology Security Policy and National Disclosure Policy (DUSD(TSP&NDP)) is responsible for NVD export policy and requires the case-by-case review of all requests for the international transfer of such items through FMS or direct export licensing. Each review considers input from the MILDEPs, the acquisition community, and the Chairman of the Joint Chiefs of Staff. Image intensifier tubes ordered as spare parts or replacements for destroyed, lost, stolen, or missing devices also require a case-by-case review except when replacing defective or damaged tubes that are returned to the USG on a direct exchange or repair and return basis. The technical capabilities of replacement tubes will not exceed the export restrictions set forth in the original authorization. NVDs taken from DoD stock may not be sold or transferred without an accompanying data sheet verifying that the technical capabilities of the image intensifier tubes do not exceed export restrictions. See Chapter 5 for more information on processing requests for NVDs and Chapter 8 for End-Use Monitoring (EUM) responsibilities.

C4.3.15. Medical Countermeasures. Purchases of medical countermeasures such as drugs, vaccines, and other medical interventions against biological and chemical agents require the approval of the Office of the Secretary of Defense. It is essential that Letters of Request (LORs) for these items be submitted to DSCA as soon as the requirement is known to allow sufficient staffing time. See paragraph C5.1.4.3.4 for additional information on LOR submission.

C4.3.16. Geospatial Intelligence (GEOINT). GEOINT provides the capability to visually depict physical features and geographically referenced activities on the Earth. It consists of imagery, imagery intelligence, and geospatial information (topographic, aeronautical and hydrographic maps, and charts data). GEOINT is essential to the guidance systems in many weapons. National Geospatial-Intelligence Agency (NGA) GEOINT data are either shared with the international community through agreements and arrangements under the authority of the Director of the NGA and/or the Director of National Intelligence, or can be purchased from NGA. Implementing Agencies are responsible for coordinating the release of the GEOINT data with NGA in advance. See paragraph C5.1.4.3.5. for additional information.

C4.3.17. Command, Control, Communications, Computer, Intelligence, Surveillance and Reconnaissance (C4ISR). Transfers of U.S. C4ISR to eligible countries and international organizations must support a U.S. Combatant Commander's (COCOM) interoperability requirements. A purchaser's desire to be interoperable with the United States is insufficient justification for release. DoD encourages the use of a Three-Phased Approach to plan C4ISR programs. Before a C4ISR Letter of Request (LOR) is submitted, pre-coordination with DSCA, the respective Combatant Command, Implementing Agencies, the SCO, and the foreign purchaser is required. See Chapter 3 for more information on C4ISR and Chapter 5 for more information on processing LORs for C4ISR.

C4.4. WHAT MAY NOT BE PURCHASED USING THE FMS PROGRAM

Certain items may not be transferred using FMS procedures. Questions concerning what may or may not be authorized for a particular country should be directed to the DSCA (Operations Directorate). The following categories of items MAY NOT be included in LOAs.

C4.4.1. Items Procured from Foreign Countries. The Department of Defense shall not enter into sales arrangements that entail commitments for DoD procurement in foreign countries unless DSCA (Strategy Directorate) and DSCA (Office of the General Counsel) have approved an exception.

C4.4.2. Administrative Expenses for Foreign Government Representatives. The USG does not serve as the disbursing agent for funds received under LOAs unless those funds are required for materiel or services provided by the Department of Defense, another Federal agency, or through a DoD procurement contract. LOAs shall not include transportation, lodging, per diem, or other administrative expenses of foreign Government representatives, even though such expenses may relate to the procured materiel and/or services. In exceptional situations, DSCA may specifically authorize an LOA to include the payment of travel and living allowances for International Students. See Chapter 10 for information on international training. Foreign purchasers may not use LOAs to lease commercial or General Services Administration (GSA) vehicles. Foreign purchasers are responsible for making and paying for these arrangements outside the FMS process.

C4.4.3. Police, Counterterrorism, and Military Intelligence Programs.

C4.4.3.1. The FAA prohibits using funds authorized under that Act to conduct any police training or related programs either in a foreign country or in the United States. All military assistance under the FAA, not just training, is subject to this prohibition with certain statutory exceptions as found in FAA, section 660 (reference (b)).

C4.4.3.2. Police training in the context of the FAA prohibition includes military police as well as civilian police if the military police perform on-going civilian law enforcement functions. Neither the name given to a unit nor the ministerial authority under which it operates is sufficient to determine whether a particular unit is a "police unit." The determining factor is the nature of the functions performed by the unit. Assistance in foreign countries for any civilian law enforcement function (except maritime law enforcement or international narcotics control) is prohibited.

C4.4.3.3. The prohibitions discussed above do not apply to units with the sole function of internal security that involves combat operations against insurgents, or legitimate self-defense of national territory against foreign invasion, whether or not the unit is called police.

C4.4.3.4. If some personnel from a smaller unit within a larger unit that is eligible for assistance are detailed to on-going civilian law enforcement functions, then just the smaller unit is prohibited from receiving grant support under the FAA. However, no grant funds may be used in any program of internal intelligence or surveillance on behalf of any foreign Government either within the United States or abroad.

C4.4.3.5. The AECA does not prohibit police training or related programs or funding such training with Foreign Military Financing (FMF) funds. DSCA and DoS approval shall be

obtained before offering this type of defense article or service through FMS procedures. See paragraph C4.3.6.

C4.4.4. Napalm. Napalm, including napalm thickener, dispensers, and fuses shall not be provided through FMS or commercial contracts.

C4.4.5. Riot Control Agents. Riot control agents shall not be provided via FMS, but certain types are available on a commercial basis. Such proposed commercial sales require that an export license be obtained from the DoS, Directorate of Defense Trade Controls.

C4.5. GENERAL FMS POLICIES

Detailed procedures for FMS programs including writing LOAs and managing cases are found in Chapters 5 and 6. The following broad policies apply and should be noted early in the FMS process.

C4.5.1. Sales Determinations. Once the eligibility criteria in section C4.2. have been met, the Secretary of State determines whether there shall be a sale to a country and the amount thereof, whether there shall be a lease to a country, and whether there shall be delivery or other performance under any sale or lease. (See Chapter 11 for information on leases.) Arms control consequences must be taken into consideration when evaluating any FMS sale (FAA, section 511 (reference (b))); AECA, section 38(a)(2) and 42(a)(c) (reference (c))). Decisions to issue licenses or approve sales under the AECA or to furnish military assistance under the FAA shall take into account the extent to which such exports, sales, or assistance contribute to an arms race, increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control arrangements.

C4.5.2. International Weapons Competitions. Foreign nations often compete weapon system procurements. The foreign Government's defense or economic ministry solicits bids or proposals from defense industries in the international market. Depending on the nation's acquisition process, the solicitation may be a formal request for information, a tender or proposal, an invitation to bid, or a similar document that states the review criteria for proposal submissions. Given the size of the U.S. industrial base, the U.S. response may consist of more than one offering. In the international competition, the foreign nation evaluates proposals submitted by both the U.S. and non-U.S. competitors against the solicitation criteria.

C4.5.2.1. Foreign Solicitation. In an international competition, the foreign nation releases its solicitation in the international market. When submitted through appropriate channels (see Chapter 5, paragraph C5.1.3.) the solicitation is a Letter of Request (LOR) and initiates USG processes (e.g., NDP-1, technology transfer, and other reviews) to determine if it is in the U.S. best interest to participate in the competition. The U.S. response in an international competition may include FMS, Direct Commercial Sale (DCS), international cooperative agreement, or a combination of these programs (see Chapter 5, paragraph C5.2.2. for more information on LOR responses). Most foreign solicitations are released to international defense industries rather than to Governments; however, the FMS process should not be excluded from the response solely on the basis of how the foreign solicitation was released or conditioned.

C4.5.2.2. Lead Agency for Advocacy. DSCA is the DoD focal point for policy regarding U.S. participation in international competitions. The Department of Commerce (DoC) is the lead

USG agency for policy regarding advocacy of U.S. offerings to foreign Governments. The MILDEPs and defense contractor team develop the proposal. Table C4.T3. identifies the lead agency and advocacy for the USG responses.

C4.5.2.3. Responsibilities of the DoD Lead Managing the USG Response. The DoD lead facilitates the USG's deliberative processes such that the policy decisions that affect the proposals are developed as early as possible. The DoD lead obtains the views of the key USG stakeholders: DoS, DoC, Office of the Under Secretary of Defense (Policy), Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics), Defense Technology Security Administration, DSCA, and the MILDEPs. The DoD lead ensures MILDEP and/or contractor teams submit proposals that are consistent with internal U.S. decisions, are as responsive as possible to the requirements of the foreign solicitation, and meet the solicitation's schedule. In cases of multiple U.S offerings, the DoD lead must facilitate all U.S. proposals through the USG reviews on a level playing field basis. The DoD lead must act impartially such that there is no perception that one offering is preferred over another and there is no biased interpretation of policy. The DoD lead must bring together all competing MILDEP and/or contractor teams to highlight issues, perform joint problem solving, establish plans and agreements, ensure that the U.S. entrants are being held to the same standards, address cross-cutting issues, and coordinate responses with the foreign purchaser.

Table C4.T3. Lead Agency and/or Advocacy in International Competitions

Number of U.S. Responses	Number of Services Involved	Lead DoD Agency	USG Advocacy
One	One	MILDEP responsible for the weapon system or technology offered	The one U.S. system offered is articulated as the formal U.S. position.
More than one	One	MILDEP responsible for the weapon systems or technologies offered	USG personnel may not favor the merits of one U.S. proposal over another. U.S. advocacy must be generic - the U.S. proposals are combat proven, interoperable with many nations, technologically superior, worldwide supportable, etc. This neutral stance extends to USG presence in meetings with foreign officials. If USG personnel are present for one U.S. contractor presentation, every effort must be made to be present for all briefings on other U.S. offerings. Only when one U.S. MILDEP and/or contractor team remains in the competition can the United States advocate one U.S. offering. This occurs if all other MILDEP and/or contractor teams self-eliminate or the foreign nation formally states these proposals are no longer under consideration.
	More than one	DSCA	

C4.5.3. Total Package Approach (TPA). A TPA ensures that FMS purchasers can obtain support articles and services required to introduce and sustain equipment. The complete sustainability package must be offered to the purchaser when preparing Price and Availability (P&A) data or LOAs. In addition to the system itself, other items to consider in a total package include: training, technical assistance, initial support, ammunition, follow-on support, etc.

C4.5.4. Marketing. In accordance with FAA, section 515 (reference (b)), “The President shall continue to instruct United States diplomatic and military personnel in the United States missions abroad that they should not encourage, promote, or influence the purchase by any foreign country of United States-made military equipment, unless they are specifically instructed to do so by an appropriate official of the executive branch.” Chapter 2 provides general instructions to SCOs, and the DoS has furnished similar guidance to country teams as a whole. Additional instructions may be provided for specific programs. For questions, contact DSCA (Strategy Directorate).

C4.5.5. False Impressions. Problems can occur when foreign purchasers expect to obtain certain articles and services from the USG but conditions prevent these sales. USG personnel must consider releasability, disclosure, and all required coordination before indicating to a potential purchaser that a sale from the USG is possible. See Chapter 3, paragraph C3.5.4.

C4.5.6. Re-Transfer Restrictions. All purchasers or grant recipients must agree they shall not transfer title or possession of any defense article or related training or other defense services to any other country without prior U.S. consent, authority for which has been delegated to the DoS (AECA, section 3(a)(2) (reference (c)) and FAA, section 505(a) (reference (b))). Special care must be taken to ensure that minor repair parts, fuel, or other defense articles that lose identity when co-mingled, are controlled by the recipient Government using procedures that assure there are no non-approved transfers. See Chapter 8 for information on re-transfers.

C4.5.7. Proper Use of Materiel and End Use Monitoring (EUM). Sales and assistance may be made to countries only for purposes of internal security, legitimate self-defense for preventing or hindering the proliferation of weapons of mass destruction and of the means of delivering such weapons, civic action, or regional or collective arrangements consistent with the United Nations (UN) Charter, or requested by the UN (AECA, section 4 (reference (c)); and FAA, section 502 (reference (b))). Proper use of U.S.-origin items is a joint responsibility of the recipient and U.S. personnel. U.S. representatives have primary responsibility until items are physically transferred to the recipient. The recipient then assumes this responsibility, based on agreements under which transfers are made, including transfer to a third party or other disposal or change in end-use. See Chapter 8 for information on EUM.

C4.5.8. Neutrality. The Department of Defense prefers that countries friendly to the United States fill defense requirements with U.S. origin items. Unless an item has been designated as “FMS only,” the Department of Defense is generally neutral as to whether a country purchases U.S.-origin defense articles or services commercially or through FMS channels. In some instances, such as for certain Government Furnished Equipment (GFE) and Government Furnished Materiel (GFM), AECA, section 38(a)(3) (reference (c)) controls apply and items are sold only via FMS.

C4.5.9. FMS-Only Determinations. The AECA (reference (c)) gives the President discretion to designate which military end-items must be sold through FMS channels exclusively. This discretion is delegated to the Secretary of Defense and executed by DSCA in close coordination with the Defense Technology Security Administration (DTSA) and the MILDEP or DoD Component responsible for the end-item. The DoS approves or disapproves all sales and is responsible for the continuous supervision and general direction of all sales.

C4.5.9.1. In general, the Department of Defense is neutral as to whether a sale is accomplished via Direct Commercial Sale (DCS) or FMS. However, there are times when the Department of Defense requires that a transaction be accomplished via FMS. Four general criteria are used to determine if a sale is required to proceed through the FMS process. The criteria are: Legislative/Presidential restrictions; DoD/MILDEP policy, directive or regulatory requirement, e.g., the National Disclosure Policy; government-to-government agreement requirements; and interoperability/safety requirements for U.S. Forces.

C4.5.9.2. These criteria, particularly DoD/MILDEP policy, can be further understood by considering four possible elements:

C4.5.9.2.1. U.S. Political/Military Relationship with the End-User. The geopolitical situation and security relationships are taken into account when considering the appropriateness of FMS-Only. The inherent strengths of FMS or DCS licensing methods are also considered in selecting the method that best suits the interests of U.S. and the foreign purchaser within the context of existing world security circumstances.

C4.5.9.2.2. Sale of a New or Complex System or Service. FMS-Only may be recommended:

C4.5.9.2.2.1. To maximize the purchaser's ability to assimilate the technologies and manage its acquisition/logistics.

C4.5.9.2.2.2. For enhanced interoperability and cooperation between U.S. and purchaser's military forces.

C4.5.9.2.2.3. For end-items or services that require complex systems integration with other combat systems.

C4.5.9.2.2.4. For end-items or services that require access to sensitive U.S. government databases, libraries, or software-source code.

C4.5.9.2.2.5. For end-items or services that require EUM or on-site accountability.

C4.5.9.2.3. Diversion and Exploitation of Defense Systems Technologies. Security of sensitive technologies is an area of particular concern that requires greater scrutiny in the transfer process. Defense systems and munitions that are not particularly complex or sensitive, but still require enhanced control to prevent proliferation to rogue states or terrorist organizations, represent another area where FMS may be more appropriate than DCS.

C4.5.9.2.4. Feasibility of Separating Weapon System Components into FMS/DCS Elements. At times, purchasers may desire all or a portion of a sale to be DCS. It is possible to separate the FMS-Only aspects of a purchase from the portion that can be DCS.

C4.5.9.3. Each MILDEP or DoD Component develops the FMS-Only designation considering the criteria in subparagraphs C4.5.9.1. and C4.5.9.2. The MILDEP or DoD Component forwards FMS-Only systems designations with rationale to DSCA (Programs Directorate/Weapons Division) and DTSA. DTSA enforces the FMS-Only designations within the Department of Defense through the export licensing process. Questions regarding FMS-Only designations should be directed to the MILDEP or DoD Component. Requests for further assistance with FMS-Only designations may be directed to DSCA (Programs Directorate/Weapons Division) for reconciliation or referral to the appropriate DoD element for resolution in accordance with NDP-1, DoD Directive 2040.2 (reference (u)), or DoD Directive 5120.49 (reference (ar)).

C4.5.10. Direct Commercial Sales (DCS) Preference. Companies may prefer that a sale be made commercially vice using FMS procedures. When a company receives a request for proposal from a country and prefers commercial means, the company may request that DSCA (Strategy Directorate) issue a DCS preference for that particular sale. The company's request must include a copy of the purchaser's solicitation for a price quotation. Approved DCS preferences should be held within SCOs and at the item manager level to allow proper screening of LORs. The process outlined in this section is a best efforts commitment by the Department of Defense. Failure on the part of the DoD Component to comply with these procedures shall not invalidate any resultant FMS transaction. Before approving DCS preference for a specific transaction, the following are considered.

C4.5.10.1. Article or Service Exclusions. Items provided on blanket order lines and those required in conjunction with a system sale do not normally qualify for DCS preference.

C4.5.10.2. Specific Sale Exclusions. For certain countries and for sales financed with Military Assistance Program (MAP) or FMF funds, articles or services that may otherwise qualify for DCS preference must be sold through FMS procedures. The Director, DSCA, may also mandate FMS for a specific sale.

C4.5.10.3. P&A or LOA Requests. DCS preferences are valid for 1 year. If during this time period, the applicable Implementing Agency receives a request from the purchaser for the same item they shall notify the purchaser of the DCS preference, using the following text:

[Company] has advised us that it is actively negotiating with you a program under which [article or service] is to be provided commercially.

Although we have no preference as to whether this item is procured through FMS or on a commercial basis, we do not normally provide price and availability information that could conflict with information formally requested from commercial firms. If a commercial transaction is undertaken, the U.S. Government shall not be a party to the contract; therefore, all aspects of contract performance must be between your Government and the company.

Before we can provide FMS data, you must confirm that all commercial efforts have ceased and advise us of the reason for this decision.

The Implementing Agency must determine if commercial activity has ceased, determine if guidance in paragraph C4.5.11. applies, or seek further guidance from DSCA (Strategy Directorate).

C4.5.11. Concurrent FMS and Commercial Negotiations. Implementing Agencies shall not engage in FMS-commercial comparison studies unless the Director, DSCA, grants an exception for a specific circumstance. Purchasers should submit a request for exception to DSCA (Strategy Directorate). Purchasers should avoid concurrent FMS and commercial requests. However, the purchaser's national policy or specific circumstances may require that both FMS and commercial data be obtained.

C4.5.11.1. FMS Data Obtained First. If the purchaser obtains FMS data and later determines they should request a commercial price quote, the purchaser should cancel the LOR prior to requesting commercial data. If an LOA has been offered and the purchaser then solicits formal bids from private industry for the same item, the Implementing Agency should query the country as to its intentions and indicate that the LOA may be withdrawn.

C4.5.11.2. Commercial Data Obtained First. If the purchaser requests FMS data after soliciting bids from contractors, the purchaser must supply information to the Implementing Agency showing that commercial acquisition efforts have ceased before any FMS data is provided.

C4.5.12. Travel in Support of Security Assistance Programs. U.S. military and DoD civilian employees who travel to and from a foreign country on Security Assistance business, whether the travel is financed by FMS administrative or case funds, must use the same commercial air carrier, class of service, and routing that the transportation officer requires of other DoD travelers. Waivers from the normal travel procedures shall be granted to Security Assistance travelers on the same basis and in the same manner as provided for DoD personnel traveling on regular defense business. (See Joint Federal Travel Regulations (JFTR), Volume 1, Military Members; and Joint Travel Regulations (JTR), Volume 2, DoD Civilians (references (as) and (at)).)

C4.5.13. Use of Federal Acquisition Regulation (FAR) and DoD FAR Supplement (DFARS). When procuring for a foreign Government, the Department of Defense shall apply the same contract clauses and contract administration as it would use in procuring for itself, except where deviations are authorized in the DFARS (reference (al)). If a sole source procurement requested by a foreign Government appears to be motivated by objectives in conflict with this requirement or with any U.S. legislation, the MILDEP's proposed sole source denial memorandum must be forwarded to DSCA (Operations and Strategy Directorates) for coordination.

C4.5.14. Diversion of Materiel. DoD policy requires a determination that the sale of a defense item shall not degrade U.S. defense efforts by taking needed equipment from U.S. stocks (withdrawals) or disrupting deliveries of critical items from production for U.S. Forces (diversions), unless the sale of the item is in the overall U.S. national interest. See Chapter 6, paragraph C6.4.6. for information regarding diversions.

C4.5.15. Insurance. Purchasers shall self-insure FMS shipments or obtain commercial insurance without any right of claim against the United States. When requested by the purchaser, the Implementing Agency may obtain insurance and include it as a separate LOA line item. For FMS cases already implemented, an Amendment can add authorized insurance coverage. Whenever an Implementing Agency provides these services to a purchasing country or organization, it should obtain insurance from a U.S. insurance firm if possible. Providing insurance is an exceptional arrangement and the purchaser should be encouraged to make arrangements for insurance on subsequent cases.

C4.5.16. Classification of Security Assistance Information. All Security Assistance information shall be unclassified unless the DoS, the Assistant Secretary of Defense for International Security Affairs (ASD(ISA)), the Assistant Secretary of Defense for International Security Policy (ASD(ISP)), or the Director, DSCA, directs classification in a particular situation, or unless the national security classification criteria of Executive Order (E.O.) 12958 (reference (au)), DoD 5200.1-R (reference (x)), and corresponding MILDEP regulations warrant classification for national defense purposes.

C4.5.16.1. Purchaser Requests to Classify Security Assistance Information. Under exceptional circumstances and when approved by any of the organizational elements above in paragraph C4.5.16. and DSCA, Security Assistance information may be classified at the request of the purchaser. See Chapter 5 for information the purchaser must provide when making such a request. FMS purchasers should be discouraged from requesting classification of FMS cases and related information. 10 U.S.C. 130c (reference (ag)) protects purchaser's sensitive FMS information from public dissemination. (See Section 1073 of Public Law 106-398 (2001) (reference (av)).) Congress has set a high standard for classification of FMS cases and requires a description of the damage to national security of the United States that could be expected to result from public disclosure of the information as justification.

C4.5.16.2. Factors Determining Classification. The primary factors considered by the DoS, ASD(ISA), ASD(ISP), and the Director, DSCA, in requiring classification of FMS information are: the extent to which disclosure of the information would reveal the purchaser's order of battle, taking into consideration the nature and quantity of defense articles sold and the degree to which the purchaser relies on the United States as a source of military supply; the extent to which disclosure of the information could be expected to stimulate demands by third countries upon the United States or upon other supplying nations for defense articles, thus encouraging global or regional instability or fostering an arms race; and to prevent unauthorized disclosure of the fact that a specific defense article (e.g., F-16 aircraft) is or may be sold to a particular foreign Government.

C4.5.16.3. Levels of Classification. All Security Assistance information that is classified is CONFIDENTIAL unless the DoS, ASD(ISA), ASD(ISP), or the Director, DSCA, directs a higher level of classification in a particular instance, or unless the national security classification criteria of E.O. 12958 (reference (au)), DoD 5200.1-R (reference (x)), and corresponding MILDEP regulations warrant a higher level of classification for national defense purposes.

C4.5.16.4. Declassification. All classified Security Assistance information shall be declassified when the originating agency so determines unless a longer period of classification is either directed in a particular situation by the DoS, ASD/ISA, ASD/ISP, or the Director, DSCA, or is warranted by the national security classification criteria of E.O. 12958 (reference (au)), DoD 5200.1-R (reference (x)), and corresponding MILDEP regulations for national defense purposes.

C4.5.17. Department of Defense (DoD) Support to Direct Commercial Sales (DCS). U.S. industry may request defense articles and services from the DoD to support a DCS to a foreign country or international organization. Defense articles and/or services provided to U.S. industry must be accomplished pursuant to applicable statutory authority including Section 30 of the AECA (reference (c)). Section 30 of the AECA (reference (c)) authorizes the sale of defense articles or defense services to U.S. companies at not less than their estimated replacement cost (or actual cost in the case of services) for incorporation into end items to be sold by such company on a direct commercial basis to a friendly foreign country or international organization pursuant to Section 38, AECA (reference (c)). SMM Chapter 11, section C11.8. further clarifies authorized DoD support (articles or services) under this section. In addition, it is important that defense industry representatives identify early in the DCS planning process if support from the DoD will be required. If DoD support is deemed necessary, then meetings with DoD representatives should be arranged to discuss the level of support required and the method for funding the associated costs.

C4.6. GENERAL FMS FINANCIAL POLICIES

See Chapter 9 for detailed financial policy information. Some broad financial policies that should be noted early in the FMS process include the following.

C4.6.10. Recovery of Cost. The FMS program must be managed at no cost to the USG (with certain exceptions specifically identified in the AECA). The LOA mandates that the purchaser pay the full program value regardless of terms of sale specified for the individual case or the estimated values provided. Modifications and Amendments are used to update case values as necessary when changes to the program occur. See Chapter 6, section C6.7. for more information on when these documents should be used.

C4.6.11. Payment in U.S. Dollars. Sales may be made under FMS only if the eligible purchaser agrees to pay in U.S. dollars (AECA, sections 21 and 22 (reference (c))). AECA, section 21(h) (reference (c)) authorizes reciprocal arrangements under limited circumstances.

C4.6.12. Use of FMS Credit Funds for Procurement Outside the United States. FMS credit funds may be used for procurement outside the United States only if the President determines that such procurement does not result in adverse effects upon the U.S. economy or the industrial mobilization base (AECA, section 42(c) (reference (c))). Prior consultations with the DSCA (Operations Directorate) and the Departments of State and Treasury are required. See Chapter 9 for more information on credit funds.

C4.6.13. Foreign Military Financing (FMF) and/or Credits

C4.6.13.1. Use of FMF and/or Credit for Essential Items. FMF and/or credit and guaranties under the AECA shall be used only to assist countries in acquiring essential items that cannot reasonably be financed by other means and normally shall be used only to finance investment requirements.

C4.6.13.2. Use of Concessionary FMF and/or Credit Terms. Concessionary FMF and/or credit terms (i.e., interest rates less than the cost of money to the USG) shall be granted only when determined by the President (AECA, section 23 (reference (c))).

C4.6.13.3. Repayment of FMF and/or Credit. FMS credits must be repaid in U.S. dollars. Repayment terms are not longer than 12 years after the loan agreement has been signed on behalf of the USG unless otherwise provided for by U.S. law (AECA, section 23 (reference (c))). Individual credit installments must be repaid in a timely manner to avoid Brooke Sanctions (a provision within the annual Foreign Operations Appropriations Act).

C4.6.13.4. Use of FMF and/or Credit Payments. Cash received from FMS and from repayments of FMF and/or credits shall not be used for financing new FMF and/or credits or guaranties (AECA, section 37 (reference (c))).

C4.6.13.5. U.S. Guaranties. The USG may guarantee financing by any individual, corporation, partnership, or other judicial entity doing business in the United States (excluding USG agencies other than the Federal Financing Bank) if such financing is in connection with FMS or direct commercial sales of defense items. Fees shall be charged for such guaranties (AECA, section 24 (reference (c))). As of publication of this document no active guaranties exist.

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C5. CHAPTER 5

FOREIGN MILITARY SALES CASE DEVELOPMENT

C5.1. LETTER OF REQUEST SUBMISSIONS.

C5.1.1. General. The Foreign Military Sales (FMS) process begins when an eligible foreign country or international organization requests information on defense articles or services being considered for purchase. All requests, generally referred to as Letters of Request (LORs), whether provided through formal correspondence, requests for proposal (RFPs), or via discussions, electronic mail (e-mail), letters, or messages, must be answered consistent with the legal provisions under which the FMS program operates. All requests for information require the same channels of submission (see paragraph C5.1.3.).

C5.1.2. LOR Format. Although no specific format is required for an LOR, the purchaser shall ensure that the request is complete. The LOR shall identify the desired defense articles and/or services in sufficient detail for the United States Government (USG) to prepare an accurate cost estimate. The request shall include the proposed method of financing. The LOR should indicate whether Price and Availability (P&A) data, a Letter of Offer and Acceptance (LOA), an LOA Amendment, or an LOA Modification is desired. Requests for blanket order LOAs must include the desired materiel and services value or the desired total case value. The LOR must contain the name and address of the originator and a traceable reference number (e.g., letter serial number). If the request is received verbally, a memorandum for record (MFR) must document the conversation and outline the required information. If the request is received during a meeting or conference, the minutes should specify the action requested and be signed by an appropriate purchaser representative. LORs transmitted by United States (U.S.) Embassies or Security Cooperation Organizations (SCOs) should refer to the country letter or message requesting the data.

C5.1.3. LOR Submission Procedures

C5.1.3.1. Significant Military Equipment (SME) Requests. SME requests that originate in-country are addressed to the cognizant Department of Defense (DoD) Component with information copies to the DoS (Bureau of Political-Military Affairs) (DoS (PM)), the Defense Security Cooperation Agency (DSCA) (Operations Directorate), and the Combatant Command. Requests regarding SME that originate with purchaser representatives in the United States are also addressed to the cognizant DoD Component with information copies to DoS (PM) and DSCA (Operations Directorate). If it appears that the DoS (PM) and DSCA (Operations Directorate) are not on distribution for a purchaser's request, the DoD Component must furnish copies to these organizations as quickly as possible. For Major Defense Equipment (MDE) items, the DoD Component provides the applicable Combatant Command and SCO with a copy or details of the purchaser's request, as appropriate. The U.S. Embassy or SCO must provide the information in Table C5.T1., commonly referred to as the "country team assessment," in the request transmission.

Table C5.T1. Country Team Assessment - Required Information

Country Team Assessment - Required Information	
1	Reason the purchaser desires the articles or services.
2	How the articles or services would affect the recipient's force structure.
3	How the articles or services would contribute to both the U.S. and the recipient's defense/security goals.
4	Justification for the type and quantity of articles or services requested.
5	Combatant Commander's concurrence to the introduction of a new warfighting capability to the nation or region. Combatant Commander's assessment can be provided separately.
6	Anticipated reactions of neighboring nations.
7	Assessment of the nation's ability to account for, safeguard, operate, maintain, and support the articles.
8	Training required either in-country or in the United States and anticipated reactions resulting from the presence of U.S. trainers in-country.
9	Possible impact of any in-country U.S. presence that might be required as a result of providing the article.
10	Source of financing and the economic impact of the proposed acquisition.
11	Human rights considerations relevant to the proposed acquisition.
12	A plan for end-use monitoring for sensitive and advanced warfighting technology and the SCO's plan for compliance verification.
13	Recommendation whether the USG should approve transfer of the article and justification.
14	<p>If the request is for Night Vision Devices (NVDs), the following information must be provided:</p> <p>Justification for the type and quantity of NVDs requested (LOR development may require coordination with MILDEP for recommended model/quantity).</p> <p>The operational plan for use and specific end-users to include:</p> <p>Description of the primary mission for the units to receive the NVDs</p> <p>Extent of military interoperability missions/training with U.S. Forces</p> <p>Extent of anti-terrorist missions for the units to receive the NVDs</p> <p>Assessment of the purchaser's capacity to afford substantially the same degree of security and accountability protection as given by the United States and willingness to accept the NVD physical security and accountability note contained in Table C5.T5.</p> <p>The SCO plan for EUM and compliance verification.</p> <p>Additional information in support of the transfer request (e.g., status of previous NVD transfers and results of past U.S. security inspections/inventories).</p>

C5.1.3.2. Non-Significant Military Equipment Requests. Non-SME requests that originate in-country are transmitted either by the purchaser's authorized representative or the DoD element of the U.S. country team to the appropriate DoD Component with information copies to the Combatant Command and DSCA (Operations Directorate). Requests originated by foreign representatives of the purchaser in the United States, are sent to the appropriate DoD Component with information copies to DSCA (Operations Directorate). If it appears that the DSCA (Operations Directorate) is not on distribution for a purchaser's request, the DoD Component must furnish copies to DSCA as quickly as possible.

C5.1.3.3. LORs Submitted by Electronic Mail. To send LORs via electronic means, purchasers must provide a list of authorized signers and senders to the Implementing Agency. LORs submitted using electronic means must be submitted through appropriate channels required in subparagraphs C5.1.3.1. and C5.1.3.2. Purchasers who wish to submit LORs electronically should contact the U.S. Implementing Agency to determine if a file naming convention should be used. Information copies of electronic LORs for DoS (PM) should be sent to: <mailto:pm-rsat-lor@t.state.gov>. To submit electronic information copies of LORs to the DSCA (Operations Directorate), purchasers should contact their DSCA Country Program Director (CPD) for the individual e-mail addresses.

C5.1.3.4. The DoD Components Authorized to Receive LORs. Certain USG organizations (Implementing Agencies) are authorized to receive and respond to LORs. Table C5.T2. identifies these agencies and their addresses.

Table C5.T2. Implementing Agencies Authorized to Receive Letters of Request (LORs)

Implementing Agency		Purpose	Address
Name	Code		
Army	B	Action Address for LORs other than those for Training and Construction	Department of the Army U.S. Army Security Assistance Command 5701 21 st Street Ft. Belvoir VA 22060-5940
		Messages for LORs other than those for Training and Construction	CDR USASAC Alexandria VA//AMSAC//
		Action Address for LORs for Training	Security Assistance Training Field Activity (SATFA) HQ TRADOC SATFA 173 Bernard Road, Building 139 Fort Monroe VA 23651-1003
		Messages for LORs for Training	DIR SATFA FT MONROE//VA//
		E-Mail Address for LORs for Training	atfar@monroe.army.mil
		Action Address for LORs for Construction	U.S. Army Corps of Engineers HQUSACE 441 G Street NW ATTN: CEMP-M Washington DC 20314-1000
		Messages for LORs for Construction	CDRUSACE WASHINGTON DC\\CEMP-M\\
		E-Mail Address for LORs for Construction	Contact individual USASAC point of contact (POC) for e-mail address.
		Information Address for all LORs	Department of the Army Deputy Assistant Secretary of the Army for Defense Exports and Cooperation ATTN: SAAL-NP 1777 North Kent Street, Suite 8200 Arlington VA 22209
		Message Information Address for all LORs	DA WASHINGTON DC//SAAL-NP//
E-Mail Address for all electronic LORs other than those for Training and Construction	Contact individual USASAC point of contact (POC) for e-mail address.		
Navy	P	Action Address for all LORs	Department of the Navy Navy International Programs Office ATTN: 02C1 2521 South Clark Street, Suite 800 Arlington, VA 22202-3928
		Messages for all LORs	NAVY IPO WASHINGTON DC
		E-Mail Address for all electronic LORs	Contact individual Navy IPO POC for e-mail address.
Air Force	D	Action Address for LORs for Communications, Electronics, Aircraft, and Missile Systems	SAF/IAR 1080 Air Force Washington DC 20330-1080

Implementing Agency		Purpose	Address
Name	Code		
		Message Address for LORs for Communications, Electronics, Aircraft, and Missile Systems	OSAF WASHINGTON DC//IA//IAPX//
		E-Mail Address for electronic LORs for Communications, Electronics, Aircraft, and Missile Systems	Europe/NATO/Eurasia Division: SAF/IARE Workflow@pentagon.af.mil Americas Division: SAF/IARL Workflow@pentagon.af.mil Mid-East/Africa Division: SAF/IARM Workflow@pentagon.af.mil Pacific Division: SAF/IARP Workflow@pentagon.af.mil Saudi Division: SAF/IARS Workflow@pentagon.af.mil Policy Division: SAF/IAPX Workflow@pentagon.af.mil
		Action Address for LORs for Follow-On Support	AFSAC/GB 1822 Van Patton Drive Wright-Patterson AFB OH 45433-5337
		Message Address for LORs for Follow-On Support	AFSAC WRIGHT PATTERSON AFB OH//CC//GB//
		E-Mail Address for electronic LORs for Follow-On Support	afsac.lor@wpafb.af.mil
		Action Address for LORs for Training	AFSAT/CCX 315 J Street West Randolph AFB TX 78150-4354
		Message Address for LORs for Training	AFSAT RANDOLPH AFB TX//TSS/
		E-mail Address for electronic LORs for Training	AFSATLOR@randolph.af.mil
DCMA Defense Contract Management Agency	F	Action Address for LORs for Contract Administration Services (CAS)	Defense Contract Management Agency Attn: DCMA-FBFR 6350 Walker Lane Suite 300 Alexandria VA 22310
		Message Address for LORs for CAS	DCMA ALEXANDRIA VA//FBFR
		E-Mail Address for electronic LORs for CAS	dodccp@dcma.mil
DISA Defense Information Systems Agency	C	Action Address for applicable LORs	Defense Information Systems Agency Attn: IN32 5600 Colombia Pike Falls Church VA 22041-2717
DLA Defense Logistics Agency	R	Action Address for LORs for Excess Property	Defense Reutilization and Marketing Service 74 N. Washington Street Federal Center Attn: DRMS-DPDS Battle Creek MI 49016-3412
		Message Address for LORs for Excess Property	DRMS BATTLE CREEK MI//DRMS//
		Action Address for LORs for Cataloging Services	Defense Logistics Information Service 74 N. Washington Street Attn: DLIS-KI Battle Creek MI 49016-3412

Implementing Agency		Purpose	Address
Name	Code		
		Message Address for LORs for Cataloging Services	DLIS BATTLE CREEK MI//DLIS/KI//
DSCA Defense Security Cooperation Agency	Q	Information Address for all LORs	Defense Security Cooperation Agency Attn: [insert applicable Operations Directorate] 201 12 th Street South, Suite 203 Arlington VA 22202
		Message Address for information copies of all LORs	SECDEF//USDP:DSCA//[insert applicable Operations Division]
		E-Mail Address for information copies of electronic LORs	Contact individual DSCA CPD for e-mail address
DTRA Defense Threat Reduction Agency	Z	Action Address for all applicable LORs	Defense Threat Reduction Agency (DTRA) Attn: RMBP 8725 John J. Kingman Road MSC 6201 Fort Belvoir VA 22060-6201
NGA National Geospatial-Intelligence Agency	U	Action Address for all applicable LORs	National Geospatial-Intelligence Agency Office of International and Policy Mail Stop D-120 4600 Sangamore Road Bethesda MD 20816-5003
NSA National Security Agency	M	Action Address for all applicable LORs	National Security Agency 9800 Savage Road Suite 6576 Ft Meade MD 20755-6576

C5.1.3.5. Exceptions. LORs may be submitted directly to DoS (PM) and DSCA if:

C5.1.3.5.1. The U.S. Embassy in-country or the purchaser's representative in the United States believes the request is sensitive and requires a higher level policy determination; or

C5.1.3.5.2. The purchaser or the SCO and/or U.S. Embassy cannot determine the appropriate DoD Component.

C5.1.4. LOR Validation

C5.1.4.1. Purchaser Eligibility. The Implementing Agency must validate the LOR to ensure the potential purchaser is an eligible FMS recipient (see Chapter 4, section C4.2.), that the item sought may be sold (see Chapter 4, section C4.3.), and that the request was received through proper channels (see paragraph C5.1.3.). The Implementing Agency also checks to see if any sanctions exist that would prevent an LOA from being prepared and/or offered to this purchaser. See Chapter 6, section C6.6. for more information on sanctions. Once validated, the Implementing Agency enters the LOR data as a Customer Request in the Defense Security Assistance Management System (DSAMS).

C5.1.4.2. LOR Evaluation. U.S. Embassies, SCOs, and the DoD Components use Table C5.T3. to evaluate LORs. If an LOR does not meet the requirements, the DoD Component initially receiving the request notifies the requestor of the deficiency and, after entering the request in DSAMS, holds any further action until all required information is received.

Table C5.T3. Letter of Request (LOR) Check List - Evaluation Criteria

LOR Check List - Evaluation Criteria	
1	Is the request a valid military requirement?
2	Is the request for an FMS case (LOR for an LOA implies the country has identified a source of funding) or is it a request for P&A data?
3	Does the requestor have the authority to submit procurement requests for the Ministry of Defense (MOD) of the foreign Government?
4	Is the request specific enough, in your judgement, to enable a contracting officer to obtain pricing data? If "No," consult with the country to obtain sufficiently detailed data similar to that prepared for a request for quotation. If the country cannot provide additional definition, advise that they should request a Requirements Survey Team or Definition Conference with U.S. experts to help define the requirements. The purchaser must fund these expert teams on a separate FMS case.
5	Ensure the LOR contains the following items (as appropriate): Are all hardware requirements specified, including National Stock Numbers (NSNs)? Are all country unique support and training requirements identified? Does the requirement provide a realistic operational capability and is the country utilizing the Total Package approach, to include concurrent spares, training, ammunition, and follow-on support? Has an adequate source of funding been identified? If so, what type? Does overseas Contract Administration Services (CAS) surcharge apply?
6	Has the country been in negotiation directly with a company to obtain the item on a direct commercial basis? If "Yes," the USG cannot provide any information until the country advises the USG in writing that they have terminated commercial negotiations. It is USG policy that sales via Government-to-Government FMS channels shall not compete with direct commercial sales.
7	Is a country team assessment required? See Table C5.T1.
8	Submit all requests to the appropriate Implementing Agency with copies to DSCA (Operations Directorate) and DoS (PM).

C5.1.4.3. LORs Requiring Unique Review

C5.1.4.3.1. Pre-Operational Test and Evaluation (OT&E) Sales Policy (Yockey Waiver). Before responding to LORs for MDE items that have not completed OT&E, the Implementing Agency submits a request to DSCA (Programs Directorate/Weapons Division) for the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)) concurrence. This request may be for multiple countries. LOA or P&A data for such items is not released prior to DSCA and USD(AT&L) approval. If approved for release, a note (see Table C5.T5.) is included in the P&A data correspondence or on the LOA.

C5.1.4.3.2. Integration of Non-U.S. Subsystems. The Implementing Agency reviews requests for integration or certification services for installation of non-U.S. subsystems and coordinates with DSCA (Programs Directorate/Weapons Division) prior to development of P&A data or an LOA.

C5.1.4.3.3. LORs for Night Vision Devices (NVDs). Every request for NVDs (paragraph C4.3.14.) requires either an LOR Advisory or a request for exception to DoD NVD policy. After validating the LOR in accordance with subparagraphs C5.1.4.1. and C5.1.4.2., the Implementing Agency forwards the NVD LOR to DSCA (Operations Directorate) along with the Country Team Assessment, the Military Department's concurrence, the list of specific NVDs to be transferred (including model-type/nomenclature and quantity). DSCA (Programs Directorate /Weapons Division) determines whether an LOR Advisory (subparagraph C5.1.4.5.) or an Exception to DoD NVD Policy request (subparagraph C5.1.4.6.) is required.

C5.1.4.3.4. LORs for Medical Countermeasures. The Implementing Agency forwards a copy of requests for medical countermeasures to DSCA (Operations Directorate and Strategy Directorate). DSCA (Strategy Directorate) staffs the request with the Office of the Secretary of Defense (OSD). Based on OSD's direction, DSCA advises the Implementing Agency on how to respond to the purchaser's LOR. If the decision is to prepare an LOA, the Implementing Agency develops and submits the LOA to DSCA for countersignature. Medical countermeasure LOAs are not eligible for Automated State Department Approval. DSCA forwards the LOA to OSD for further staffing and approval as appropriate. If approved, DSCA countersigns the LOA. If disapproved, DSCA provides the Implementing Agency with instructions on how to respond to the purchaser.

C5.1.4.3.5. LORs for Defense Articles and Services Containing Geospatial Intelligence (GEOINT). If an Implementing Agency, other than NGA, receives an LOR for defense articles and/or services requiring GEOINT, the Implementing Agency must coordinate the request with the NGA (Office of International Affairs and Policy) to determine if, and by what means, the GEOINT data requirements may be supported. This coordination must take place prior to responding to an LOR or preparing an LOA to ensure that GEOINT-sharing is considered and resolved as part of the releasability process, and is in consonance with the Combatant Commander's security assistance and armaments cooperation responsibilities. Any Country Team Assessments (CTA) (see C5.1.3.1. for when a CTA is required and Table C5.T1. for the information required in a CTA) must address not only the defense articles and services being transferred, but also the plans for sharing, use, and protection of the required GEOINT data in the recipient country.

C5.1.4.3.6. LORs for Command, Control, Communications, Computer, Intelligence, Surveillance and Reconnaissance (C4ISR). Upon receipt of the LOR, the Implementing Agency forwards the LOR for C4ISR to DSCA (Operations Directorate). After DSCA and the Implementing Agency validate and review the LOR in accordance with subparagraphs C5.1.4.1., C5.1.4.2., and C5.1.4.4., DSCA determines if an LOR Advisory is required.

C5.1.4.4. DSCA and DoS LOR Review. Within 5 working days after receiving the information copy of the LOR, DSCA and/or the DoS may initiate coordination to approve or disapprove the request, or advise the Implementing Agency to suspend further correspondence until coordination is complete. If the request is disapproved, DSCA formally advises the Implementing Agency to stop processing the purchaser's request, provides the rationale for the decision, and issues guidance concerning further actions.

C5.1.4.5. LOR Advisories

C5.1.4.5.1. LOR Advisory Criteria. An LOR Advisory notifies USD(AT&L) and the Chairman of the Joint Chiefs of Staff that DSCA has received an LOR for items or services that meet one of the following criteria:

C5.1.4.5.1.1. First introduction of Major Defense Equipment (MDE).

C5.1.4.5.1.2. MDE that is expected to result in a Congressional Notification under Arms Export Control Act (AECA), section 36(b) (reference (c)).

C5.1.4.5.1.3. Coproduction or licensing agreements for MDE.

C5.1.4.5.1.4. Items and/or services of a sensitive nature. For example, NVDs, Missile Technology Control Regime Category I or II systems (air vehicles, support systems, payloads, ground stations, etc.), Man Portable Air Defense System, foreign-sourced articles and or services, and items associated with missile defense are considered items and/or services of a sensitive nature.

C5.1.4.5.1.5. MDE that has not yet completed OT&E. DSCA may not be aware that the requested item(s) has not satisfactorily completed OT&E until the Implementing Agency refers the LOR to DSCA.

C5.1.4.5.2. Preparing LOR Advisories. DSCA (Operations Directorate) prepares and sends an LOR Advisory to the Chairman of the Joint Chiefs of Staff and USD(AT&L) using the format in Figure C5.F1a. The LOR Advisory should include a copy of the purchaser's request as well as the Country Team Assessment (when required). For NVD transfers, the Implementing Agency's concurrence is included along with the proposed list of items to be transferred (including model-type/nomenclature and quantity). The Defense Technology Security Administration (DTSA) is added as an addressee for all NVD and foreign-sourced articles and/or services LOR Advisories. The Missile Defense Agency (MDA) is added as an addressee for all missile defense related LOR Advisories.

C5.1.4.5.3. Coordinating LOR Advisories. To ensure consistency with existing Theater Security Cooperation objectives and technology security policy, DSCA sends the LOR Advisory as soon as possible after receiving the LOR with all required attachments. The recipients identified in C5.1.4.5.2. have 10 working days from the date of the LOR Advisory to provide comments to DSCA for consideration. In the event of non-concurrence, disagreements are adjudicated. The LOR Advisory does not take the place of any Exception to National Disclosure Policy (ENDP) processes or releasability requirements that are worked by the MILDEPs.

C5.1.4.6. Requests for Exception to DoD NVD Policy. If an exception to DoD NVD Policy is required, DSCA (Operations Directorate) prepares and sends a memorandum requesting the exception to the Deputy Under Secretary of Defense for Technology Security Policy and National Disclosure Policy (DUSD(TSP&NDP)) through the same addressees in place of an LOR Advisory using the format in Figure C5.F1b. DTSA coordinates the proposed conditions and restrictions of the transfer with the Chairman of the Joint Chiefs of Staff. After coordination, the DUSD(TSP&NDP) sends a memorandum to DSCA authorizing or denying the transfer.

C5.1.4.6.1. When the DUSD(TSP&NDP) authorizes the transfer, DSCA (Operations Directorate) sends a memorandum to the Implementing Agency, Combatant Command, and SCO

(as appropriate), which communicates the decision and includes all required notes, technical provisos, and DoD End-Use Monitoring (EUM) requirements. The organizations specifically tasked with EUM responsibilities shall acknowledge their assigned EUM duties by return memorandum.

C5.1.4.6.2. Should the DUSD(TSP&NDP) deny the transfer, DSCA will disapprove the customer's LOR in accordance with paragraph C5.2.2.

Figure C5.F1a. Letter of Request (LOR) Advisory Format

MEMORANDUM FOR DIRECTOR, J-5, JOINT CHIEFS OF STAFF
ATTN: JS/J5

OFFICE OF THE UNDER SECRETARY OF DEFENSE
ACQUISITION, TECHNOLOGY, AND LOGISTICS
ATTN: INTERNATIONAL COOPERATION

DEFENSE TECHNOLOGY SECURITY ADMINISTRATION
ATTN: DTSA/PD (POLICY DIVISION) Add for NVD or foreign sourced articles and/or service LOR Advisories

MISSILE DEFENSE AGENCY Add for missile defense related LOR Advisories

SUBJECT: Letter of Request (LOR) Advisory - [Insert Country or International Organization Name]

DSCA has received a request from [insert Country or International Organization Name] for [identify articles requested and whether they are Major Defense Equipment (MDE) that is being introduced for the first time; MDE that is expected to result in a notification to Congress under AECA, section 36(b); involve coproduction or licensing agreements for MDE; items/services of a sensitive nature; or MDE that has not yet completed operational testing and evaluation (OT&E)]. (Additional information may be provided specific to this request if desired.)

The purpose of this memorandum is to advise you of this request and provide you with a copy for your use and information. If you have any questions or desire additional information regarding this potential sale, please contact [insert name, office symbol, phone number, and e-mail address of DSCA Country Program Director].

It should be noted that this notification does not take the place of any Exception to National Disclosure Policy (ENDP) processes or releasability requirements that may need to be addressed by the Military Departments.

For NVD LOR Advisories add the following paragraph:

The Department of the [insert MILDEP] recommends and is prepared to offer the transfer of the following devices with capabilities that are equal to current DoD standard issue and considered to be of a sensitive nature: [insert type and quantity of specific devices to be offered]. The [insert Purchaser] has indicated its willingness to accept the physical security and accountability requirements as attached, which will become part of any Letter of Offer and Acceptance for these items. [Insert Purchaser's] letter of request and [Implementing Agency] memorandums are also enclosed.

Attachment:
[Insert Purchaser Request Information]
[Appropriate MILDEP Recommendation]
[Proposed Physical Security & Accountability Note] } Add for NVD LOR Advisories

cc: [Insert Applicable USDP Regional ASD (e.g., ISA, etc.)]
DoS (PM/RSAT)
[Insert Applicable SCO]
[Insert Applicable MILDEP]
[Insert Applicable Combatant Command]
DTSA/PD
USSOCOM/SOOP/SDO } Add for NVD LOR Advisories

NOTE: Memorandum is classified if applicable.

Figure C5.F1b. Sample Request for Exception to DoD NVD Policy

(CLASSIFICATION)	
MEMORANDUM FOR DEPUTY UNDER SECRETARY OF DEFENSE FOR TECHNOLOGY SECURITY POLICY AND NATIONAL DISCLOSURE POLICY	
THROUGH	DEFENSE TECHNOLOGY SECURITY ADMINISTRATION ATTN: DTSA/PD (TECHNOLOGY SECURITY POLICY) DIRECTOR, J-5, JOINT CHIEFS OF STAFF ATTN: JS/J5/INMA-CAC
	OFFICE OF THE UNDER SECRETARY OF DEFENSE ACQUISITION, TECHNOLOGY AND LOGISTICS ATTN: INTERNATIONAL COOPERATION
SUBJECT: Government of [Insert Purchaser]'s Request for Night Vision Devices [Insert Case Designator]	
<p>DSCA has received a request from [insert Purchaser] for Night Vision Devices (NVDs). The Department of the [insert MILDEP] recommends and is prepared to offer the transfer of the following devices with capabilities that are [state-of-the-art; equal to current DoD standard issue; less than DoD standard issue but greater than commercial off-the-shelf], and considered to be of a sensitive nature: [insert type and quantity of specific devices to be offered].</p> <p>[Briefly describe the reason the purchaser requires the devices as well as the operational plan for use to include justification for quantity requested. Additional information, such as the status of past NVD transfers and previous inspections may be provided if desired.]</p> <p>The [insert Purchaser] has indicated its willingness to accept the physical security and accountability requirements as attached, which will become part of any letter of offer and acceptance for these items. [Insert Purchaser's] letter of request, the U.S. Country Team Assessment with supporting justification, and the [insert Combatant Command] and [insert Implementing Agency] endorsement memorandums are also enclosed.</p> <p>Request your authorization to offer the devices to [insert Purchaser] under a government-to-government agreement (Foreign Military Sales case). The DSCA POC for this action is [insert CPD name and contact information]. The DSCA POC for NVD policy is [insert DSCA (Programs/Weapons Division) name and contact information].</p>	
	Director [Operations Directorate]
<p>Attachments:</p> <p>[Purchaser Letter of Request Information]</p> <p>[Country Team Assessment and Supporting Justification]</p> <p>[Appropriate Combatant Command Recommendation (when applicable)]</p> <p>[Appropriate MILDEP Recommendation]</p> <p>[Proposed Physical Security & Accountability Note]</p> <p>cc:</p> <p>[Applicable ASD (ISA or ISP)]</p> <p>USD(P)-PS</p> <p>DTSA/PD</p> <p>DoS (PM/RSAT)</p> <p>[Applicable SCO]</p> <p>[Applicable MILDEP]</p> <p>[Applicable Combatant Command]</p> <p>USSOCOM/SOOP/SDO</p>	
(CLASSIFICATION)	

C5.2. LOR RESPONSES – GENERAL INFORMATION.

C5.2.1. LOR Receipt Acknowledgement. Within 5 days, the Implementing Agency formally acknowledges receipt of an LOR to the prospective purchaser (to include the Case Identifier). For LOA requests, within 10 days of receipt of the LOR, the Implementing Agency submits LOR transactions to DSCA through DSAMS for input into the 1200 System (see Chapter 13).

C5.2.2. Types of LOR Responses. . . . USG responses to LORs include Price and Availability (P&A) data, Letters of Offer and Acceptance (LOAs), and other appropriate actions that respond to Purchasers' requests for defense articles and/or services through the FMS process. The USG can tailor responses to meet Purchasers' requests. These can be in the form of a hybrid, negotiated, or not-to-exceed (NTE) tailored response as noted below.

C5.2.2.1. Hybrid. Hybrid responses contain both FMS and Direct Commercial Sales (DCS) elements. Hybrid responses may be provided to Purchasers who submit LORs either for FMS support (e.g., Training, Support Equipment, Components, Munitions, etc.) of a defense article procured via DCS or for a defense article being procured via FMS that will include components or support purchased through DCS. The DCS procured defense article is not a line item on the LOA, but is identified on the LOA as the end item for which the FMS support is provided.

C5.2.2.2. Negotiated. Negotiated responses may be provided when the Purchaser negotiates the price of the items either before submitting the LOR or prior to the USG obtaining the pricing for the defense articles/services from the company identified by the Purchaser. Negotiated prices must be identified if a sole source to this company is approved and included in the LOA. However, the contract price is as agreed between the Implementing Agency's contracting officer and the company.

C5.2.2.3. Not-to-Exceed (NTE). Not-to-Exceed or Firm Fixed Price (FFP) responses will not normally be provided. Maximum use will be made of FFP sales from stock in accordance with Section 070303 of Chapter 7, Volume 15 of the DoDFMR (reference (o)). For items from procurement, NTE prices may be included in the LOA on a line-by-line basis. Purchasers that request NTE pricing will be charged the incremental costs that the Implementing Agency incurs or expects to incur to prepare the LOA using NTE pricing (see Chapter 5, Table C5.T6.).

C5.2.3. Negative Responses to LORs

C5.2.3.1. Implementing Agency Disapproval Recommendation. If the Implementing Agency recommends that the purchaser's request be disapproved, the Implementing Agency notifies DSCA (Operations Directorate). DSCA coordinates the disapproval with DoS (PM) as required and formally notifies the customer of the disapproval.

C5.2.3.1.1. This procedure APPLIES TO requests for FMS, coproduction, sensitive technical information, leases, etc.

C5.2.3.1.2. This procedure DOES NOT APPLY TO negative responses to technical inquiries on implemented FMS cases unless, if approved, the request would result in an amendment to the case (e.g., requests involving a significant system modification or an increase in the overall capability of the item).

C5.2.3.2. Negative Responses to Training Requests. The following routine training disapproval actions are exempt from this prior coordination requirement. DSCA (Operations, Programs and Strategy Directorates) are information addressees on all such responses.

C5.2.3.2.1. Denial of requests within established policy (e.g., training courses closed to all foreign nationals, information not cleared for release, training for support equipment not in the purchaser's inventory).

C5.2.3.2.2. Notification of class cancellations for previously approved quotas.

C5.2.3.2.3. Quota requests that cannot be accommodated within the desired timeframe.

C5.2.3.2.4. Courses where annual foreign participation is restricted to those invited by Chiefs of Services.

C5.2.3.3. Responses to Requests for Less Than Economic Order Quantity (EOQ). Responses to P&A data or LOA requests for items that cannot be supplied from stock and cannot be procured immediately because they represent less than an EOQ must be coordinated with DSCA (Operations Directorate) and include the following information.

C5.2.3.3.1. If the contractor is willing to provide the quantity requested under separate procurement, and if so at what price and availability date; and,

C5.2.3.3.2. If a USG procurement is planned, the anticipated price and availability date if the requirement is held pending this procurement.

C5.3. LOR RESPONSES – PRICE AND AVAILABILITY (P&A) DATA

P&A data are requested when preliminary data are required by a foreign country or international organization for planning or in anticipation of a purchase under FMS.

C5.3.1. Definition. P&A data are rough order of magnitude estimates of cost and availability of defense articles or services. These estimates are sufficiently accurate for planning purposes, but CANNOT be used for budget purposes and are NOT commitments. P&A DATA ARE NOT VALID FOR USE IN PREPARING AN LOA. The term P&A data is not used to reference data being developed for an LOA. Instead, data compiled for an LOA is referred to as LOA Data (LOAD). When responding to requests for P&A data, the Implementing Agency ensures that:

C5.3.1.1. The DoD Component can recommend release of the articles and/or services.

C5.3.1.2. If the purchaser were to request an LOA, it could be provided (i.e., further clearances such as Congressional Notification or disclosure approval are obtainable).

C5.3.1.3. The purchaser knows to submit an LOR to request an LOA if they want to pursue the purchase.

C5.3.2. P&A Preparation Timeframe. P&A data estimates should be provided to the prospective purchaser within 45 days of the request.

C5.3.3. Classified P&A Data. P&A data are classified only in rare circumstances. Classified P&A data cannot be entered into DSAMS. P&A data, regardless of estimated dollar value or proposed program content, are classified only when:

C5.3.3.1. Directed by the DoS, the Secretary of Defense or his or her designees to include: Assistant Secretary of Defense for International Security Affairs (ASD(ISA)), the Assistant Secretary of Defense for International Security Policy (ASD(ISP)), or the Director, DSCA; or

C5.3.3.2. The purchaser requests classification and the request is approved by the organizations listed in subparagraph C5.3.3.1.

C5.3.4. P&A for Nonstandard Subsystems. P&A data normally include standard U.S. subsystems. In exceptional cases, P&A data for nonstandard subsystems may be requested. The purchaser's P&A request should include a description of the performance characteristics of any nonstandard subsystem(s) and supporting justification. DSCA must approve any proposed responses to requests for nonstandard subsystems. If an Implementing Agency believes it should modify contractor-furnished data for nonstandard subsystem(s), the Implementing Agency notifies the contractor and contractor comments are considered prior to P&A issuance. Significant differences are reconciled.

C5.3.5. P&A Preparation. Activities that are authorized to prepare LOAs are also authorized to prepare P&A data for presentation to purchasers. DSAMS should be used to prepare P&A data response documents whenever possible. DSAMS cannot be used to prepare classified P&A data.

C5.3.6. P&A Data Format. Table C5.T4. presents the information included in P&A data.

Table C5.T4. Price and Availability (P&A) Data

Price and Availability (P&A) Data	
1	Major item or service, quantity, and estimated cost. Cost includes adjustments for inflation. If inflation trends on a given system are not known, Under Secretary of Defense, Comptroller (USD(C)) standard inflation factors are used. Include estimated offset costs as provided by the contractor.
2	Ancillary support equipment necessary for the operation and maintenance of the requested system and its estimated cost.
3	Integrated logistics support (ILS) elements (e.g., training and publications) and estimated cost.
4	Estimated assessorial charges.
5	Source of the data (e.g., last contract award, stock price).
6	Estimated availability of the articles or services.
7	Assumptions used in developing the data. For example: The standard DoD Component factors were used in developing the ancillary equipment or ILS elements necessary to support the quantity of items requested. Training and publication cost estimates are based on criteria used by the DoD Component.
8	Key factors affecting the data. For example: The current contract for this item expires on [insert date] and an LOA must be accepted by [insert date] so that options can be added to the current contract. The production line is due to phase out by [insert date]. Start-up costs apply if an LOA is not accepted by [insert date]. The materiel has a shelf life of [insert date].
9	The following is included in all responses for P&A data: “The Price and Availability (P&A) data provided are not valid for purposes of preparing a Letter of Offer and Acceptance (LOA) and may not be adequate for budgetary purposes. These data are for planning/review purposes only, to assist in your Government’s determination whether or not to request an LOA. If [insert the appropriate foreign country] is interested in pursuing this potential purchase, it must request an LOA.”

C5.3.7. Agents Fees or Sales Commissions. P&A data quotations that contain agents’ fees or sales commissions are coordinated with DSCA (Strategy Directorate) prior to presentation to the purchaser. See Chapter 6, paragraph C6.3.7. for more details.

C5.3.8. Discussions with Foreign Governments and International Organizations. Economic, production, and budget uncertainties make it difficult to develop accurate cost and delivery estimates. Discretion must be exercised by members of the country team or other U.S. officials in discussing P&A data with foreign Government or international organization officials. Only specific data approved and provided by the Implementing Agency or DSCA shall be used.

C5.4. LOR RESPONSES – LETTER OF OFFER AND ACCEPTANCE (LOA)

C5.4.1. Definition. The LOA is the document used by the USG to sell defense articles, defense services (to include training), and design and construction services to a foreign country or international organization under authorities granted in the Arms Export Control Act (AECA) (reference (c)). The LOA itemizes the defense articles and services offered and when implemented becomes an official tender by the USG. The LOA is not used to provide P&A data.

Signed LOAs and their subsequent Amendments and Modifications are also referred to as “FMS cases.”

C5.4.2. LOA Preparation Timeframe. The time required to prepare LOAs varies with the complexity of the sale and the clarity of the purchaser’s LOR. The maximum processing time between Implementing Agency receipt of the LOR and release of the LOA should normally be no more than 120 days, with no adjustments for hold times, additional work needed to clarify requirements, or any other consideration. Although delays may occur while processing some LOAs, Implementing Agencies should process at least 80 percent of their total number of LOAs within 120 days.

C5.4.3. Types of FMS Cases. The standard types of FMS cases are Defined Order, Blanket Order, and Cooperative Logistics Supply Support Arrangement (CLSSA). These cases generally allow the Department of Defense to provide FMS purchasers the same kinds of defense articles and services used by U.S. Forces. Defined Order and Blanket Order cases are also routinely used to provide hardware or services to support commercial end items, obsolete end items (including end items that have undergone system support buy outs), and selected non-U.S. origin military equipment.

C5.4.3.1. Defined Order Cases and/or Lines. Defined order cases and/or lines are commonly used for the sale of items that require item-by-item trade security control throughout the sales process. Items to be provided are stated explicitly on the LOA. The Implementing Agency places the orders. Scope is limited to the quantity of items or described services (including specific performance periods) listed on the LOA.

C5.4.3.1.1. Items PROVIDED on Defined Order Cases and/or Lines. SME (including MDE) and the related initial support package; explosives, including munitions; specific services; and Technical Data Packages (TDPs) are types of items normally provided under defined order cases. Defined order cases and/or lines may also be used to provide specific services that are designated for a specific period of time. MDE items must be identified clearly on the LOA and cannot be “buried” within a line coded as non-MDE.

C5.4.3.1.2. Items NOT PROVIDED on Defined Order Cases and/or Lines. Relatively minor, non-SME items that do not require intensive item-by-item control are not normally provided on defined order cases and/or lines except as part of an initial support package for a system or major end item.

C5.4.3.2. Blanket Order Cases and/or Lines. Blanket order cases and/or lines are used to provide categories of items or services (normally to support one or more end items) with no definitive listing of items or quantities. The purchaser normally submits requisitions. Scope is limited to described item and/or service categories and the purchaser-furnished case and/or line dollar value.

C5.4.3.2.1. Items PROVIDED on Blanket Order Cases. Types of non-SME items and/or services that lend themselves to blanket order cases and/or lines include spare and repair parts (consumables and reparables); publications (forms, catalog data, manuals, stock lists, reports, books, maps); support equipment (tools, test equipment); supplies (fuel, personnel items, commercial consumable items); maintenance (repair, rebuild, minor modifications or alterations); technical assistance (specialist advice or actions, site survey teams, system

integration, item checkout, systems evaluation, study groups to develop engineering requirement plans, technical assistance teams); training (formal or informal); and training aids.

C5.4.3.2.2. Items NOT PROVIDED on Blanket Order Cases and/or Lines. Classified material; SME, including MDE (Appendix 1) and the related initial support item package; commercial items more readily provided from in-country (e.g., lumber, sand, gravel, household goods); TDPs; and ozone depleting substances (ODSs) are not provided on blanket order cases and/or lines.

C5.4.3.3. Cooperative Logistics Supply Support Arrangements (CLSSAs). CLSSAs provide for pre-stockage and storage of DoD-stocked non-SME items that are needed and used by the FMS purchaser on a recurring basis. CLSSA programs consist of two separate cases: a Foreign Military Sales Order (FMSO) I case, and a FMSO II case (described in more detail below). CLSSA LOAs reflect support for end items with no definitive listing of items or quantities, although items and quantities may be negotiated with the purchaser as part of the CLSSA management process. Scope is limited by the LOA description of end items to be supported and dollar values of the FMSO I and II cases. FMSO I and II dollar values are based on the cost of forecasted requirements for the anticipated period of support. The purchaser submits requisitions. See Chapter 6, subparagraph C6.4.2.2. for information on the CLSSA process.

C5.4.3.3.1. Items PROVIDED on CLSSA Cases. Weapon system working capital fund-managed repair parts are typical of items included on CLSSA cases.

C5.4.3.3.2. Items NOT PROVIDED on CLSSA Cases. CLSSAs are not used for initial provisioning of repair parts.

C5.4.4. Classified LOAs. LOAs are classified only in rare circumstances. Classified LOA data cannot be entered into DSAMS. LOAs may be classified when:

C5.4.4.1. Directed by the DoS, the Secretary of Defense or his or her designees to include the ASD(ISA), ASD(ISP), or the Director, DSCA; or

C5.4.4.2. The purchaser has requested classification AND this request has been approved by the organizations listed in subparagraph C5.4.4.1.

C5.4.5. LOAs for Nonstandard Support. LOAs may be used to provide nonstandard support. Nonstandard support may include hardware or services required to support commercial end items; support of obsolete end items, including end items that have undergone system support buy outs; and support of selected non-U.S. origin military equipment. Requests involving sensitive technology or that have significant impact on U.S. programs should be coordinated with DSCA (Programs and Strategy Directorates).

C5.4.6. LOA Preparation. All unclassified portions of LOAs are prepared using DSAMS. See paragraph C5.4.11. for guidance pertaining to preparation of classified LOAs.

C5.4.6.1. Preparing Activity. Certain organizations are authorized to prepare FMS cases. See Table C5.T2. for a list of these activities. These organizations, known as Implementing Agencies, are responsible for preparing and processing LOAs in accordance with this Manual. When an LOR received by an Implementing Agency includes a requirement for an item managed by another Implementing Agency, the LOR shall be coordinated with all organizations involved. Because the LOR was submitted as a single program, the Implementing Agency should consider a Multi-Service LOA, particularly when the purchaser advises the USG that it requires multiple weapon systems on a single case for its own budgetary and/or other internally-based reasons. However, if the manual financial and logistical processing required to prepare and execute a Multi-Service LOA exceeds the efficiencies that would be derived, the LOR requirements may be split into multiple LOA documents that are separated by Implementing Agency and major weapon system but are managed in coordination with one another. The Implementing Agencies shall operate under mutually agreed terms (using a “Leader-Follower” set of LOAs) to ensure a Total Package Approach. All efforts must be made to minimize costs to the FMS purchaser. For the multiple LOA document option, the Implementing Agencies involved must plan events in which all parties may participate together, such as a single Program Management Review (PMR) rather than each Implementing Agency conducting its own PMR. Regardless of the method used, Implementing Agencies must operate within a framework that clearly defines the roles and responsibilities of each participant. If multiple LOAs separated by Implementing Agency and major weapon system are used to respond to an LOR submitted for a single program, the Implementing Agency that received the LOR must advise the purchaser that the response will be multiple LOA documents instead of a Multi-Service LOA. Implementing Agencies are encouraged to consolidate requirements as much as possible. Multiple LORs from the same purchaser may be answered by a single LOA. Questions relating to this subject should be referred to DSCA (Strategy Directorate).

C5.4.6.2. Purchaser Participation in the LOA Preparation Process. Purchaser involvement early on in the LOA development process is essential to ensure the final document provides the best “fit” for their requirements. Purchasers should be encouraged to attend meetings and receive correspondence designed to clarify LOR information. As the development of the LOA progresses, there are many instances where purchaser participation and input are necessary. For example, the purchaser should help identify unique requirements and special needs that must be accommodated in the final sales document. Any unique notes or conditions being considered may be provided to the purchaser for advance review to ensure these special case and/or program-unique needs are addressed. Such meetings and agreements can be recorded in the Case Remarks area in DSAMS to preserve them with the document.

C5.4.7. LOA Format. The LOA format including sample data, LOA Information, and instructions for preparation are provided in Figures C5.F2. through C5.F5.

C5.4.8. Additional LOA Information

C5.4.8.1. Standard Terms and Conditions and LOA Information. Standard Terms and Conditions (see Figure C5.F3.) are an official part of each LOA, whether or not they are attached to a particular copy. The Standard Terms and Conditions that are in effect at the time the LOA is prepared and signed are the conditions that apply throughout the life of the FMS case. An LOA Information document (see Figure C5.F4.) provides information describing some of the codes and language used on the LOA. Both the LOA Standard Terms and Conditions and the LOA Information documents must be attached to the original LOA that is sent to the purchaser for review and/or acceptance. The Case Manager must retain a copy of the LOA and all attachments in the official case file.

Figure C5.F2. Sample Letter of Offer and Acceptance (LOA)


	<p>United States of America Letter of Offer and Acceptance (LOA) BN-Q-SEH</p>		
<p>Based on BN/MODAT/2312 dated 14 February 2006.</p>			
<p>Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to sell to the Embassy of Bandaria Office of the Air Attaché 1234 Massachusetts Ave, NW Washington, DC 29999, the defense articles or defense services (which may include defense design and construction services) collectively referred to as "items," set forth herein, subject to the provisions, terms, and conditions in this LOA.</p>			
<p>This LOA provides for AGM-65F/G Maverick missiles and related support.</p>			
<p>Estimated Cost: \$7,366,907</p>	<p>Initial Deposit: \$200,860</p>		
<p>Terms of Sale: Cash Prior to Delivery Dependable Undertaking</p>			
<p>This offer expires on 1 October 2003. Unless a request for extension is made by the Purchaser and granted by the USG, the offer terminates on the expiration date.</p>			
<p>This LOA consists of page 1 through page 14.</p>			
<p>The undersigned are authorized representatives of their Governments and hereby offer and accept, respectively, this LOA:</p>			
	<u>20 Aug 2006</u>		
U.S. Signature	Date	Purchaser Signature	Date
<p>Typed Name and Title</p>		<p>Typed Name and Title</p>	
<p><u>Defense Security Cooperation Agency</u></p>		<p>_____</p>	
<p>Implementing Agency</p>		<p>Agency</p>	
	<u>26 Aug 2006</u>		
DSCA	Date		
<p>Information to be provided by the Purchaser: Mark For Code _____; Freight Forwarder Code _____; Purchaser Procuring Agency Code _____; Name and Address of the Purchaser's Paying Office _____ _____</p>			

Figure C5.F2. Sample Letter of Offer and Acceptance (LOA) (continued)

Items to be supplied (costs and months for delivery are estimates):								
(1) Itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs (a) Unit (b) Total		(5) SC/MOS/TA	(6) Ofr Rel Cde	(7) Del Trm Cde	
001	B2G 9B2G00MAVERCK (Y) MAVERICK MISSILE AGM 65F/G	71 EA	\$63,339.53	\$4,497,107	X(16-30) TA4	Z	8	
002	B2G 810000MAVC0NT (N) MAVERICK MISSILE CONTAINER	10 EA	\$95,000.00	\$950,000	P(18-30) TA5	A	2	
003	B2G 9B2GOOMAVRC0M (N) MAVERICK COMPONENTS Guidance Control System	XX		\$750,000	P(-) TA5	A	4	
004	B2G 9B2G00MAVRSUP (N) MAVERICK SUPPORT EQUIPMENT Dolly NSN: 3920-00-609-0178	20 EA	\$30,000.00	\$600,000	S(12-24) TA3	A	4	
005	R9Z 079Z000THSERV (N) OTHER SERVICES	XX		\$40,000	S(1-34) TA3	-	-	
Estimated Cost Summary:								
	(8) Net Estimated Cost			\$6,837,107				
	(9) Packing, Crating, and Handling			\$154,722				
	(10) Administrative Charge			\$259,810				
	(11) Transportation			\$115,268				
	(12) Other			\$0				
	(13) Total Estimated Cost			\$7,366,907				
To assist in fiscal planning, the USG provides the following anticipated costs of this LOA:								
<u>ESTIMATED PAYMENT SCHEDULE</u>								
	<u>Payment Date</u>		<u>Quarterly</u>		<u>Cumulative</u>			
	Initial Deposit				\$200,860			
	15 Mar 2007		\$222,605		\$423,465			
	15 Jun 2007		\$325,491		\$748,956			
	15 Sep 2007		\$185,199		\$934,155			
	15 Dec 2007		\$166,366		\$1,050,521			
	15 Mar 2008		\$431,093		\$1,481,560			
	15 Jun 2008		\$1,086,321		\$2,567,881			
	15 Sep 2008		\$2,019,944		\$4,587,825			
	15 Dec 2008		\$2,779,082		\$7,366,907			
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Figure C5.F2. Sample Letter of Offer and Acceptance (LOA) (continued)

Lines and notes are included for illustration purposes only.

Explanation for acronyms and codes, and financial information, may be found in the "Letter of Offer and Acceptance Information."

Signed Copy Distribution:

1. Upon acceptance, the Purchaser should return one signed copy of this LOA to the Defense Finance and Accounting Service, Denver (DFAS Denver), ATTN: DFAS-JY/DE, 6760 E. Irvington Place, Denver, CO 80279-2000. Simultaneously, wire transfer of the initial deposit or amount due with acceptance of this LOA document (if required) should be made to financial institution identifier 021030004 TREAS NYC, Agency Location Code 00003801, showing "Payment from Government of Bandaria for BN-Q-SEH," or a check for the initial deposit, made payable to the U.S. Treasury, mailed to DFAS-JDT/DE, P.O. Box 173659, Denver, CO 80217-3659, showing "Payment from Government of Bandaria for BN-Q-SEH." Wire transfer is preferred.

2. One signed copy should be returned to Director, Defense Security Cooperation Agency, 201 12th St South, Suite 203, Arlington VA 22203-5408.

Note 1. LINE ITEM 001 - AGM-65F/G Missiles.

Line Item 001 provides [Insert enough information to adequately describe each line included on the LOA (e.g., configuration, delivery schedule, etc.)]

Note 2. LINE ITEM 002 – Maverick Missile Containers.

Line Item 002 provides [Insert enough information to adequately describe each line included on the LOA (e.g., configuration, delivery schedule, etc.)]

Note 3. LINE ITEM 003 - Maverick Components.

Line Item 003 provides [Insert enough information to adequately describe each line included on the LOA (e.g., configuration, delivery schedule, etc.)]

Note 4. LINE ITEM 004 - Maverick Support Equipment.

Line Item 004 provides [Insert enough information to adequately describe each line included on the LOA (e.g., configuration, delivery schedule, etc.)]

Note 5. LINE ITEM 005 - Other Services.

Line Item 005 provides [Insert enough information to adequately describe each line included on the LOA (e.g., configuration, delivery schedule, etc.)]

Note 6. MAVERICK SYSTEM SALE.

[Insert case-unique notes as needed to provide more detailed information regarding the offer.]

Note 7. STATUS OF FORCES AGREEMENT.

USG military and civilian personnel present in the territory of the purchaser for the purpose of implementing this LOA shall be entitled to all of the rights, privileges, and immunities accorded in the Agreement Concerning the Status of U.S. Personnel in Bandaria regarding the status of their forces, dated September 4, 1992 and any related implementing agreements.

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Figure C5.F2. Sample Letter of Offer and Acceptance (LOA) (continued)

Note 8. NONRECURRING COSTS - WAIVER.

Nonrecurring Costs (NC) apply to line item(s) 001 of this LOA. The customer's request to waive these charges has been approved by DSCA memorandum I-03/12345, dated May 1, 2003. Therefore, these costs have not been included in this case.

Note 9. OFFSET COSTS.

The Department of Defense is not a party to any offset agreements/arrangements that may be required by the Purchaser in relation to the sales made in this LOA and assumes no obligation to administer or satisfy any offset requirements or bear any of the associated costs. To the extent that the Purchaser requires offsets in conjunction with this sale, offset costs may be included in the price of contracts negotiated under this LOA. If the Purchaser desires visibility into these costs, the Purchaser should raise this with the contractor during negotiation of offset arrangements.

Note 10. ESTIMATED CASE CLOSURE.

The estimated closure date is 24 months after the date of projected final delivery.

Note 11. TRANSPORTATION AND SERVICES.

- A. USG agrees to provide, transportation services for the items identified in this LOA to the Point of Delivery. Purchaser's property will be transported at the Purchaser's risk.
- B. Purchaser will accept USG delivery listings as the basis for billing and proof of shipment.
- C. Purchaser will accept responsibility for clearance of materiel through its customs at the POD, and for movement of the materiel from its POD to the ultimate in-country destination.
- D. Purchaser will appoint a duly authorized official to accept and sign for materiel at the POD, and submit outturn message and report.
- E. Purchaser will absorb losses of materiel the USG does not in fact recover from an independent carrier or handler, including where the USG is self-insured.
- F. Purchaser will self-insure such shipments, or obtain commercial insurance without any right of subrogation of any claim against the United States.
- G. The USG will assist the Purchaser in processing any claims that may arise for lost or damaged shipments, in the same manner it processes claims for USG-owned materiel. Collection of revenue, if any, resulting from approved claims will be credited to the Purchaser's account.
- H. If the purchaser proposes to take delivery and custody of the classified material in the U.S. and use its own facilities and transportation for onward shipment to its territory, a Transportation Plan is required. The Transportation Plan is developed by the DoD Component that prepares the LOA in coordination with the purchasing Government as outlined in the Security Assistance Management Manual, Chapter 3. Purchasers may obtain assistance in the development of the Transportation Plan with their cleared freight forwarder. Further, the purchaser will notify the Implementing Agency of any changes as they occur to the Transportation Plan. The Implementing Agency that initiates the FMS transaction shall designate the security officials who are authorized to evaluate the Transportation Plan to determine whether the plan adequately ensures protection of the highest level of classified material involved. The purchaser will be notified of the approval or disapproval of the plan and any changes. If disapproved, the purchaser will be notified of the reason for disapproval and, when possible, changes that would be acceptable to the USG. As an alternative, the USG will ship the classified material by the Defense Transportation System."

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Figure C5.F2. Sample Letter of Offer and Acceptance (LOA) (continued)

Note 12. MISSILE TECHNOLOGY CONTROL REGIME.

Paragraph 2.3 of the Standard Terms and Conditions of this LOA discusses use and transfer restrictions on articles and services provided under this LOA and emphasizes that the Purchaser "shall not use or permit their use for purposes other than those authorized, unless the written consent of the USG has first been obtained." The customer agrees not to divert articles and services received under this LOA for purposes or uses other than those for which furnished to include, but not limited to, use as MTCR equipment or technology as discussed in section 74 of the AECA (22 USC 2797c). The USG also reserves the right to take action under section 73(a)(2) of the AECA (22 USC 2797b(a)(2)) in the case of any export or transfer of any MTCR equipment or technology that contributes to the acquisition, design, development or production of missiles in a country that is not an MTCR adherent.

Note 13. ANTI-TAMPER (AT) MEASURES.

The United States Government (USG) may incorporate Anti-Tamper (AT) protection into weapon systems and components. The AT protection will not impact operations, maintenance, or logistics provided that all terms delineated in the system technical documentation are followed.

Note 14. UNAUTHORIZED USE OF DEFENSE ARTICLES.

Defense articles furnished under this LOA may be used only for those authorized purposes set forth in section 2.2 of the Standard Terms and Conditions, unless the written consent of the U.S. Government has been obtained for a different use. The U.S. Government retains the right to verify reports that such defense articles have been used for purposes not authorized or for uses not consented to by the U.S. Government.

Note 15. CONTRACT ADMINISTRATION SERVICES (CAS) SURCHARGE.

For any lines on this LOA document with a Source of Supply of "X" or "P," the Contract Administration Services (CAS) surcharge rates apply: for contract administration, .65%; for quality assurance and inspection, .65%; for contract audit, .2%; and for overseas CAS, .2%.

Note 16. ACCESSORIAL CHARGES.

- a. A PC&H charge has been applied to Lines 001 and 004.
- b. A transportation charge has been applied to Lines 001 (based upon the current Transportation Look-up Table) and 004.

Note 17. ADMINISTRATIVE SURCHARGE.

An administrative surcharge of 3.8% has been applied to Lines 001-005.

Figure C5.F3. Letter of Offer and Acceptance (LOA) Standard Terms and Conditions

LETTER OF OFFER AND ACCEPTANCE STANDARD TERMS AND CONDITIONS

Section

- 1 Conditions -United States Government (USG) Obligations
- 2 Conditions - General Purchaser Agreements
- 3 Indemnification and Assumption of Risks
- 4 Financial Terms and Conditions
- 5 Transportation and Discrepancy Provisions
- 6 Warranties
- 7 Dispute Resolution

1 Conditions -United States Government (USG) Obligations

- 1.1 Unless otherwise specified, items will be those which are standard to the U.S. Department of Defense (DoD), without regard to make or model.
- 1.2 The USG will furnish the items from its stocks and resources, or will procure them under terms and conditions consistent with DoD regulations and procedures. When procuring for the Purchaser, DoD will, in general, employ the same contract clauses, the same contract administration, and the same quality and audit inspection procedures as would be used in procuring for itself; except as otherwise requested by the Purchaser and as agreed to by DoD and set forth in this LOA. Unless the Purchaser has requested, in writing, that a sole source contractor be designated, and this LOA reflects acceptance of such designation by DoD, the Purchaser understands that selection of the contractor source to fill requirements is the responsibility of the USG, which will select the contractor on the same basis used to select contractors for USG requirements. Further, the Purchaser agrees that the U.S. DoD is solely responsible for negotiating the terms and conditions of contracts necessary to fulfill the requirements in this LOA.
- 1.3 The USG will use its best efforts to provide the items for the dollar amount and within the availability cited.
- 1.4 Under unusual and compelling circumstances, when the national interest of the U.S. requires, the USG reserves the right to cancel or suspend all or part of this LOA at any time prior to the delivery of defense articles or performance of defense services. The USG shall be responsible for termination costs of its suppliers resulting from cancellation or suspension under this section. Termination by the USG of its contracts with its suppliers, other actions pertaining to such contracts, or cessation of deliveries or performance of defense services is not to be construed as cancellation or suspension of this LOA itself under this section.
- 1.5 U.S. personnel performing defense services under this LOA will not perform duties of a combatant nature, including duties relating to training and advising that may engage U.S. personnel in combat activities outside the U.S., in connection with the performance of these defense services.
- 1.6 The assignment or employment of U.S. personnel for the performance of this LOA by the USG will not take into account race, religion, national origin, or sex.
- 1.7 Unless otherwise specified, this LOA may be made available for public inspection consistent with the national security of the United States.

2 Conditions - General Purchaser Agreements

- 2.1 The Purchaser may cancel this LOA or delete items at any time prior to delivery of defense articles or performance of defense services. The Purchaser is responsible for all costs resulting from cancellation under this section.

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Figure C5.F3. Letter of Offer and Acceptance (LOA) Standard Terms and Conditions (continued)

- 2.2 The Purchaser agrees, except as may otherwise be mutually agreed in writing, to use the defense articles sold hereunder only:
- 2.2.1 for purposes specified in any Mutual Defense Assistance Agreement between the USG and the Purchaser
- 2.2.2 for purposes specified in any bilateral or regional defense treaty to which the USG and the Purchaser are both parties, if section 2.2. is inapplicable; or,
- 2.2.3 for internal security, individual self-defense, preventing or hindering the proliferation of weapons of mass destruction and the means of delivering such weapons, or civic action, if sections 2.2.1 and 2.2.2 are inapplicable.
- 2.3 The Purchaser will not transfer title to, or possession of, the defense articles, components and associated support materiel, related training or other defense services (including plans, specifications, or information), or technology furnished under this LOA to anyone who is not an officer, employee, or agent of the Purchaser (excluding transportation agencies), and shall not use or permit their use for purposes other than those authorized, unless the written consent of the USG has first been obtained. The Purchaser will ensure, by all means available to it, respect for proprietary rights in any items and any plans, specifications, or information furnished, whether patented or not. The Purchaser also agrees that the defense articles offered will not be transferred to Cyprus or otherwise used to further the severance or division of Cyprus, and recognizes that the U.S. Congress is required to be notified of any substantial evidence that the defense articles sold in this LOA have been used in a manner that is inconsistent with this provision.
- 2.4. To the extent that items, including plans, designs, specifications, technical data, or information, furnished in connection with this LOA may be classified by the USG for security purposes, the Purchaser certifies that it will maintain a similar classification and employ measures necessary to preserve such security, equivalent to those employed by the USG and commensurate with security agreements between the USG and the Purchaser. If such security agreements do not exist, the Purchaser certifies that classified items will be provided only to those individuals having an adequate security clearance and a specific need to know in order to carry out the LOA program and that it will promptly and fully inform the USG of any compromise, or possible compromise, of U.S. classified material or information furnished pursuant to this LOA. The Purchaser further certifies that if a U.S. classified item is to be furnished to its contractor pursuant to this LOA: (a) item will be exchanged through official Government channels, (b) the specified contractor has been granted a facility security clearance by the Purchaser at a level at least equal to the classification level of the U.S. information involved, (c) all contractor personnel requiring access to such items have been cleared to the appropriate level by the Purchaser, and (d) the Purchaser will assume responsibility for administering security measures while in the contractor's possession. If a commercial transportation agent is to be used for shipment, the Purchaser certifies that such agent has been cleared at the appropriate level for handling classified items. These measures will be maintained throughout the period during which the USG may maintain such classification. The USG will use its best efforts to notify the Purchaser if the classification is changed.
- 3 Indemnification and Assumption of Risks
- 3.1 The Purchaser recognizes that the USG will procure and furnish the items described in this LOA on a non-profit basis for the benefit of the Purchaser. The Purchaser therefore undertakes to indemnify and hold the USG, its agents, officers, and employees harmless from any and all loss or liability (whether in tort or in contract) which might arise in connection with this LOA because of:
- 3.1.1 Injury to or death of personnel of Purchaser or third parties, or
- 3.1.2 Damage to or destruction of (a) property of DoD furnished to Purchaser or suppliers specifically to implement this LOA, (b) property of Purchaser (including the items ordered by Purchaser pursuant to this LOA, before or after passage of title to Purchaser), or (3) property of third parties, or
- 3.1.3 Infringement or other violations of intellectual property or technical data rights.

Figure C5.F3. Letter of Offer and Acceptance (LOA) Standard Terms and Conditions (continued)

- 3.2 Subject to express, special contractual warranties obtained for the Purchaser, the Purchaser agrees to relieve the contractors and subcontractors of the USG from liability for, and will assume the risk of, loss or damage to:
- 3.2.1 Purchaser's property (including items procured pursuant to this LOA, before or after passage of title to Purchaser), and
- 3.2.2 Property of DoD furnished to suppliers to implement this LOA, to the same extent that the USG would assume for its property if it were procuring for itself the items being procured.
- 4 Financial Terms and Conditions
- 4.1 The prices of items to be procured will be billed at their total cost to the USG. Unless otherwise specified, the cost of items to be procured, availability determination, payment schedule, and delivery projections quoted are estimates based on the best available data. The USG will use its best efforts to advise the Purchaser or its authorized representatives of:
- 4.1.1 Identifiable cost increases that might result in an overall increase in the estimated costs in excess of ten percent of the total value of this LOA,
- 4.1.2 Changes in the payment schedule, and
- 4.1.3 Delays which might significantly affect estimated delivery dates. USG failure to advise of the above will not change the Purchaser's obligation under all subsections of section 4.4.
- 4.2 The USG will refund any payments received for this LOA which prove to be in excess of the final total cost of delivery and performance and which are not required to cover arrearages on other LOAs of the Purchaser.
- 4.3 Purchaser failure to make timely payments in the amounts due may result in delays in contract performance by DoD contractors, claims by contractors for increased costs, claims by contractors for termination liability for breach of contract, claims by USG or DoD contractors for storage costs, or termination of contracts by the USG under this or other open Letters of Offer and Acceptance of the Purchaser at the Purchaser's expense.
- 4.4 The Purchaser agrees:
- 4.4.1 to pay to the USG the total cost to the USG of the items even if costs exceed the amounts estimated in this LOA.
- 4.4.2 to make payment(s) by check or wire transfer payable in U.S. dollars to the Treasurer of the United States.
- 4.4.3 if Terms of Sale specify "Cash with acceptance", to forward with this LOA a check or wire transfer in the full amount shown as the estimated Total cost, and agrees to make additional payment(s) upon notification of cost increase(s) and request(s) for funds to cover such increase(s).
- 4.4.4 if Terms of Sale specify payment to be "Cash prior to delivery", to pay to the USG such amounts at such times as may be specified by the USG (including initial deposit) in order to meet payment requirements for items to be furnished from the resources of DoD. USG requests for funds may be based on estimated costs to cover forecasted deliveries of items. Payments are required 90 days in advance of the time DoD plans such deliveries or incurs such expenses on behalf of the Purchaser.
- 4.4.5 if Terms of Sale specify payment by "Dependable Undertaking," to pay to the USG such amounts at such times as may be specified by the USG (including initial deposit) in order to meet payments required by contracts under which items are being procured, and any damages and costs that may accrue from termination of contracts by the USG because of Purchaser's cancellation of this LOA. USG requests for funds may be based upon estimated requirements for advance and progress payments to suppliers, estimated termination liability, delivery forecasts, or evidence of constructive delivery, as the case may be. Payments are required 90 days in advance of the time USG makes payments on behalf of the Purchaser.

Figure C5.F3. Letter of Offer and Acceptance (LOA) Standard Terms and Conditions (continued)

- 4.4.6 if Terms of Sale specify "Payment on delivery", that bills may be dated as of the date(s) of delivery of the items, or upon forecasts of the date(s) thereof.
- 4.4.7 that requests for funds or billing are due and payable in full on presentation or, if a payment date is specified in the request for funds or bill, on the payment date so specified, even if such payment date is not in accord with the estimated payment schedule, if any, contained in this LOA. Without affecting Purchaser's obligation to make such payment(s) when due, documentation concerning advance and progress payments, estimated termination liability, or evidence of constructive delivery or shipment in support of requests for funds or bills will be made available to the Purchaser by DoD upon request. When appropriate, the Purchaser may request adjustment of any questioned billed items by subsequent submission of a discrepancy report.
- 4.4.8 to pay interest on any net amount by which it is in arrears on payments, determined by considering collectively all of the Purchaser's open LOAs with DoD. Interest will be calculated on a daily basis. The principal amount of the arrearage will be computed as the excess of cumulative financial requirements of the Purchaser over total cumulative payments after quarterly billing payment due dates. The rate of interest paid will be a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding short-term obligations of the USG as of the last day of the month preceding the net arrearage and shall be computed from the date of net arrearage.
- 4.4.9 to designate the Procuring Agency and responsible Paying Office and address thereof to which the USG will submit requests for funds and bills under this LOA.
- 5 Transportation and Discrepancy Provisions
- 5.1 The USG agrees to deliver and pass title to the Purchaser at the initial point of shipment unless otherwise specified in this LOA. With respect to items procured for sale to the Purchaser, this will normally be at the manufacturer's loading facility; with respect to items furnished from USG stocks, this will normally be at the U.S. depot. Articles will be packed, crated, or otherwise prepared for shipment prior to the time title passes. If "Point of Delivery" is specified other than the initial point of shipment, the supplying U.S. Department or Agency will arrange movement of the articles to the authorized delivery point as a reimbursable service but will pass title at the initial point of shipment. The USG disclaims any liability for damage or loss to the items incurred after passage of title irrespective of whether transportation is by common carrier or by the U.S. Defense Transportation System.
- 5.2 The Purchaser agrees to furnish shipping instructions which include Mark For and Freight Forwarder Codes based on the Offer Release Code.
- 5.3 The Purchaser is responsible for obtaining insurance coverage and customs clearances. Except for articles exported by the USG, the Purchaser is responsible for ensuring that export licenses are obtained prior to export of U.S. defense articles. The USG incurs no liability if export licenses are not granted or they are withdrawn before items are exported.
- 5.4 The Purchaser agrees to accept DD Forms 645 or other delivery documents as evidence that title has passed and items have been delivered. Title to defense articles transported by parcel post passes to the Purchaser at the time of parcel post shipment. Standard Form 364 will be used in submitting claims to the USG for overage, shortage, damage, duplicate billing, item deficiency, improper identification, improper documentation, or non-shipment of defense articles and non-performance of defense services and will be submitted promptly by the Purchaser. DoD will not accept claims related to items of \$200 or less for overages, shortages, damages, non-shipment, or non-performance. Any claim, including a claim for shortage (but excluding a claim for

Figure C5.F3. Letter of Offer and Acceptance (LOA) Standard Terms and Conditions (continued)

non-shipment/non-receipt of an entire lot), received after 1 year from passage of title to the article or from scheduled performance of the service will be disallowed by the USG unless the USG determines that unusual and compelling circumstances involving latent defects justify consideration of the claim. Claims, received after 1 year from date of passage of title or initial billing, whichever is later, for non-shipment/non-receipt of an entire lot will be disallowed by the USG. The Purchaser agrees to return discrepant articles to USG custody within 180 days from the date of USG approval of such return.

6 Warranties

- 6.1 The USG does not warrant or guarantee any of the items sold pursuant to this LOA except as provided in section 6.1.1. DoD contracts include warranty clauses only on an exception basis. If requested by the Purchaser, the USG will, with respect to items being procured, and upon timely notice, attempt to obtain contract provisions to provide the requested warranties. The USG further agrees to exercise, upon the Purchaser's request, rights (including those arising under any warranties) the USG may have under contracts connected with the procurement of these items. Additional costs resulting from obtaining special contract provisions or warranties, or the exercise of rights under such provisions or warranties, will be charged to the Purchaser.
- 6.1.1 The USG warrants the title of items sold to the Purchaser hereunder but makes no warranties other than those set forth herein. In particular the USG disclaims liability resulting from infringement or other violation of intellectual property or technical data rights occasioned by the use or manufacture outside the U.S. by or for the Purchaser of items supplied hereunder.
- 6.1.2 The USG agrees to exercise warranties on behalf of the Purchaser to assure, to the extent provided by the warranty, replacement or correction of such items found to be defective, when such materiel is procured for the Purchaser.
- 6.2 Unless the condition of defense articles is identified to be other than serviceable (for example, " As-is"), DoD will repair or replace at no extra cost defense articles supplied from DoD stocks which are damaged or found to be defective in respect to materiel or workmanship when it is established that these deficiencies existed prior to passage of title, or found to be defective in design to such a degree that the items cannot be used for the purpose for which they were designed. Qualified representatives of the USG and of the Purchaser will agree on the liability hereunder and the corrective steps to be taken.

7 Dispute Resolution

- 7.1 This LOA is subject to U.S. Federal procurement law.
- 7.2 The USG and the Purchaser agree to resolve any disagreement regarding this LOA by consultations between the USG and the Purchaser and not to refer any such disagreement to any international tribunal or third party for settlement.

Figure C5.F4. Letter of Offer and Acceptance (LOA) Information

LETTER OF OFFER AND ACCEPTANCE INFORMATION

1. GENERAL. This provides basic information pertaining to the LOA for U.S. and Purchaser use. Additional information may be obtained from the Security Assistance Management Manual, DoD 5105.38-M, the in-country Security Assistance Office, the DSCA Country Director, or from the implementing agency.

2. INFORMATION ENTERED BY THE USG

a. Terms of Sale, and Purchaser responsibilities under those Terms, are described on the LOA. A list of all Terms of Sale, with explanations for each, are shown in DoD 5105.38-M.

b. Description/Condition. The item description consists of coding for use in U.S. management of the LOA (starting with Generic/MASL and MDE "(Y)" or non-MDE "(N)" data such as that in DoD 5105.38-M) plus a short description of what is to be provided. When items are serviceable, Code "A" (new, repaired, or reconditioned materiel which meets U.S. Armed Forces standards of serviceability) may be used; otherwise, Code "B" (unserviceable or mixed condition without repair, restoration, or rehabilitation which may be required) may be used. In some instances, reference to a note in the Terms and Conditions may complement or replace these codes.

c. The Unit of Issue is normally "EA" (each, or one; for example, 40 EA) or blank (unit of issue not applicable; for example, services or several less significant items consolidated under one LOA Item Number). When blank, a quantity or Unit Cost is not shown.

d. The Source Code (SC) in the Articles or Services to be Supplied Section is one or more of the following:

- S - Shipment from DoD stocks or performance by DoD personnel
- P - From new procurement
- R - From rebuild, repair, or modification by the USG
- X - Mixed source, such as stock and procurement, or undetermined
- E - Excess items, as-is
- F - Special Defense Acquisition Fund (SDAF) items

e. Availability lead time cited is the number of months (MOS) estimated for complete delivery of defense articles or performance of defense services. The lead time starts with Acceptance of this Offer, including the conclusion of appropriate financial arrangements, and ends when items are made available to transportation.

f. Type of Assistance (TA) Codes are as follows:

- 3 - Source Code S, R, or E; based on Arms Export Control Act (AECA) Section 21(b).
- 4 - Source Code X; AECA Sections 21(b), 22(a), 29, or source undetermined.
- 5 - Source Code P; AECA Section 22(a).
- 6 - Source Code S, R, or E, payment on delivery; AECA Section 21(d).
- 7 - Source Code P, dependable undertaking with 120 days payment after delivery; AECA Section 22(b).
- 8 - Source Code S, R, or E, stock sales with 120 days payment after delivery; AECA Section 21(d).
- M - MAP Merger; Foreign Assistance Act (FAA) Section 503(a)(3).
- N - FMS Credit (Nonrepayable); AECA Sections 23 or 24.
- U - Source Code P; Cooperative Logistics Supply Support Arrangement (CLSSA) Foreign Military Sales Order (FMSO) I.
- V - Source Code S; CLSSA FMSO II stocks acquired under FMSO I.
- Z - FMS Credit; AECA Sections 23 or 24.

g. Training notes: AP - Annual training program; SP - Special training designed to support purchases of U.S. equipment; NC - This offer does not constitute a commitment to provide U.S. training; SC - U.S. training concurrently being addressed in separate LOA; NR - No U.S. training is required in support of this purchase.

Figure C5.F4. Letter of Offer and Acceptance (LOA) Information (continued)

h. Offer Release Codes (Ofr Rel Cde) and Delivery Term Codes (Del Trm Cde) below may also be found in DoD 4500.9-R. The following Offer Release Codes also pertain to release of items for shipment back to Purchaser on repair LOAs:

A - Freight and parcel post shipments will be released automatically by the shipping activity without advance notice of availability.

Y - Advance notice is required before release of shipment, but shipment can be released automatically if release instructions are not received by shipping activity within 15 calendar days. Parcel post shipments will be automatically released.

Z - Advance notice is required, before release of shipment. Shipping activity will follow-up on the notice of availability until release instructions are furnished. Parcel post shipments will be automatically released.

X - The Implementing Agency (IA) and country representative have agreed that the:

-- IA will sponsor the shipment to a country address. Under this agreement, the Freight Forwarder Code must also contain X and a Customer-within-country (CC) Code must be entered in the Mark For Code on the front page of the LOA. The MAPAD must contain the CC Code and addresses for each type of shipment (parcel post or freight).

-- Shipments are to be made to an assembly point or staging area as indicated by clear instructions on exception requisitions. Under this agreement, the Freight Forwarder Code must contain W. A Mark For Code may be entered in the Mark For Code space on the front page of the LOA and the MAPAD must contain the Mark For Code if the Mark For Address is to be used on the shipment to the assembly point or staging area.

i. For the following Delivery Term Codes, DoD delivers:

2 - To a CONUS inland point (or overseas inland point when the origin and destination are both in the same geographic area)

3 - At the CONUS POE alongside the vessel or aircraft

4 - Not applicable (Purchaser has full responsibility at the point of origin. Often forwarded collect to country freight forwarder.)

5 - At the CONUS POE on the inland carrier's equipment

6 - At the overseas POD on board the vessel or aircraft

7 - At the overseas inland destination on board the inland carrier's equipment

8 - At the CONUS POE on board the vessel or aircraft

9 - At the overseas POD alongside the vessel or aircraft

Delivery Term Codes showing DoD transportation responsibility for repair LOAs are shown below. The LOA will provide a CONUS address for each item identified for repair. The customer must assure this address is shown on all containers and documentation when materiel is returned.

A - From overseas POE through CONUS destination to overseas POD on board the vessel or aircraft

B - From overseas POE through CONUS destination to CONUS POE on board the vessel or aircraft

C - From CONUS POD on board the vessel or aircraft through CONUS destination to CONUS POE on board the vessel or aircraft

D - From CONUS POD on board the vessel or aircraft through the CONUS destination to overseas POD on board the vessel or aircraft

E - Not applicable (Purchaser has complete responsibility.)

F - From overseas inland point through CONUS destination to overseas inland destination

G - From overseas POE through CONUS destination to overseas POD alongside vessel or aircraft

H - (For classified items) From CONUS inland point to CONUS POE alongside vessel or aircraft

J - (For classified cryptographic items) From CONUS inland point to overseas inland destination

Figure C5.F4. Letter of Offer and Acceptance (LOA) Information (continued)

3. INFORMATION TO BE ENTERED BY THE PURCHASER. Mark For and Freight Forwarder Codes are maintained in the Military Assistance Program Address Directory (MAPAD), DoD 4000.25-8-M). The Purchaser Procuring Agency should show the code for the Purchaser's Army, Navy, Air Force, or other agency that is purchasing the item(s). The Name and Address of the Purchaser's Paying Office is also required.

a. Mark For Code. This Code should be entered for use in identifying the address of the organization in the Purchaser country that is to receive the items. This includes return of items repaired under an LOA.

(1) This address will be added by the U.S. DoD to the Ship To address on all freight containers. It will also appear on items forwarded by small parcel delivery service, including parcel post. The address should include the port of discharge name and designator (water or air); country name, country service name, street, city, state or province, and (if applicable) in-country zip or similar address code.

(2) Shippers are not authorized to apply shipment markings. If codes and addresses are not published, containers will be received at the freight forwarder or U.S. military representative in-country unmarked for onward shipment with resultant losses, delays, and added costs. The USG will sponsor shipment of this materiel to FOB U.S. point of origin.

b. Freight Forwarder Code. When Offer Release Code X applies, Code X or W, discussed under Offer Release Code X above, must be entered.

4. FINANCIAL

a. The method of financing is shown in the LOA, Amendment, or Modification. The initial deposit required with Purchaser signature of the LOA is an integral part of the acceptance.

b. LOA payment schedules are estimates, for planning purposes. DFAS-JY/DE will request payment in accordance with the payment schedule unless DoD costs, including 90-day forecasted requirements, exceed amounts required by the payment schedule. When this occurs, the U.S. will use its best efforts to provide a new schedule via LOA Modification at least 45 days prior to the next payment due date. The Purchaser is required to make payments in accordance with quarterly DD Forms 645 issued by DFAS Denver regardless of the existing payment schedule.

c. The DD Form 645 serves as the bill and statement of account. An FMS Delivery Listing identifying items physically or constructively delivered and services performed during the billing period, will be attached to the DD Form 645. DFAS Denver forwards these forms to the Purchaser within 45 days before payments are due and Purchasers must forward payments in U.S. dollars to the USG in time to meet prescribed due dates. Costs in excess of amounts funded by FMF agreements must be paid by the Purchaser. Questions concerning the content of DD Forms 645 and requests for billing adjustments should be submitted to the Defense Finance and Accounting Service, ATTN: DFAS-JY/DE, 6760 E. Irvington Place, Denver, CO 80279-2000.

d. The preferred method for forwarding cash payments is by bank wire transfer to the Department of the Treasury account at the Federal Reserve Bank of New York using the standard federal reserve funds transfer format. Wire transfers will be accepted by the Federal Reserve System (FRS) only from banks that are members of the FRS, therefore, non-U.S. banks must go through a U.S. correspondent FRS member bank. The following information is applicable to cash payments:

Wire transfer--

United States Treasury

New York, New York

0210300040

DFAS Denver

Agency Code 00003801

Payment from (country or international organization) for Letter of Offer and Acceptance (Identifier at the top of the first page of the LOA)

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Figure C5.F4. Letter of Offer and Acceptance (LOA) Information (continued)

Check mailing address-
 DFAS-JDT/DE
 PO Box 1736590
 Denver, CO 80217-36590

e. To authorize payments from funds available under FMF loan or grant agreements, the Purchaser may be required to submit a letter of request to the Defense Finance and Accounting Service, ATTN: DFAS-JY/DE, 6760 E. Irvington Place, Denver, CO 80279-2000. Purchasers should consult applicable FMF agreements for explicit instructions. Questions pertaining to the status of FMF financing and balances should be directed to DSCA (Business Operations Directorate).

f. Payments not received by DFAS-JY/DE by the due date may be subject to interest charges as outlined in paragraph 4.4.8 of the LOA Standard Terms and Conditions.

g. The values on the LOA are estimates. The final amount will be equal to the cost to the USG. When deliveries are made and known costs are billed and collected, DFAS-JY/DE will provide a "Final Statement of Account" which will summarize final costs. Excess funds will be available to pay unpaid billings on other statements or distributed as agreed upon between the Purchaser and DSCA (Business Operations Directorate).

h. The Purchaser may cancel this LOA upon request to the implementing agency. An administrative charge that equals one-half of the applicable administrative charge rate times the ordered LOA value, which is earned on LOA acceptance, or the applicable administrative charge rate times the actual LOA value at closure, whichever is higher, may be assessed if this LOA is canceled after implementation.

5. **CHANGES TO THE LOA.** Changes may be initiated by the USG or by requests from the Purchaser. After acceptance of the basic LOA, these changes will take the form of Amendments or Modifications.

a. Amendments encompass changes in scope, such as those which affect the type or number of significant items to be provided. Amendments require acceptance by the USG and the Purchaser in the same manner as the original LOA.

b. Modifications include changes that do not constitute a change in scope, such as increases or decreases in estimated costs or delivery schedule changes. Modifications require signature only to acknowledge receipt by the Purchaser.

c. When signed, and unless alternate instructions are provided, copies of Amendments and Modifications should be given the same U.S. distribution as the basic LOA.

d. Requests for changes required prior to acceptance by the Purchaser should be submitted to the implementing agency for consideration. See DoD 5105.38-M.

6. **CORRESPONDENCE.** Questions or comments regarding this LOA should identify the Purchaser request reference and the identification assigned by the implementing agency within the Department of Defense.

Figure C5.F5. Instructions for Preparing a Letter of Offer and Acceptance (LOA)

Instructions for Preparing a Letter of Offer and Acceptance (LOA)		
<p>1. Case Identifier. Each case includes a unique case identifier (i.e., XX-X-XXX) composed of the country code, the Implementing Agency code, and a case designator. The case designator is a three-position code assigned by the Implementing Agency. The chart below shows the current first-position letters used by the Implementing Agencies to assign case designators. This chart is for information purposes only and does not mandate use of these first-position letters. Case designations are the responsibility of the Implementing Agency.</p>		
U.S. Army	U.S. Navy	U.S. Air Force
<p>B Repair Parts</p> <p>G SELPO/Communications Security</p> <p>H Construction (Corps of Engineers)</p> <p>J SDAF</p> <p>K Foreign Military Sales Order (FMSO) I and II</p> <p>M Medical (U.S. Army Medical Materiel Agency)</p> <p>N Coproduction</p> <p>O Training (TRADOC)</p> <p>P Planning</p> <p>Q Materiel/Services (from U.S. activities located in Europe)</p> <p>S Materiel/Services (from U.S. Army Security Assistance Agency – Latin America)</p> <p>T Publications</p> <p>U-Z Materiel/Services provided from various AMCOM Materiel Readiness Commands (including but not limited to system package sales, munitions, spare parts, equipment, technical services, maintenance, etc.)</p>	<p>A Ammunition and Other Explosives</p> <p>B-C Individual Spares and Components</p> <p>G Technical and Engineering Services</p> <p>H-J Direct Requisitioning Procedures</p> <p>K FMSO (KA or KS – FMSO I and KB-KR or KT-KW – FMSO II)</p> <p>L Major End Items (components and equipment)</p> <p>M Repair and Return</p> <p>P Cartridge Actuated Devices (CAD), Propellant Actuated Devices (PAD), Aircrew Escape Propulsion Systems (AEPS)</p> <p>R Open End Requisitioning Procedures</p> <p>S Weapon System Sale (Ship or Aircraft)</p> <p>T Training</p> <p>Z Leases</p>	<p>A Munitions (AFLC)</p> <p>B Munitions (Non-AFLC Managed)</p> <p>C CAD/PAD</p> <p>D Communication/ Electronic System Sale</p> <p>E Equipment</p> <p>F Training Films & Film Strips</p> <p>G AFLC Services</p> <p>H Transportation, PC&H Support</p> <p>J Aircraft Ferry</p> <p>K FMSO (KA – FMSO I and KB-KW – FMSO II)</p> <p>L Equipment</p> <p>M Maintenance</p> <p>N Special Support</p> <p>O Communications Security (COMSEC)</p> <p>P Publications</p> <p>Q AFLC System Sale</p> <p>R Spares</p> <p>S Aircraft System Sale</p> <p>T Training</p> <p>V Class IV Modifications</p> <p>W Class V Modifications</p> <p>X Special Financial</p> <p>Y USAF System Sale (Missiles, etc.)</p> <p>Z Leases</p>
<p>2. Purchaser's Reference. The LOR date, serial number, etc. is entered in the "Based on" field.</p>		
<p>3. Term(s) of Sale. Term(s) of Sale indicate when payments are required and whether the LOA is financed with cash or credit. Chapter 9, Table C9.T8. provides details on the various types. The terms must be recorded on the first page of each LOA. Cases that include multiple sources of funding must list all sources and include a dollar breakout for each credit term used.</p>		
<p>4. DSCA Congressional Notification Transmittal Number. Include the DSCA transmittal number used in the statutory Congressional notification (e.g., Congressional Notification 92-15) when applicable. When multiple notification numbers apply, they must all be listed.</p>		

Instructions for Preparing a Letter of Offer and Acceptance (LOA)

5. **Offer Expiration Date (OED).** Each LOA document includes an OED indicating the last date on which the purchaser may accept the offer. The OED is normally 85 days (25 days for administrative processing and 60 days for country review) from Military Department Approval (MILAP) in the Defense Security Assistance Management System (DSAMS), except for countries that have been approved a longer OED as reflected in the below chart. For countries listed in the chart below with an OED longer than 85 days, the country review time is the OED minus 25 days.

Long OEDs: Requests for OEDs longer than the approved timeframes reflected in the below chart may be considered on a countrywide or case-by-case basis. The purchaser submits these requests to the applicable Implementing Agency. If the Implementing Agency concurs, it enters a case remark in the DSAMS that the LOA document contains an OED that is longer than the approved timeframes reflected in the below chart, and forwards it to DSCA for approval. The validity of the data may decrease as the length of time from offer increases. The chart below reflects the current country level timeframes that should be used unless an exception is granted.

Short OEDs: Short OEDs are used for USG driven requirements (e.g., where the price estimates are dependent on contract award by a certain date). Short OEDs should not be used for purchaser-driven needs or as a means to expedite LOA documents through the review and countersignature process. If the purchaser has less than the OED minus 25 days, the Implementing Agency must include the mandatory short OED LOA note (see Table C5.T5.). The standard OED is used even when it is anticipated that the purchaser may accept the LOA document early. Using the standard OED allows the purchaser to accept the LOA document early (e.g., purchaser driven needs such as internal budget requirements, etc.), but also allows the purchaser the normal review time when early acceptance does not occur. This eliminates unnecessary pen and ink changes that are required to revise the OED when early acceptance does not take place.

Country	Number of Days from Implementing Agency Signature to OED
Egypt	115
Germany	115
Greece	115
Indonesia	145
Israel	115
Italy	130
Korea	120
Morocco	115
Pakistan	115
Philippines	145
Portugal	120
Saudi Arabia	180 (Air Force cases) 180 (Navy Cases) 140 (Army Cases) 150 (all other cases)
Spain	115
Turkey	100
Yemen	115
All Others	85

6. **Item Number.** Each case includes three position numeric case line numbers (e.g., 001, 002, etc.).

7. **Description/Condition Field.** For each line item this field shall include a Generic Code and Military Articles and Services List (MASL) line data, NSN or part number (if applicable), MDE (Y)/non-MDE (N) code, a description of the articles or services, whether the materiel is classified or unclassified, and the condition code (if other than A1 condition) or reference to a note in which the condition is shown. Appendix 4 contains the entire list of Generic Codes. References to other information within the LOA may also be included, e.g., for weapon systems, the reference may relate to an attachment or note of the LOA that includes more descriptive information.

The LOA shall contain a separate line for each article with a MASL line that is measured in units (i.e., unit of issue "EA"). Any MDE items shall be listed separately on the LOA---they may not be "buried" within a line item for Non-MDE equipment. For LOAs with more than one significant article or service, lines are listed in order from

Instructions for Preparing a Letter of Offer and Acceptance (LOA)
<p>most to least substantial. After the major items, the remaining lines are in order by generic code. The purpose of this order is for ease of reading. If there are compelling reasons for listing the lines in a different order, the Implementing Agency may decide to do so on a case-by-case basis.</p> <p>Sublines may be used to the extent they are compatible with MASL breakout and reporting by generic code. Sublines are identified with a lower case alpha character in this field.</p>
<p>8. <u>Quantity, Unit of Issue, and Unit and Total Costs.</u> This information is entered, as applicable. Total costs for each line are always in whole dollars. See DoD 7000-14.R (reference (o)), Volume 15, Chapter 7 for information on how to price.</p>
<p>9. <u>SC/MOS/TA or Notes.</u> This column includes the supply code (also referred to as the Source of Supply (SOS) code), the availability (estimated number of months from acceptance to when items are available), Type of Assistance (TA) code, and training notes. These terms are defined in the LOA Information attached to each LOA. See Figure C5.F4.</p>
<p>10. <u>Offer Release Code (ORC).</u> This code specifies notification requirements prior to shipment and shall be compatible with the Delivery Term Code. See Figure C5.F4. for a complete list of ORCs. More than one code may apply for each line item.</p>
<p>11. <u>Delivery Term Code (DTC).</u> This code specifies who is responsible for transportation and how far items are transported. The percentage associated with this code is used to compute the transportation charges in Block 11. See Figure C5.F4. for a complete list of DTCs. More than one code may apply for each line item although it is recommended that different lines/sublines be used to facilitate different computations.</p>
<p>12. <u>Charges on the LOA.</u> Chapter 9 and DoD 7000-14.R (reference (o)), Volume 15, Chapter 7 identify specific pricing policies for FMS cases. The LOA includes a Net Estimated Cost that represents the total of all line items on the case. Separate entries identify Packing, Crating, and Handling (PC&H), Administrative, Transportation, or other accessorial charges that are included. These figures are added to the Net Estimated Cost to provide a Total Estimated Cost. With the exception of the CAS and administrative surcharge, the percentage rate used for determining accessorial costs should not be indicated in the LOA. A note is included indicating the percentage of CAS and administrative surcharges that are applied against each line item (see Table C5.T5.). When calculating the administrative surcharge, if the calculated amount is less than \$15,000, a Small Case Management Line (SCML) must be added as a line item on the case to recover the difference between the calculated administrative surcharge and \$15,000. See paragraph C9.4.7. for more information on the SCML.</p>
<p>13. <u>Estimated Payment Schedule.</u> Unless the initial deposit constitutes the total value of the LOA, each LOA shall include a payment schedule. This payment schedule shows the calendar dates when each payment is required and the amount due on each calendar date. The total of these amounts is equal to the amount reflected on the LOA "Total Estimated Cost" line. See Chapter 9, section C9.9. for more information on payment schedules.</p>

Instructions for Preparing a Letter of Offer and Acceptance (LOA)

14. **Ordering of LOA Notes.** Notes should be included to provide detailed information about what is being sold. Table C5.T5. provides information on mandatory notes. To ensure consistency, notes should be included in the following order.

Order	Description
1	Line item description notes. Each line should have a separate item description note. The sample LOA in Figure C5.F2. has five lines so there are five item description notes. If all line item description information fits beneath the MASL description, a line item description note is not required. If any one line item requires a line item description note, a line item description note shall be included for each line item.
2	Case unique notes, e.g., description of the system, any purchaser responsibilities.
3	Mandatory notes unique to the system being sold, e.g., MANPADS, COMSEC, and Anthrax Vaccine.
4	Notes regarding waivers, e.g., CAS, NC, Administrative Surcharge, etc.
5	Standard notes required on all cases, e.g., Administrative Surcharge, CAS, NC, Unauthorized Use, Anti-Tampering, Missile Technology Control Regime (MTCR), Offsets, Accessorial Charges. The Administrative Surcharge note should be the last note on the LOA.

C5.4.8.2. **LOA Notes/Supplemental Information.** Standard Terms and Conditions must be supplemented with additional items or notes for each offer in order to make obligations clear. Notes in LOAs provide more detailed information concerning items or services being offered. When LOAs are prepared before details are known, notes include general coverage of this information and an estimate of when specific information on these topics can be provided to the purchaser. These notes may be shared in advance with the purchaser to ensure any purchaser-unique requirements are accommodated. Deviations from the LOR, extraordinary reservations concerning the price quoted, and the extent to which either the price or availability is dependent on action to be taken by the USG (e.g., selection of equipment for U.S. Forces) are examples where further explanation should be included. Advice should be obtained from the Implementing Agency legal office when special circumstances require an expansion of standard or supplemental indemnity clauses included in this Manual. Table C5.T5. lists the notes that should be included in LOAs as indicated. The “Note Usage” column of this table is intended to show when the note should be included on an LOA, Amendment, and Modification. This column is NOT intended to show when an Amendment or a Modification should be used. See Chapter 6, section C6.7. for information on determining which document is appropriate. See Figure C5.F5., #14, for guidance on the ordering of notes within an LOA.

C5.4.8.3. **Combining Requirements.** LOAs for major systems or end items should include supporting items and services vice negotiating separate LOAs for these items and/or services.

C5.4.8.4. **Estimated Delivery Schedule.** The MOS (months) entry on the LOA provides the estimated lead-time from the LOA acceptance date to the delivery date of the materiel or to the dates when services are provided. A schedule of estimated in-country or CONUS equipment deliveries by month is provided for major end items. When the purchaser’s request or program schedules require that items not be delivered or services not be performed earlier than a specified date, this must be stated in the LOA notes.

C5.4.8.5. Permanent Change of Station (PCS) Costs. The Implementing Agency notifies the SCO by message of requirements for assignment of PCS (but not TDY) personnel to the purchaser country, including projected start date and duration, number by rank or grade and specialty, and in-country location. The DSCA (Operations Directorate), the Combatant Command, Secretary of State (Resource Management (RM) and PM/RSAT), and the U.S. Embassy are information addressees. The SCO coordinates with the U.S. Chief of Mission and reports PCS personnel support cost data, as well as obstacles to their acceptance or support, to the Implementing Agency. The Implementing Agency includes PCS personnel support costs in the LOA and advises of the PCS requirement and of any support problems in the cover letter when the LOA is transmitted to DSCA for countersignature. LOAs that include PCS or TDY personnel should specify to the extent known:

C5.4.8.5.1. The number of personnel who will perform the task.

C5.4.8.5.2. Planned dates of arrival and departure.

C5.4.8.5.3. In-country destination and home station.

C5.4.8.5.4. Extent of in-country travel required.

Table C5.T5. Letter of Offer and Acceptance (LOA) Notes

NOTICE:

The “Note Usage” row of this table is intended to show when the note should be included on an LOA, Amendment, and Modification. This table is NOT intended to show when an Amendment or a Modification should be used. See Chapter 6, Section C6.7. for information on determining which document is appropriate.

Accessorial Charges

<i>Note Usage</i>
Mandatory for LOAs that include accessorial charges (e.g., PC&H, transportation). Mandatory for Amendments and Modifications even if the Accessorial Charges are not affected by the changes being made. See Chapter 9, section C9.5.
<i>Note Text</i>
“A [insert type of charge] charge has been applied to the applicable portions of line item number(s) [insert applicable line item numbers].” Note: Repeat this sentence as needed for each separate charge. All of the accessorial charges may be included in a single note with each charge listed separately within the note. For example: a. A transportation charge has been applied to the applicable portions of line item numbers 003 and 005. b. A PC&H charge has been applied to the applicable portions of line item numbers 001 and 052. If the Transportation Cost Look-Up Table (Appendix 2) is used to determine transportation costs, the following sentence should be included within this note: “The Transportation Cost Look-Up Table (Appendix 2 of the SAMM) was used to calculate transportation charges on line item number(s) [insert applicable line item number].”

Administrative Surcharge

<i>Note Usage</i>
Mandatory for LOAs (including Pseudo LOAs) that include administrative surcharges. C5.1.1. Mandatory for Amendments and Modifications even if the administrative surcharges are not affected by the changes being made. See Chapter 9, section C9.5.
<i>Note Text</i>
“An administrative surcharge of 3.8% has been applied to lines [insert applicable line numbers].” And/or “An administrative surcharge of 2.5% has been applied to lines [insert applicable line numbers].” And/or “An administrative surcharge of 3% has been applied to lines [insert applicable line numbers].” And/or “An administrative surcharge of 5% has been applied to [insert applicable line numbers].” And/or “An administrative surcharge has not been applied to lines [include applicable line numbers].” Only include the percentages that are included on the case.

Administrative Surcharge Waiver – NAMSA

<i>Note Usage</i>
Mandatory for NAMSA LOAs that have waived administrative surcharges. Mandatory for Amendments and

Modifications even if the administrative surcharges are not affected by the changes being made. See Chapter 9, subparagraph C9.6.1.2.

Note Text

“This LOA is in support of [insert title of the weapon system partnership agreement or NATO/SHAPE project]. Administrative charges, to include any Small Case Management Line (SCML) value, waived on this LOA will be reimbursed to the FMS Admin Account from Program 10 funds controlled by the U.S. Mission to NATO, [insert reference describing U.S. Mission to NATO documentation]. Administrative charges are waived by the Director, DSCA, under the provisions of Section 21(e)(3)(A) of the AECA.”

Administrative Surcharge Waiver – NATO AWACS

Note Usage

Mandatory for LOAs in support of the NATO AWACS Acquisition program under the AWACS MOU as defined in 10 U.S.C. § 2350e to be the Multilateral Memorandum of Understanding (MOU) Between the NATO Ministries of Defense on the NATO E-3A Cooperative Programme signed December 6, 1978 and the Addendum to the 1978 MOU signed December 7, 1990. Also see the MOU for Operations and Support of the NATO Airborne Warning and Control Force, signed September 26, 1984 and any other follow-on support agreement for the NATO E-3A Cooperative Programme.

Mandatory for Amendments and Modifications even if the administrative surcharges are not affected by the changes being made. Specifically for country code “W1” LOAs.

Note Text

This LOA is in support of the NATO AWACS Acquisition program under 10 U.S.C. § 2350e. Any surcharge for administrative services, to include Small Case Management Line (SCML), otherwise chargeable totaling [insert dollar value] are waived on this LOA and are not reimbursed as authorized by 10 U.S.C. § 2350e and the waivers in the SECDEF Memoranda, dated 18 April 1997 and 13 December 1979.”

Administrative Surcharge Waiver – Reciprocal Training Agreements

Note Usage

Mandatory for LOAs that have waived administrative surcharges, indirect costs and costs of billeting of trainees on non-dedicated training based on reciprocal training agreements. Reimbursement of waived costs may be required to be made from appropriations available to the DoD. Mandatory for Amendments and Modifications even if the administrative surcharges are not affected by the changes being made. See SAMM Table C10.T4. for applicable agreements.

Note Text

This LOA provides non-dedicated training on line item(s) [insert line item numbers] under reciprocal training agreement [insert title of the agreement] effective [enter effective date of the agreement] authorized under the provisions of Section 21(g) of the AECA (22 U.S.C. § 2761(g)). Administrative surcharges, [insert “to include the Small Case Management Line (SCML) value” if administrative surcharges have been waived on the entire case] totaling [insert dollar value] are applicable to the non-dedicated training on this LOA. The waived administrative surcharges will be reimbursed by [insert organization name] and have been reserved on [insert miscellaneous obligation document number].

Administrative Surcharge Waiver – EURO/NATO Joint Jet Pilot Training (ENJJPT)

Note Usage

Administrative Surcharge Waiver – EURO/NATO Joint Jet Pilot Training (ENJJPT). Add a new note to read as follows:

Mandatory for LOAs in support of the ENJJPT program under the EURO-NATO Joint Jet Pilot Training (ENJJPT) Program, dated 9 December 1980, as amended. Mandatory for Amendments and Modifications even if the administrative surcharges are not affected by the changes being made.

	<i>Note Text</i>
	This LOA is in support of EURO/NATO Joint Jet Pilot Training (ENJJPT) under EURO-NATO Joint Jet Pilot Training (ENJJPT) Program, dated 9 December 1980, as amended, as authorized under the provisions of section 21(g) of the AECA (22 U.S.C. § 2761(g)). Administrative surcharges, to include any Small Case Management line (SCML) value, totaling [insert dollar value] are waived on this LOA and are not reimbursed as set out in the DEPSECDEF Memorandum dated 11 October 1979.

Advanced Medium-Range Air-to-Air Missiles (AMRAAM) Classified Defense Articles

	<i>Note Usage</i>
	<p>Mandatory for LOAs that include AMRAAM missiles and support equipment.</p> <p>Mandatory for Amendments and Modifications that add AMRAAM missiles and support equipment.</p> <p>See Chapter 8, paragraph C8.3.6.</p>
	<i>Note Text</i>
	<ol style="list-style-type: none"> 1. The Purchaser agrees to adhere to the security requirements associated with the Advanced Medium Air-to-Air Missile (AMRAAM) as outlined in the following paragraphs. The Purchaser agrees to perform inventory checks and allow United States Government (USG) inventory verifications. 2. The AMRAAM shall be stored in facilities that are at least equivalent in strength to U.S. Air Force (USAF) requirements. Specific requirements for storage shall be agreed upon and met prior to delivery of the missile system. USG representatives shall be allowed to verify security measures and procedures prior to the delivery of AMRAAMs. <ol style="list-style-type: none"> a. <u>Physical Security/Access Controls</u>: Perimeter fencing, lighting for exterior doors and along perimeter barriers, doors, locks, keys, alarms, and surveillance will be in accordance with USG requirements. AMRAAM missiles and components will be stored in structures in which all entrances, exits, or other openings like ventilation systems are physically guarded or alarmed. The standards will at least meet the following: <ol style="list-style-type: none"> (1) <u>Magazines</u>. Reinforced concrete, arch type, earth covered where construction is at least equivalent in strength to the requirements of Chapter 5, DoD 6055.9-STD, "Ammunition and Explosive Safety Standards," October 2004, will be used for storage (standards of which will be provided to the purchaser). (2) <u>Lighting</u>. Lighting will be provided for exterior doors and along perimeter barriers. Security lighting requirements will conform to the ammunition and safety requirements (standards will be provided to the purchaser). (3) <u>Doors, Locks, and Keys</u>. Exterior doors will be class five steel vault doors secured by two key-operated high security padlocks and a high security shrouded hasp. Keys will be secured separately to ensure effective two-man control of access (i.e., two authorized persons must be present to enter). Use of a master or multiple key system is prohibited. (4) <u>Fencing</u>. Fencing will be six foot (minimum) steel chain link with a one-foot overhang mounted on steel or reinforced concrete posts over firm base. Clear zones will be established 30 feet inside and 12 feet outside the perimeter. b. <u>Inventory and Accountability Documentation</u>: The Purchaser agrees that all AMRAAM will be 100% inventoried (missile to serial number) on a semi-annual basis. Purchaser will have procedures in place that provide a continuous accounting of missile receipt, transfer, storage, shipment, and/or destruction/demilitarization. Inventory and accountability documentation maintained by the Purchaser shall be retained throughout the period of ownership and will be made available for review upon USG request. c. <u>Storage of Hardware and Technical Data</u>: Storage of AMRAAM hardware and technical data will meet U.S. standards for safeguarding the missile. The Purchaser will maintain strict accountability records on all classified information provided by the USG related to AMRAAM missiles including extracts and copies. These records will include documentary evidence of any AMRAAMs that are lost or destroyed. Such records shall, to the extent possible, be centralized. 3. The Purchaser will report immediately to Security Cooperation Organization or other appropriate USG representative any allegations, confirmed or unconfirmed, of AMRAAM missile hardware, technology or software released, or compromised to unauthorized nationals, third country nationals, or a foreign

- Government. The Purchaser will also report any allegation, report, or evidence of unauthorized attempts to collect information on the AMRAAM Program.
4. Military or civilian employees of the Purchaser at military establishments will accomplish operational and intermediate level maintenance. Third-country nationals, industries or their representatives will accomplish no maintenance functions unless approved in writing by the USG.
 5. Prior to the delivery of the missiles, the USG will conduct an in-country site survey of all facilities of the Purchaser designated for storage of the AMRAAM Weapon System, that includes the missile and all support equipment such as loaders, trailers, and cable harnesses. The site survey team recommendation will be reported to the appropriate organization identified by the Purchaser in accordance with DoD 5105.38-M, Security Assistance Management Manual.
 6. The USG will provide to the Purchaser a security checklist and serial numbers that will be referenced during the initial site survey and throughout the life of the AMRAAM Weapon System. The checklist is used to indicate the integrity of security measures in place for AMRAAM storage. Deficiencies identified during the initial site survey must be corrected prior to any AMRAAM deliveries. The Purchaser agrees to adhere to security requirements associated with the AMRAAM system for the life cycle of the systems.
 7. The scope of the review will include but not limited to, an inventory of missiles listed in this offer by serial number, a review of security controls and procedures, inventory and accountability documentation, distribution of assets (i.e. a plan for in-country movement or plan for repair and return), transportation, access controls, storage of hardware and technical data.
 8. Transportation of the AMRAAM will meet U.S. standards for safeguarding classified material in transit. The transportation plan must be coordinated and approved by Air Force Material Command Security Office prior to delivery of the AMRAAM to Purchaser.
 9. The purchaser will obtain USG disposition instructions that either direct transporting AMRAAM missile sections back to the USG or another designated staging area, and/or comprehensive guidance on demilitarization/ disposal management for in-country incineration. The USG disposition instructions indicate parties in the USG that must be contacted prior to any demilitarization/ disposal effort.

Air Intercept Missile-9X (AIM-9X); Category III Missile

<i>Note Usage</i>
Mandatory for LOAs that include AIM-9X missiles, retrofit kits and peculiar support equipment. Mandatory for Amendments and Modifications that add AIM-9X missiles, retrofit kits, and peculiar support equipment. See Chapter 8, paragraph C8.3.7.
<i>Note Text</i>
<ol style="list-style-type: none"> 1. The AIM-9X weapon system is accorded Category III protection as addressed in Department of Defense (DoD) 5100.76-M (current revision), "Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives" with intrusion detection system/alarm system (IDS). AIM-9X maintenance sectionalization spares, specifically the Tactical and Captive Air Training Missile (CATM) Guidance Unit (GU) subsections, are accorded Category II storage protection with an IDS or are continuously manned or under constant surveillance in such a manner that unauthorized entry into and around the storage structures can be detected. Specific physical security requirements shall be documented and agreed upon during the site visit referenced in paragraph 6 of this note and implemented prior to delivery of the missile system. This includes the missile and all specific peculiar support equipment. The Purchaser agrees to adhere to the security requirements as outlined in the following paragraphs. The Purchaser agrees to perform inventory checks and allow United States Government (USG) inventory verifications. 2. The weapon system shall be stored in facilities that are at least equivalent in strength to USG requirements. Specific requirements for storage shall be agreed upon and met prior to delivery of the missile system. USG representatives shall be allowed to verify security measures and procedures prior to the delivery of the weapon system. <ol style="list-style-type: none"> a. Inventory and Accountability Documentation: Purchaser will have procedures in place that provide a continuous accounting of missile receipt, transfer, storage, shipment, and/or destruction/demilitarization. The Purchaser agrees to inventory 100% of the missiles on this Letter of Offer and Acceptance (LOA) on the following schedule: 1) Unit (Squadron) Level, 100 % quarterly count, and 2) Base Level, 100% semi-annual inventory by serial number. The USG will be permitted, at its discretion, to conduct an assessment

- of accountability measures and, if required, inventory 100% of all missiles transferred under this LOA. Inventory and accountability documentation maintained by the Purchaser shall be retained throughout the period of ownership and will be made available for review upon USG request. Purchaser will immediately notify the USG (through the Security Cooperation Organization (SCO) to the Defense Security Cooperation Agency (DSCA)) of any missile expenditures, compromises, or losses and provide necessary assistance if the USG desires to initiate recovery operations.
- b. **Storage of Hardware and Technical Data:** Storage of missile hardware and technical data will meet U.S. standards for safeguarding the missile. The Purchaser will maintain strict accountability records on all classified information provided by the USG related to the missiles, including extracts and copies. These records will include documentary evidence of any weapon systems or components that are lost or destroyed. Such records shall, to the extent possible, be centralized.
3. The Purchaser will report immediately to the SCO or other appropriate USG representative any allegations, confirmed or unconfirmed, of missile hardware, technology or software released or compromised to unauthorized nationals, third country nationals, or a foreign government. The Purchaser will also report any allegation, report, or evidence of unauthorized attempts to collect information on the missile program.
4. **Operational and Intermediate Level Maintenance:** Military or civilian employees of the Purchaser at military establishments will accomplish operational and intermediate level maintenance. Third-country nationals, industries, private entities or their representatives cannot perform maintenance functions unless approved in writing by the USG. Such access requires explicit Department of State (PM/RSAT) retransfer approval and appropriate end-use assurances. Upon approval by the USG, the Purchaser's industry access to AIM-9X will be limited to oral and visual information necessary to integrate the AIM-9X on the Purchaser's aircraft. A list of the Purchaser's industry personnel authorized access to AIM-9X will be maintained by the Purchaser and a copy of such list will be provided to the USG, as required.
5. **Depot Level Maintenance:** Missiles or subcomponents that require depot level repair will be transported to designated depot level repair facilities in the United States under proper security procedures unless the USG specifically authorizes the Purchaser to accomplish Depot Level maintenance.
6. **Site Survey:** In accordance with the Security Assistance Management Manual, Chapter 8, prior to the delivery of the missiles, the USG will conduct an in-country site survey of the physical security measures at all facilities of the Purchaser designated for storage or maintenance of the weapon system. This includes the missile and all specific peculiar support equipment.
- a. The USG will provide to the Purchaser a security checklist that should be referenced during the site survey and throughout the life of the weapon system. The checklist is used to indicate that the integrity of security measures in place for weapon system maintenance and storage will insure the same level of security protection as the USG.
- b. Deficiencies identified during the site survey must be corrected prior to any weapon system deliveries.
- c. The Purchaser agrees to adhere to security requirements associated with the weapon system for the life cycle of the systems. The Purchaser agrees to allow USG verification of security arrangements for the protection of the weapon system on both a scheduled and unscheduled basis.
7. **End Use Monitoring:** The Purchaser understands that this weapon system has been designated for Enhanced End-Use Monitoring. This will include, but not be limited to, a USG inventory of missiles listed in this offer by serial number, and a USG review of security controls and procedures, inventory and accountability documentation, distribution of assets (i.e., a plan for in-country movement) or plan for repair and return, transportation, access controls, storage of hardware and technical data.
8. Transportation of the weapon system will meet U.S. standards for safeguarding classified material in transit. The transportation plan must be coordinated and approved by Naval Air Systems Command (NAVAIR) Security Department prior to delivery of the weapon system to the Purchaser.
9. The Purchaser will obtain USG disposition instructions that either direct transporting missile sections back to the USG or another designated staging area, and/or provide comprehensive guidance on demilitarization/disposal management for in-country incineration. The USG disposition instructions indicate parties in the USG that must be contacted prior to any demilitarization/disposal effort.

Aircraft Ferrying

<i>Note Usage</i>
Mandatory for LOAs that involve ferrying of aircraft. Mandatory for Amendments and Modifications that add Aircraft Ferrying to the case. See Chapter 7, paragraph C7.5.4.
<i>Note Text</i>
<p>“A. The USG will provide for ferrying of aircraft to point of delivery specified in this LOA.</p> <p>*B. In order to carry out the purpose of this LOA, the USG will accept title to the aircraft from the contractor, and title to the aircraft will remain with the USG until arrival at the point of delivery, at which time title passes to the purchaser.</p> <p>*C. The aircraft will be marked with appropriate USG markings. The purchaser is liable for the cost of placing such markings on the aircraft and is responsible for removing such markings upon passage of title to the purchaser.</p> <p>D. The USG will not be subject to or held liable for any import fees, duties, or other charges levied by the purchaser.</p> <p>E. Date of delivery to destination will be contingent upon the receipt of necessary over flight and other clearances.</p> <p>F. The purchaser is liable for all enroute costs including, but not limited to, any maintenance required to ensure that the aircraft are in a safe condition, in accordance with current USG regulations, prior to flight.</p> <p>G. It is agreed that there will normally be no USG/purchaser splits in crews. Any USG/purchaser split in crew composition must be approved by _____ based upon a request submitted by the purchaser setting forth the reasons for the request, the desired crew composition, and the aircraft qualifications of proposed crew members of the purchaser. If split crews are used, the aircraft commander must be an officer of the USG who will have command and control over the aircraft. If more than one aircraft is being ferried, the designated flight leader will be an officer of the USG and will have command and control over all aircraft.”</p> <p>* NOTE: When the USG is to ferry purchaser-owned aircraft, replace B. and C. above with the following:</p> <p>“B. In order to carry out the purpose of this LOA, the purchaser grants the USG possession of the aircraft. The title to the aircraft will remain with the purchaser.</p> <p>C. The aircraft will be marked with appropriate USG markings. The purchaser is liable for the cost of placing such markings on the aircraft and is responsible for removing such markings.”</p>

Ammunition and Other Explosives

<i>Note Usage</i>
Mandatory for LOAs that include ammunition or explosives. Mandatory for Amendments and Modifications that add ammunition or explosives to the case. See Chapter 7, section C7.17.
<i>Note Text</i>
<p>“The USG is a self-insurer and, in this connection, your attention is invited to Standard Terms and Conditions 1.2 and 3.1. The Department of Defense shall employ the same inspection procedures for ammunition and other explosives as would be used in the procurement of these types of items for itself. Lot production of ammunition and other explosives, however, carries risks associated with the items’ resultant performance. This risk is assumed by the USG in procurement for its own use, and this risk is also assumed by the purchaser in procurement for its use under this Offer. Accordingly, financial restitution will not be made for claims made on SF 364 Supply Discrepancy Report (SDR) (see Standard Condition 5.4) for deficiencies pertaining to these items unless such claims involve damage due to USG actions with respect to compliance with applicable inspection criteria and procedures, or USG actions with respect to packing, crating, handling, or transportation, or unless the USG can obtain equal restitution from its contractor.”</p>

Anthrax Vaccine

<i>Note Usage</i>
Mandatory for LOAs selling anthrax vaccine. Mandatory for Amendments and Modifications that add anthrax vaccine to the case.
<i>Note Text</i>
“The purchaser agrees the U.S. Government will not incur liability for adverse reactions, morbidity, mortality, or any other actual or possible consequential damages resulting from use, storage, or handling of anthrax vaccine by the purchaser, to include acts or omissions of its officials, agents, or employees. The purchaser further agrees to indemnify and hold harmless the U.S. Government for any and all liability in the event liability is incurred.”

Anti-Tamper (AT) Measures

<i>Note Usage</i>
Mandatory for LOAs that include any materiel (not applicable to services LOAs). Mandatory for Amendments and Modifications that add materiel to a case that previously only included services.
<i>Note Text</i>
“The United States Government (USG) may incorporate Anti-Tamper (AT) protection into weapon systems and components that contain Critical Program Information (CPI). The AT protection will not impact operations, maintenance, or logistics provided that all terms delineated in the system technical documentation are followed.”

Associated Lease

<i>Note Usage</i>
Mandatory for LOAs that are in support of a lease. Mandatory for Amendments and Modifications that add lease support to the case. See Chapter 11, section C11.10.
<i>Note Text</i>
“This case is in support of lease [insert lease designator XX-X-XXX].”

Authority for Sale – FAA, Section 607

<i>Note Usage</i>
Mandatory for Pseudo LOAs under the authority of FAA, section 607. See Chapter 11, section C11.6.
<i>Note Text</i>
“This sale is made under the authority of the U.S. Foreign Assistance Act (FAA) of 1961 and the Determination hereunder, a copy of which is attached to this Offer and Acceptance. Any reference in this Letter of Offer and Acceptance to the United States Arms Export Control Act, to defense articles, and to defense services shall be construed instead to be a reference to FAA, section 607 and the Determination hereunder. All other terms, conditions, and procedures under this Offer and Acceptance apply to this transaction.”

Authority for Sale – FAA, Section 632

<i>Note Usage</i>
Mandatory for Pseudo LOAs under the authority of FAA, section 632. See Chapter 11, section C11.7.
<i>Note Text</i>
“This sale is made under the authority of section 632 of the United States Foreign Assistance Act (FAA) of 1961. Any reference in this Letter of Offer and Acceptance to the United States Arms Export Control Act, to

defense articles, and to defense services shall be construed instead to be a reference to FAA, section 632.”

Authority for Sale – NDAA, Section 1004/1033

Note Usage

Mandatory for Pseudo LOAs under the authority of NDAA, section 1004/1033.

See Chapter 11, section C11.3.

Note Text

“This sale is made under the authority of [insert: Section 1004 of the 1991 National Defense Authorization Act, (Public Law 101-510) or Section 1033 of the 1998 National Defense Authorization Act (Public Law 105-85)]. Any reference in this Letter of Offer and Acceptance to the United States Arms Export Control Act, to defense articles, and to defense services shall be construed instead to be a reference to NDAA, Section [insert 1004 or 1033].”

Cargo Preference Act

Note Usage

Mandatory for LOAs when the term of sale is FMS Credit (Non-Repayable) and/or for LOAs that transfer Grant EDA.

Mandatory for Amendments and Modifications when the term of sale is FMF Credit (Non-Repayable) and/or for Amendments or Modifications that transfer Grant EDA.

See Chapter 7, paragraph C7.12.

Note Text

“All items transferred under Section 516 of the FAA or purchased with Foreign Military Financing (FMF) Credit (Non-Repayable) that are transported by ocean carriers must comply with the U.S. Cargo Preference Act. Recipient countries must use U.S. flag vessels for the shipment of all FAA Section 516 materials or materials purchased with FMF Credit (Non-Repayable) unless the Maritime Administration (MARAD) grants a non-availability waiver or DSCA grants a general or security waiver. MARAD will assist in working with the recipient country to determine availability of U.S. vessels from the port of shipment to the delivery port in the recipient country. Shipment options, utilizing U.S. flag exclusively, or in conjunction with a foreign flag carrier for a portion of the route, may be proposed by MARAD. In addition, MARAD will assist in monitoring compliance with the U.S. Cargo Preference Act.”

Case Closure

Note Usage

Mandatory for LOAs (except FMSO I).

Mandatory for Amendments and Modifications if the country changes from one type of closure to the other.

See Chapter 6, paragraph C6.8.3.

Note Text

For cases belonging to countries under the Accelerated Case Closure (ACC) procedures:

“The estimated closure date is 24 months after the date of projected final delivery.”

For cases belonging to countries not participating in ACC procedures:

“The estimated closure date is 36 months after projected final delivery or completion of the underlying contract(s), as applicable, whichever occurs later.”

CLSSA - Associated FMSO I LOA

Note Usage

Mandatory for FMSO II LOAs.

Mandatory for Amendments and Modifications to FMSO II LOAs.

<i>Note Text</i>
The associated FMSO I LOA is [insert case designator]. The LOA Standard Terms and Conditions of this LOA apply, as do the terms and procedures established by the Cooperative Logistics Supply Support Arrangement in the associated FMSO I case. In the event of inconsistencies between the LOA and the CLSSA, the LOA governs.

CLSSA - Associated FMSO II LOA

<i>Note Usage</i>
Mandatory for FMSO I LOAs, Amendments and Modifications when the FMSO II LOA is known.
<i>Note Text</i>
This LOA is issued in conjunction with FMSO II, [insert case designator]. The LOA Standard Terms and Conditions of this LOA apply, as do the terms and procedures established by the CLSSA attached with this LOA. In the event of inconsistencies between the LOA, including the Standard Terms and Conditions, and the additional terms and conditions set forth in the CLSSA, the LOA shall govern.

CLSSA - Financial Summary

<i>Note Usage</i>										
Mandatory for FMSO I LOAs. Mandatory for Amendments and Modifications to FMSO I LOAs.										
<i>Note Text</i>										
<table border="1"> <tr> <td>Value of Part A</td> <td>#[insert amount]</td> </tr> <tr> <td>Supply Support Arrangement Surcharge</td> <td>#[insert amount]</td> </tr> <tr> <td>Current Financial Requirement</td> <td>#[insert amount]</td> </tr> <tr> <td>Previous Financial Requirement (Applies to Amendments only)</td> <td>#[insert amount]</td> </tr> <tr> <td>Balance Due from Purchaser (Current Financial Requirement minus Previous Financial Requirement) (Applies to Amendments only)</td> <td>#[insert amount]</td> </tr> </table>	Value of Part A	#[insert amount]	Supply Support Arrangement Surcharge	#[insert amount]	Current Financial Requirement	#[insert amount]	Previous Financial Requirement (Applies to Amendments only)	#[insert amount]	Balance Due from Purchaser (Current Financial Requirement minus Previous Financial Requirement) (Applies to Amendments only)	#[insert amount]
Value of Part A	#[insert amount]									
Supply Support Arrangement Surcharge	#[insert amount]									
Current Financial Requirement	#[insert amount]									
Previous Financial Requirement (Applies to Amendments only)	#[insert amount]									
Balance Due from Purchaser (Current Financial Requirement minus Previous Financial Requirement) (Applies to Amendments only)	#[insert amount]									

CLSSA - Force Activity Designator (FAD)

<i>Note Usage</i>
Mandatory for FMSO II LOAs. Mandatory for Amendments and Modifications to FMSO II LOAs.
<i>Note Text</i>
Force Activity Designator (FAD) [insert FAD] is assigned to this LOA. FAD [insert FAD] priorities will be assigned to requisitions in accordance with Uniform Materiel Movement and Issue Priority System (UMMIPS) procedures. Requisitions will be for centrally stocked or centrally managed items (identified by National Stock Numbers) required to replenish (not augment) Purchaser’s in-country stock levels.

CLSSA - Replacement FMSO II LOA

<i>Note Usage</i>
Mandatory for FMSO II LOAs that replace the previous FMSO II LOA.
<i>Note Text</i>
This FMSO II LOA supersedes the previous FMSO II LOA, [insert case designator].

CLSSA – Requisitioning*Note Usage*

Mandatory for FMSO II LOAs.

Mandatory for Amendments and Modifications to FMSO II LOAs.

Note Text

All items requisitioned under this CLSSA should be for stock replenishment, as the requirement occurs, and not for initial provisioning, depot rebuild support programs, or the purpose of a one-time stock level increase. Requisitions shall be restricted to those items specifically in support of the weapon systems and major end items identified in the FMSO I. Nonrecurring demands and non-programmed requirements can be submitted and/or projected for inclusion in the subsequent renegotiation effort, subject to stock availability.

CLSSA - Stock Augmentation*Note Usage*

Mandatory for FMSO I LOAs.

Mandatory for Amendments and Modifications to FMSO I LOAs

Note Text

A stock augmentation period is required to establish or re-establish the prerequisite inventories within the U.S. DoD supply system. This period is tied to the procurement lead time for each individual item. As the specific augmentation period for an individual item lapses, orders received from the purchaser for each item under the corresponding FMSO II case(s) can be filled from stock. An augmentation period does not apply for Defense Logistics Agency (DLA) items.

CLSSA - Supply Exclusions*Note Usage*

Mandatory for FMSO I LOAs.

Mandatory for Amendments and Modifications to FMSO I LOAs

Note Text

Categories of items that cannot be requisitioned under this LOA are: major defense equipment, significant military equipment, excess defense articles, parachutes, explosive ordnance items, commercial items of materiel more readily provided from in-country, controlled medical items, modification kits, ozone depleting substances, technical data packages or other similar documentation that conveys manufacturing process information, publications, tool sets, cryptographic equipment, classified materiel or equipment, or initial spares.

CLSSA – Supply Support Arrangement Surcharge*Note Usage*

Mandatory for FMSO I LOAs.

Mandatory for Amendments and Modifications when adjustments result in an increase to the current year materiel value.

Note Text

A one-time nonrefundable Supply Support Arrangement surcharge of 5% is assessed on the on-hand portion (Part A) of this LOA. When any adjustment results in an increase to the current year materiel value of the LOA, an additional charge shall be computed on the difference between the current year materiel value and the new higher materiel value. This charge is applied even though a higher Part A value may have existed in a prior year.

CLSSA - Support Availability

<i>Note Usage</i>
Mandatory for FMSO II LOAs. Mandatory for Amendments and Modifications to FMSO II LOAs.
<i>Note Text</i>
Requirements authorized for requisitioning under this LOA will be accepted as long as funds are available to process them.

CLSSA -FMSO I Purpose

<i>Note Usage</i>
Mandatory for FMSO I LOAs. Mandatory for Amendments and Modifications to FMSO I LOAs.
<i>Note Text</i>
CLSSA is an agreement between a Military Department and a purchaser, setting forth the terms and conditions under which the Department of Defense shall provide supply support of common weapons systems on an equal basis with U.S. Forces in accordance with the purchaser's Force Activity Designator (FAD) and the Uniform Materiel Movement and Issue Priority System (UMMIPS). This FMSO I case provides an equity investment for defense articles to support a purchaser's anticipated requirement in the DoD inventory. The Military Department uses this equity investment to procure additional levels of centrally stocked or centrally managed items, in preparation for purchase order.

Combined Exercise Support to NATO Countries

<i>Note Usage</i>
Mandatory for LOAs associated with a combined exercise. Mandatory for Amendments and Modifications associated with a combined exercise if the note was previously not included on the LOA.
<i>Note Text</i>
"This LOA provides defense articles and/or services to the purchaser to support its participation in (insert name of exercise, e.g., Red Flag, Cope Thunder), a combined exercise. Claims arising out of combined exercise activities shall be dealt with under Article VIII of the NATO SOFA."

Communication Security (COMSEC) Equipment End Use Monitoring (EUM)

<i>Note Usage</i>
Mandatory for LOAs that include COMSEC equipment. Mandatory for Amendments and Modifications that include COMSEC equipment. See Chapter 8.
<i>Note Text</i>
"This LOA provides defense articles that require physical security and accountability as set forth in the following agreements and documents (not all may be applicable). 1. Communication Interoperability and Security Memorandum of Agreements (CIS MOAs) between the United States and the purchaser. 2. National Security Agency Publications NAG-14, "Allied COMSEC Material Accounting Manual", and NAG 18, "Safeguarding COMSEC Material and Facilities." 3. NATO Security Agreements including implementing directives and policies promulgated by the NATO Military Committee, NATO C3 Board, NATO Office of Security and other NATO organizations. 4. Bilateral and/or multilateral Communications Security and other security agreements between the United States and the purchaser. The purchaser agrees that upon USG request, the articles and the purchaser's inventory and accountability records will be made available to U.S. representatives for the purpose of conducting a compliance assessment

with the requirements in agreements and documents above (not all may be applicable). This assessment will not be a COMSEC account audit and will not include an inspection of keying material.”

Communication Security (COMSEC)/ Transmission Security (TRANSEC) Devices Sold FMS for Integration into MIDS Terminals

Note Usage

Mandatory for LOAs, Amendments, and Modifications for all sales of COMSEC/TRANSEC devices for the purpose of integration into MIDS terminals sold under a U.S. Direct Commercial Sale.

Note Text

“At line [insert line item number], this LOA provides for the sale of Communication Security (COMSEC)/Transmission Security (TRANSEC) devices which will be incorporated in Multifunctional Information Distribution System (MIDS) terminals which the Government of [insert name of Government] has contracted to acquire through U.S. commercial channels. The COMSEC/TRANSEC devices for integration into the MIDS terminals must, however, be provided exclusively under this LOA. The COMSEC/TRANSEC devices sold under this LOA may not be purchased through a Direct Commercial Sale.

The Foreign Purchaser has identified [insert name of U.S. Contractor] as its integration contractor and has requested in writing that the U.S. Government deliver the COMSEC/ TRANSEC devices directly to [insert name of U.S. Contractor] for integration work to be performed at a U.S. location.

The U.S. Government will not deliver the COMSEC/TRANSEC devices to [insert name of U.S. Contractor] unless the following six (6) requirements are met:

1. The contractor is a U.S. contractor.
2. Only U.S. contractor personnel who are U.S. citizens may perform the integration work.
3. The work must be performed in the United States.
4. The U.S. contractor provides a copy of the approved export license from the U.S. State Department/Directorate for Defense Trade Controls (DDTC) for export of the MIDS terminals to the Foreign Government Purchaser, to the LOA Implementing Agency. To facilitate export license processing, the application to Department of State/DDTC for an export license for the MIDS terminals should reference this FMS case for the sale of the COMSEC/TRANSEC devices.
5. The Foreign Government Purchaser should specify in the commercial contract with the U.S. Contractor that the contractor may not transfer the COMSEC/TRANSEC devices provided under this LOA to any other party except to the Foreign Government Purchaser, and that the contractor should reference this FMS case in the application to State DDTC for an export license for the MIDS terminals.
6. Any deviation from these procedures will require USG approvals, including from the Department of State.”

Condition of Items

Note Usage

Mandatory for LOAs if the purchaser desires exclusively new end items of equipment. If items are offered in “as is” condition (no assurance of serviceability), this is stated in the LOA.

Mandatory for Amendments and Modifications if the requirement for items to be in a certain condition changes. See Chapter 4, paragraph C4.3.2.

Note Text

Varies depending on the unique aspects of the case/lines.

Congressional Notification – Long Lead-Time Items

Note Usage

Mandatory for long-lead time items if Congressional Notification will be required for the total value of the proposed sale but has not yet been completed.

See Chapter 5, paragraph C5.6.8.

Note Text

“It is understood that United States law requires that the U.S. Congress must be afforded a formal opportunity to review the total proposed sale before the sales offer may be issued to the purchaser and that a law may be enacted to prohibit issuance of an Amendment for the total package. This LOA will be used to cover any expenses incurred for the program up to and including the cancellation of the Amendment. The purchaser shall bear the risk that the offer may not be issued for reasons such as enactment of a prohibition.”

Contingent Fees*Note Usage*

Mandatory for LOAs when contingent fees (including agent’s fees and sales commissions) are included
Mandatory for Amendments and Modifications that add contingent fees (including agent’s fees and sales commissions) to the case.

See Chapter 6, paragraph C6.3.7.

Note Text

Varies depending on the unique aspects of the cases/lines.

Contingent Fees – Contract Requirements*Note Usage*

Mandatory for LOAs for Saudi Arabia, Australia, Egypt, Greece, Israel, Japan, Jordan, Korea, Kuwait, Pakistan, Philippines, Taiwan, Thailand, Turkey, and the Venezuelan Air Force when the LOA includes procurement lines.

Mandatory for Amendments and Modifications for these countries that add procurement lines to a case that previously included only items from stock.

See Chapter 6, paragraph C6.3.7.

Note Text

For Saudi Arabia

“All U.S. Government contracts resulting from this Letter of Offer and Acceptance shall contain one of the following provisions, unless laws of the Kingdom of Saudi Arabia call for prescribing sales commissions or agents’ fees, and payment thereof is approved in writing by the purchaser before contract award:

- a. For firm fixed-price contracts or fixed-price contracts with economic price adjustment:

The contractor certifies that the contract price (including any subcontracts awarded hereunder) does not include any direct or indirect costs of sales commissions or fees for contractor sales representatives for the solicitation or promotion or otherwise to secure the conclusion of the sale of any of the supplies or services called for by this contract to [insert country].

- b. For all other types of contracts:

Notwithstanding any other provision of this contract, any direct or indirect costs of sales commissions or fees for contractor (or subcontractor) sales representatives for the solicitation or promotion or otherwise to secure the conclusion of the sale of any of the supplies or services called for by this contract to [insert country] shall be considered as an unallowable item of cost under this contract.”

For Australia, Egypt, Greece, Israel, Japan, Jordan, Korea (Republic of), Kuwait, Pakistan, Philippines, Taiwan, Thailand, Turkey, and the Venezuelan Air Force:

“All U.S. Government contracts resulting from this Letter of Offer and Acceptance shall contain one of the following provisions, unless the sales commission and fee have been identified and payment thereof approved in writing by [insert country] before contract award:

- a. For firm fixed-price contracts or fixed-price contracts with economic price adjustment:

The contractor certifies that the contract price (including any subcontracts awarded hereunder) does not include any direct or indirect costs of sales commissions or fees for contractor sales representatives for the solicitation or promotion or otherwise to secure the conclusion of the sale of any of the supplies or services called for by this contract to [insert country].

- b. For all other types of contracts:

Notwithstanding any other provision of this contract, any direct or indirect costs of sales commissions or fees for contractor (or subcontractor) sales representatives for the solicitation or promotion or otherwise to secure the conclusion of the sale of any of the supplies or services called for by this contract to [insert country] shall be considered as an unallowable item of cost under this contract.”

Contract Administration Services (CAS) Surcharge

Note Usage

Mandatory for LOAs when any lines use a Source of Supply of “X” or “P” (including Pseudo LOAs).
Mandatory for Amendments and Modifications when any lines use a Source of Supply of “X” or “P” (including Pseudo LOAs) even if the CAS is not affected by the changes being made.
See Chapter 9, section C9.5.

Note Text

“For FMS cases not involving Overseas CAS:

“For any lines on this LOA document with a Source of Supply of ‘X’ or ‘P,’ the Contract Administration Services (CAS) surcharge rates apply: for Contract Administration; ___%; for Quality Assurance and Inspection, ___%; and for Contract Audit, ___%. CAS has only been applied to the portion of “X”-coded line items expected to come from procurement.”

For FMS cases involving Overseas CAS:

“For any lines on this LOA document with a Source of Supply of ‘X’ or ‘P,’ the Contract Administration Services (CAS) surcharge rates apply: for Contract Administration; ___%; for Quality Assurance and Inspection, ___%; for Contract Audit, ___%; and for Overseas CAS, ___%. CAS has only been applied to the portion of “X”-coded line items expected to come from procurement.”

If a CAS waiver does apply, either note should be expanded to include the following statement: ‘A waiver is authorized for the following CAS components: [fill in those that apply] based on [add reference and date].’”

Controlled Cryptographic Item (CCI)

Note Usage

A CCI is secure telecommunications or information handling equipment or associated cryptographic item which is unclassified but controlled. It requires release authority and approval for sale and transfer from the National Security Agency (NSA), DP23 Foreign Military Sales and Export Review Office, before release to purchaser country or alliance.

Mandatory for LOAs that include CCI.

Mandatory for Amendments and Modifications that add CCI.

Application Responsibility: Case Writing Division

Note Text

”Unkeyed Controlled Cryptographic Item (CCI) equipment and components may be transported within the continental United States by any means that provide continuous accountability and protection against losses and unauthorized access while in transit; i.e., constant surveillance system, signature service required. For transportation to an overseas location, Communication Security (COMSEC) items must be handled via COMSEC accounting channels, and shipped via a security-cleared freight forwarder to the customer’s National Distribution Authority (NDA). COMSEC items must be transferred from COMSEC account to COMSEC account. CCI equipment and components will be stored in a manner that ensures protection against losses and unauthorized access and that maintains accounting integrity.”

Coproduction Reporting / Validation

Note Usage

Mandatory for LOAs that include coproduction.

Mandatory for Amendments and Modifications that add coproduction.

See Chapter 11, subparagraph C11.9.3.1.3.

Note Text

“[Insert purchaser] agrees to provide periodic reporting of quantities of defense items produced under this Agreement and will permit U.S. Department of Defense personnel access to Government and contractor facilities, storage sites, and those records necessary to verify production quantities, as well as control of technical data and other implementation requirements of this Agreement. Such access, if requested, will be permitted when mutually convenient, but within a reasonable period of time after the request. Visits will be accomplished under established visit procedures.”

Design and Construction Services

Note Usage

Mandatory for LOAs that include design and construction services.

Mandatory for Amendments and Modifications that add design and construction services.

See Chapter 4, paragraph C4.3.5.

Note Text

“This LOA includes design and construction services offered under the authority of AECA, section 29. The construction agent for this portion of the program is [insert name/organization acting as the construction agent].”

End Use – FAA, Section 607

Note Usage

Mandatory for Pseudo LOAs under the authority of FAA, section 607.

See Chapter 11, section C11.6.

Note Text

“The purchaser and/or benefiting country shall, except as may otherwise be mutually agreed in writing by the USG, use the items sold under this Offer and Acceptance or direct their use by personnel and organizations under its auspices only for purposes authorized.”

End-Use Monitoring (EUM)

Note Usage

Mandatory for all LOAs.

Mandatory for all Amendments and Modifications that did not include the previous version of the standard EUM LOA note.

See chapter 8.

Note Text

"Pursuant to section 505 of the Foreign Assistance Act of 1961, as amended (FAA), and section 40A of the Arms Export Control Act (AECA), the USG will be permitted, upon request, to conduct end-use monitoring (EUM) verification with respect to the use, transfer, and security of all defense articles and defense services transferred under this LOA. The Purchaser agrees to permit scheduled inspections or physical inventories upon USG request, except when other means of EUM verification shall have been mutually agreed. Upon request, inventory and accountability records maintained by the purchaser will be made available to U.S. personnel conducting EUM verification.”

If an Enhanced EUM item is included in the FMS case, add the following sentence to the end of the standard note text above:

“Enhanced EUM physical security and accountability requirements are annotated in note [insert LOA note number].”

Environmental Hazards

<i>Note Usage</i>
Mandatory for LOAs that include items that may pose environmental hazards. Mandatory for Amendments and Modifications that add items that may pose environmental hazards.
<i>Note Text</i>
“There may be items included in this sale that require special skills or equipment for operation, maintenance, or disposal in a manner that will minimize environmental hazards. Purchaser should refer to [insert technical manual or other source data] for details.”

Excess Defense Articles (EDA) - Sales: Conditions of Materiel

<i>Note Usage</i>
Mandatory for LOAs that involve EDA. Mandatory for Amendments and Modifications that add EDA items. See Chapter 11, section C11.5.
<i>Note Text</i>
“Equipment in line items [insert line item numbers] is offered in “as is, where is” condition and may not meet serviceability standards normally prescribed by the U.S. Military for sale to security assistance purchasers. Items may be missing basic issue items and accessories; be in excess of hour/mileage standards; and may not have applicable publications/records. Acceptance of this Letter of Offer and Acceptance (LOA) does not imply or commit the U.S. Government to accept separate requests for rehabilitative services, supply of shortages, future supportability, or training. These services will be provided only if available within the resources of the U.S. Military at the time a request is made by the purchaser and at the purchaser’s expense. Standard Form 364, Supply Discrepancy Report (SDR), cannot be submitted against the equipment in line items [insert line items numbers].”

Excess Defense Articles (EDA) – Sales

<i>Note Usage</i>
Mandatory for LOAs that involve EDA. This note should be included at the bottom of the item description for that line (vice in the note pages). Mandatory for Amendments and Modifications when an EDA line item is added or changed. See Chapter 11, section C11.5.
<i>Note Text</i>
“Excess Defense Articles, Acquisition Value is \$_____.”

Excess Defense Articles (EDA) – Services Associated With an EDA Grant Transfer

<i>Note Usage</i>
Mandatory on LOAs when articles, services, and/or training (e.g., PCH&T, publications) are offered in association with EDA grant transfers. Mandatory for Amendments and Modifications that add articles, services, and/or training (e.g., PCH&T, publications) in association with EDA grant transfers. See Chapter 11, section C11.5.
<i>Note Text</i>
“This LOA provides funds for packing, crating, handling and transportation (PCH&T) of the equipment listed in [insert attachment or note number] that is being provided on a grant basis under the Foreign Assistance Act of 1961, section 516, as amended. The equipment listed is offered in “as is, where is” condition and may not meet serviceability standards normally prescribed by the U.S. Military for sale to security assistance purchasers. Items may be missing basic issue items and accessories; be in excess of hour/mileage standards; and may not have applicable publications/records. Acceptance of this Letter of Offer and Acceptance (LOA) does not imply or commit the U.S. Government to accept separate requests for rehabilitative services, supply of shortages,

future supportability, or training. These services will be provided only if available within the resources of the U.S. Military at the time a request is made by the purchaser and at the purchaser's expense. Any Standard Form 364 submitted against this LOA is limited to services provided under the case and cannot be submitted against the materiel listed in [insert attachment or note number]."

Excess Defense Articles (EDA) – Storage Charges for Grant EDA

Note Usage

Mandatory for LOAs associated with EDA grant transfers of equipment.
Mandatory for Amendments and Modifications of cases associated with EDA grant transfers of equipment that previously did not include this materiel.
See Chapter 11, section C11.5.

Note Text

"If the purchaser does not arrange to remove the materiel listed in [insert attachment or note number] within 60 days after implementation of the LOA, a storage charge will be determined by applying 1.5 percent annually (.125 percent monthly) against the original acquisition value of the materiel. Storage charges will commence with the materiel release order date. These costs will be recouped by adding a storage line to this LOA via modification."

Foreign Military Financing (FMF)

Note Usage

Mandatory for LOAs when the purchaser is approved (or anticipated to be approved) for FMF.
Mandatory for Amendments and Modifications when the purchaser is approved (or anticipated to be approved) for FMF if the note was previously not included on the case.
See Chapter 9, section C9.7.2.

Note Text

"If the Terms of Sale specify Foreign Military Financing (FMF), the purchaser will pay to the USG, on a dependable undertaking basis, such costs as may be in excess of the amount funded by FMF."

Funds Expiration, Purpose, and Availability

Note Usage

Mandatory for Pseudo LOAs under the authority of NDAA, sections 1004/1033 and under the authority of FAA, section 632 when the funds expire.
See Chapter 11, subparagraphs C11.3.3.5. and C11.7.3.5.

Note Text

"The funds associated with this Pseudo LOA are expiring funds and carry the same time, purpose, and availability restrictions associated with the funding source [insert the Appropriation]. Failure to obligate the funds during the period of availability ending on DDMMYYYY will render them unavailable for new obligations."

GPS/PPS – Hardware Security

Note Usage

Mandatory for LOAs for Country Groups 1 and 2 (as identified in DoD Global Positioning System (GPS) Security Policy, Interim International Supplement (reference (aw)) that include GPS/PPS equipment. Mandatory for Amendments and Modifications for Country Groups 1 and 2 that add GPS/PPS equipment.

Note Text

"In accordance with Department of Defense Global Positioning System (GPS) Security Policy, Interim International Supplement, dated April 4, 2006, the purchaser is a member of GPS Country Group [insert 1 or 2] and is thereby authorized to purchase the GPS PPS equipment identified in this LOA."

GPS/PPS – Hardware Security

<i>Note Usage</i>
Mandatory for LOAs that include GPS/PPS equipment for Country Group 3 (as identified in DoD Global Positioning System (GPS) Security Policy, Interim International Supplement (reference (aw))). Mandatory for Amendments and Modifications that add GPS/PPS equipment for Country Group 3.
<i>Note Text</i>
<p>“In accordance with Department of Defense Global Positioning System (GPS) Security Policy, Interim International Supplement, dated April 4, 2006, the purchaser is a member of GPS Country Group 3 and the following security provisions apply:</p> <p>Special LOA Terms and Conditions for GPS PPS Host Application Equipment (HAE)</p> <ol style="list-style-type: none"> 1. Definition: GPS PPS HAE are all applications of electronic products that implement or contain any of the GPS PPS security functions, i.e., selective availability (SA), anti-spoofing (A-S), and associated cryptography. GPS PPS HAE receives and processes the PPS signals transmitted from the GPS satellites. GPS PPS HAE are categorized as standalone, embedded, and integrated. Standalone HAE are self-contained GPS receivers that are capable of being operated independently of other systems. Embedded HAE are GPS receiver modules or circuit card assemblies intended to be integrated into other systems. Integrated HAE are enclosed multifunctional or multi-sensor systems that contain embedded GPS receivers. 2. Purchaser is authorized to purchase GPS HAE that have a security design approved by the GPS Joint Program Office as “Unclassified/Controlled” when keyed. 3. Purchaser shall not use or permit the use of any GPS PPS HAE or related technical data, computer software, or components thereof, in any complete rocket system (including ballistic missiles, space launch vehicles, and sounding rockets) and unmanned air vehicle system (including cruise missile systems, target drones and reconnaissance drones) capable of delivering a payload larger than 500kg beyond a range of 300 km without the prior written consent of the United States Government. 4. The purchaser is not authorized to perform maintenance on GPS PPS security devices (the PPS Security Module (PPS-SM), Auxiliary Output Chip (AOC), combined PPS-SA/AOC device, Selective Availability Anti-Spoofing Module (SAASM), or SAASM Code Block (SCB)), equipment subassemblies containing GPS PPS security devices, or related GPS PPS software. If a malfunction of a GPS PPS HAE is isolated to a subassembly containing a GPS PPS security device, the faulty subassembly shall be removed, replaced, and returned to the U.S. Government for repair. If any GPS PPS security device or any subassembly containing a GPS PPS security device is no longer needed or wanted, it shall be returned to the U.S. Government for destruction. For disposition instructions contact the Global Positioning Systems Wing, Los Angeles Air Force Base; 483 North Aviation Blvd; El Segundo. CA 90245-2808; Admin phone number (310) 653-3001. 5. The purchaser shall provide for the protection of GPS PPS security devices from unauthorized access, theft, tampering, or loss. 6. The purchaser is responsible for accountability by quantity for GPS PPS HAE purchased pursuant to this LOA. The purchaser shall account for the GPS PPS HAE by performing equipment inventories at least annually and whenever there is a change in personnel responsible for GPS PPS HAE. Any incident involving unauthorized access to, or tampering with, theft, or loss of, GPS PPS HAE shall be reported to the U.S. GPS Joint Program Office. 7. If the purchaser decides to discontinue use of GPS PPS equipment, this LOA shall terminate with respect to GPS PPS equipment and all GPS PPS security devices shall be returned to the U.S. Government. 8. This LOA does not include provision for the transfer of GPS/PPS cryptographic hardware and software technology, design, or manufacturing information.”

GPS/PPS Security Devices Sold FMS for Integration Into Host Application Equipment

<i>Note Usage</i>
Mandatory for LOAs, Amendments, and Modifications for all sales of GPS/PPS security devices for the purpose of integration into Host Application Equipment sold under a U.S. Direct Commercial Sale.
<i>Note Text</i>
“Pursuant to the Memorandum of Understanding Number IV Among and Between the Individual Nations of NATO and the United States Concerning the Navstar Global Positioning System, October 28, 1993, the

Government of [insert name of Government] may seek to acquire through commercial channels host application equipment (HAE). The PPS security devices for integration into the HAE (by the HAE contractor) must, however, be provided exclusively under this LOA. The PPS security devices and kits sold under this LOA may not be purchased through Direct Commercial Sale.

The Foreign Purchaser has identified [insert name of U.S. Contractor] as its integration and HAE contractor and has requested in writing that the U.S. Government deliver the PPS security devices and kits directly to [insert name of U.S. Contractor] for integration work to be performed at a U.S. location.

The U.S. Government will not deliver the PPS security devices and kits to [insert name of U.S. Contractor] unless the following six (6) requirements are met:

1. The contractor is a U.S. contractor.
2. Only U.S. contractor personnel who are U.S. citizens may perform the integration work.
3. The work must be performed in the United States.
4. The U.S. contractor provides a copy of the approved export license from the U.S. Department of State/DDTC for export of the HAE to the Foreign Government Purchaser, to the LOA Implementing Agency. To facilitate export license processing, the application to Department of State/DDTC for an export license for the HAE should reference this FMS case for the sale of the PPS security devices and kits.
5. The Foreign Government Purchaser should specify in the commercial contract with the U.S. Contractor that the contractor may not transfer the PPS security devices and kits provided under this LOA to any other party except to the Foreign Government Purchaser, and that the contractor should reference this FMS case in the application to the Department of State/DDTC for an export license for the HAE.
6. Any deviation from these procedures will require USG approvals, including from the Department of State.”

Hardware Lines Increasing By More Than \$13M

Note Usage

Mandatory for Amendments and Modifications that increase non-MDE hardware lines by more than \$13M (all line increases combined).

This note should be included at the bottom of the item description for the last line on the document (vice in the note pages).

Note Text

“This [amendment or modification] contains no additions to Major Defense Equipment (MDE).”

Harpoon Block II - Category III Missile

Note Usage

Mandatory for LOAs that include Harpoon Block II missiles, retrofit kits, and Guidance Control Unit (GCU) spares.

Mandatory for Amendments and Modifications that add Harpoon Block II missiles, retrofit kits, and GCU spares.

See Chapter 8, paragraph C8.3.7.

Note Text

“1. Requirement. The Harpoon Block II missile weapon system is accorded Category III protection as addressed in Department of Defense (DoD) 5100.76-M “Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives,” current version. The Guidance Control Unit (GCU) is accorded Category II storage protection with an Intrusion Detection System (IDS) or is continuously manned or under constant surveillance in such a manner that unauthorized entry into and around the storage structures can be detected. Specific physical security requirements shall be documented and agreed upon during the site visit referenced in paragraph 6 of this note and implemented prior to delivery of the missile system. The purchaser agrees to adhere to the security requirements as outlined in the following paragraphs. The purchaser agrees to perform inventory checks and allow United States Government (USG) inventory verification. The purchaser will ensure that these requirements are conveyed to any unit and/or personnel having custody of these items and to their higher headquarters.

2. **Storage.** The weapon system shall be stored in facilities that are at least equivalent in strength to USG requirements. Specific requirements for storage shall be agreed upon and met prior to delivery of the missile system. USG representatives shall be allowed to verify security measures and procedures prior to the delivery of the weapon system.
 - a. **Inventory and Accountability Documentation.** Purchaser will have procedures in place that provide a continuous accounting of missile receipt, transfer, storage, shipment, and/or destruction/demilitarization. The purchaser agrees to inventory 100% of the missiles on this LOA (missile to serial number) and verify from the logbook that the appropriate serial number GCU is contained in the associated missile on a semi-annual basis. The USG will be permitted, at its discretion, to conduct an assessment of accountability measures and, if required, inventory 100% of all missiles transferred under this LOA. Inventory and accountability documentation maintained by the purchaser shall be retained throughout the period of ownership and will be made available for review upon USG request. Purchaser will immediately notify the USG (through the Security Cooperation Organization (SCO) to DSCA) of any missile expenditures, compromises, or losses and provide necessary assistance if the USG desires to initiate recovery operations.
 - b. **Storage of Hardware and Technical Data.** Storage of missile hardware and technical data will meet U.S. standards for safeguarding the missile. The purchaser will maintain strict accountability records on all classified information provided by the USG related to the missiles including extracts and copies. These records will include documentary evidence of any weapon systems or components that are lost or destroyed. Such records shall, to the extent possible, be centralized.
3. **Reporting.** The purchaser will report immediately to the SCO or other appropriate USG representative any allegations, confirmed or unconfirmed, of missile hardware, technology or software released, or compromised to unauthorized nations, third country nationals, or a foreign government. The purchaser will also report any allegations, report, or evidence of unauthorized attempts to collect information on the missile program.
4. **Operational and Intermediate Level Maintenance.** Military or civilian employees of the purchaser at military establishments will accomplish operational and intermediate level maintenance. Third-country nationals, industries or their representatives cannot perform maintenance functions unless approved in writing by the USG.
5. **Depot Level Maintenance.** Missiles or subcomponents that require depot level repair will be transported to designated depot level repair facilities in the United States under proper security procedures unless the USG specifically authorized the purchaser to accomplish Depot Level maintenance.
6. **Site Survey.** In accordance with the Security Assistance Management Manual, Chapter 8, prior to the delivery of the missiles, the USG will conduct an in-country site survey of the physical security measures at all facilities of the purchaser designated for storage or maintenance of the weapon system. This includes the missile and all support equipment such as loaders, trailers, and cable harnesses.
 - a. The USG will provide to the purchaser a security checklist and serial numbers that should be referenced during the site survey and throughout the life of the weapon system. The checklist is used to indicate that the integrity of security measures in place for weapon system maintenance and storage will insure the same level of security protection as the USG.
 - b. Deficiencies identified during the site survey must be corrected prior to any weapon system deliveries.
 - c. The purchaser agrees to adhere to security requirements associated with the weapon system for the life cycle of the system. The purchaser agrees to allow USG verification of security arrangements for the protection of the weapon system on both a scheduled and unscheduled basis.
7. **End Use Monitoring.** The purchaser understands that this system has been designated for Enhanced End-Use Monitoring. This will include, but not be limited to, a USG inventory of missiles listed in this offer by serial number, and a USG review of security controls and procedures, inventory and accountability documentation, distribution of assets (i.e., a plan for in-country movement), or plan for repair and return, transportation, access controls, storage of hardware and technical data.
8. **Transportation.** Transportation of the weapon system will meet U.S. standards for safeguarding classified material in transit. The transportation plan must be coordinated and approved by Naval Air Systems Command (NAVAIR), AIR-7.4.2, prior to delivery of the weapon system to the purchaser.

9. **Disposition.** The purchaser will obtain USG disposition instructions that either direct transporting missile sections back to the USG or another designated staging area, and/or provide comprehensive guidance on demilitarization/disposal management for in-country incineration. The USG disposition instructions indicate parties in the USG that must be contacted prior to any demilitarization/disposal effort.”

Javelin Physical Security And Accountability Plan

Note Usage

Mandatory for LOAs for sales of Javelin Missile Systems.
Mandatory for Amendments and Modifications that add Javelin Missile Systems.
See Chapter 8, paragraph C8.3.5.

Note Text

“Purchaser agrees to adhere to the following security requirements associated with the Javelin Missile System. The Office of the Provost Marshal General, Army Physical Security (DAPM-MPD-PS), U.S. Army may approve modification of specified requirements to meet indigenous conditions.

a. **Javelin Missile:** The Javelin Missile is accorded Category I protection as addressed in Department of Defense (DoD) 5100.76-M, (current revision), “Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives.” The Javelin Missile shall be stored in facilities that are at least equivalent in strength to U.S. Army requirements as specified in subparagraph (1), below. The purchaser also agrees to comply with U.S. Army specified requirements for lighting, doors, locks, keys, fencing, and surveillance and guard systems. Specific requirements shall be agreed upon and installed prior to delivery of the missile system. U.S. Army representatives shall be allowed to verify security measures and procedures established for implementation of these requirements.

- (1) **Magazines:** Reinforced concrete, arch type, earth covered whose construction is at least equivalent in strength to the requirements of DoD 6055.9-STD (current revision), “Ammunition and Explosives Safety Standards” shall be used for storage (standards of which shall be provided to the purchaser).
- (2) **Lighting:** Lighting shall be provided for exterior doors and along perimeter barriers. Security lighting requirements shall conform to ammunition and safety requirements of Appendix C, U.S. Army Technical Manual 9-1300-206 (Basic with Changes), (standards of which shall be provided to the purchaser).
- (3) **Doors, Locks and Keys:** Exterior doors shall be class five steel vault doors secured by two-key operated high security padlocks and a high security shrouded hasp. Keys shall be secured separately to ensure effective two-man control of access (i.e., two authorized persons must be present to enter). Use of master or multiple keys is prohibited.
- (4) **Fencing:** Fencing shall be 6-foot (minimum) steel chain link with 1-foot overhang mounting on steel or reinforced concrete posts over firm base. Clear zones shall be established 30 feet inside and 12 feet outside the perimeter fence (provided there is adequate space).
- (5) **Surveillance and Guard:** A full time guard or combination guard force and intrusion detection system (IDS) must be provided. When IDS is not operational, 24-hour guard surveillance is required.
- (6) **Access to Storage Facilities:** Two authorized persons shall be required to be present during any activity that affords access to storage facilities containing the Javelin Missile. Lock and key procedures shall be developed to ensure that no individual can be unescorted or have unobserved access to Javelin storage facilities.

b. **The Javelin Command Launch Unit (CLU):** The purchaser shall ensure that the Javelin CLU is accorded Category III protection as addressed in DoD 5100.76-M (current revision), “Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives.” U.S. Army representatives shall be allowed to verify security measures and procedures established for these requirements.

c. **Accountability:**

- (1) Each month, the purchaser shall perform a 100 percent physical inventory of rounds and CLUs. A 100 percent physical inventory of rounds and CLUs by serial number shall be taken quarterly of weapons issued at the operational unit level. A 100 percent physical inventory of rounds and CLUs by serial number shall be taken semiannually of weapons stored or retained at installation, depot, post, or base level. To ensure verification, two authorized people will conduct all inventories. Rounds expended during peacetime shall be accounted for by serial number.

- (2) The [insert SCO or name of U.S. Military Office in American Embassy (i.e., ODC, JUSMAG, MILGRP, etc.)] will be permitted to conduct a U.S. inspection and inventory by serial number annually. Inventory and accountability records maintained by the purchaser shall be made available for review upon USG request.
- d. **Transportation:** Movement of the Javelin shall meet U.S. standards for safeguarding classified material in transit as specified by the USG in DoD 5100.76-M (current revision), “Physical Security of Sensitive Conventional Arms, Munitions, and Explosives” (standards of which shall be provided to the purchaser) and paragraph i below.
- e. **Access to Hardware and Classified Information:**
- (1) Access to hardware and related classified information shall be limited to military and civilian personnel of the purchasing Government (except for authorized U.S. personnel as specified herein) who have the proper security clearance and who have an established need to know the information in order to perform their duties. Information released shall be limited to that necessary to perform assigned functions/operational responsibility, and, where possible, shall be oral/visual only.
 - (2) Missile maintenance that requires access to the interior of the operational system, beyond that required of the operator, shall be performed under U.S. control.
- f. **Compromise, Loss, Theft, and Unauthorized Use:** The purchaser shall report to the U.S. Army by the most expeditious means any instances of compromise, unauthorized use, loss or theft of any Javelin materiel or related information. This shall be followed by a prompt investigation and the results shall be provided to the U.S. Army.
- g. **Third-Party Access:** The recipient shall agree that no information on Javelin shall be released to third-country Government, person, or other third party entity without U.S. approval.
- h. **Damaged/Expended Materiel:** The U.S. Army shall be notified immediately to determine disposition of damaged Javelin missile rounds. When Javelin missile rounds are expended, the purchaser shall provide certification by serial number to the SCO with verification by a U.S. Army representative whenever possible.
- i. **Conditions of Shipment and Storage for Javelin and Javelin variants:** The two principle components of the Javelin missile system, the Command Launch Unit, and the missile in its disposable launch tube shall be stored in separate locations. The two storage locations shall be physically separated sufficiently so that penetration of the security at one sight shall not place the second at risk. The Command Launch Units and the missiles must be shipped and transported in separate vehicles or vessels except when under the conditions of paragraph j below.
- j. **Conditions of Use:** The two principle components of the Javelin missile system, the Command Launch Unit, and the missile in its disposable launch tube, may be brought together and assembled under the following circumstances:
- (1) In the event of hostilities or imminent hostilities.
 - (2) For firing as part of regularly scheduled training; however, only those rounds to be fired will be withdrawn from storage and assembled.
 - (3) For lot testing; however, only rounds to be tested will be withdrawn from storage and assembled.
 - (4) When systems are deployed as part of the point defenses of high-priority installations or activities (e.g., key Government buildings, military headquarters, essential utilities, air defense facilities).
- k. **Demilitarization/Disposal:** At the end of their useful life, Javelin missile rounds and CLUs shall be demilitarized or disposed of using an FMS LOA. If done in-country, the SCO must approve the purchaser’s plans and ensure compliance with U.S. standards. The purchaser shall use guidance provided in DoD 4160.21-M-1 (current version) or purchase technical assistance from the U.S. Army or the Defense Reutilization and Marketing Service. The transfer of demilitarized Javelin missile rounds or CLUs to a private entity, requires approval of the U.S. Government.”

Joint Standoff Weapon System (JSOW) - Category III Missile

Note Usage

Mandatory for LOAs that include JSOW missiles, Captive Flight Vehicles (CFV), and Missile Simulator Units (MSU).

Mandatory for Amendments and Modifications that add JSOW missiles, Captive Flight Vehicles (CFV), and Missile Simulator Units (MSU).

See Chapter 8, paragraph C8.3.7.

Note Text

- “1. Requirement. The JSOW missile weapon system is accorded Category III protection as addressed in Department of Defense (DoD) 5100.76-M “Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives,” current version. The Guidance Electronic Unit (GEU) is accorded Category II storage protection with an Intrusion Detection System (IDS) or is continuously manned or under constant surveillance in such a manner that unauthorized entry into and around the storage structures can be detected. Specific physical security requirements shall be documented and agreed upon during the site visit referenced in paragraph 6 of this note and implemented prior to delivery of the missile system. The purchaser agrees to adhere to the security requirements as outlined in the following paragraphs. The purchaser agrees to perform inventory checks and allow United States Government (USG) inventory verification. The purchaser will ensure that these requirements are conveyed to any unit and/or personnel having custody of these items and to their higher headquarters.
2. Storage. The weapon system shall be stored in facilities that are at least equivalent in strength to USG requirements. Specific requirements for storage shall be agreed upon and met prior to delivery of the missile system. USG representatives shall be allowed to verify security measures and procedures prior to the delivery of the weapon system.
 - a. Inventory and Accountability Documentation. Purchaser will have procedures in place that provide a continuous accounting of missile receipt, transfer, storage, shipment, and/or destruction/demilitarization. The purchaser agrees to inventory 100% of the missiles, Captive Flight Vehicles (CFV), and Missile Simulator Units (MSU) on this LOA (missile to serial number) on a semi-annual basis. The USG will be permitted, at its discretion, to conduct an assessment of accountability measures and, if required, inventory 100% of all missiles transferred under this LOA. Inventory and accountability documentation maintained by the purchaser shall be retained throughout the period of ownership and will be made available for review upon USG request. Purchaser will immediately notify the USG (through the Security Cooperation Organization (SCO) to DSCA) of any missile expenditures, compromises, or losses and provide necessary assistance if the USG desires to initiate recovery operations.
 - b. Storage of Hardware and Technical Data. Storage of missile hardware and technical data will meet U.S. standards for safeguarding the missile. The purchaser will maintain strict accountability records on all classified information provided by the USG related to the missiles including extracts and copies. These records will include documentary evidence of any weapon systems or components that are lost or destroyed. Such records shall, to the extent possible, be centralized.
3. Reporting. The purchaser will report immediately to the SCO or other appropriate USG representative any allegations, confirmed or unconfirmed, of missile hardware, technology or software released, or compromised to unauthorized nations, third country nationals, or a foreign government. The purchaser will also report any allegations, report, or evidence of unauthorized attempts to collect information on the missile program.
4. Operational Level Maintenance. Military or civilian employees of the purchaser at military establishments will accomplish operational level maintenance. Third-country nationals, industries or their representatives cannot perform maintenance functions unless approved in writing by the USG.
5. Depot Level Maintenance. Missiles or subcomponents that require depot level repair will be transported to designated depot level repair facilities in the United States under proper security procedures unless the USG specifically authorized the purchaser to accomplish Depot Level maintenance.
6. Site Survey. In accordance with the Security Assistance Management Manual, Chapter 8, prior to the delivery of the missiles, the USG will conduct an in-country site survey of the physical security measures at all facilities of the purchaser designated for storage or maintenance of the weapon system. This includes the missile and all support equipment such as loaders, trailers, and cable harnesses.
 - a. The USG will provide to the purchaser a security checklist and serial numbers that should be referenced during the site survey and throughout the life of the weapon system. The checklist is used to indicate that the integrity of security measures in place for weapon system maintenance and storage will insure the

<p>same level of security protection as the USG.</p> <p>b. Deficiencies identified during the site survey must be corrected prior to any weapon system deliveries.</p> <p>c. The purchaser agrees to adhere to security requirements associated with the weapon system for the life cycle of the system. The purchaser agrees to allow USG verification of security arrangements for the protection of the weapon system on both a scheduled and unscheduled basis.</p> <p>7. <u>End Use Monitoring.</u> The purchaser understands that this system has been designated for Enhanced End-Use Monitoring. This will include, but not be limited to, a USG inventory of missiles listed in this offer by serial number, and a USG review of security controls and procedures, inventory and accountability documentation, distribution of assets (i.e., a plan for in-country movement), or plan for repair and return, transportation, access controls, storage of hardware and technical data.</p> <p>8. <u>Transportation.</u> Transportation of the weapon system will meet U.S. standards for safeguarding classified material in transit. The transportation plan must be coordinated and approved by Naval Air Systems Command (NAVAIR), AIR-7.4.2, prior to delivery of the weapon system to the purchaser.</p> <p>9. <u>Disposition.</u> The purchaser will obtain USG disposition instructions that either direct transporting missile sections back to the USG or another designated staging area, and/or provide comprehensive guidance on demilitarization/disposal management for in-country incineration. The USG disposition instructions indicate parties in the USG that must be contacted prior to any demilitarization/disposal effort.”</p>
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Limit of Support

<i>Note Usage</i>
<p>Mandatory for LOAs when an item will not be supported through its remaining service life.</p> <p>Mandatory for Amendments and Modifications that add items that will not be supported through their remaining service life.</p>
<i>Note Text</i>
<p>Varies depending on the items and type of support.</p>

Limit of Support under NDAA, Section 1004

<i>Note Usage</i>
<p>Mandatory for Pseudo LOAs under the authority of NDAA, section 1004.</p> <p>See Chapter 11, paragraph C11.3.1.</p>
<i>Note Text</i>
<p>“This Pseudo LOA is limited to the following types of support for counter-narcotics purposes as authorized under section 1004 of the 1991 NDAA, (Public Law 101-510): (1) Maintenance, repair and upgrade of loaned DoD equipment, (2) Maintenance, repair and upgrade of other equipment, (3) Transportation of personnel, including personnel of foreign countries, supplies and equipment facilitating CN purposes, (4) The establishment (including unspecified minor military construction projects) and operation of bases of operations or training facilities for CN purposes, (5) Counter Drug related training of Law Enforcement Personnel, (6) Detection, Monitoring and Communication, (7) Construction of Roads, Fences and installation of Lighting, (8) Establishment of Command, Control and Computer Networks, (9) Provision of Linguists and intelligence analysis services, (10) Aerial and Ground Reconnaissance.”</p>

Limit of Support under NDAA, Section 1033

<i>Note Usage</i>
<p>Mandatory for Pseudo LOAs under the authority of NDAA, section 1033.</p> <p>See Chapter 11, paragraph C11.3.1.</p>
<i>Note Text</i>
<p>“This Pseudo LOA is limited to the following types of counter-narcotics support to Colombia and Peru as authorized under section 1033 of the 1998 NDAA (Public Law 105-85): (1) Riverine patrol boats, (2) Non-lethal protective and utility personnel equipment, (3) Non-lethal specialized equipment such as night vision</p>

systems, navigation, communications, and photo and radar equipment, (4) Non-lethal components, accessories, attachments, parts, hardware, and software for aircraft or patrol boats, and related repair equipment, (5) Maintenance and repair of equipment that is used for counter-drug activities.”

Line Item [Insert Line Item Number] Description

Note Usage

Mandatory for each line on the case unless all line item description information can fit beneath the MASL description. If any one line item requires a Line Item Description note, a Line Item Description note must be included for each line item.

See Chapter 5, Figure C5.F5.

Note Text

Varies – wording must be determined on a line-by-line basis. Wording must include a detailed description of items being sold or services performed.

Man-Portable Air Defense Systems

Note Usage

Mandatory for LOAs for sales of MANPADS to NATO, NATO Nations, Japan, Australia, and New Zealand.

Mandatory for Amendments and Modifications that add MANPADS to cases for NATO, NATO Nations, Japan, Australia, and New Zealand.

See Chapter 8, paragraph C8.3.3.

Note Text

“Purchaser agrees to adhere to the following additional security requirements associated with [insert appropriate missile/system]. The Office of the Provost Marshal General, Army Physical Security (DAPM-MPD-PS), U.S. Army may approve modification of specified requirements to meet indigenous conditions.

- a. **Physical Security.** The [insert appropriate missile] will be stored in magazines that are at least equivalent in strength to U.S. Army requirements as specified in subparagraph (1) below. The purchaser also agrees to comply with U.S. Army specified requirements for lighting, doors, locks, keys, fencing, and surveillance and guard systems. Specific requirements will be agreed upon and installed prior to delivery of the missile system. U.S. Army representatives will be allowed to verify security measures and procedures established for implementation of these requirements.
 1. **Magazines.** Reinforced concrete, arch type, earth covered whose construction is at least equivalent in strength to the requirements of Chapter 5, DoD 6055.9-STD, “Ammunition and Explosive Safety Standards,” July 1984, will be used for storage (standards of which will be provided to the purchaser).
 2. **Lighting.** Lighting will be provided for exterior doors and along perimeter barriers. Security lighting requirements will conform to the ammunition and safety requirements of U.S. Army Technical Manual 9-1300-206, Appendix C (standards of which will be provided to the purchaser).
 3. **Doors, Locks, and Keys.** Exterior doors will be class five steel vault doors secured by two key-operated high security padlocks and a high security shrouded hasp. Keys will be secured separately to ensure effective two-man control of access (i.e., two authorized persons must be present to enter). Use of a master or multiple key system is prohibited.
 4. **Fencing.** Fencing will be six foot (minimum) steel chain link with a one-foot overhang mounted on steel or reinforced concrete posts over firm base. Clear zones will be established 30 feet inside and 12 feet outside the perimeter fence (provided there is adequate space).
 5. **Surveillance and Guard.** A full-time guard force or combination guard force and intrusion detection system (IDS) will be provided. When the IDS is not operational, 24-hour guard surveillance is required.
 6. **Access to Storage Facilities.** Two authorized persons will be required to be present during any activity that affords access to storage facilities containing [insert missile/system]. Lock and key procedures will be developed to ensure that no single individual can obtain unescorted or unobserved access to [insert missile/system] storage facilities.

- b. **Accountability.**

1. A 100 percent physical inventory of [insert items required to be inventoried], when applicable, will be taken monthly by the purchaser. A 100 percent physical inventory by serial number shall be taken quarterly of [insert items] issued at the operational unit level. A 100 percent physical inventory by serial number shall be taken semiannually of [insert items] stored or retained at installation, depot, post, or base level. To ensure verification, two people must conduct all inventories. [Insert items] expended during peacetime will be accounted for by serial number.
 2. The [insert appropriate foreign country SCO] will be permitted to conduct a U.S. inspection and inventory of [insert items] by serial number annually. As appropriate, [insert items] are required to be inventoried annually by physical count. Inventory and accountability records maintained by the purchaser will be made available for review.
- c. Transportation. Movements of [insert appropriate missile] will meet U.S. standards for safeguarding classified material in transit as specified by the USG in DoD 5100.76-M (current revision), "Physical Security of Sensitive Conventional Arms, Munitions, and Explosives" (standards of which will be provided to the purchaser), and paragraph h below.
- d. Access to Hardware and Classified Information.
1. Access to hardware and related classified information will be limited to military and civilian personnel of the purchasing Government (except for authorized U.S. personnel as specified herein) who have the proper security clearance and who have an established need to know the information in order to perform their duties. Information released will be limited to that necessary to perform assigned responsibility and, where possible, will be oral or visual only.
 2. Maintenance that requires access to the interior of the [insert missile, operational system, etc] beyond that required of the operator, and maintenance or repair that requires access to the interior of the guidance assembly of [insert item(s)] will be performed under U.S. control.
- e. Compromise, Loss, Theft, and Unauthorized Use. The purchaser will report through the security assistance office and country team to the DoS by the most expeditious means any instances of compromise, unauthorized use, loss or theft of any [insert missile and any other materiel] or related information. This will be followed by prompt investigation and the results of the investigation will be provided through the same channels.
- f. Third-Party Access. The recipient will agree that no information on [insert appropriate missile] will be released to a third-country Government, person or other third-country entity without U.S. approval.
- g. Damaged/Expended Materiel. Damaged [insert systems, materiel] will be returned to the U.S. Army for repair or demilitarization.
- h. Conditions of Shipment and Storage for [insert missile system]. Principal components (missiles and, as applicable, gripstocks or launchers) of the [insert missile system and any other items requiring separate storage] will be stored in at least two separate locations and will be shipped [insert how; e.g., in separate containers, separately]. The storage locations will be physically separated sufficiently so that a penetration of the security at one site will not place other sites at risk.
- i. Conditions of Use. Assembly of the system will not be permitted for field exercises or deployments wherein the use of the [insert appropriate missile] system is simulated. In such cases, inert training devices may be used. The recipient will use information on the [insert appropriate missile] only for the purpose for which it was given."

Man-Portable Air Defense Systems

<i>Note Usage</i>
Mandatory for LOAs for sales of MANPADS to purchasers other than NATO, NATO Nations, Japan, Australia, and New Zealand.
Mandatory for Amendments and Modifications that add MANPADS to cases for purchasers other than NATO, NATO Nations, Japan, Australia, and New Zealand.
See Chapter 8, paragraph C8.3.3.
<i>Note Text</i>
"Purchaser agrees to adhere to the following additional security requirements associated with [insert appropriate missile/system]. Modification of specified requirements to meet indigenous conditions may be approved by the

Office of the Provost Marshal General, Army Physical Security (DAPM-MPD-PS), U.S. Army.

- a. Physical Security. The [insert appropriate missile] will be stored in magazines that are at least equivalent in strength to U.S. Army requirements as specified in subparagraph (1) below. The purchaser also agrees to comply with U.S. Army specified requirements for lighting, doors, locks, keys, fencing, and surveillance and guard systems. Specific requirements will be agreed upon and installed prior to delivery of the missile system. U.S. Army representatives will be allowed to verify security measures and procedures established for implementation of these requirements.
1. Magazines. Reinforced concrete, arch type, earth covered whose construction is at least equivalent in strength to the requirements of Chapter 5, DoD 6055.9-STD, "Ammunition and Explosive Safety Standards," July 1999, will be used for storage (standards of which will be provided to the purchaser).
 2. Lighting. Lighting will be provided for exterior doors and along perimeter barriers. Security lighting requirements will conform to the ammunition and safety requirements of U.S. Army Technical Manual 9-1300-206, Appendix C (standards of which will be provided to the purchaser).
 3. Doors, Locks, and Keys. Exterior doors will be class five steel vault doors secured by two key-operated high security padlocks and a high security shrouded hasp. Keys will be secured separately to ensure effective two-man control of access (i.e., two authorized persons must be present to enter). Use of a master or multiple key system is prohibited.
 4. Fencing. Fencing will be six foot (minimum) steel chain link with a one-foot overhang mounted on steel or reinforced concrete posts over firm base. Clear zones will be established 30 feet inside and 12 feet outside the perimeter fence (provided there is adequate space).
 5. Surveillance and Guard. A full-time guard force or combination guard force and intrusion detection system (IDS) will be provided. When the IDS is not operational, 24-hour guard surveillance is required.
 6. Access to Storage Facilities. Two authorized persons will be required to be present during any activity that affords access to storage facilities containing [insert missile/system]. Lock and key procedures will be developed to ensure that no single individual can obtain unescorted or unobserved access to [insert missile/system] storage facilities.
- b. Accountability.
1. Each month, the purchaser will take a 100 percent physical inventory of [insert items required to be inventoried], when applicable. A 100 percent physical inventory by serial number shall be taken quarterly of [insert items] issued at the operational unit level. A 100 percent physical inventory by serial number shall be taken semiannually of [insert items] stored or retained at installation, depot, post, or base level. To ensure verification, two people must conduct all inventories. [Insert items] expended during peacetime will be accounted for by serial number.
 2. The [insert appropriate foreign country SCO] will be permitted to conduct a U.S. inspection and inventory of [insert items] by serial number annually. As appropriate, [insert items] are required to be inventoried annually by physical count. Inventory and accountability records maintained by the purchaser will be made available for review.
- c. Transportation. Movements of [insert appropriate missile] will meet U.S. standards for safeguarding classified material in transit as specified by the USG in DoD 5100.76-M (current revision), "Physical Security of Sensitive Conventional Arms, Munitions, and Explosives" (standards of which will be provided to the purchaser), and paragraph h below.
- d. Access to Hardware and Classified Information.
1. Access to hardware and related classified information will be limited to military and civilian personnel of the purchaser (except for authorized U.S. personnel as specified herein) who have the proper security clearance and who have an established need to know the information in order to perform their duties. Information released will be limited to that necessary to perform assigned responsibility and, where possible, will be oral or visual only.
 2. Maintenance that requires access to the interior of the [insert missile, operational system, etc.] beyond that required of the operator, and maintenance or repair that requires access to the interior of the guidance assembly of [insert item(s)] will be performed under U.S. control.
- e. Compromise, Loss, Theft, and Unauthorized Use. The purchaser will report through the security assistance office and country team to the DoS by the most expeditious means any instances of compromise, unauthorized use, loss or theft of any [insert missile and any other materiel] or related information. This

will be followed by prompt investigation and the results of the investigation will be provided through the same channels.

- f. Third-Party Access. The recipient will agree that no information on [insert appropriate missile] will be released to a third-country Government, person or other third-country entity without U.S. approval.
- g. Damaged/Expended Materiel. Damaged [insert systems, materiel] will be returned to the U.S. Army for repair or demilitarization.
- h. Conditions of Shipment and Storage for [insert missile system]. Principal components (missiles and, as applicable, gripstocks or launchers) of the [insert missile system and any other items requiring separate storage] will be stored in at least two separate locations and will be shipped [insert how; e.g., in separate containers, separately]. The storage locations will be physically separated sufficiently so that a penetration of the security at one site will not place other sites at risk.
- i. Conditions of Use.
 1. The two principle components of the [insert appropriate missile system and any other items] may be brought together and assembled under the following circumstances:
 - (a) In the event of hostilities or imminent hostilities.
 - (b) For firing as part of regularly scheduled training; however, only those rounds to be fired will be withdrawn from storage and assembled.
 - (c) For lot testing; however, only rounds to be tested will be withdrawn from storage and assembled.
 - (d) When systems are deployed as part of the point defenses of high priority installations or activities (e.g., key Government buildings, military headquarters, essential utilities, air defense facilities).
 2. The purchaser will advise the U.S. Security Cooperation Organization in advance of any assembly of the various missile and [insert any other items] for the [insert appropriate missile] for training or lot testing.
 3. The U.S. Government will be notified of deployments through the Security Cooperation Organization.”

Military Assistance Program (MAP) Redistributed Property

<i>Note Usage</i>
Mandatory for LOAs that include items originally purchased under MAP. Mandatory for Amendments and Modifications that add items originally purchased under MAP. See Chapter 11, Table C11.T23
<i>Note Text</i>
“Upon acceptance, the purchaser should return one signed copy of this LOA to Defense Financing and Accounting Service-Indianapolis, Attn: Security Assistance Accounting/JAX, 8899 East 56th Street, Indianapolis, IN 46249-6300.”

Military Assistance Program (MAP) Redistributed Property Identification

<i>Note Usage</i>
Mandatory for LOAs that include items originally purchased under MAP. This note should be included at the bottom of the item description for that line (vice in the note pages). Mandatory for Amendments and Modifications when a MAP line item is added or changed. See Chapter 11, Table C11.T23.
<i>Note Text</i>
“Redistributable MAP”

Missile Technology Control Regime (MTCR)

<i>Note Usage</i>
Mandatory for LOAs. Mandatory for Amendments and Modifications if the note was previously not included on the case. See Chapter 3, section C3.2.

Note Text

“Paragraph 2.3 of the Standard Terms and Conditions of this LOA discusses use and transfer restrictions on articles and services provided under this LOA and emphasizes that the purchaser “shall not use or permit their use for purposes other than those authorized, unless the written consent of the USG has first been obtained.” The purchaser agrees not to divert articles and services received under this LOA for purposes or uses other than those for which furnished to include, but not limited to, any use that could contribute to the acquisition, design, development or production of a “missile,” as defined in section 74 of the AECA (22 U.S.C. 2797c). The items will be used only for the purpose stated and such use will not be modified nor the items modified or replicated without the prior consent of the USG; neither the items nor replicas nor derivatives thereof will be retransferred without the consent of the USG. The USG also reserves the right to take action under section 73(a) of the AECA (22 U.S.C. 2797b(a)) in the case of any export or transfer of any MTCR equipment or technology that contributes to the acquisition, design, development or production of missiles in a country that is not an MTCR adherent.”

Night Vision Devices (NVDs) Physical Security and Accountability*Note Usage*

Mandatory for LOAs for sales of NVDs, image intensifier tubes, or other NVD spare parts.

Mandatory for Amendments and Modifications that add NVDs, image intensifier tubes, or other NVD spare parts to a case.

Wording may vary – The Deputy Under Secretary of Defense for Technology Security Policy and National Disclosure Policy (DUSD(TSP&NDP)) and/or the Defense Security Cooperation Agency will provide specific conditions, which may require changes to the standard note for each NVD transfer. These changes will be incorporated into the LOA note as written in the signed authorization granting the exception to policy.

Note Text

- “A. The purchaser agrees to secure the Night Vision Devices (NVDs) transferred by the U.S. Government (USG) against loss, theft, or unauthorized access, and to perform routine inventory checks. The purchaser agrees to provide the [insert SCO office] and/or other appropriate USG representatives a written physical security and accountability control plan within 30 days of acceptance of this offer. Inventory and accountability records maintained by the purchaser shall be retained for at least one year and made available for review upon USG request. Upon request, the USG shall be permitted to conduct an inspection and inventory of the devices listed in this offer by serial number. In case of the destruction, loss, theft, or unauthorized access of any NVDs listed in this offer, the purchaser agrees to report the incident immediately to the USG (e.g. via the SCO to the Defense Technology Security Administration (DTSA)). The purchaser agrees to provide a written report with details of the incident within 30 calendar days to the USG. This report will include the steps being taken both to recover the equipment (if applicable) and to prevent recurrence.
- B. To assist in the development of purchaser's physical security and accountability control plan, the following minimum measures, are included as recommendations:
- i. Physical Security: When not issued for use, the unit commander will provide NVD controlled-access, double barrier protection. Examples of double barrier protection include: a locked, built-in or free-standing steel container, which is secured to a locked or guarded building, enclosed van, trailer or armored vehicle; a locked steel cage or vault secured in a locked or guarded structure. When in use, individuals issued NVDs will secure the devices and be responsible for maintaining control of the devices at all times. NVDs may be secured inside a locked, enclosed van, trailer, or armored vehicle if these vehicles remain under constant surveillance.
 - ii. Accountability: While not issued for use, the unit commander or designated representatives will conduct monthly 100% physical count inventories and quarterly 100% inventories by serial number of the NVD. Records of these inventories will be kept for one year. While issued for use, the unit commander or designated representatives will perform a daily visual inventory of the NVD.
- C. The Deputy Under Secretary of Defense for Technology Security Policy and National Disclosure Policy (DUSD(TSP&NDP)) authorized this transfer on [insert date].”

Nonrecurring Costs – Apply

<i>Note Usage</i>
Mandatory for LOAs when an NC charge applies and has been included in the price. Mandatory for Amendments and Modifications when: <ol style="list-style-type: none"> (1) Line items are added and the NC charge applies to the new lines and has been included in the price; or (2) Quantities are increased on line items where an NC charge applies and has been included in the price. See Chapter 9, Table C9.T2.
<i>Note Text</i>
“Nonrecurring Costs (NC) apply to line item(s) [insert numbers] of this FMS case and are included within the cost of the line item.”

Nonrecurring Costs – Apply (Estimated)

<i>Note Usage</i>
Mandatory for LOAs when an NC charge applies but final NC rates have not yet been established so an estimated amount has been included in the price. Mandatory for Amendments and Modifications when: <ol style="list-style-type: none"> (1) Line items are added and the NC charge applies to the new lines but final NC rates have not yet been established so an estimated amount has been included in the price; or (2) Quantities are increased on line items where an NC charge applies but final NC rates have not yet been established so an estimated amount has been included in the price. See Chapter 9, paragraph C9.4.5.
<i>Note Text</i>
“Nonrecurring Costs (NC) apply to line item(s) [insert numbers] of this FMS case. An estimated amount for NC is included in the price of the line. Once a final NC value is approved by the USG, a Modification will be issued to adjust the price.”

Nonrecurring Costs – Cooperative Agreements

<i>Note Usage</i>
Mandatory for LOAs when an NC charge is collected or waived as part of a cooperative project or consortium of which USG is a member. Mandatory for Amendments and Modifications when: <ol style="list-style-type: none"> (1) Line items are added and the consortium NC charge applies to the new lines; or 2) Quantities are increased on line items where a consortium NC charge applies. See Chapter 9, subparagraph C9.6.3.2.4.
<i>Note Text</i>
Varies - wording must be determined on a case-by-case basis. Contact DSCA (Operations, Programs, and Strategy Directorates) for assistance in drafting a unique note.

Nonrecurring Costs – Do Not Apply

<i>Note Usage</i>
Mandatory for LOAs when no NC charges apply to any line on the case. Mandatory for Amendments and Modifications when: <ol style="list-style-type: none"> (1) Line items are added and no NC charge applies to any lines on the case; or (2) Quantities are increased on line items where no NC charge applies to any lines on the case. See Chapter 9, paragraph C9.4.5.
<i>Note Text</i>
“No Nonrecurring Costs (NC) apply to this FMS case.”

Nonrecurring Costs – FMS Credit (Non-Repayable)*Note Usage*

Mandatory for LOAs when an NC charge applies but the Term of Sale is “FMS Credit (Non-Repayable).”
Mandatory for Amendments and Modifications when the Term of Sale remains “FMS Credit (Non-Repayable)” and

- (1) Line items are added and the NC charge applies to the new lines; or
- (2) Quantities are increased on line items where an NC charge applies.

See Chapter 9, paragraph C9.4.5.

Note Text

“Nonrecurring Costs (NC) apply to line item(s) [insert numbers] of this FMS case. These charges are not included on this case because the Term of Sale is “FMS Credit (Non-Repayable).” If the Terms of Sale on this case are changed to include other terms, NC charges will be added to this case unless a waiver is requested and approved.”

Nonrecurring Costs – MAP Merger*Note Usage*

Mandatory for LOAs when an NC charge applies but the Term of Sale is “MAP Merger.”
Mandatory for Amendments and Modifications when the Term of Sale remains “MAP Merger and

- (1) Line items are added and the NC charge applies to the new lines; or
- (2) Quantities are increased on line items where an NC charge applies.

See Chapter 9, paragraph C9.4.5.

Note Text

“Nonrecurring Costs (NC) apply to line item(s) [insert numbers] of this FMS case. These charges are not included on this case because the Term of Sale is “MAP Merger.” If the Terms of Sale on this case are changed to include other terms, NC charges will be added to this case unless a waiver is requested and approved.”

Nonrecurring Costs – Non-USG Charges*Note Usage*

Mandatory for LOAs when an NC charge (known as a “Special NC”) is being collected on behalf of another country.

Mandatory for Amendments and Modifications when:

- (1) Line items are added and the special NC charge applies to the new lines; or
- (2) Quantities are increased on line items where a special NC charge applies.

See Chapter 9, Table C9.T2.

Note Text

“Special Nonrecurring Costs (NC) apply to line item(s) [insert numbers] of this FMS case and are included within the cost of the line item. These costs are being collected on behalf of another country and cannot be waived by the USG.”

Nonrecurring Costs – USG Grant*Note Usage*

Mandatory for LOAs when an NC charge applies but the Term of Sale is “USG Grant.” Use of this note for other than Coalition Solidarity Fund (CSF) grants requires coordination with DSCA DBO/FPA. Mandatory for Amendments and Modifications when the Term of Sale remains “USG Grant” and:

- (1) Line items are added and the NC charge applies to the new lines; or
- (2) Quantities are increased on line items where an NC charge applies.

Note Text

Nonrecurring Costs (NC) apply to line item(s) [insert applicable line item number]. These charges are not included on this case because the Term of Sale is “USG Grant.” If the Terms of Sale on this case are changed to include other terms, NC charges will be added to this case unless a waiver is requested and approved.

Nonrecurring Costs – Waiver Approved*Note Usage*

Mandatory for LOAs when an NC charge applies, but has been waived.

Mandatory for Amendments and Modifications when:

- (1) Line items are added and an NC charge applies to the new lines and has been waived; or
- (2) Quantities are increased on line items where an NC charge applies and has been waived.

The note should identify the DSCA I-number and date of all NC waivers that have been granted against the case.

See Chapter 9, paragraph C9.6.3.

Note Text

“Nonrecurring Costs (NC) apply to line item(s) [insert numbers] of this LOA. The purchaser’s request to waive these charges has been approved by DSCA memorandum I-[insert number], dated [insert date]. Therefore, these costs have not been included in this case.”

Nonrecurring Costs – Waiver Under Review*Note Usage*

Mandatory for LOAs when an NC charge applies and:

- (1) The costs are included in the price; and
- (2) A waiver has been requested but has not yet been approved/disapproved.

Mandatory for Amendments and Modifications when:

- (1) Line items are added and an NC charge applies to the new lines and a waiver has been requested but not approved/disapproved; or
- (2) Quantities are increased on line items where an NC charge applies and a waiver has been requested but not approved/disapproved.

This note CANNOT be used if the justification for the waiver is “Loss of Sale” since “Loss of Sale” waivers must be approved prior to LOA (or Amendment when items are being added) signature/ acceptance.

See Chapter 9, paragraph C9.6.3.

Note Text

“Nonrecurring Costs (NC) apply to line item(s) [insert numbers] of this FMS case and are included within the cost of the line item. The purchaser’s request for waiver of NC charges against line item [insert number] is under review and was forwarded to DSCA on [insert date]. If this waiver is approved, an LOA Amendment or Modification will be prepared to delete these costs from this case.”

Offset Costs*Note Usage*

Mandatory for LOAs, Amendments and Modifications where articles/services will be sourced from procurement and financed wholly with Purchaser cash or repayable FMF funds.

See Chapter 6, paragraph C6.3.9.

Note Text

“The Department of Defense is not a party to any offset agreements/arrangements that may be required by the Purchaser in relation to the sales made in this LOA and assumes no obligation to administer or satisfy any offset requirements or bear any of the associated costs. To the extent that the Purchaser requires offsets in conjunction with this sale, offset costs may be included in the price of contracts negotiated under this LOA. If the Purchaser desires visibility into these costs, the Purchaser should raise this with the contractor during negotiation of offset

arrangements.”

OT&E Incomplete

Note Usage

Mandatory for LOAs that include developmental systems that have not yet been approved for U.S. production (i.e., Defense Acquisition Board full rate production, following successful final OT&E (Milestone 3.b), has not been approved).

Mandatory for Amendments and Modifications that add developmental systems that have not yet been approved for U.S. production.

See Chapter 5, subparagraph C5.1.4.3.1.

Note Text

Varies – summarizes the potential effects on the program if the system does not receive production approval.

Patent Rights

Note Usage

Mandatory for LOAs when an individual, commercial entity, or foreign country asserts ownership of a foreign patent on an item to be sold on the case and there are reasonable grounds that a purchaser may be subjected to a possible claim for infringement.

The note should read substantially as shown but may be tailored on a case-by-case basis.

Mandatory for Amendments and Modifications that add materiel where such infringement claims are possible.

Note Text

“[Insert name of individual, commercial entity, or foreign country, and address] has alleged rights in certain components of the [insert item] offered herein. In this connection, the purchaser’s particular attention is invited to Standard Condition 3.”

Payment Schedule-Purchaser Requested

Note Usage

Mandatory for LOAs when a unique purchaser requested payment schedule has been approved.

This note should be included beneath the payment schedule.

Mandatory for Amendments and Modifications when a unique purchaser requested payment schedule has been approved.

See Chapter 9, subparagraph C9.9.2.3.

Note Text

“This schedule was requested by the purchaser [insert reference] and approved by [insert activity and date]. The USG reserves the right to bill for additional amounts if, during the execution phase, actual costs materialize at a rate that cannot be supported by the purchaser-based schedule.”

Payment Schedule-Purchaser Requisition Driven

Note Usage

Mandatory for LOAs when a unique payment schedule based on purchaser requisitioning has been approved.

This note should be included beneath the payment schedule.

Mandatory for Amendments and Modifications when a unique payment schedule based on purchaser requisitioning has been approved.

See Chapter 9, subparagraph C9.9.1.5.2.4.

Note Text

“This schedule represents the USG’s best approximation only, and is ultimately determined by actual FMS purchaser requisitioning.”

PCS Personnel

<i>Note Usage</i>
Mandatory for LOAs that include costs for PCS personnel. This note should be included at the bottom of the item description for the applicable line (vice in the note pages). Mandatory for Amendments and Modifications when a line item that includes PCS costs is added or changed. See Chapter 5, subparagraph C5.4.8.5.
<i>Note Text</i>
“This case contains PCS personnel.”

Personnel Protection and Related Costs

<i>Note Usage</i>
Mandatory for LOAs when it is envisioned that the purchaser may fail to abide by existing Status of Forces Agreement (SOFA) or other status provisions thus increasing costs associated with an FMS program. Mandatory for Amendments and Modifications when the note was not previously included on the case and it is envisioned that the purchaser may fail to abide by existing Status of Forces Agreement (SOFA) or other status provisions. Wording may be determined on a case-by-case basis. Text provided in this table is for sample purposes only. See Chapter 5, subparagraph C5.4.8.6.
<i>Note Text</i>
<p>“A. <u>Passports, Visas, Licenses, and Permits.</u></p> <ol style="list-style-type: none"> 1. [Insert USG Contractor] Cost and delivery estimates herein anticipate the purchaser will, within the framework of its laws, ensure the timely issuance of work, entry, or exit visas; work, vehicle operator, residence, or in-country travel permits; and any other appropriate licenses or permits required of the personnel, including dependents, to carry out this effort. 2. [Insert USG Contractor] shall be responsible for timely and complete submittal of the necessary information and forms directly to the appropriate purchaser agency for the required passports, visas, licenses, or permits. The contractor shall be responsible for the sponsorship of its employees and their dependents and shall process said permits directly with the appropriate purchaser agency. <p>B. <u>Access.</u> [Insert USG Contractor] cost and delivery schedules herein anticipate that U.S. personnel in country will be authorized, at no cost, reasonable access to all data, plans, reports, or other information and all existing and proposed offices, sites, and areas within the country as required to accomplish this effort.</p> <p>C. <u>Export of Data.</u> [Insert USG Contractor] personnel shall not be required or expected to deliver to the purchaser, nor to any person or entity not a citizen of the United States of America, any technical data produced or utilized under this LOA until the purchaser has been furnished with clear evidence that such delivery of the data is (1) approved by the U.S. State Department pursuant to the International Traffic in Arms Regulation, or (2) approval is not required.</p> <p>D. <u>Taxes, Duties, and Charges for Doing Business.</u> [Insert USG Contractor] contract(s) implementing this LOA will include the clause entitled “Taxes-Foreign Fixed-Price Contracts (June 2003)” set forth in Federal Acquisition Regulation Subsection 52.229-6; therefore, price and delivery estimates within this LOA anticipate the following:</p> <ol style="list-style-type: none"> 1. Property, materiel, equipment, household furniture, appliances, and supplies imported into the country by contractor exclusively for use in support of the contractor and its personnel and consigned and marked as required or approved by the USG will be exempt from import and export duties, taxes, licenses, excises, imposts, and any other identifiable charges. The contractor will maintain an inventory control and accounting system adequate to reflect the usage and disposition of all contractor-owned property that has entered the country duty-free under this LOA. 2. The purchaser, its agencies, and political subdivisions will levy no taxes or fees (including taxes on individual or corporate income or property, customs and import duties, or other taxes on employee personal household goods, supplies and personal effects imported into the country for personal use) on the contractor, its employees, or the dependents of such employees.

3. If any charges under D.1 or D.2 are imposed by the purchaser, costs thereby incurred by the contractor will be reimbursed to the contractor at cost, including applicable overhead and General and Administrative, but excluding profit, out of national funds to be provided by the purchaser under this LOA.
- E. **Security.** [Insert USG contractor] price and delivery estimates anticipate that the purchaser will provide adequate security to protect personnel and property associated with this LOA and located on purchaser military bases, installations, or other designated work sites.”

Program Review Schedule

<i>Note Usage</i>
Mandatory for LOAs that include a program review requirement. Mandatory for Amendments and Modifications that delete or add a program review requirement.
<i>Note Text</i>
“The initial review schedule has been projected as follows: [insert review events]. Future changes and/or additions to this projected schedule will be based on further program definition and will be provided through official correspondence to the FMS purchaser for concurrence.”

Prohibition on Taxation of U.S. Assistance

<i>Note Usage</i>
Mandatory for LOAs (to include Pseudo LOAs) when the sale of articles is financed in whole or in part with any type of U.S. Assistance Funds appropriated under the Foreign Operations, Export Financing, and Related Programs Appropriations Act (e.g., FMF, INCLE, PKO, etc.). Mandatory for Amendments and Modifications that add articles to a case that are financed with any type of U.S. Assistance Funds appropriated under the Foreign Operations, Export Financing, and Related Programs Appropriations Act.
<i>Note Text</i>
“Any articles, equipment, materials, supplies, goods, or other commodities purchased with U.S. Assistance Funds appropriated and allocated pursuant to the Foreign Operations, Export Financing, and Related Programs Appropriations Act in support of this Letter of Offer and Acceptance (LOA), whether provided directly by the USG or through procurement contracts or otherwise in support of this LOA, shall be exempt from all value added taxes and customs duties imposed by the recipient country or the full amount of the tax or customs duty must be reimbursed by the Purchaser. This exemption is in addition to any other tax exemption provided by the Purchaser through separate agreements or other means.”

Repair and Return Customs Reporting

<i>Note Usage</i>
Mandatory for LOAs that include Repair and Return lines. Mandatory for Amendments and Modifications when Repair and Return lines are added.
<i>Note Text</i>
Varies - indicate the requirement for the purchaser to report imports and exports made under the LOA to U.S. Customs.

Security Assurances

<i>Note Usage</i>
Mandatory for LOAs when the purchaser proposes to take custody of classified material in the United States, and they comply with the provisions of Chapter 3, subparagraph C3.5.4.5. The Implementing Agency will incorporate the transmission instructions (an alternative for shipment of classified materials) or the requirement for an approved Transportation Plan (see Chapter 3, Figure C3.F5.) into the LOA security requirements. Mandatory for Amendments and Modifications that add classified material that the purchaser intends to take

custody of in the United States.
<i>Note Text</i>
Varies depending on the transmission instructions or requirement for an approved transportation plan.

Security Assurances – NATO

<i>Note Usage</i>
Mandatory for LOAs with NATO Commands or Agencies. Mandatory for Amendments and Modifications on cases with NATO Commands or Agencies if not previously included on the case.
<i>Note Text</i>
“All U.S. classified material or information (to include plans, designs, specifications, and technical data) provided under this Letter of Offer and Acceptance shall be protected as NATO classified information of an equivalent classification level in accordance with the policy and procedures contained in NATO Document C-M(55)15 (Final), ‘Security Within the North Atlantic Treaty Organization’.”

Shipment Consolidation

<i>Note Usage</i>
Mandatory for LOAs when substantial shipment consolidation of LOA articles is anticipated. Mandatory for Amendments and Modifications that add consolidated shipments if the note was not previously included on the case.
<i>Note Text</i>
“This is supplemental to LOA Standard Terms and Conditions provision 5.4. If the USG determines that delivery was delayed more than 90 days following passage of title due to shipment consolidation, the date of the shipment from the consolidation location may be used as the start point in determining the 1 year period for claim eligibility only.”

Short Offer Expiration Date (OED)

<i>Note Usage</i>
Mandatory for LOAs when the purchaser will have less than the standard period (see Figure C5.F5.) to review the LOA document (e.g., when the price estimates are dependent on contract award by a certain date). Mandatory for Amendments when the purchaser will have less than the standard period to review the LOA document.
<i>Note Text</i>
Varies depending on the reason for the short OED.

Small Case Management Line (SCML)

<i>Note Usage</i>
Mandatory for LOAs that include an SCML. Mandatory for Amendments and Modifications that add an SCML to the case. This note must be used as the Line Item Description note for the SCML. See Chapter 9, subparagraph C9.4.7.
<i>Note Text</i>
Small Case Management Line (SCML). Any case “accepted” on or after 1 August 2006 that will not collect at least \$15,000 in administrative surcharge using the established percentage must include an SCML to charge the difference in value between the calculated administrative surcharge amount and \$15,000. An SCML has been added to this case for that purpose. If this case is ever modified or amended and the calculated administrative surcharge amount changes, the value of the SCML will be adjusted to ensure the minimum \$15,000 combined administrative surcharge/SCML value is reached. If this case is ever modified or amended to increase the case

value such that the administrative surcharge collection will exceed \$15,000, the SCML will be reduced to \$0. The FMS administrative surcharge does not apply to the SCML.

Sole Source Procurement

Note Usage

Mandatory for LOAs that include approved sole source procurement designations.

Mandatory for Amendments and Modifications that add or change designations for sole source procurement.

See Chapter 6, paragraph C6.3.4.

Note Text

“Sole-Source Procurement. Paragraph 1.2 of the Letter of Offer and Acceptance Standard Terms and Conditions states in part: “Unless the purchaser has requested in writing, that a sole source contractor be designated, and this Letter of Offer and Acceptance reflects acceptance of such designation by the Department of Defense, the purchaser understands that selection of the contractor source to fill this requirement is solely the responsibility of the Government of the United States (hereinafter referred to as USG).” By letter dated [insert date] the purchaser has requested that [insert name of specific firm or other private source] be designated as [insert “prime contractor” or “subcontractor”] for line/item(s) [insert line item numbers] of this Letter of Offer and Acceptance. This note is evidence that the Department of Defense has accepted such request of the purchaser and that such designation is required at the written direction of the purchaser.”

Standard Missile 3 (SM-3) - Category III Missiles

Note Usage

Mandatory for LOAs that include SM-3 missiles.

Mandatory for Amendments and Modifications that add SM-3 missiles.

See Chapter 8, paragraph C8.3.7.

Note Text

1. **Requirement.** The SM-3 missile is accorded Category III protection as addressed in Department of Defense (DOD) 5100.76-M “Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives,” current version. The SM-3 missile end item is accorded Category III storage protection and intrusion detection system (IDS)/alarm system or 24-hour guard, that are continuously manned and under constant surveillance in such a manner that unauthorized entry into and around the storage structures can be detected. Specific requirements shall be documented and agreed upon during the site visit referenced in Paragraph 6 of this note and implemented prior to delivery of the missile system. The purchaser agrees to adhere to the security requirements as outlined in the following paragraphs. The purchaser agrees to perform inventory checks and allow United States Government (USG) inventory verifications and photography of canisters and missiles. The purchaser will ensure that these requirements are conveyed to any unit and/or personnel having custody of these items and to their higher headquarters.
2. **Storage.** The SM-3 missiles shall be stored in facilities that are at least equivalent in strength to USG requirements. Specific requirements for storage shall be agreed upon and met prior to delivery of the missiles. USG representatives shall be allowed to verify security measures and procedures prior to and following the delivery of the missiles.
 - a. **Inventory and Accountability Documentation.** Purchaser shall have procedures in place that provide a continuous accounting of SM-3 missile receipt, transfer, storage, shipment, and destruction or demilitarization. The purchaser agrees to inventory 100% of the missiles on this LOA. Canister quantity shall be inventoried monthly. Canisters shall be inventoried to serial number on a quarterly basis. The USG shall be permitted, at its discretion, to conduct an assessment of the physical security and accountability measures and inventory 100% of all missiles transferred under this LOA, to include photography of missile canisters and missiles. Inventory and accountability documentation by the purchaser shall be retained throughout the period of ownership and shall be made available for review upon USG request. Purchaser shall immediately notify the USG (through the Security Cooperation Organization (SCO) to DSCA) of any missile expenditures, compromises, or losses and provide necessary assistance if the USG desires to initiate recovery operations.

- b. Storage of Hardware and Technical Data. Storage of missile hardware and technical data shall meet USG standards for safeguarding the missile. The purchaser shall maintain strict accountability records on all classified information provided by the USG related to the missiles including extracts and copies. These records shall include documentary evidence of any missiles or components that are lost or destroyed. These records shall be made available for review upon USG request. Such records shall, to the extent possible, be centralized.
3. Reporting. The purchaser shall report immediately to the SCO, or other appropriate USG representative, any allegations, confirmed or unconfirmed, of missile hardware technology or software released or compromised to unauthorized nationals, third country nationals, or a foreign government. The purchaser shall also report any allegation, report, or evidence of unauthorized attempts to collect information on the missile program.
 4. Operational and Intermediate Level Maintenance. Military or civilian employees of the USG will accomplish operational and intermediate level maintenance. Maintenance by the purchaser is prohibited. Upon approval by the USG, military or civilian employees of the purchaser, or the purchaser's industry, shall be limited to oral and visual information necessary to integrate the SM-3 missile on the purchaser's ship.
 5. Depot Level Maintenance. Missiles that require depot level repair shall be transported to designated depot level repair facilities in the United States under the proper security procedures.
 6. Site Survey. In accordance with the Security Assistance Management Manual (SAMM), Chapter 8, prior to the delivery of the missiles, the USG will conduct an in-country site survey of the physical security measures and logistic chain for all facilities of the purchaser designated for storage of the SM-3 missiles.
 - a. The USG will provide to the purchaser a security checklist and serial numbers that should be referenced during the site survey and throughout the life of the SM-3 missiles. The checklist is used to indicate that the integrity of the security measures in place for the storage of missiles will ensure the same level of security protection as the USG.
 - b. Deficiencies identified during the site survey must be corrected prior to delivery of any SM-3 missiles.
 - c. The purchaser agrees to adhere to the security requirements associated with the life cycle of the SM-3 missile. The purchaser agrees to allow USG verification of security arrangements for the protection of the SM-3 missiles on both a scheduled and unscheduled basis.
 7. End Use Monitoring. The purchaser understands that the SM-3 missile has been designated for Enhanced End Use Monitoring. This will include, but not be limited to, a USG inventory of missiles within manufacturer-sealed canisters listed in the offer by serial number, and a USG review of security controls and procedures, inventory and accountability documentation, distribution of assets (i.e. a plan for in-country movement), or plan for repair and return, transportation access controls, and storage of hardware and technical data.
 8. Transportation. Transportation of the SM-3 missiles shall meet U.S. standards for safeguarding classified material in transit. Prior to delivery of missiles to the purchaser, the transportation plan must be coordinated and approved by the Missile Defense Agency (MDA), Aegis BMD Program Office (PD452).
 9. Disposition. The purchaser will obtain USG disposition instructions that either direct transporting SM-3 missile back to the USG or another designated staging area, and that provide comprehensive guidance on demilitarization or disposal management. The USG disposition instructions will indicate parties in the USG that must be contacted prior to any demilitarization or disposal effort.
 10. Destruction Reporting. Missile destruction reports shall be completed by the purchaser for all SM-3 firings. The format for missile destruction reports shall be provided by the USG."

Standoff Land Attack Missile-Expanded Response (SLAM-ER) - Category III Missile

Note Usage

Mandatory for LOAs that include SLAM-ER missiles, retrofit kits and Guidance Navigational Unit (GNU) spares.

Mandatory for Amendments and Modifications that add SLAM-ER missiles, retrofit kits, and GNU spares.

See Chapter 8, paragraph C8.3.7.

Note Text

1. **Requirement.** The SLAM-ER missile weapon system is accorded Category III protection as addressed in Department of Defense (DoD) 5100.76-M “Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives,” current version. The Guidance Navigational Unit (GNU) is accorded Category II storage protection with an Intrusion Detection System (IDS) or is continuously manned or under constant surveillance in such a manner that unauthorized entry into and around the storage structures can be detected. Specific physical security requirements shall be documented and agreed upon during the site visit referenced in paragraph 6 of this note and implemented prior to delivery of the missile system. The purchaser agrees to adhere to the security requirements as outlined in the following paragraphs. The purchaser agrees to perform inventory checks and allow United States Government (USG) inventory verification. The purchaser will ensure that these requirements are conveyed to any unit and/or personnel having custody of these items and to their higher headquarters.
2. **Storage.** The weapon system shall be stored in facilities that are at least equivalent in strength to USG requirements. Specific requirements for storage shall be agreed upon and met prior to delivery of the missile system. USG representatives shall be allowed to verify security measures and procedures prior to the delivery of the weapon system.
 - a. **Inventory and Accountability Documentation.** Purchaser will have procedures in place that provide a continuous accounting of missile receipt, transfer, storage, shipment, and/or destruction/demilitarization. The purchaser agrees to inventory 100% of the missiles on this LOA (missile to serial number) and verify from the logbook that the appropriate serial number GNU is contained in the associated missile on a semi-annual basis. The USG will be permitted, at its discretion, to conduct an assessment of accountability measures and, if required, inventory 100% of all missiles transferred under this LOA. Inventory and accountability documentation maintained by the purchaser shall be retained throughout the period of ownership and will be made available for review upon USG request. Purchaser will immediately notify the USG (through the Security Cooperation Organization (SCO) to DSCA) of any missile expenditures, compromises, or losses and provide necessary assistance if the USG desires to initiate recovery operations.
 - b. **Storage of Hardware and Technical Data.** Storage of missile hardware and technical data will meet U.S. standards for safeguarding the missile. The purchaser will maintain strict accountability records on all classified information provided by the USG related to the missiles including extracts and copies. These records will include documentary evidence of any weapon systems or components that are lost or destroyed. Such records shall, to the extent possible, be centralized.
3. **Reporting.** The purchaser will report immediately to the SCO or other appropriate USG representative any allegations, confirmed or unconfirmed, of missile hardware, technology or software released, or compromised to unauthorized nations, third country nationals, or a foreign government. The purchaser will also report any allegations, report, or evidence of unauthorized attempts to collect information on the missile program.
4. **Operational and Intermediate Level Maintenance.** Military or civilian employees of the purchaser at military establishments will accomplish operational and intermediate level maintenance. Third-country nationals, industries or their representatives cannot perform maintenance functions unless approved in writing by the USG.
5. **Depot Level Maintenance.** Missiles or subcomponents that require depot level repair will be transported to designated depot level repair facilities in the United States under proper security procedures unless the USG specifically authorized the purchaser to accomplish Depot Level maintenance.
6. **Site Survey.** In accordance with the Security Assistance Management Manual, Chapter 8, prior to the delivery of the missiles, the USG will conduct an in-country site survey of the physical security measures at all facilities of the purchaser designated for storage or maintenance of the weapon system. This includes the missile and all support equipment such as loaders, trailers, and cable harnesses.
 - a. The USG will provide to the purchaser a security checklist and serial numbers that should be referenced during the site survey and throughout the life of the weapon system. The checklist is used to indicate that the integrity of security measures in place for weapon system maintenance and storage will insure the same level of security protection as the USG.

- b. Deficiencies identified during the site survey must be corrected prior to any weapon system deliveries.
- c. The purchaser agrees to adhere to security requirements associated with the weapon system for the life cycle of the system. The purchaser agrees to allow USG verification of security arrangements for the protection of the weapon system on both a scheduled and unscheduled basis.
- 7. End Use Monitoring. The purchaser understands that this system has been designated for Enhanced End-Use Monitoring. This will include, but not be limited to, a USG inventory of missiles listed in this offer by serial number, and a USG review of security controls and procedures, inventory and accountability documentation, distribution of assets (i.e., a plan for in-country movement), or plan for repair and return, transportation, access controls, storage of hardware and technical data.
- 8. Transportation. Transportation of the weapon system will meet U.S. standards for safeguarding classified material in transit. The transportation plan must be coordinated and approved by Naval Air Systems Command (NAVAIR), AIR-7.4.2, prior to delivery of the weapon system to the purchaser.
- 9. Disposition. The purchaser will obtain USG disposition instructions that either direct transporting missile sections back to the USG or another designated staging area, and/or provide comprehensive guidance on demilitarization/disposal management for in-country incineration. The USG disposition instructions indicate parties in the USG that must be contacted prior to any demilitarization/disposal effort.”

Status of Forces Agreement (SOFA)

<i>Note Usage</i>
Mandatory for LOAs when the MILDEP General Counsel indicates a SOFA or SOFA-like agreement exists that is pertinent to the specific Security Assistance case. Mandatory for Amendments and Modifications when the note was not previously included on the case and the MILDEP General Counsel indicates a SOFA or SOFA-like agreement exists that is pertinent. See Chapter 5, subparagraph C5.4.8.6.
<i>Note Text</i>
“USG military and civilian personnel present in the territory of the purchaser for the purpose of implementing this LOA shall be entitled to all of the rights, privileges, and immunities accorded in the [cite the agreement] regarding the status of their forces, dated [insert date] and any related implementing agreements.”

Taxation of U.S. Assistance

<i>Note Usage</i>
See - Prohibition on Taxation of U.S. Assistance (note above)
<i>Note Text</i>

Technical Data Packages (TDPs) for Operations and Maintenance (O&M)

<i>Note Usage</i>
Mandatory for LOAs that include any TDPs for O&M Mandatory for Amendments and Modifications that add or change TDPs for O&M. See Chapter 3, subparagraph 3.1.1.4.
<i>Note Text</i>
Each LOA will state underneath the MASL description: “TDP for operation and maintenance (no production authorized)” Standard LOA note will read: “The technical data package offered herein is provided only for the purpose of operation and maintenance of the [insert defense article] transferred to [insert TDP purchaser] with USG approval. Should any new operation or maintenance procedures be developed by [insert purchaser] for the [insert defense article], they will be shared without charge with the U.S. program manager. In making this FMS offer to [insert purchaser], the U.S. Government makes no prior commitment or authorization for [insert purchaser] to

manufacture the defense equipment described herein. Separate U.S. Government approval is required for such manufacture. The purchaser agrees that unless specific authorization is provided in writing from the U.S. Government, the technical data package will not be used for production.”

Technical Data Packages (TDPs) for Production of Articles for Indigenous Use

Note Usage

Mandatory for cases that include any TDPs for production (indigenous use only).
Mandatory for Amendments and Modifications that add or change TDPs for Production.
See Chapter 3, subparagraph 3.1.1.5.

Note Text

Each LOA will state underneath the MASL description:

“TDP for production”

Standard LOA note will read:

- “1. The technical data package offered herein is provided for the manufacture of [insert quantity] [insert article] by [insert purchaser] for indigenous purposes only. Such manufacture may be accomplished either by the [insert purchaser] in its own Government-owned or Government-operated facilities or in designated in-country private commercial facilities.
2. Any manufacture in excess of this quantity will require separate approval of the U.S. Government and the execution of an LOA Modification or Amendment.
3. The information furnished under this LOA, and the product derived from the use of such information, shall not be disclosed or transferred to any third country, person, or organization without the prior written consent of the U.S. Government and, where required, the execution of an LOA Modification or Amendment.
4. The use of technical data provided under this LOA will be limited to that required for the manufacture of the article(s) specifically authorized herein and its operation and maintenance. Information acquired by the U.S. Government without the unencumbered right to use and convey to others will not be furnished.
5. It is understood that the furnishing of these technical data does not in any way constitute a license to make, use, sell, or transfer whatsoever any inventions, technical information, or know-how (hereinafter referred to as proprietary information) owned by third parties that may be described in the documentation.
6. The U.S. Government incurs no liability for any procurement, manufacture, use, or sale by the purchaser that makes use of any of the aforementioned proprietary information, or for any results derived from the use of the technical data furnished. [Insert purchaser] agrees to indemnify the U.S. Government against any liability resulting from a claim asserted by the owner of any such proprietary rights in connection with such use by the purchaser of the documentation provided hereunder.
7. The U.S. Government will use its best efforts to furnish technical data that are accurate, adequate for the authorized purpose, current, and complete; however, the U.S. Government does not guarantee the adequacy, accuracy, currency, or completeness of these data. Similarly, the U.S. Government does not guarantee the accuracy, adequacy, currency, or completeness of any U.S. industry documentation.
8. Production Validation -- [Insert purchaser] will permit U.S. Government personnel access to Government and contractor facilities, records, and storage sites to review the implementation of the requirements of this LOA. Such access will be permitted when mutually convenient, but within a reasonable period of time after the request. Visits will be accomplished under established visit procedures.
9. Flowback of [insert Purchaser] Technical Data to the U.S.: Technical Data -- [insert Purchaser] will furnish or cause to be furnished the following technical data to the U.S. Government at no cost to the U.S. Government other than the cost of reproduction, preparation, and handling:
 - (a) All technical data pertaining to changes, modifications, and improvements in the design of [insert article] made in the course of development, evaluation, production, operation, and maintenance of [insert article].
 - (b) All technical data pertaining to manufacturing processes employed in the production of [insert article].
 - (c) Technical data pertaining to changes proposed in the design of [insert article] but not adopted.
 - (d) Notwithstanding (a), (b), and (c) above, if [insert purchaser] incorporates an existing commercial item without modification of either the item or the [insert article] and if the item is not based in whole or in part on U.S. technical data or on U.S. design; and the item is not in whole or in part funded or financed by

[insert purchaser] directly or indirectly; and there is no development contract or subcontract between [insert purchaser] and the supplier, then [insert purchaser] will only be required, to the extent that it has the right to do so without incurring liability to others, to provide the U.S. Government sufficient information for the U.S. Government to evaluate the item, to procure it, to incorporate it into the system, and to operate, maintain, repair, overhaul, and modify it.

10. Right to Use -- [insert Purchaser] will grant or cause to be granted to the U.S. Government a non-exclusive, irrevocable, royalty-free license to use and have used for U.S. defense purposes, including security assistance, the technical data defined in 9. (a), (b), and (c) in above paragraph and any inventions (whether or not patentable) made in the course of activities covered by this LOA. Additionally, [insert purchaser] will use its best efforts to obtain licenses on fair and reasonable terms to the U.S. Government to use and have used the technical data defined in 9. (d) of above paragraph and patented inventions depicted in such technical data for U.S. defense purposes, including security assistance.
11. Contract Provisions -- [insert Purchaser] will include suitable provisions in all pertinent program contracts, including a requirement to include those same provisions in all subcontracts, to meet the requirements of this section.
12. The cost of the documentation provided hereunder does not include periodic updating. Revisioning services may be requested under a separate LOA, if desired.”

Technical Data Packages (TDPs) for Production With Authorized Third Country Sale

Note Usage

Mandatory for cases that include TDPs for production that will involve third party sales.

Mandatory for Amendments and Modifications that add or change TDPs for Production that will involve third party sales.

See Chapter 3, subparagraph 3.1.1.5.

Note Text

Each LOA will state underneath the MASL description:

“TDP for production”

Standard LOA note will read:

- “1. The technical data package offered herein is provided for the manufacture of [insert quantity] [insert article] in [insert purchaser] for indigenous purposes only and [insert quantity] of [insert article] in [insert purchaser] for subsequent transfer to [insert country name(s)]. Such manufacture may be accomplished either by the [insert purchaser] in its own Government-owned or Government-operated facilities or in designated in-country private commercial facilities.
2. Any manufacture in excess of this quantity and as authorized in paragraph 1. above requires separate approval of the U.S. Government and the execution of an LOA Modification or Amendment.
3. The information furnished under this LOA, and the product derived from the use of such information, shall not be disclosed or transferred to any third country, person, or organization other than the [insert country name(s)] without the prior written consent of the U.S. Government and, where required, the execution of an LOA Modification or Amendment.
4. The use of technical data, which will be provided under this LOA, will be limited to that required for the manufacture of the equipment specifically authorized herein and its operation and maintenance. Information, which has been acquired by the U.S. Government without the unencumbered right to use and convey to others, will not be furnished.
5. It is understood that the furnishing of these technical data does not in any way constitute a license to make, use, sell, or transfer whatsoever any inventions, technical information, or know-how (hereinafter referred to as proprietary information) owned by third parties, which may be described in the documentation.
6. The U.S. Government incurs no liability for any procurement, manufacture, use, or sale by [insert purchaser] that makes use of any of the aforementioned proprietary information, or for any results derived from the use of the technical data furnished. [Insert purchaser] agrees to indemnify the U.S. Government against any liability resting from a claim asserted by the owner of such proprietary rights in connection with such use by the [insert purchaser] of the documentation provided hereunder.
7. The U.S. Government will use its best efforts to furnish technical data that are accurate, adequate for the

authorized purpose, current, and complete; however, the U.S. Government does not guarantee the adequacy, accuracy, currency, or completeness of these data. Similarly, the U.S. Government does not guarantee the accuracy, adequacy, currency, or completeness of any U.S. industry documentation.

8. Production Validation -- The [insert purchaser] will permit U.S. Government personnel access to Government and contractor facilities, records, and storage sites to review the implementation of the requirements of this LOA. Such access will be permitted when mutually convenient, but within a reasonable period of time after the request. Visits will be accomplished under established visit procedures.
9. Flowback of [insert Purchaser] Technical Data to the United States:
 - a. Technical Data -- [insert Purchaser] will furnish or cause to be furnished the following technical data to the U.S. Government at no cost to the U.S. Government other than the cost of reproduction, preparation, and handling:
 - (1) All technical data pertaining to changes, modifications, and improvements in the design of [insert article] made in the course of development, evaluation, production, operation, and maintenance of [insert article].
 - (2) All technical data pertaining to manufacturing processes employed in the production of [insert article].
 - (3) Technical data pertaining to changes proposed in the design of [insert article] but not adopted.
 - (4) Notwithstanding (1), (2), and (3) above, if [insert purchaser] incorporates an existing commercial item without modification of either the item or the [insert article] and if: the item is not based in whole or in part on U.S. technical data or on U.S. design; and the item is not in whole or in part funded or financed by [insert purchaser] directly or indirectly; and there is no development contract or subcontract between [insert purchaser] and the supplier, then [insert purchaser] will only be required, to the extent that it has the right to do so without incurring liability to others, to provide the U.S. Government sufficient information for the U.S. Government to evaluate the item, to procure it, to incorporate it into the system, and to operate, maintain, repair, overhaul, and modify it.
 - b. Right to Use -- [insert Purchaser] will grant or cause to be granted to the U.S. Government a non-exclusive, irrevocable, royalty-free license to use and have used for U.S. defense purposes, including security assistance, the technical data defined in a. (1), (2), and (3) above, and any inventions (whether or not patentable) made in the course of activities covered by this LOA. Additionally, [insert purchaser] will use its best efforts to obtain licenses on fair and reasonable terms to the U.S. Government to use and have used the technical data defined in subparagraph a. (4) and patented inventions depicted in such technical data for U.S. defense purposes, including security assistance.
 - c. Contract Provisions -- [insert Purchaser] will include suitable provisions in all pertinent program contracts, including a requirement to include those same provisions in all subcontracts, to meet the requirements of this section.
10. The cost of the documentation provided hereunder does not include periodic updating. Revisioning services may be requested as an Amendment to this LOA or under a separate LOA, if desired.”

Technical Data Packages (TDPs) for Study Purposes

<i>Note Usage</i>
Mandatory for LOAs that include any TDPs for study purposes. Mandatory for Amendments and Modifications on cases involving TDPs for study purposes. See Chapter 3, subparagraph 3.1.1.5.
<i>Note Text</i>
Each LOA will state underneath the MASL description: “TDP for study (no production authorized)” Standard LOA note will read: “The technical data package offered herein is provided for study purposes only. In making this FMS offer to [insert purchaser], the U.S. Government makes no prior commitment or authorization for [insert purchaser] to manufacture the defense equipment described herein. Separate U.S. Government approval is required for such manufacture. If requested and approved, a new LOA or LOA Amendment will be issued for the provision of a certified production technical data package and any applicable charges for its use for

manufacture.”

Technical Data Packages (TDPs) Revisioning Services

Note Usage

Mandatory for LOAs that include updates to TDPs.

Mandatory for Amendments and Modifications that include updates to TDPs.

See Chapter 3, subparagraph C3.1.1.6.

Note Text

If TDP transfer notes in the basic LOA comply with the current version of the SAMM the following note will be used:

“The revisioning services offered herein are intended for updating the purchaser’s existing [insert “production”, “O&M”, or “study”] technical data package (TDP) furnished on FMS case [insert case designator], accepted [insert date]. All TDP notes supporting [insert case designator] are incorporated herein by reference and apply to the revisioning services transferred pursuant to this LOA.”

If a previous revisioning services LOA brought the notes into compliance with the current version of this SAMM section, the following note will be used:

“The revisioning services offered herein are intended for updating the purchaser’s existing [insert “production”, “O&M”, or “study”] technical data package (TDP) furnished on FMS case [insert designator], accepted [insert date], and on revisioning service LOA [insert designator], accepted [insert date]. All TDP notes supporting [insert revisioning services LOA designator] are incorporated herein by reference and apply to the revisioning services transferred pursuant to this LOA.”

Title and Custody Transfer - FAA, Section 632(b), Peacekeeping Operations (PKO)/Global Peace Operations Initiative (GPOI)

Note Usage

Mandatory for all FAA, Section 632(b), Peacekeeping Operations (PKO)/Global Peace Operations Initiative (GPOI) LOA documents (S4)

Note Text

“The U.S. Government will retain title to and custody of the defense articles financed under FAA, Section 632(b), being transferred in support of Peacekeeping Operations (PKO)/Global Peace Operations Initiative (GPOI), until delivery to the recipient country. A designated U.S. Government agent will confirm and document delivery of the PKO/GPOI materiel to an authorized recipient country representative or agent. This U.S. Government agent will keep documentation showing when, where, and to whom delivery was made and will provide a copy of this documentation to the [insert U.S. Army Security Assistance Command, Navy International Programs Office, or Secretary of the Air Force/International Affairs] and the Defense Security Cooperation Agency, Programs Directorate.”

Title and Custody Transfer - Public Law [insert Public Law] Authorization for Programs

Note Usage

Mandatory for all Pseudo LOA documents funded with DoD appropriations

Note Text

“The U.S. Government will retain title to and custody of the defense articles to be transferred under the authority of Public Law [insert Public Law] and the Arms Export Control Act (AECA), until delivery to the recipient country or authorized international organization. A designated U.S. Government representative will confirm and document delivery of the Public Law [insert Public Law] program materiel to an authorized recipient country representative or agent or to the authorized international organization. This U.S. Government representative will keep documentation showing when, where, and to whom delivery was made for this case. The U.S. Government representative will provide a copy of this documentation to the [insert U.S. Army Security Assistance Command, Navy International Programs Office, or Secretary of the Air Force/International Affairs].”

Transportation – Estimated Actual Cost*Note Usage*

Mandatory for LOAs that include estimated actual transportation costs.
 Mandatory for Amendments and Modifications that add or change estimated actual transportation costs.
 See Chapter 7, paragraph C7.18.1.

Note Text

Varies – must identify the amount by line item for each DTS transportation element (e.g., CONUS inland, port loading, ocean transportation).

Transportation and Services*Note Usage*

Mandatory for LOAs that include Defense Transportation Service (DTS).
 Mandatory for Amendments and Modifications that add DTS to the case.
 See Figure C5.F4. for an explanation of each delivery term code to determine if DTS is being used.

Note Text

- “A. USG agrees to provide transportation services for the items identified in this LOA to the point of delivery. Purchaser’s property will be transported at the purchaser’s risk.
- B. Purchaser will accept USG delivery listings as the basis for billing and proof of shipment.
- C. Purchaser will accept responsibility for clearance of materiel through its customs at the Point of Debarcation (POD) and for movement of the materiel from its POD to the ultimate in-country destination.
- D. Purchaser will appoint a duly authorized official to accept and sign for materiel at the POD, and submit outturn message and report.
- E. Purchaser will absorb losses of materiel the USG does not in fact recover from an independent carrier or handler, including where the USG is self-insured.
- F. Purchaser will self-insure such shipments, or obtain commercial insurance without any right of subrogation of any claim against the United States.
- G. The USG will assist the purchaser in processing any claims that may arise for lost or damaged shipments, in the same manner it processes claims for USG-owned materiel. Collection of revenue, if any, resulting from approved claims will be credited to the purchaser’s account.
- H. If the purchaser proposes to take delivery and custody of the classified material in the U.S. and use its own facilities and transportation for onward shipment to its territory, a Transportation Plan is required. The Transportation Plan is developed by the DoD Component that prepares the LOA in coordination with the purchasing Government as outlined in the Security Assistance Management Manual, Chapter 3. Purchasers may obtain assistance in the development of the Transportation Plan with their cleared freight forwarder. Further, the purchaser will notify the Implementing Agency of any changes as they occur to the Transportation Plan. The Implementing Agency that initiates the FMS transaction shall designate the security officials who are authorized to evaluate the Transportation Plan to determine whether the plan adequately ensures protection of the highest level of classified material involved. The purchaser will be notified of the approval or disapproval of the plan and any changes. If disapproved, the purchaser will be notified of the reason for disapproval and, when possible, changes that would be acceptable to the USG. As an alternative, the USG will ship the classified material by the Defense Transportation System.”

Tube-Launched, Optically-Tracked, Wire-Guided (TOW-2B) Missiles Physical Security and Accountability*Note Usage*

Mandatory for LOAs for sales of TOW 2B missiles. The DSCA Country Program Director will be consulted regarding the need to add this LOA note.
 Mandatory for Amendments and Modifications that add TOW-2B missiles.
 See Chapter 8, paragraph C8.3.4.

Note Text

“The [insert SCO] will be permitted, at its discretion, to conduct an inspection and physical inventory of all missiles transferred under this LOA. Upon request, the inventory and accountability records maintained by the purchaser will be made available to the U.S. personnel conducting this inspection.”

Unauthorized Use of Defense Articles*Note Usage*

Mandatory for LOAs that include any materiel (not applicable to services LOAs).

Mandatory for Amendments and Modifications that add materiel lines on a case if the note was not previously included on the case.

See Chapter 8, Table C8.T1.

Note Text

“Defense articles furnished under this Letter of Offer and Acceptance may be used only for those authorized purposes set forth in section 2.2 of the Standard Terms and Conditions, unless the written consent of the U.S. Government has been obtained for a different use. The U.S. Government retains the right to verify reports that such defense articles have been used for purposes not authorized or for uses not consented to by the U.S. Government.”

Warranties*Note Usage*

Mandatory for LOAs that include additional purchased warranties.

Mandatory for Amendments and Modifications that change or add Warranties on the case.

See Chapter 6, paragraph C6.3.8. and Chapter 5, Figure C5.F3., paragraph 6.

Note Text

Varies depending on the warranty.

If a purchaser-requested warranty is included as a separate line item on the case (as a defense service), this information may be included in the Line Item Description note.

C5.4.8.6. Personnel Protection and Related Costs. For the purpose of performing services outside the United States, the term "U.S. personnel" as discussed below and in Table C5.T5. pertains to personnel involved in the performance of actions under the LOA.

C5.4.8.6.1. In carrying out LOA programs, it is desirable that U.S. personnel operate in safety and immunity in U.S.-type conditions to the extent possible. A Government-to-Government Status of Forces Agreement (SOFA) is commonly used for acquiring safety and immunity for U.S. personnel. When the MILDEP General Counsel indicates a SOFA (see Table C5.T5.) or SOFA-like agreement exists that is pertinent to the specific Security Assistance case, that agreement is referenced in the LOA and noted in the countersignature cover memo highlighting that DSCA (Office of the General Counsel) and OGC, DoD approval may be required.

C5.4.8.6.2. Per the OGC, DoD, inclusion of SOFA-like status provisions in an LOA requires that the LOA be staffed through the Department of Defense in accordance with procedures for staffing international agreements in DoD Directive 5530.3 (reference (aa)). Since these procedures are complex and require the development of specialized supporting documentation, inclusion of status provisions in LOAs should be avoided if possible. Status provisions are not normally used to require compliance when authority to ensure compliance is outside the purchaser's defense establishment. Individual situations should be brought to the attention of DSCA (Operations Directorate) for coordination during LOA preparation.

C5.4.8.6.3. Provisions for recouping costs associated with in-country duty (e.g., currency revaluation, unanticipated import and/or export charges) are covered in the LOA Standard Terms and Conditions and do not normally require special LOA provisions. When it is envisioned that the purchaser may fail to abide by existing SOFA or other status provisions thus increasing costs associated with an FMS program, special notes may be included in the LOA. Table C5.T5. shows sample notes and required purchaser actions that can be used as a guide.

C5.4.8.7. Separate Memorandum of Understanding (MOU) or Detailed Statement of Work (SOW) or Performance Work Statement (PWS). Major programs may call for an MOU, SOW, or PWS, which should be referenced or attached to the LOA. For routine LOAs, a detailed SOW or PWS can be avoided by providing the following information:

C5.4.8.7.1. Description of the service to be performed, together with its purpose;

C5.4.8.7.2. Statement of where and how the service will be performed; and

C5.4.8.7.3. Statement of the anticipated result when the service is completed, together with any information the purchaser should be aware of regarding USG reservations or qualifications to the probable success of the project.

C5.4.8.8. Schedule of Personnel Training. Defined order LOAs should include firm scheduling of personnel into specific training courses. When this is not feasible, LOAs should set forth training plans and schedules in general terms, and should show the need to define training needs at a later date. Blanket order LOAs for training include notes to explain the scope of coverage and methods for definitizing and requesting courses. LOAs must specify purchaser responsibilities such as providing pay and allowances, housing, medical expenses, insurance, qualified students, and any required supervision thereof.

C5.4.8.9. Logistics Information. LOAs show the configuration of equipment being sold, but furnish detailed equipment specifications only if required. Variations from standard USG configurations are noted, together with risks that might be assumed as a result of the variance. The notes highlight any purchase of a configuration contrary to that recommended by the USG.

C5.4.8.9.1. LOAs include any requirement for, and scheduling of, logistics conferences or other program management actions for the purpose of definitization. The costs of such conferences that occur prior to acceptance of the LOA, can be funded from the Administrative Budget Account Allocation of the Implementing Agency, with reimbursement from the LOA after it is accepted. These actions pertain to approved programs and are distinguished from AECA, section 26 survey teams (see Chapter 1, subparagraph C1.3.4.2.).

C5.4.8.9.2. The Implementing Agency assures that at least a 1 year supply of concurrent (initial) spare parts, through fourth echelon, at U.S. peacetime usage rates, is included on the LOA with equipment being offered. Such spare parts packages should be identified on the LOA by category and total value (blanket order line) rather than by article.

C5.4.8.9.3. For offers of MDE items, the purchaser is advised of the estimated period that USG repair parts support is available.

C5.4.8.9.4. If the purchaser has requested that a particular item be provided from a sole source, and the Implementing Agency has approved this request, the sole source designation is included in the notes. (See Table C5.T5.)

C5.4.8.9.5. Any USG intent to develop logistics or maintenance support plans shall be specified.

C5.4.8.9.6. The basis for logistics support costs shall be specified. These should include the period of support of the initial spares package, operational deployment of equipment, level of maintenance to be accomplished by the purchaser, number of maintenance sites, or other basis as applicable.

C5.4.8.9.7. To ensure logistics support of weapons systems, the LOA should identify critical long-leadtime items that must be procured in advance of total program definitization.

C5.4.8.9.8. Known limitations in condition must be shown using codes in Figure C5.F4., paragraph 2.b., or in unique case notes. The LOA should specify that the cost of any rehabilitation is not included in the “as-is” price. The purchaser should normally be invited to inspect, in advance of receipt of the LOA if possible, major items and substantial quantities of excess equipment being sold in “as-is” condition.

C5.4.8.9.9. CLSSA and blanket order LOAs must show supported major items. CLSSA FMSO II LOAs must reference the associated FMSO I LOA.

C5.4.8.9.10. Responsibility for Initiation of Requisitions. The LOA shall show which party is to initiate requisitions. If requisition input is a purchaser responsibility, the LOA contains information to enable correct requisition initiation and routing.

C5.4.9. Manpower on LOAs. Manpower in support of specific FMS programs is provided on FMS cases – either on applicable services lines or included directly in the price of materiel and/or services lines. See Chapter 9, paragraph C9.4.2. for information on pricing and tracking manpower requirements.

C5.4.9.1. Case-Related Manpower Functions and Funding Sources. Table C5.T6. describes case manpower functions and indicates which activities are covered under the FMS Administrative Surcharge and which should be included as line items on the case. Items listed under the “FMS Admin” column should not be included and/or priced on the LOA as these services represent the “Standard Level of Service” covered by the FMS Administrative Surcharge. Requests to deviate from the funding sources shown on this table must be coordinated with DSCA (Business Operations and Strategy Directorates).

C5.4.9.2. Program Management Services. The Implementing Agency may determine that additional USG program management services, beyond those covered in the “Standard Level of Service,” are necessary for successful program implementation and execution.

C5.4.9.2.1. Cases “Accepted” After 1 Aug 06. For LOAs or case line items “accepted” after 1 Aug 06, any justified program management services will be included on well-defined, services line items. The tailored line item description note for each of these line items must include details describing exactly what services will be provided and the length of time they will be performed.

C5.4.9.2.2. Cases “Accepted” Prior to 1 Aug 06. For cases “accepted” prior to 1 Aug 06, program management services were included on Program Management Lines (PMLs). Table C5.T7. identifies the types of sales where PMLs may have been used. PMLs were identified on LOA documents using Generic Code R6B. Generic Code L8A was used on older cases to identify Case Management Lines. While R6B and L8A may no longer be added to cases, PMLs and Case Management Lines that were “accepted” prior to 1 Aug 06 may be used until closure of those cases. Adjustments may be made to these existing PMLs via LOA Modifications or LOA Amendments as long as these adjustments are within the current scope of the PML – no adjustments will be made to increase the scope of these line items. Any additional scope required may be added as new line items in accordance with paragraph C5.4.9.2.1. The FMS Administrative Surcharge is not applied to PMLs. The following must be included on all LOAs, Amendments, or Modifications that include PMLs: “Subtotal Cost of Ordered Articles and Services and PML total value.” The total of these two values is the block (8) value of the document.

Table C5.T6. Case-Related Manpower Functions and Funding Source

Row #	Core Function(s)	Program Element(s)	Activities	Funding Source (Total value for services, includes per diem, salary, travel)	
				FMS Admin (Standard Level of Service)	FMS Case
1	Pre-Letter of Request (LOR)	1, 4	<p>Pre-LOR work to support a specific potential FMS program. This includes, but is not limited to, efforts to:</p> <ul style="list-style-type: none"> • Identify defense requirements • Provide system and platform information • Equipment demonstrations • Partner with industry on potential FMS programs • Respond to requests [e.g. Requests for Proposal (RFPs)] regarding international competitions with an FMS component 	X	<p>If the Pre-LOR work in Row #1 exceeds ¼ work-year or \$25,000 (whichever is greater) and an FMS case results from this activity, then the FMS case refunds the FMS Admin budget from a services line on that case.</p> <p>If no FMS case results from this activity, the FMS Admin budget will not receive a refund.</p>
2	Pre-LOR	1, 4	<p>Site surveys, logistics support conferences, case planning meetings, etc., necessary to delineate/definitize purchaser requirements prior to a request for an Letter of Offer and Acceptance (LOA).</p>	<p>If the Pre-LOR work in Row #2 is not expected to exceed ¼ work-year or \$25,000 (whichever is greater), the costs of these activities may initially be funded with FMS Admin funds. If an FMS case results from this activity, then the FMS case refunds the FMS Admin budget from a services line on that case.</p> <p>If no FMS case results from this activity, the FMS Admin budget will not receive a refund.</p>	<p>If the Pre-LOR work in Row #2 is expected to exceed ¼ work-year or \$25,000 (whichever is greater), an FMS case MUST be written or an existing case amended to cover costs of these activities PRIOR to performing the services (rather than funding initially from FMS Admin).</p>
3	Case Development	10	<p>Responses to requests for information from foreign countries prior to an LOA.</p>	X	<p>If the responses require preparation of reports or other documentation; travel to meetings; etc. that are expected to exceed ¼ work-year or \$25,000 (whichever</p>

Row #	Core Function(s)	Program Element(s)	Activities	Funding Source (Total value for services, includes per diem, salary, travel)	
				FMS Admin (Standard Level of Service)	FMS Case
					is greater), this work must be charged to the customer as a services line on an FMS case.
4	Case Development	10	Preparation of Price and Availability (P&A) Data.	X	<p>P&A data are Rough Order of Magnitude (ROM). If the response requires preparation of reports or other documentation; travel to meetings; etc. then it does not qualify as ROM data. If more than ROM data is required, an LOA should be prepared---see Row #5.</p> <p>If the purchaser requests multiple iterations of a specific request for P&A (ROM) data and work to prepare these additional responses is expected to exceed ¼ work-year or \$25,000 (whichever is greater), this work must be charged to the customer as a services line on an FMS case. This includes requests for multiple iterations based on different quantities, condition, inclusion/exclusion of specified costs, etc.</p>
5	Case Development	10	<p>Development and preparation of LOA documents to include LOAs, Amendments, Modifications. This includes, but is not limited to:</p> <p>(1) Development of LOA pricing data and notes;</p> <p>(2) Entry of case information into the Defense Security Assistance Management System (DSAMS);</p> <p>(3) Coordination of</p>	<p>FMS Admin-funded for a single preparation of the LOA document.</p> <p>If purchaser requests are made for multiple versions of the same document (e.g., “what if”-type drills), the response should be in the form of P&A data rather than a formal document.</p>	<p>If the purchaser requests multiple LOA, Amendment, or Modification versions, and work to prepare these additional responses is expected to exceed ¼ work-year or \$25,000 (whichever is greater), this work must be charged to the customer as a services line on an FMS case (Either the proposed new FMS case if the LOA document is accepted; or an existing FMS case if the proposed new FMS case is</p>

Row #	Core Function(s)	Program Element(s)	Activities	Funding Source (Total value for services, includes per diem, salary, travel)	
				FMS Admin (Standard Level of Service)	FMS Case
			documents; (4) Quality control to ensure legal, financial, and policy compliance; (5) Participation in case-writing related meetings; (6) Preparation of LOA document package information to include: <ul style="list-style-type: none"> • Manpower and Travel Data Sheet • Financial Analysis Worksheet (SDAF only) • MTCR review results • Review of waiver information • Checklists; (7) Working with the purchaser to ensure document meets requirements – to include providing DSAMS reports, Manpower Travel and Data Sheet (MTDS) as needed.		not accepted. Request assistance from DSCA if unable to determine which FMS case should be charged). This includes requests for multiple iterations based on different quantities, condition, inclusion/exclusion of specified costs, etc.
6	Case Development	10	Development of Not-to-Exceed (NTE) LOAs.		Services line on the NTE FMS case to cover “incremental costs” incurred or expected to be incurred based on the purchaser’s request to prepare the LOA using NTE pricing. “Incremental costs” are those costs to cover any work beyond preparation of a case written using current policies and pricing guidelines. [Reference: DSCA memo I-00/006952 dated June 15, 2000.]
7	Case Development	10	Development of an LOA that is “classified” at the request of the purchaser.	See paragraphs C4.5.16. and C5.4.11. for restrictions on classifying LOAs. Development of “classified” LOAs may be Admin-funded if the additional work	If work to prepare this “classified” LOA is expected to exceed ¼ work-year or \$25,000 (whichever is greater), a services line on the “classified” case must be used to cover additional costs incurred or expected to

Row #	Core Function(s)	Program Element(s)	Activities	Funding Source (Total value for services, includes per diem, salary, travel)	
				FMS Admin (Standard Level of Service)	FMS Case
				required does not exceed ¼ work-year or \$25,000 (whichever is greater).	be incurred with preparation and handling outside the DSAMS document preparation capabilities.
8	Case Development	10	Processing case-related waivers to USG policies and procedures (e.g., nonrecurring cost waivers) [Note: This activity covers the “processing” of these waivers – “developing” nonrecurring cost estimates is not an FMS Admin-funded activity.]	X	
9	Case Development	8	Determine releasability and disclosure decisions for requested articles and services.	Releasability and disclosure activities are not funded by FMS Admin or the FMS case. These activities are funded using Implementing Agency Operations and Maintenance (O&M) funds.	
10	Case Development	12	Missile Technology Control Regime (MTCR) review of FMS case for compliance.	MTCR activities are not funded by FMS Admin or the FMS case. These activities are funded using Implementing Agency O&M funds.	
11	Case Development	10	Case implementation.	X	
12	Case Execution and Case Closure	13, 14, 15, 16, 19	Efforts/services required to execute the case to include, but not limited to: (1) Establish cost, schedule, and performance goals and objectives for execution of the case; (2) Monitor and manage case performance from cradle-to-grave including: scope, schedule of work, cost, payment schedules, problem resolution, financial services, etc.; (3) Conduct USG-internal meetings needed to perform execution activities; (4) Inform purchaser regarding case execution status. See other entries in	X	

Row #	Core Function(s)	Program Element(s)	Activities	Funding Source (Total value for services, includes per diem, salary, travel)	
				FMS Admin (Standard Level of Service)	FMS Case
			<p>this matrix for more information on proper source of funding for case review-related meetings;</p> <p>(5) Pull and/or prepare reports needed to monitor case execution status and keep purchaser informed [NOTE: See Row #15 for additional information on reports from the Security Cooperation Information Portal (SCIP)];</p> <p>(6) Initiate, oversee and manage the acquisition process to include processing of Military Interdepartmental Purchase Requests (MIPRs) between agencies;</p> <p>(7) Prepare and process requisitions to include providing appropriate status and tracking/coordination/problem-solving efforts normally performed by DoD Supply and Inventory Control Points, and International Logistics Control Office to ensure on-time deliveries;</p> <p>(8) Report deliveries, to include both the physical (constructive) delivery of the article/service and the associated financial/billing transactions;</p> <p>(9) Maintain case files;</p> <p>(10) Conduct annual case reviews (in accordance with this manual and the Reconciliation and Closure Manual (RCM))</p> <p>[NOTE: See Rows #18 - #22 for additional information on case reviews.]</p>		

Row #	Core Function(s)	Program Element(s)	Activities	Funding Source (Total value for services, includes per diem, salary, travel)	
				FMS Admin (Standard Level of Service)	FMS Case
			<p>(11) Perform reconciliation of financial and logistical management systems until the case is supply/services complete;</p> <p>(12) Process Supply Discrepancy Reports (SDRs). This includes "processing" only and does not include payment of any approved refund or restitution. See SAMM Table C6.T5. for information regarding proper source of funds for payments associated with approved SDRs;</p> <p>(13) Perform case closure activities (to include reconciliation efforts for supply/service complete cases) to include all types of closure.</p>		
13	Case Execution and Case Closure	13, 14, 15, 16	<p>Execution support beyond that provided as part of Row #12. This support may cover additional acquisition support, dedicated requisition processing, program acceleration (excluding incentive clauses in contracts), expedited closure, etc. This support may be required either:</p> <p>By the USG based on analysis of the requirements (For example: Some weapon systems may require more extensive management from a USG-perspective if they are complex, being newly introduced to a country's inventory, etc.)</p> <p>By the purchaser request</p>		Incremental costs above the Standard Level of Service provided in Row #12. LOA notes must clearly define for each of these line items exactly what support beyond the Standard Level of Service is required.

Row #	Core Function(s)	Program Element(s)	Activities	Funding Source (Total value for services, includes per diem, salary, travel)	
				FMS Admin (Standard Level of Service)	FMS Case
			for additional support (For example: Some cases may require more extensive management or expedited closure from a purchaser-perspective if they have high visibility within the country or if there are internal country requirements for reporting, tracking, etc.)		
14	Case Execution	13, 14, 15, 16	Efforts/services required to execute a case that is "classified" at the request of the purchaser (i.e., would not be otherwise classified by the USG).	See paragraphs C4.5.16. and C5.4.11. for restrictions on classifying LOAs.	Services line on the "classified" case to cover all additional costs incurred or expected to be incurred with execution outside normal domestic systems and processes (often manual).
15	Case Execution	13, 14, 15, 16	Retrieval of reports and data available from the SCIP.		Retrieving data from SCIP is not part of the Standard Level of Service provided under the FMS Admin surcharge since the FMS purchaser can pull this data. If the FMS purchaser requests that USG personnel provide data readily available in SCIP, this should be considered a service and included on an FMS case.
16	Case Execution	13, 14, 15, 16	Preparation of reports as requested by the purchaser that are either: (1) more detailed reporting than covered under Row #12; and/or (2) more frequent reporting than covered under Row #12.		Incremental costs above the Standard Level of Service provided in Row #12. LOA notes must clearly define for each of these line items exactly what support beyond the Standard Level of Service is required.
17	Case Execution	13, 14, 15, 16	Security Assistance accounting and budgeting (to include Defense Accounting and Financial Services (DFAS)).	X	Incremental costs above the Standard Level of Service provided in Row #12. LOA notes must clearly define for each of these line items exactly what support beyond the Standard Level of Service is required.
18	Case	13, 14, 15, 16	Review [Case-Level]	X	

				Funding Source (Total value for services, includes per diem, salary, travel)	
Row #	Core Function(s)	Program Element(s)	Activities	FMS Admin (Standard Level of Service)	FMS Case
	Execution		<p>Review the individual FMS case (monitoring acquisition and training, tracking requisitions, reviewing financial status, etc.) continuously throughout the life of the case. Conduct meetings and/or prepare correspondence as determined by the USG to keep the case on-track and keep the purchaser informed regarding cost, schedule, and performance of the individual case. The case manager will decide if the case warrants face-to-face meetings to conduct this review or if other means of communication will suffice. Most aspects of case reviews are automated and do not require formal face-to-face reviews, particularly when the case's cost, schedule, and performance are on-track. The purchaser should be encouraged to utilize the SCIP for day-to-day information on one or more specific case(s). Face-to-face or formal meetings to review a specific case should be rare and considered only when significant issues impact cost, schedule, or performance of the case. Each FMS case must include a note that states the number and type of reviews provided as part of the Standard Level of Service for that case. This note must be updated during the life of the FMS</p>		

Row #	Core Function(s)	Program Element(s)	Activities	Funding Source (Total value for services, includes per diem, salary, travel)	
				FMS Admin (Standard Level of Service)	FMS Case
			case as required based on changes in the program.		
19	Case Execution	13, 14, 15, 16	<p>Review [Case-Level (Beyond Row #18)]</p> <p>Case-Level Review support beyond that provided as part of Row #18. This support may cover additional reviews needed to keep the individual FMS case on-track and keep the purchaser informed regarding cost, schedule, and performance and may be required either:</p> <p>By the USG based on analysis of the requirements (For example: USG may determine that the case needs to be reviewed more frequently than Row #18, based on unique aspects of the program that depend on frequent updates)</p> <p>By the purchaser request for specific additional review (For example: The purchaser may request that case-level, face-to-face reviews be conducted more frequently than provided in Row #18)</p>		<p>Incremental costs above the Standard Level of Service provided in Row #18. LOA notes must clearly define for each of these line items exactly what support beyond the Standard Level of Service is required.</p> <p>[NOTE: This also includes travel and personnel costs when a customer requires specific USG organizational attendance at any meetings above that required by the case manager.]</p>
20	Case Execution	13, 14, 15, 16	<p>Review [Program-Level]</p> <p>Review specific FMS program (e.g., major weapon system acquisition that may consist of multiple cases) for a purchaser. Conduct meetings and/or prepare correspondence as needed to keep the program on-</p>		<p>This review may overlap some aspects of the Case-Level Review provided in Row #18. If so, incremental costs above the Standard Level of Service provided in Row #18 to perform the Program-Level Review must be case-funded. If there is no overlap between these 2 types of review, all costs for the Program-Level Review</p>

Row #	Core Function(s)	Program Element(s)	Activities	Funding Source (Total value for services, includes per diem, salary, travel)	
				FMS Admin (Standard Level of Service)	FMS Case
			<p>track and keep the purchaser informed regarding issues impacting the overall program (acquisition and training; deliveries; financial status; cost, schedule, and performance; etc.). Frequency should be consistent with the milestone plan established during case development. These reviews may be required either:</p> <ul style="list-style-type: none"> • By the USG based on analysis of the requirements, or • By the purchaser request for specific additional support <p>If this level review is USG-mandated, the case manager will decide (1) how frequently this review is required, and (2) if the program warrants face-to-face meetings to conduct this review or if other means of communication will suffice. If the program involves multiple cases with different case managers, these decisions will be made jointly based on analysis of the requirements.</p>		<p>must be case-funded. LOA notes must clearly define for each of these line items exactly what support beyond the Standard Level of Service is required.</p> <p>These services may be included on the major acquisition case or spread throughout the individual cases that support the program.</p>
21	Case Execution	13, 14, 15, 16	<p>Review [Implementing Agency-Level]</p> <p>Review all purchaser cases managed by an individual Implementing Agency. Conduct meetings and/or prepare correspondence as needed to keep the cases on-track and keep the purchaser informed regarding issues impacting</p>	<p>FMS Admin-funded if not specifically requested by the purchaser and the USG determines this is the most efficient method of providing the services identified in Row #18.</p>	<p>FMS case-funded if specifically requested by the purchaser and not determined by the USG as the most efficient method of providing the services identified in Row #18. This review may overlap some aspects of the Case-Level Review provided in Row #18. If so, incremental costs above the Standard Level of Service provided in Row #18 to</p>

Row #	Core Function(s)	Program Element(s)	Activities	Funding Source (Total value for services, includes per diem, salary, travel)	
				FMS Admin (Standard Level of Service)	FMS Case
			<p>their overall program with that Implementing Agency (acquisition and training; deliveries; financial status; cost, schedule, and performance; etc.). Required either:</p> <ul style="list-style-type: none"> • By the USG based on analysis of the requirements, or • By the purchaser request for specific additional support <p>If this level review is USG-mandated, the Implementing Agency determines if the standard Case-Level Review requirements provided in Row #18 are more efficiently met by conducting an overall review that includes all the purchaser's cases with that Implementing Agency.</p>		<p>perform the Implementing Agency-Level Review must be case-funded. If there is no overlap between these 2 types of review, all costs for the Implementing Agency-Level Review must be case-funded. LOA notes must clearly define for each of these line items exactly what support beyond the Standard Level of Service is required.</p> <p>Purchaser-requested reviews of this nature should be conducted under an LOA line item expressly for this purpose.</p>
22	Case Execution	13, 14, 15, 16	<p>Review [Country-Level] Review country's entire FMS program. Conduct meetings and/or prepare correspondence as needed to keep the country's overall FMS program on-track and keep the purchaser informed regarding issues impacting the overall program (acquisition and training; deliveries; financial status; cost, schedule, and performance; etc.). Required either:</p> <ul style="list-style-type: none"> • By the USG based on analysis of the requirements, or • By the purchaser request for specific additional support <p>If this level review is USG-</p>	FMS Admin-funded if not specifically requested by the purchaser and the USG determines this is the most efficient method of providing the services identified in Row #18.	FMS case-funded if specifically requested by the purchaser and not determined by the USG as the most efficient method of providing the services identified in Row #18. This review may overlap some aspects of the Case-Level Review provided in Row #18. If so, incremental costs above the Standard Level of Service provided in Row #18 to perform the Country-Level Review must be case-funded. If there is no overlap between these 2 types of review, all costs for the Country-Level Review must be case-funded. LOA notes must clearly define for each of these line items exactly what support beyond the Standard Level of

Row #	Core Function(s)	Program Element(s)	Activities	Funding Source (Total value for services, includes per diem, salary, travel)	
				FMS Admin (Standard Level of Service)	FMS Case
			mandated, DSCA will decide (1) how frequently this review is required, and (2) if the overall program warrants face-to-face meetings to conduct this review or if other means of communication will suffice. This includes Financial Management Reviews (FMRs).		Service is required. These services may be included on any case designated by the purchaser or may be spread throughout multiple cases.
23	Case Execution	13, 14, 15	Services such as: studies and surveys; technical assistance; etc. to include, but not limited to, advisory personnel or members of Mobile Training Teams (MTTs); Technical Assistance Field Teams (TAFTs); Contractor Engineering Technical Services (CETS); program task forces; Technical Assistance Teams (TATs); Quality Assurance Teams (QATs); Engineering Change Proposals (ECPs) etc. Required either: <ul style="list-style-type: none"> • By the USG based on analysis of the requirements, or • By the purchaser request for specific additional support 		X
24	Case Execution	13, 14, 15	Services provided as a membership in a USG sponsored group such as Technical Coordination Groups (TCG), International Engine Management Program (IEMP), Fair Share Sustainment Program (FSSP), Engineering Fair Share Program (EFSP), Apache Coordination Technical Services Improvement Program		X

Row #	Core Function(s)	Program Element(s)	Activities	Funding Source (Total value for services, includes per diem, salary, travel)	
				FMS Admin (Standard Level of Service)	FMS Case
			(ACTSIP), etc.		
25	Case Execution	13, 14, 15	Services required to produce materiel requested by the purchaser (i.e., engineering services, testing).		The organic costs incurred are included in the materiel line.
26	Case Execution	13, 14, 15	Services such as: Configuration management, Weapon systems management, Systems integration, and Integrated logistics/training management. Required either: By the USG based on analysis of the requirements, or By the purchaser request for specific additional support		X
27	Case Execution		Transportation, lodging, per diem, or other administrative expenses of foreign Government representatives, even though such expenses may relate to the materiel and/or services being provided on the case.		These services will not be included on FMS cases nor be paid for using Administrative Surcharge funds. Foreign purchasers are responsible for making and paying for these arrangements outside the FMS process.
28	Business Sustainment	22	Space rental and/or refurbishment charges specifically incurred to support the FMS "community" mission.	X	
29	Case Execution	13, 14, 15	Space rental and/or refurbishment charges specifically incurred to support the purchaser/case (e.g., warehousing).		Incremental costs above the standard level of service provided in Row #28. LOA notes must clearly define for each of these line items exactly what support beyond the Standard Level of Service is required.
30	Business Sustainment	26	Information Technology (IT) services/equipment specifically incurred to	X	

Row #	Core Function(s)	Program Element(s)	Activities	Funding Source (Total value for services, includes per diem, salary, travel)	
				FMS Admin (Standard Level of Service)	FMS Case
			support the FMS “community” mission. For dedicated FMS organizations, this includes all IT costs. For non-dedicated organizations, this includes only those incremental IT costs that are attributable to FMS mission performance.		
31	Case Execution	13, 14, 15	IT services/equipment specifically incurred to support the purchaser/case.		X
32	Business Sustainment	22	Supplies and equipment specifically incurred to support the FMS “community” mission. For dedicated FMS organizations (e.g., AFSAC, USASAC, NAVICP-OF), this includes all supply and equipment costs. For non-dedicated organizations, this includes only those supplies and equipment that are attributable to FMS work-years.	X	
33	Case Execution	13, 14, 15	Supplies and equipment specifically incurred to support the purchaser/case.		X
34	Business Sustainment	20	Job-related skills training (not specifically related to an FMS case) for individuals who spend 50% or more of their time performing FMS-related work.	X	
35	Case Execution	13, 14, 15	Job-related skills training specifically related to an FMS case (does not include certification requirements - -- see Row #37). For example: Defensive Driving Course for team members being deployed to a high terrorist threat		X

Row #	Core Function(s)	Program Element(s)	Activities	Funding Source (Total value for services, includes per diem, salary, travel)	
				FMS Admin (Standard Level of Service)	FMS Case
			country		
36	Business Sustainment	22	Job-related skills training for individuals who spend less than 50% of their time performing FMS-related work	These training activities are not funded by FMS Admin or the case. These training activities are funded by the same source that pays the employee's salary.	
37	Business Sustainment	22	Training for certified personnel for their continued education required to maintain their certification.	These training activities are normally funded using funds other than FMS Admin or the FMS case. If a certification is required for a position to support an FMS case, a qualified (i.e., certified) person should be selected. Any questions about whether or not training should be Admin-funded should be directed to DSCA (Business Operations Directorate).	
38	Business Sustainment	22	Training for TAFTs or MTTs and other personnel for their direct support to a case (does not include certification requirements -- see Row #37).		X
39	Case Execution	13, 14, 15	DoD MILDEP training exercises in support of an FMS case exercise.		X
40	Business Sustainment	22	Language Training	Language training is not funded by either FMS Admin or the FMS case. If a language skill is required on the case, a qualified person (e.g., someone already proficient in the language to the extent required) should be selected.	

Row #	Core Function(s)	Program Element(s)	Activities	Funding Source (Total value for services, includes per diem, salary, travel)	
				FMS Admin (Standard Level of Service)	FMS Case
<ol style="list-style-type: none"> 1. The Core Functions and Program Elements listed above are used by the USG security cooperation community for tracking and recording costs. They are included here for information purposes only. 2. Salaries of US Military personnel (not including Coast Guard) are paid for by MILPERS funds when these personnel are performing activities included in the “FMS Admin” column. When activities in the “FMS Case” column are performed by US military personnel, the salaries of these personnel should be reimbursed by the FMS case unless the case is fully funded with FMF Non-Repayable, Military Assistance Program (MAP) funds, or other USG appropriations. 3. When activities in the “FMS Case” column are performed by US civilian personnel, unfunded civilian retirement costs should be included in the pricing except when the case is funded using other USG appropriations. [Note: This exception does not include FMF and MAP.] 4. Overtime, awards, or similar personnel actions are funded by the same source that pays the employee’s salary if the employee is full-time, dedicated to that source. 5. Definitions of “incremental”: Efforts/costs expended beyond the Standard Level of Service. Only the difference in costs between these efforts and the Standard Level of Service would be charged to the case. 6. ¼ work-year equates to 520 hours of a 2080 hour work-year. This and the \$25,000 threshold are not per person – these limits apply to all cumulative work of anyone working on that particular project/program. When adding costs to determine if the \$25,000 threshold has been met, use DoD 7000.14-R, (reference (o)), Volume 15, Chapter 7. 7. FMS case funds are not the source of funding for any activity after the case closes. 					

Table C5.T7. Historical Rules for Use of Program Management Lines (PMLs)

NOTE: FMS cases “accepted” prior to 1 Aug 06 may have included PMLs. This table provides historical information for the rules that governed the use of PMLs on those cases. No new PMLs may be included on cases (or new case lines) “accepted” on or after 1 Aug 06.	
What Types of Sales MAY Include Program Management Lines?	What Types of Sales MAY NOT Include Program Management Lines?
System sales of aircraft, ships, shipboard equipment, missiles, combat vehicles, radars, or communications electronics which include the major end item and necessary logistical and training support	Sales from stock other than weapon systems
	Follow-on support, including publications, maps, and charts
Modifications that improve the operational capability of systems already in purchaser inventories	Entirely for services
	Individual major end item sales
Non-standard equipment, systems, or services	Modifications other than those that improve the operational capability of systems
Sales that include program acceleration	Routine non-MDE sales
Coproduction programs	

C5.4.10. Contingency Lines. Contingency lines (R9B Non-Specific Requirements) may be included on FMS cases when requested by the purchaser as a holding place for funds budgeted but not yet programmed. Contingency lines cannot be used to requisition items or to provide services.

C5.4.10.1. Including Contingency Lines on an LOA. The FMS administrative surcharge is applied to the contingency line value. Contingency lines are limited to ten percent or less of the LOA value. LOAs funded with FMF may not include contingency lines.

C5.4.10.2. Execution of Contingency Lines. Obligation authority is not granted for contingency lines. Orders cannot be placed against contingency lines. When requirements are identified by the purchaser, the applicable dollar values included in the contingency line must be moved to specific defense articles or services (non-contingency) lines, with commensurate payment schedule and other LOA adjustments, as needed. LOA Amendments are used for reallocation of contingency line authority.

C5.4.11. Preparing Classified LOAs. Paragraph C5.4.4. provides information on when LOAs may be classified. DSAMS is an unclassified system; therefore classified information cannot be entered into this system even on a temporary basis. The following guidance should be used in preparing classified LOAs.

C5.4.11.1. LOAs Classified on a Temporary Basis. If a case is subject to AECA, section 36(b) (reference (c)) requirements (Congressional Notification), any record that relates the country to the sale items is considered classified until the notification has been formally forwarded to Congress (see section C5.6.). Therefore, these cases cannot be entered into DSAMS using an actual country code combined with an item description. To ensure timelines for LOA preparation and responsiveness are met, however, it may be necessary to begin preparation of the case prior to Congressional Notification. In these instances, the following procedures should be used to write these cases using DSAMS.

C5.4.11.1.1. Pseudo Country Code. A "pseudo" case identifier must be created using a "pseudo" country code and a "pseudo" case designator to ensure the prospective purchaser is not identified. This identifier is used to enter all unclassified case information (including item descriptions) into DSAMS. Using the "pseudo" case identifier allows most of the case information to be entered and helps case-writers continue their work prior to the notification. The purchaser cannot be named in the notes or other supporting data to ensure the information remains unclassified. The user must use caution when entering data under a "pseudo" country code. Many pricing waivers and restrictions are programmed in DSAMS under each specific country. When a "pseudo" country code is used, these waivers are not applied automatically and the user must apply them individually as appropriate. The application of specific pricing within DSAMS could reveal the purchaser (e.g., entering a specific waiver percentage for CAS could identify a list of potential purchasers). In these instances, the pricing is done off-line and only a total price for the line should be entered.

C5.4.11.1.2. Conversion After Notification. After the notification has gone to Congress, the country code should be changed to reflect the actual country code and the remaining case information is entered. Pricing that was not entered into the system to protect the classification, is entered into DSAMS at this time. (The information in this paragraph assumes the case is unclassified after the formal notification has been made to Congress. If the case remains classified, the procedures provided below for purchaser or USG-classified cases must be followed.)

C5.4.11.2. Classified LOAs. In instances where classification is approved, the following procedures should be used to write these cases using DSAMS.

C5.4.11.2.1. The country must be specific in identifying the pieces of data to be classified. For example, some purchasers may wish for the nomenclature of the item to remain classified, others may want to classify the quantity or information that would normally be included as a note.

C5.4.11.2.2. Any piece of information that is considered classified cannot be entered into DSAMS. The bulk of the case (containing all unclassified information) may be created using DSAMS. Any classified information must be entered on the document via other means after the document has been printed (e.g., using a typewriter). Pseudo or generic MASL lines may be used within the system to prevent the item from being disclosed. Using a pseudo MASL line does not allow automated application of pricing and/or waivers that are linked to the real MASL (e.g., NC recoupment charges). The case writer must ensure all appropriate charges are applied. If the application of specific pricing within DSAMS could reveal the item being purchased (e.g., inputting a specific NC value could be used to determine the exact item being sold), the pricing must be done off-line and only a total price for the line should be entered. When pseudo MASL lines are used, the correct MASL lines must be entered on the document off-line after it has been printed. The hard copy document must be marked in accordance with classification guidelines. Costs incurred to write and execute classified cases will be charged to the program in accordance with Table C5.T6.

C5.4.12. Quality Control of LOA Documents. Implementing Agencies must ensure that adequate controls exist to assure mathematical and factual integrity, completeness, and statutory and regulatory (to include financial) compliance of the LOA package.

C5.4.13. Pre-Countersignature Meetings for New LOAs for Major Sales. DSCA (Business Operations Directorate) will convene a meeting on selected “major sales” when warranted. Attendees include DSCA, Implementing Agency, and prime contractor representatives, as appropriate. The purpose of the meeting is to review and ensure the proposed financial payment schedule correlates to the proposed program/delivery plan. The Implementing Agency is responsible for presenting a plan to manage the program/delivery performance schedule within the financial requirements in the payment schedule and should address the contract financing vehicle, anticipated contract payment milestones, and known purchaser budget constraints. For the purpose of this paragraph “major sales” include: sales that trigger Arms Export Control Act 36(b) thresholds or proposed sales that represent an increase of more than 15 percent to the FMS purchaser’s current active program as reflected in the Security Cooperation Information Portal. The Implementing Agency notifies the DSCA Country Financial Director (CFD) at least 15 days prior to submitting an LOA for a “major sale” for countersignature. The DSCA CFD is responsible for scheduling the meeting or informing the Implementing Agency that a meeting is not required.

C5.4.14. DSCA Coordination and Countersignature of LOA Documents. All LOA documents require DSCA countersignature. The DSCA point of entry for LOA document coordination and countersignature is DSCA Case Writing Division (CWD). Once Implementing Agencies have approved an LOA document, they submit it to DSCA CWD using electronic procedures for countersignature.

C5.4.14.1. The electronic countersignature process requires the use of DSAMS and Adobe Acrobat © for portable document format (pdf) file creation. All packages must be submitted in the standard bookmark format. The pdf files are for internal USG coordination and should be marked "Draft."

C5.4.14.2. When the Implementing Agency enters the MILSGN milestone in DSAMS, the document automatically moves to “proposed” status if countersignature is required. DSAMS automatically notifies DSCA when case documents have moved to "proposed" status. The Implementing Agency must send an e-mail no later than 24 hours of this notification with all applicable files (document, manpower worksheet, etc.) requesting DSCA approval. All e-mails submitting packages for countersignature must be sent to: loa-dsca@dsca.mil. DSCA cannot review the package until both of these actions have taken place. If the e-mail is not received within 24 hours, DSCA rejects the document and requires Implementing Agency resubmission. If system problems prevent meeting this requirement, please contact DSCA (Business Operations Directorate).

C5.4.14.3. In order to ensure electronic package consistency, Table C5.T8. provides the specific naming convention for files submitted for countersignature. Each file name starts with the case identifier and then indicates which version of the document is being submitted. The file name should also include an abbreviation for the specific attachment that is being provided (i.e., termination liability worksheet, financial analysis worksheet, etc.).

Table C5.T8. Sample File Naming Conventions Required for DSAMS Electronic Countersignature

Sample File Naming Conventions Required for DSAMS Electronic Countersignature*	
File Name	Document Applies To
BN-B-SAA-BASIC-PKG.pdf	Master pdf file which includes subfiles as required

Sample File Naming Conventions Required for DSAMS Electronic Countersignature*	
BN-B-SAA-BASIC-LOR.pdf	Letter of Request for the basic case
BN-B-SAA-BASIC.pdf	Letter of Offer and Acceptance (LOA)
BN-B-SAA-BASIC-FAW.pdf	Financial Analysis Worksheet (FAW) for the basic case (Only required for Special Defense Acquisition Fund (SDAF) cases.)
BN-B-SAA-BASIC-MNP.pdf	Manpower and Travel Data Sheet for the basic case, as required
BN-B-SAA-BASIC-MTCR.pdf	Missile Technology Control Regime (MTCR) information for the basic case
BN-B-SAA-BASIC-RESTATE.pdf	Restatement of the basic case
BN-B-SAA-BASIC-REV1.pdf	Revision 1 to the basic case -- used when the case is rejected and returned with changes made
BN-B-SAA-A01.pdf	Amendment 1 to the LOA
BN-B-SAA-A05-NCWAIVER.pdf	Nonrecurring Cost (NC) Waiver information for A05
BN-B-SAA-M03-REV1.pdf	Revision 1 to M03 -- used when the modification is rejected and returned with changes made
<p>* This list is not all-inclusive. File names provided are samples only. The e-mail sent to DSCA should also include the case identifier in the subject line and should indicate what action is required (i.e., approval, resubmittal, etc.). For example: "BN-B-SAA-BASIC Approval Request." The individual file conventions are used when documents are not included as part of the Basic, Amendment, or Modification package.</p>	

C5.4.14.4. DSCA reviewers enter comments in the "Case Remarks" section of DSAMS. Since this field is at the case level and does not automatically identify which document version the reviewer is commenting on (e.g., Amendment 2, Modification 1, Basic LOA, etc.), DSCA reviewers must use a specific format when creating a title for their comments. The title must be entered as follows: Document Version, Revision Number (if applicable), Individual's Office, Accept/Reject/Return. A sample entry might read: "A02, Rev2, ERASA-ASA, Accept." DSCA reviewers must enter Case Remarks for all rejections and/or returns. Comments for acceptances are optional.

C5.4.14.5. Implementing Agencies should use DSAMS Management Flags to provide notification, as a minimum, when documents have been countersigned by DSCA (Milestone - DCSGN), returned from DSCA (Milestone - DDOCRTN), or rejected from DSCA (Milestone - DCSGNRJ).

C5.4.14.6. DSAMS allows holds and suspensions to be placed on documents. These capabilities cannot be used as a substitute for rejecting documents or for moving documents through the process in a timely manner. Holds do not "stop the clock" - the time period during which the case is on hold is included in the LOA processing metric time calculations.

C5.4.14.7. When the case is countersigned and the Implementing Agency receives notification that the case is in "offered" status, the Implementing Agency signs the document and sends it to the purchaser.

C5.4.14.8. For Taiwan case documents, all milestones are entered in DSAMS and the Implementing Agency is responsible for transferring signature dates and information onto the cover memorandum to the American Institute in Taiwan.

C5.4.14.9. For emergency situations and classified cases, the Implementing Agency enters all DSAMS milestones and notifies DSCA in advance that these documents are being processed in hardcopy form.

C5.4.14.10. The Automated State Department Approval (ASDA) was a system by which certain cases were allowed to be approved by State without DSCA countersignature. This system is no longer in use, and all LOA documents require DSCA countersignature.

C5.4.15. Documents to Accompany LOAs During Coordination

C5.4.15.1. Letter of Request. The LOR must be included in all electronic LOA packages submitted to DSCA for countersignature.

C5.4.15.2. Manpower and Travel Data Sheet. All LOA documents that include manpower (program management or any other manpower) must include a Manpower and Travel Data Sheet as part of the electronic package. See Chapter 9, Figure C9.F1. for more detailed information on this worksheet.

C5.4.15.3. Financial Analysis Worksheet (FAW). All LOA documents for Special Defense Acquisition Fund (SDAF) materiel must include a FAW as part of the electronic package. See Chapter 11, section C11.14. for more detailed information on SDAF.

C5.4.15.4. Missile Technology Control Regime (MTCR). Any information regarding MTCR items that may be on the case, must be included as part of the electronic package. See Chapter 3, section C3.2. for more information on MTCR.

C5.4.15.5. Previous Versions of the Document. When LOA documents are restated, a copy of the previously approved version must be included along with the restated version as a part of the electronic package. When LOA documents have been rejected and are resubmitted for countersignature, the electronic package must include the rejected version as well as the new version.

C5.4.15.6. Other Documents. If there are any waivers or unique circumstances related to the case, applicable documentation should be included as part of the electronic package.

C5.4.16. Restatements. There may be times when major changes need to be made to a document after it has been countersigned and offered to the Purchaser. If the Purchaser wants to retain the existing designator (instead of canceling the offer and issuing a new case), the offered case may be restated. Restatements can be made as long as the document is in “offered” status, the purchaser has not yet signed the case, the OED has not yet expired, and all changes are consistent with FMS policies and procedures. Before restating an LOA, the Purchasing country must be notified that the original offer is no longer valid. Expiration of the Offer Expiration Date (OED) on the offered LOA is considered written notice. Restated documents must clearly state that they are restated and supersede the previously offered version and must be coordinated and countersigned using the same procedures as the original case. A copy of the previous version(s) of the LOA must accompany the coordination request. If the Purchaser signs the original offer, it is considered an invalid acceptance because the original offer either expired or was withdrawn. This action is considered a counteroffer and a new offer should be made to the Purchaser by extending and then restating the LOA; or the case should be cancelled and a new LOA (new offer) prepared.

C5.4.17. . Reactivating Cancelled Offers. Once an offered LOA has been cancelled, it will remain cancelled in most instances. Reactivating cancelled cases destroys the data history. This will only be approved in exceptional circumstances, such as when a case is cancelled by mistake. The Implementing Agency responsible for the LOA forwards a request for reactivation of a cancelled LOA by e-mail to the DSCA Directorate of Business Operations, Financial Policy and Analysis Division (DBO/FPA). The request should identify what actions are required along with sufficient justification warranting the changes, the milestone(s) that need(s) to be removed, a description of the status to which the case should revert, along with appropriate dates, and verification that no other changes have been made to the LOA. DSCA/DBO/FPA will coordinate the request with the country program director (DSCA Operations Directorate (OPS)) and country financial manager (DSCA Directorate of Business Operations, Country Financial Management Division (DBO/CFM)) for a decision on whether to approve or disapprove the request. If reactivation is approved, DSCA/DBO/FPA will post the Reactivation Authorized Milestone (DREACT) in DSAMS, indicate the decision in DSAMS Case Remarks, and the requesting Implementing Agency will then have to reactivate it using the DSAMS Case Milestone List Window taking it back to Development status. If a data fix is determined to be more appropriate, DSCA/DBO/FPA will notify the DSADC Helpdesk (with a copy to the requesting Implementing Agency) to initiate the data fix and indicate the decision in DSAMS Case Remarks listing all deleted milestones.

C5.4.18. Pen and Ink Changes. There may be times when minor changes need to be made to an LOA after it has been countersigned and offered to the purchaser. Minor changes can be made as long as: the LOA is in “offered” status, the purchaser has not yet signed the LOA, the OED has not yet expired, and all changes are consistent with FMS policies and procedures. The purchaser should be authorized via message or memorandum to make any Pen and Ink changes, with a copy to DFAS Denver. DSAMS must be updated with any changes. Pen and Ink changes should be kept to a minimum, with processing as follows:

C5.4.18.1. OED Changes. Normally, the greater the period of time between offer and acceptance, the greater the likelihood of decreased accuracy of data. Requests by the purchaser to extend the expiration date are honored only after a review by the Implementing Agency. The Implementing Agency must ensure all pricing data are still valid for the extended period. All concerned should be advised of any consequences associated with the extension.

C5.4.18.2. Minor Changes. Minor changes may include insignificant technical corrections such as a small arithmetic change which does not increase total value and administrative changes such as an address correction, initial deposit or payment schedule adjustment, or minor changes to note wording. The Implementing Agency may review and approve these changes.

C5.4.18.3. Major Changes. More significant changes, such as an increase in program scope (including a revision of the terms of sale or total costs) generally require a new or restated document. Pen and Ink changes for scope increases may be done only in exceptional circumstances and with DSCA (through DSCA (Business Operations and Strategy Directorates) concurrence. Changes initiated after the purchaser has signed the LOA are accomplished through a corrective Amendment or Modification implemented subsequent to the basic LOA. (See Chapter 6, subparagraphs C6.7.1.4. and C6.7.2.4.)

C5.4.18.4. Unauthorized Pen and Ink Changes. When an LOA is signed by the purchaser and returned to the Implementing Agency with unauthorized Pen and Ink changes, it is processed as a counteroffer. The LOA should be restated and reoffered, or cancelled and a new LOA prepared.

C5.4.19. LOA Acceptance. LOA acceptance occurs when an authorized purchaser's official signs the LOA and provides any required initial deposit to the DFAS Denver. Once accepted, the FMS case is a Government-to-Government agreement between the foreign Government or international organization and the United States.

C5.4.19.1. In addition to signing the LOA, the purchaser must complete the "Typed Name and Title," "Agency," and "Information to be Provided by the Purchaser" fields on the LOA.

C5.4.19.2. When the LOA has been accepted or rejected, the SCO advises DSCA and the Implementing Agency by priority message. When LOAs are accepted for a foreign country or international organization not served by an SCO, or where LOAs are often routinely signed without direct SCO involvement, the LOA includes a note requiring the signature authority to notify DFAS Denver and the Implementing Agency of the acceptance date.

C5.4.19.3. The purchaser should forward copies to the Implementing Agency and to DFAS Denver in accordance with the distribution instructions on the LOA.

C5.4.20. LOA Period of Performance. An accepted and/or implemented FMS case is effective until all articles offered are delivered and all services have been performed. Blanket order LOAs remain in effect until the purchaser has requisitioned articles or services up to funds available on the LOA.

C5.5. LOR RESPONSES – LETTER OF INTENT (LOI)

LOIs are no longer used. An LOI was used to allow items to be contracted or services to begin when the items being purchased had long lead-times or short procurement cycles that required financing before an LOA or Amendment could be processed. Since LOIs entailed a risk that the program of which they were part might not proceed, LOIs were used only when required to allow a program to proceed on schedule and within the projected cost. These procedures have been discontinued. See paragraph C5.6.8. for procedures on how to handle long lead-time items.

C5.6. CONGRESSIONAL NOTIFICATION.

C5.6.1. Definition and Purpose. By law, a numbered certification must be submitted to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate before LOA documents which meet specific criteria may be offered to foreign purchasers. Congress reviews each such proposed sale and may prohibit the transfer by enacting a joint resolution before the end of the prescribed review period. If Congress does not enact a joint resolution, the LOA document can be offered when the review period expires.

C5.6.2. Legal References. Table C5.T10. summarizes the Congressional Notification legal references.

Table C5.T9. Congressional Notification Legislation

Legislation	Subject
Arms Export Control Act (AECA), Section 36(b)(1) (reference (c))	Notification Criteria/Content/Classification
AECA, Section 36(b)(5)(A) (reference (c))	Sensitivity of Technology Enhancement/Upgrade – Report
AECA, Section 36(b)(5)(C) (reference (c))	Sensitivity of Technology Enhancement/Upgrade - New Notification
AECA, Section 36(e) (reference (c))	Offset Arrangements
AECA, Section 36(f) (reference (c))	Federal Register Publication
FAA, Section 620C(d) (reference (b))	Sales to Greece or Turkey
Executive Order (E.O.) 11958 (reference (e))	Delegates responsibility to the Secretary of Defense
Foreign Assistance Appropriation (Issued Annually – Sections Vary)	Program Content Notifications

C5.6.3. When is Congressional Notification Required? Table C5.T11. identifies the Congressional Notification criteria and requirements. The DoS must provide clearance to DSCA prior to DSCA forwarding to Congress the statutory 15, 30, or 45 day notification and/or the Advance Notification (20-day review period prior to the 30-calendar day statutory review period) required for countries other than NATO, any NATO member country, Australia, Japan, the Republic of Korea, and New Zealand.

Table C5.T10. Congressional Notification Criteria and Requirements

Type of Equipment	Dollar Value	Document	Notification or Report Required?	Timing of Notification	Notification Period	Reference
Major Defense Equipment (MDE) for Members of NATO, Australia, Japan, the Republic of Korea, and New Zealand	Less than \$25M	LOA	None	N/A	N/A	N/A
MDE for all other purchasers and NATO organizations	Less than \$14M	LOA	None	N/A	N/A	N/A
MDE for Members of NATO, Australia, Japan, the Republic of Korea, and New Zealand	\$25M or greater	LOA	Notification	Must be completed prior to offer	15 calendar days	AECA, Section 36(b)(1)

Type of Equipment	Dollar Value	Document	Notification or Report Required?	Timing of Notification	Notification Period	Reference
MDE for all other purchasers and NATO organizations	\$14M or greater	LOA	Notification	Must be completed prior to offer	15 calendar days for NATO organizations ----- All other purchasers – 30 calendar days (plus 20 calendar days advance notification)	AECA, Section 36(b)(1)
MDE for Members of NATO, Australia, Japan, the Republic of Korea, and New Zealand	Changes to MDE values that bring total MDE up to \$25M threshold	Amendment	Notification	Must be completed prior to offer	15 calendar days	AECA, Section 36(b)(1)
MDE for all other purchasers and NATO organizations	Changes to MDE values that bring total MDE up to \$14M threshold	Amendment	Notification	Must be completed prior to offer	15 calendar days for NATO organizations ----- All other purchasers – 30 calendar days (plus 20 calendar days advance notification)	AECA, Section 36(b)(1)
Defense Articles (Non-MDE) or Services for Members of NATO, Australia, Japan, the Republic of Korea, and New Zealand	Less than \$100M	LOA	None	N/A	N/A	N/A
Defense Articles (Non-MDE) or Services for all other purchasers and NATO organizations	Less than \$50M	LOA	None	N/A	N/A	N/A
Defense Articles (Non-MDE) or Services for Members of NATO, Australia,	\$100M or greater	LOA	Notification	Must be completed prior to offer	15 calendar days	AECA, Section 36(b)(1)

Type of Equipment	Dollar Value	Document	Notification or Report Required?	Timing of Notification	Notification Period	Reference
Japan, the Republic of Korea, and New Zealand						
Defense Articles (Non-MDE) or Services for all other purchasers and NATO organizations	\$50M or greater	LOA	Notification	Must be completed prior to offer	15 calendar days for NATO organizations ----- All other purchasers – 30 calendar days (plus 20 calendar days advance notification)	AECA, Section 36(b)(1)
Defense Articles (Non-MDE) or Services for Members of NATO, Australia, Japan, the Republic of Korea, and New Zealand	Changes to the case value that bring the total value up to \$100M threshold	Amendment	Notification (Determined on a case-by-case basis.)	Must be completed prior to offer	15 calendar days	AECA, Section 36(b)(1)
Defense Articles (Non-MDE) or Services for all other purchasers and NATO organizations	Changes to the case value that bring the total value up to \$50M threshold	Amendment	Notification (Determined on a case-by-case basis.)	Must be completed prior to offer	15 calendar days for NATO organizations ----- All other purchasers – 30 calendar days (plus 20 calendar days advance notification)	AECA, Section 36(b)(1)
MDE, Non-MDE, Services, or Design and Construction	Any value	P&A	None	N/A	N/A	N/A
Design and Construction for Members of NATO, Australia, Japan, the Republic of Korea, and New Zealand	Less than \$300M	LOA	None	N/A	N/A	N/A
Design and Construction for all other	Less than \$200M	LOA	None	N/A	N/A	N/A

Type of Equipment	Dollar Value	Document	Notification or Report Required?	Timing of Notification	Notification Period	Reference
purchasers and NATO organizations						
Design and Construction for Members of NATO, Australia, Japan, the Republic of Korea, and New Zealand	\$300M or greater	LOA	Notification	Must be completed prior to offer	15 calendar days	AECA, Section 36(b)(1)
Design and Construction for all other purchasers and NATO organizations	\$200M or greater	LOA	Notification	Must be completed prior to offer	15 calendar days for NATO organizations ----- All other purchasers – 30 calendar days (plus 20 calendar days advance notification)	AECA, Section 36(b)(1)
Design and Construction for Members of NATO, Australia, Japan, the Republic of Korea, and New Zealand	Changes to the design and construction costs that bring the total value up to \$300M threshold	Amendment	Notification	Must be completed prior to offer	15 calendar days	AECA, Section 36(b)(1)
Design and Construction for all other purchasers and NATO organizations	Changes to the design and construction costs that bring the total value up to \$200M threshold	Amendment	Notification	Must be completed prior to offer	15 calendar days for NATO organizations ----- All other purchasers – 30 calendar days (plus 20 calendar days advance notification)	AECA, Section 36(b)(1)
Enhancements or upgrades in sensitivity of technology and/or capability	Enhancements to equipment that has been	LOA or Amendment	Report	Must be completed prior to delivery of the defense	45 calendar days	AECA Section 36(b)(5)(A)

Type of Equipment	Dollar Value	Document	Notification or Report Required?	Timing of Notification	Notification Period	Reference
	previously notified, has not yet been delivered and is BELOW the section 36(b)(1) financial thresholds			articles or the furnishing of services		
Enhancements or upgrades in sensitivity of technology and/or capability	Enhancements to equipment that has been previously notified, has not yet been delivered and EXCEEDS the section 36(b)(1) financial thresholds	LOA or Amendment	Notification	Must be completed prior to offering the LOA, or Amendment	15 calendar days for NATO, any NATO member country, Australia, Japan, the Republic of Korea, and New Zealand ----- All other purchasers – 30 calendar days	AECA Section 36(b)(5)(C)
Transfers to Greece or Turkey	NATO Member Country 36(b) thresholds	LOA or Amendment	Certification	Must be completed prior to offering the LOA, or Amendment	15 calendar days	FAA Section 620C(d)

C5.6.4. Classification of AECA, Section 36(b)(1) Congressional Notifications. All data pertaining to Congressional Notifications (advance and statutory) of proposed sales are classified until the statutory notification is provided to Congress. The following classification guidelines apply:

C5.6.4.1. Otherwise Unclassified Data. If none of the data are classified, the documents are marked CONFIDENTIAL with all paragraphs preceded by (U). The bottom of the first page of each submittal shows:

C5.6.4.1.1. "Classified By SAMM (DoD 5105.38-M) (Chapter 5). Declassify On Statutory Notification To Congress Unless Required Otherwise By Competent Authority."

C5.6.4.2. Classified Data. If any data are classified, the documents are marked with the required level of classification. Each paragraph is marked with the required classification level and the "classified by" and "declassify on" data are shown. The Offset Certificate remains classified (see paragraph C5.6.5.5.).

C5.6.5. Information Included in Congressional Notifications

C5.6.5.1. Implementing Agency Submissions. Figures C5.F11. through C5.F14. show the data the Implementing Agencies must submit to support AECA, section 36(b)(1) (reference (c)) notifications.

C5.6.5.2. Cost Estimates. Rough Order of Magnitude (ROM) cost estimates, as well as generic descriptions of the proposed sales elements are acceptable for processing Congressional Notifications. For notification purposes, proposed sales should be developed for the maximum reasonable program scope and value.

C5.6.5.3. Sensitivity Of Technology. AECA, section 36(b)(1) (reference (c)) requires that Congressional Notifications for MDE contain a Sensitivity of Technology statement, classified if necessary, identifying the extent of the sensitive technology and classified information, and a justification for the sale in view of the technology sensitivity.

C5.6.5.3.1. Sensitivity of Technology refers to the detrimental effect on national security interests of the United States that could be caused by unauthorized disclosure or diversion of defense equipment, technical data, training, services, or documentation transferred in connection with a proposed sale. This includes special tooling and/or manufacturing equipment that is sold in connection with a coproduction and/or co-assembly program.

C5.6.5.3.2. The Sensitivity of Technology statement must address both unclassified and classified sensitive technological information and any restricted information contained in classified components or documentation, which could be transferred by the sale. The Sensitivity of Technology information should NOT address the risk associated with unauthorized disclosure or diversion (covered by National Disclosure Policy (NDP-1) procedures and USD(AT&L) review) or the foreign policy implications of unauthorized use by the proposed recipient. Figure C5.F12. contains a sample format for this information.

C5.6.5.4. Military Justification. Figure C5.F13. provides a sample format for this information.

C5.6.5.5. Offsets. In accordance with 50 U.S.C. App. 2411(c) (reference (ax)) and AECA, section 36(g) (reference (c)), each notification shall indicate if an offset agreement is proposed in connection with the sale. If so, an Offset Certificate, which is treated as confidential information, must be included. This certificate should be marked “CONFIDENTIAL” and remains classified even after the statutory notification is made. Figure C5.F14. provides a sample format for this information.

Figure C5.F11. Advance and/or Statutory Notification Data

(CLASSIFICATION)

MEMORANDUM FOR (or LETTER TO) DSCA (Attention: Business Operations Directorate) (U)

SUBJECT: Data for a Possible Advance/Statutory AECA, section 36(b)(1) Notification (U)

(*) The following supporting data are provided in accordance with DoD 5105.38M:

- a. (*) Prospective Purchaser:
- b. (*) Purchaser's reference and date of the Letter of Request (LOR):
(Attach a copy of the country's LOR (submit to DSCA within 10 days of the LOR))
- c. (*) Date purchaser's LOR received by MILDEP:
- d. (*) MDE/Non-MDE:
 - (1) Quantity, description and total dollar value of all MDE under consideration for sale. (Include funding for Long Lead Items (LLI) if applicable.)
 - (2) Description of non-MDE articles and services under consideration for sale. Generic descriptions/categories such as support equipment, communications equipment, ammunition, personnel training, spare and repair parts, facility design, publications, training equipment etc. should be used whenever possible in describing the non-MDE articles and services.
- e. (*) Estimated total dollar value of all LOAs for this program. (Include packing, crating, handling, transportation, administrative charges, etc.) One or several LOAs can implement a program.
- f. (*) Is the current section 36(b)(1) notification data an integral part of a larger planned country program which will also require Congressional Notification(s)? If YES, provide a brief description of the balance of the foreign country's program plan to include future plans for procurement of weapon systems, training, construction, logistics support, U.S. Government and/or contractor engineering and/or technical services, etc.
- g. (*) Estimated value of foreign country's total program (include the current Congressional Notification cost estimate) as well as program duration.
- h. (*) Identify if this is a first time buy of the MDE item(s) being proposed in this notification. If yes, identify countries in the region that have these items. If no, provide the data in paragraph i.
- i. (*) Identify prior related cases, if any, by providing FMS case designators, case dollar values, country acceptance dates, version and quantity of the MDE item(s), delivery date or expected delivery date, and brief case description including the Congressional Transmittal Notification number. If an initial LOA was used to offer long lead-time items, this LOA should be included in this reference.
- j. (*) Security classification level of the sale after statutory notification. If the sale is classified, attach justification citing a description of the damage to U.S. national security that could be expected to result from disclosure of the information.
- k. (*) Security classification level of the LOA(s) after statutory notification. If the LOA(s) is classified, attach justification citing rationale as above.
- l. (*) The DoD Component:

Figure C5.F11. Advance and/or Statutory Notification Data (continued)

- m. (*) Case Designator: Provide lead tracking case designator and other associated case designators as necessary.
- n. (*) A description of each payment, contribution, gift, commission or fee paid or offered or agreed to be paid in order to solicit, promote or otherwise to secure such LOA. Include:
- (1) Name of person who made such payment, contribution, gift, commission, or fee.
 - (2) The name of any sales agent or other person to whom such payment, contribution, gift, commission, or fee was paid.
 - (3) The date and amount of such payment, contribution, gift, commission, or fee.
 - (4) A description of the sale in connection with which such payment, contribution, gift, commission, or fee was paid.
 - (5) The identification of any business information considered confidential by the person submitting the information under the AECA, section 39 to the Secretary of State.
- o. (*) Is equipment for sale or transfer from new production or U.S. Government inventory?
- p. (*) If equipment to be sold is from U.S. Government inventory, will reimbursements be adequate to cover the full replacement costs of those items sold or transferred at the time of replenishment to U.S. Government inventories? YES/NO
- q. (*) If reimbursements are inadequate, provide reason(s) for disparity and impact on procurement for replacement materiel.
- r. (*) Sensitivity of technology contained in the defense articles or services proposed for sale:
- (1) When a proposed sale involves NO transfer of sensitive technology or classified information, the word "NONE" shall be entered under this heading.
 - (2) When the transfer of sensitive technology or classified information is involved, the words "See Attachment No.____" will be entered under this heading and the data specified by Figure C5.F12. will be provided as an attachment.
- s. (*) Military Justification: See Attachment No.:____. Refer to Figure C5.F13. for required form and content.
- t. (*) Are there any offset agreements? YES/NO If yes, see Figure C5.F14. for required data and format. The description should indicate whether or not a known offset requirement exists, whether the country has a standard offset requirement, and whether offsets provided will be direct or indirect and the estimated percentage of each. If there is no offset agreement at the time of the notification, that should be so stated.
- u. (*) Provide Action Officer's name, organization, and telephone number (specifying area code and commercial number as well as DSN number).

*If the sale is classified, attach justification. Mark each paragraph with appropriate security classification level in accordance with classification guidelines and identify the classifying authority and declassification date.

(CLASSIFICATION)

Figure C5.F12. Sensitivity of Technology Statement

(CLASSIFICATION)

SENSITIVITY OF TECHNOLOGY

1. (*) Identification and security classification of classified equipment, major components, subsystems, software, technical data (performance, maintenance, operational, R&M, etc.), documentation, training devices and services to be conveyed with the proposed sale.
2. (*) Identification and security classification of sensitive technological information and/or restricted information contained in the equipment, major components, subsystems, software, technical data (performance, maintenance, R&M, etc.) documentation, training devices and services to be conveyed with the proposed sale. Also, provide a brief justification/explanation of why the information is sensitive.
3. (*) Briefly describe the possible consequences if the hardware, publications, software, etc. are lost to a technologically advanced or competent adversary.

When the release of classified information or sensitive technology is within the classification guidelines for disclosure to a foreign Government as stipulated in National Disclosure Policy (NDP-1), the following information appears as the last two paragraphs:

4. (*) A determination has been made that the recipient country can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.
5. (*) Release of this technology is within the disclosure authority delegated for [insert recipient country] as stipulated in the National Disclosure Policy (NDP-1). This paragraph is always classified.

When an exception to the NDP-1 is granted to a foreign Government for release of classified information or sensitive technology relating to the current or a previous sale/transfer of specific MDE, defense articles or services, or design services, the following information appears as the last two paragraphs:

4. (*) This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification. Moreover, the benefits to be derived from this sale, as outlined in the Policy Justification, outweigh the potential damage that could result if the sensitive technology were revealed to unauthorized persons.
5. (*) An exception to the National Disclosure Policy (NDP-1) was granted for [insert recipient country] for the release of [insert classification] information pertaining to (description) under Record of Action Number [insert number] dated [insert date]. This paragraph is always classified.

*Mark each paragraph with the appropriate security classification level and identify the classifying authority and declassification date.

(CLASSIFICATION)

Figure C5.F13. Military Justification Data

(CLASSIFICATION)

MILITARY JUSTIFICATION

1. (*) Identify all defense articles and/or services proposed for sale and the estimated total cost of the offer to be made to the prospective purchaser.
2. (*) Describe how the proposed sale will enhance the foreign policy and national security objectives of the United States. Give reasons why the sale is in the national security interests of the United States.
3. (*) Describe the impact of the proposed sale on regional foreign policy and military developments.
4. (*) A short paragraph answering:
 - (a) Why the prospective purchaser needs these defense articles and/or services?
 - (b) How the defense articles and services will be used and the resulting effect on the purchaser's military capability?
 - (c) Ability of the prospective purchaser to absorb and use the defense articles and/or services.
 - (d) Was the sale due, in part, to the results of a U.S. survey?
5. (*) Estimate the number of U.S. Government and contractor representatives (include length of time in-country involved in the sale).
6. (*) Name of each contractor involved in the sale (include the name of the contractor(s), city and state).
7. (*) Are there any proposed offset agreements for the sale? If yes, attach a classified Offset Certificate.

*Mark each paragraph with appropriate security classification level in accordance with classification guidelines and identify the classifying authority and declassification date.

(CLASSIFICATION)

Figure C5.F14. Offset Certificate

(CLASSIFICATION)

OFFSET CERTIFICATE

(*) Reporting of offset agreements in accordance with section 36(b)(1) of the Arms Export Control Act (AECA), as amended, requires a description of any offset agreement with respect to this proposed sale. Section 36(g) of the AECA, as amended, provides that reported information related to offset agreements be treated as confidential information in accordance with section 12(c) of the Export Administration Act of 1979 (50 U.S.C. App. 2411(c)). Information about offsets for this proposed sale is provided below:

General description of the performance required for the offset agreement. This description should indicate whether or not a known offset requirement exists, whether the country has a standard offset requirement, and whether offsets provided will be direct or indirect and the estimated percentage of each. If there is no offset agreement at the time of the notification, that should be so stated.

Section 36(g) of the AECA (22 U.S.C. 2776) requires this information to be treated as "CONFIDENTIAL INFORMATION" in accordance with section 12(c) of the Export Administration Act of 1979 (50 U.S.C. App. 2411(c)). This information is exempt from disclosure under 5 U.S.C. 552, and shall not be published or disclosed without a determination that withholding is contrary to the national interest.

*Mark each paragraph with appropriate security classification level in accordance with classification guidelines and identify the classifying authority and declassification date.

Prepared by: USD(P)/DSCA (Business Operations Directorate), Date: _____

(CLASSIFICATION)

C5.6.5.6. Committee Requests. In accordance with AECA, section 36(b)(1) (reference (c)), Congressional committees may request the following information be submitted with any notification:

C5.6.5.6.1. A detailed description of the defense articles and/or services, or design and construction services offered, including a description of the article's capabilities;

C5.6.5.6.2. An estimate of the number of officers and employees of the USG and of U.S. civilian contract personnel needed in-country to carry out the proposed sale;

C5.6.5.6.3. The names of contractors expected to provide the defense articles and/or services, or design and construction services and a description of any proposed offset agreements;

C5.6.5.6.4. An evaluation, prepared by the Secretary of State in consultation with the Secretary of Defense and the Director of Central Intelligence, of the manner, if any, in which the proposed sale would:

C5.6.5.6.4.1. Contribute to an arms race;

C5.6.5.6.4.2. Support international terrorism;

C5.6.5.6.4.3. Increase the possibility of an outbreak or escalation of conflict;

C5.6.5.6.4.4. Prejudice the negotiation of any arms controls; or

C5.6.5.6.4.5. Adversely affect the arms control policy of the United States;

C5.6.5.6.5. The reasons why the foreign country or international organization needs the defense articles and/or services, or design and construction services; and how the country or organization intends to use the defense articles and/or services, or design and construction services;

C5.6.5.6.6. An analysis by the President of the impact of the sale on the military stocks and the military preparedness of the United States;

C5.6.5.6.7. The reasons why the sale is in the national interest of the United States;

C5.6.5.6.8. An analysis by the President of the impact of the sale on the military capabilities of the foreign country or international organization;

C5.6.5.6.9. An analysis by the President of how the sale would affect the relative military strengths of countries in the region and whether other countries in the region have comparable kinds and amounts of defense articles and/or services, or design and construction services;

C5.6.5.6.10. An estimate of the levels of trained personnel and maintenance facilities of the foreign country or international organization which are needed and available to effectively utilize the defense articles and/or services, or design and construction services;

C5.6.5.6.11. An analysis of the extent to which comparable kinds and amounts of defense articles and/or services, or design and construction services are available from other countries;

C5.6.5.6.12. An analysis of the impact of the sale on U.S. relations with other countries in the same region;

C5.6.5.6.13. For any agreement proposed to be entered into by the United States for the purchase by the United States of equipment or services of the foreign country or international organization in connection with, or as consideration for, such LOA, a detailed description of the agreement including an analysis of the impact upon U.S. business concerns which might otherwise have provided such equipment to the United States; an estimate of the costs to be incurred by the United States compared with costs which would otherwise have been incurred; an estimate of the economic impact and unemployment which would result; and an analysis of whether such costs and domestic economic impact justify entering into the agreement;

C5.6.5.6.14. The projected delivery dates of the defense articles and/or services, or design and construction services;

C5.6.5.6.15. A detailed description of weapons and levels of munitions that may be required as support for the sale; and

C5.6.5.6.16. An analysis of the relationship of the proposed sale to projected procurements of the same item.

C5.6.6. Responsibilities for Congressional Notification. Under E.O. 11958 (reference (e)), the President has delegated the responsibility of implementing AECA, section 36(b) (reference (c)) to the Secretary of Defense in consultation with the Secretary of State. Congressional Notification responsibilities are summarized in Table C5.T12.

Table C5.T11. Congressional Notification Responsibilities

Organization	Responsibility
Congress	Initiates committee requests
DoS	Consults with the Department of Defense on Congressional Notifications Prepares FAA, section 620 (reference (b)) certifications on Greece and Turkey Evaluates proposed sale regarding support for foreign policy goals, regional stability, consistency with international agreements, and arms control initiatives
DSCA	Prepares and submits Congressional Notifications and Reports after DoS clearance Develops the Sensitivity of Technology Statement
MILDEP/ Implementing Agencies	Provides necessary data to DSCA

C5.6.7. Congressional Notification Process

C5.6.7.1. Processing AECA, Section 36(b)(1) Notifications

C5.6.7.1.1. Implementing Agencies Prepare Data. Within 10 days of receipt of a valid LOR that meets the Table C5.T11. criteria, the Implementing Agency prepares and submits the data required for a Congressional Notification to DSCA (Business Operations Directorate). (See Figures C5.F11. through C5.F14.)

C5.6.7.1.2. DSCA Prepares Notification. Upon receipt of the data, DSCA prepares the required notification documents, coordinates with the DoS, and submits the notification to Congress. DSCA assigns a DSCA Transmittal Number on each statutory notification, which identifies the year and sequential number of the transmittal (e.g. 03-30). This number must be included on the LOA and all subsequent Amendments and Modifications. When the notification is submitted to Congress, DSCA provides the DSCA Transmittal number and a copy of the Congressional transmittal letter(s) to the Implementing Agency. After receipt of the transmittal number, the Implementing Agency can provide a draft LOA to the Purchaser.

C5.6.7.1.3. Expedited Processing. In the event of circumstances which require expedited processing of a notification (e.g. the need to exercise contract options by a specific date, termination of a current production program, etc.), the Implementing Agency should provide justification in the cover memorandum to the AECA, section 36(b)(1) (reference (c)) submission to DSCA so that the DoS and other coordinating agencies are aware of the notification urgency.

C5.6.7.1.4. Program Issues Impacting Sales. The Implementing Agency must advise DSCA (Business Operations and Operations Directorates) of program difficulties or changes that impact or constrain the potential sale. For example, domestic program budget cuts, projected termination of domestic production contracts, unfavorable test and evaluation results, or program cost increases could have a detrimental effect on a potential sale and affect the Congressional Notification process.

C5.6.7.1.5. After Expiration. Upon expiration of the statutory 15 or 30 day review period and provided that Congress has not enacted a joint resolution objecting to the proposed sale, the LOA document may be coordinated, countersigned, and offered to the purchaser. AECA, section 36(f) (reference (c)) requires the publication of the full-unclassified text of each numbered certification submitted pursuant to subsection (b) and each notification of a proposed commercial sale submitted under subsection (c). DSCA posts information regarding major arms sales notifications to Congress on its web page.

C5.6.7.1.6. Period of Validity. A Congressional Notification that has not resulted in any accepted LOA(s) by a foreign Government remains a valid notification against which LOAs may be accepted and implemented for a period not to exceed 5 years.

C5.6.7.1.7. When Congress Objects. If Congress adopts a joint resolution objecting to a proposed sale, DSCA shall notify the Implementing Agency and the LOA is NOT offered to the prospective purchaser.

C5.6.7.1.8. Emergency Circumstances. If the President states in the AECA, section 36(b)(1) (reference (c)) certification that an emergency exists that requires the proposed sale in the U.S. national security interest, the Congressional review requirements are waived and the LOA is offered before the 15 and/or 30-day notification period has expired. The President must provide a detailed justification for his or her determination, a description of the emergency circumstances that necessitate the immediate issuance of the LOA, and the national security interests involved.

C5.6.7.2. Processing Section 36(b)(5)(A) Reports. Figure C5.F15. illustrates the data submitted by the Implementing Agencies to support AECA, section 36(b)(5)(A) (reference (c)) reports for applicable sales. The section 36(b)(5)(A) report is required for 10 years after the original Congressional Notification unless deliveries are completed sooner. The Implementing Agencies should consolidate all upgrades resulting in improved and/or enhanced capabilities and provide these reports as a package submission to DSCA (Business Operations Directorate).

Figure C5.F15. Enhancement or Upgrade of Sensitivity of Technology of Items Planned to be Delivered, AECA, Section 36(b)(5)(A) Report

(CLASSIFICATION)

MEMORANDUM FOR (or LETTER TO) DSCA (Attention: Business Operations Directorate (U))

SUBJECT: Enhancement or Upgrade of Sensitivity of Technology Item(s) Planned to be Delivered, AECA, Section 36(b)(5)(A) Report (U)

1. (*) The following supporting data are provided in accordance with DoD 5105.38-M:
 - a. (*) Prospective Purchaser:
 - b. (*) Purchaser's reference and date of LOR request:
Attach a copy of the country's LOR (submit to DSCA within ten days of the LOR).
 - c. (*) DoD Component:
 - d. (*) Case Designator:
 - e. (*) AECA, section 36(b)(1) Certification Number:
2. (*) Description of the manner, in which the technology or capability has been enhanced or upgraded, including the significance of such enhancement or upgrade from the level previously described in the original AECA, section 36(b)(1) Certification:
 - a. (*) Estimated net cost of enhancement or upgrade:
 - b. (*) Quantity and item(s) or service(s) to which change(s) apply (indicate whether MDE):
 - c. (*) Next planned delivery date of item(s) or service(s):
 - d. (*) Detailed justification for the sale of such enhancement or upgrade:
3. (*) Action officer's name, organization, and telephone number.

Attachment: Copy of original AECA, section 36(b)(1) Notification

*If the sale is classified, attach justification. Mark each paragraph with appropriate security classification level in accordance with classification guidelines and identify the classifying authority and declassification date.

(CLASSIFICATION)

C5.6.7.3. Processing Section 36(b)(5)(C) Enhancement Notifications. Figure C5.F16. illustrates the data submitted by the Implementing Agencies to support AECA, section 36(b)(5)(C) (reference (c)) notifications for applicable sales. The Implementing Agencies should consolidate all upgrades resulting in improved and/or enhanced mission capabilities and provide these reports as a package submission to DSCA (Business Operations Directorate).

Figure C5.F16. Statutory Notification Data On Enhancement, Upgrade of Capability, or Sensitivity of Technology, AECA, Section 36(b)(5)(C) Report

(CLASSIFICATION)

MEMORANDUM FOR (or LETTER TO) DSCA (Attention: Business Operations Directorate (U))

SUBJECT: Data for Statutory AECA, Section 36(b)(1) AECA Notification of Enhancement, Upgrade of Capability, or Sensitivity of Technology, AECA, Section 36(b)(5)(C) Report (U)

1. (*) The following supporting data are provided in accordance with DoD 5105.38-M:
 - a. (*) Prospective Purchaser:
 - b. (*) Purchaser's reference and date of LOR:
Attach a copy of the country's LOR (submit to DSCA within ten days of the LOR).
 - c. (*) DoD Component:
 - d. (*) Case Designator:
 - e. (*) AECA, section 36(b)(1) Certification Number:

2. (*) Description of the manner in which the technology or capability has been enhanced or upgraded, including the significance of such enhancement or upgrade from the level previously described in the original section 36(b)(1) Certification:
 - a. (*) Estimated net cost of enhancement or upgrade:
 - b. (*) Quantity and item(s) or service(s) to which change(s) apply (indicate whether MDE):
 - c. (*) Next planned delivery date of item(s) or service(s):
 - d. (*) Detailed justification for the sale of such enhancement or upgrade:
 - f. (*) Military Justification: See Attachment No.: ____ (Figure C5.F13.)
 - f. (*) Sensitivity of technology contained in the defense articles or defense services proposed for sale (Figure C5.F12.):
 - g. (*) Are there any offset agreements? YES/NO If yes, see Attachment No. __ (Figure C5.F14.)

3. (*) Action officer's name, organization, and telephone number:

Attachment: Copy of original AECA, section 36(b)(1) Notification

*If the sale is classified, attach justification. Mark each paragraph with appropriate security classification level in accordance with classification guidelines and identify the classifying authority and declassification date.

(CLASSIFICATION)

C5.6.8. Programs with Long Lead-time Items.

C5.6.8.1. An LOA can be used for the long lead-time items of the major program without Congressional notification of the initial LOA. The value of this initial LOA for long lead-time items must fall below Congressional notification thresholds. The initial long lead-time item LOA must include the mandatory note listed in Table C5.T5. for long lead-time items.

C5.6.8.2. A 36(b) Congressional notification should be submitted using an Amendment to the LOA for the long lead-time item for the remainder of the program. The notification must include a reference to this long lead-time item LOA under “Prior Related Programs” even though this section usually lists only prior related 36(b) LOAs. If the notification is disapproved, the Amendment will not be offered and the existing long-lead time item LOA will cover only costs already incur.

C6. CHAPTER 6

FOREIGN MILITARY SALES CASE IMPLEMENTATION, EXECUTION, AND CLOSURE

C6.1. CASE IMPLEMENTATION

C6.1.1. Routine Case Implementation. Once a case has been signed and the purchaser has submitted any required initial deposit, the Implementing Agency takes action to implement the case. The FMS case must be implemented in all applicable data systems (e.g., Defense Security Assistance Management System (DSAMS), Defense Integrated Financial System (DIFS), DSCA 1200 System, and Military Department (MILDEP) legacy systems) before case execution occurs. Although the Letter of Offer and Acceptance (LOA) provides basic information, more detailed information may be required to execute the FMS case. Implementing Agencies should issue detailed implementing instructions to activities that are involved in executing the FMS case. Instructions must state that implementation is subject to receipt of obligational authority (OA).

C6.1.2. Emergency Case Implementation. On an exception basis, DSCA (Business Operations Directorate) may approve emergency implementation of an FMS case. The emergency implementation action is taken only when the FMS purchaser has accepted the LOA, but has not yet paid the initial deposit required for implementation. In the event emergency implementation action is desired by the sponsoring Implementing Agency, a written request shall be sent (either by facsimile or e-mail) to the DSCA (Business Operations Directorate/Country Financial Management (CFM)) Country Finance Director (CFD). The request specifies the case for which emergency implementation is requested, and the extenuating circumstances that explain its urgency (e.g., meeting a contract award deadline after which prices would increase). The DSCA CFD may request verification as to when the purchaser is expected to remit the initial deposit. The CFD prepares a package soliciting DSCA (Business Operations Directorate) decision on the request. The CFD notifies the Implementing Agency and the Defense Finance and Accounting Service (DFAS) financial manager of the DSCA (Business Operations Directorate) decision. If approved, DSCA posts an emergency implementation authorization milestone in DSAMS and the Implementing Agency processes the emergency implementation in DSAMS and the MILDEP systems. DSAMS interfaces the implementation date to DIFS.

C6.2. CASE EXECUTION – GENERAL INFORMATION

Case execution is usually the longest phase of the FMS case life cycle. Case execution includes activities such as: logistics, acquisition, supply, transportation, maintenance, training, financial management, case management, oversight, coordination, case documentation, case amendment or modification, case reconciliation, case reporting, etc.

C6.2.1. General FMS Case Files. General FMS Case Files are maintained in accordance with the Department of Defense (DoD) 7000-14.R (reference (o)), Volume 15, Chapter 6. Execution of a typical FMS case may span several years. Case Managers must ensure accessibility to retired files, source documents, invoices, bills of lading, other proof of shipments, and other applicable documents that provide the audit trail to account for United States Government (USG) and purchaser funds. Retention period is 10 years after the date of case closure. Cases with large volumes of transactions may have the sourced documents transferred to microfiche or stored

electronically. Per Chapter 8, C8.T2., delivery and inventory records for Enhanced EUM articles (per C8.2.1.2.) must be maintained by the Implementing Agencies and Security Cooperation Organizations (SCOs) indefinitely, or until the USG has verifiable information that the recipient country has properly disposed of the Enhanced EUM items(s). The sourced documents may be transferred to microfiche, stored electronically, or saved within the Security Cooperation Information Portal (SCIP) SCO/Toolbox EUM Resource Tab.

C6.2.2. Execution Records. FMS records, such as case directives, production or repair schedules, international logistics supply delivery plans, requisitions, shipping documents, bills of lading, work orders, contract documents, billing and accounting documents, work sheets, and related feeder information are normally unclassified. All case transactions, financial and logistical, must be recorded as part of the official case file. Cost statements and large accounting spreadsheets must be supported by source documents. In those rare instances when financial transactions are recorded and supporting documentation is not available, certified memoranda by those responsible must be retained. Case Managers must make every effort to maintain the accuracy of their accounts and to adhere to the requirements of internal control. Complete, accurate, and accessible records are key to case reconciliation and closure.

C6.2.3. Disbursement Documentation. The DoD Components that process FMS Trust Fund disbursement transactions support the payment voucher with authentic contracts and/or purchase orders, invoices, and receiving reports. This documentation shows the proper authorities' certification of receipt and payment for the articles or services. The disbursement documentation is available for USG inquiries or requests on particular FMS cases. Additionally, the documentation facilitates the FMS case reconciliation process.

C6.3. CASE EXECUTION – ACQUISITION.

C6.3.1. Compliance with DoD Regulations and Procedures. Acquisition for FMS purchasers shall be in accordance with United States (U.S.) and/or DoD regulations and procedures. This affords the foreign purchaser the same benefits and protection that apply to DoD procurement and is one of the principal reasons why foreign Governments and international organizations prefer to procure through FMS channels. FMS requirements may be consolidated with USG requirements or placed on separate contract whichever is more expedient and cost effective. Federal Acquisition Regulation (FAR) (reference (ak)) provisions applicable to the Department of Defense also apply to FMS procurements. While all FAR and Defense FAR Supplement (DFARS) (reference (al)) clauses apply to FMS procurements, Table C6.T1. lists selected sections with unique application to FMS.

C6.3.2. Submission of Certified Cost or Pricing Data. When foreign Governments conduct a competition for a weapon system and a U.S. system is selected, that competition should determine the price to be paid. This is true even if the sale is then processed as a foreign military sale and even if Department of Defense is buying the same item sole source. If the contracting officer determines that adequate price competition has occurred, the contractor shall not be required to submit certified cost or pricing data. This policy is incorporated into the DFARS (reference (al)) at 225.7303(b).

C6.3.3. Incentive Clauses. USG contracts may include incentive clauses for early performance. The Case Manager and contracting officer work together to make sure the contract and the LOA are consistent.

Table C6.T1. Selected FAR and DFARS Sections Relevant to FMS Acquisition

Topic	FAR	DFARS
Acquisitions for FMS	---	Subpart 225.73
Contingent Fees (Agent Fees & Commissions)	Subpart 3.4	225.7303-4
Options FMS	---	Subparts 217.2 and 225.7306
Costs of Doing Business with a Foreign Government	---	225.7303-2
Selling Costs/Expenses	31.205-38	225.7303-2(a)(1)
Other Than Full and Open Competition - International Agreement	6.302-4	206.302-4
Contract Type Risk – FMS	---	215.404.71-3(d)(1)(vii)
FMS Customer Involvement	---	225.7304
Source Selection	---	225.7304
Limitation of Liability	---	225.7305
Offset Arrangements	---	225.7307
Contract Clauses	---	225.7308
Applicability of Acquisition Warranty	---	225.7304
Pricing Acquisitions for FMS	---	225.7303

C6.3.4. Sole Source Request. The competitive procurement process is used to the maximum extent possible when procuring articles or services. Sole source procurement can be considered when the purchaser requests it in writing and provides sufficient rationale (DFARS 225.7304 (reference (al))). Purchaser requests for sole source procurement using foreign sources of supply must meet the requirements in Chapter 4, paragraph C4.4.1. Sole source requests are considered only when based on the objective needs of the purchaser. Requests that discriminate against or exclude sources are not considered. Some items have only a single source of supply. A single source and a sole source are not the same thing.

C6.3.4.1. Timing of Sole Source Requests. Purchasers should indicate the desire for sole source procurement in their Letter of Request (LOR). The designation of sole source procurement for an LOA that has already been accepted by the purchaser would be an exception to policy. If this situation occurs, the LOA may be amended to include the sole source designation. A Modification may be used instead of an Amendment if the sole source request is made by the official who requested the LOA, his or her replacement, or an official known to have equivalent or greater authority than the official who signed the LOA.

C6.3.4.2. Prime and/or Subcontractor Designations. The purchaser can request a prime and/or subcontractor source. Risks associated with the designation of subcontractors must be conveyed to the FMS purchaser. If problems occur in the performance or integration of the component, the FMS purchaser must bear the increased costs of correcting the problem. The purchaser must be advised of this potential expense when the sole source designation is requested.

C6.3.4.3. Sole Source Request Contents. An authorized official of the purchasing Government may submit a letter and/or message through the Security Cooperation Organization (SCO) Chief requesting that an item(s) and/or service(s) be procured from a specific contractor

or subcontractor. The Defense Attaché or comparable purchaser's representative in the United States may also submit these requests to the Implementing Agency with procurement responsibility for the required item and/or service. The letter must provide the basis and justification for the sole source request. Table C6.T2. shows some examples of justifications for sole source procurements – this list is not all inclusive.

Table C6.T2. Possible Sole Source Justifications

Possible Sole Source Justifications	
1	One of the numerous suppliers can deliver faster and the situation is urgent enough to forego the benefits of the competitive process.
2	The procurement of a non-standard item has been requested and the purchaser has identified a specific source (e.g., obsolete items no longer supported by the Department of Defense).
3	The country has an established history of procurement for articles or services from a particular source and a change would adversely affect an ongoing program. An example is an ongoing maintenance program where a particular prime contractor provides technical assistance or other services under established agreements.
4	The designated source has won the foreign purchaser's own source selection competition. A copy of the country's request for proposal, invitation for bid, or request for tender; a description of the method used to advertise the requirement and any restrictions placed thereon; and a narrative summary of the country's source selection criteria and method of evaluation should be included with the sole source request. If price is not the sole selection criteria, the country must identify the weight that was given to each criterion.
5	The country has established a history of procurement for articles or services from a particular source and wishes to continue for equipment standardization and consequent benefits of logistics support. This includes spares for support equipment or other single vendor integrity (SVI) subcontracted items.

C6.3.4.4. Sole Source Request Approval and/or Disapproval. The Implementing Agency approves valid sole source requests. If the Implementing Agency determines that a sole source request should NOT be approved, the memorandum informing the purchaser is coordinated with the DSCA (Operations and Strategy Directorates).

C6.3.4.5. Coordination with Contracting Offices. When possible, the Implementing Agency sends the sole source request to the contracting office for information and advice. The Implementing Agency also sends a copy of the accepted LOA document (containing the sole source designation) to the contracting officer. This is especially important when the contracting activity is separate from the activity responsible for the LOA (e.g., LOAs prepared by a MILDEP that contain items procured by the Defense Logistics Agency (DLA)).

C6.3.4.6. LOA Sole Source Note. The applicable LOA document must identify the sole source designation. See Chapter 5, Table C5.T5. for the LOA note wording.

C6.3.5. FMS Purchaser Involvement. Discussions are held with the purchaser during the development of the LOA and prior to actual implementation to ensure requirements are clear and understood. Once the LOA is signed, the purchasing activities of defense components and prime contractors implement FMS requirements using normal procurement and contract management procedures in accordance with the FAR and other directives and contractual provisions. The Implementing Agency should ensure that sufficient details are included in the LOA to allow the U.S. contracting officer to negotiate and award a contract without requiring foreign country representation or direct involvement in the formal negotiation process. If the foreign purchaser wants to participate in the negotiation process, the following policies apply.

C6.3.5.1. Source Selection. The DoD Components do not accept directions from the FMS purchaser as to source selection decisions or contract terms (other than the special contract provisions and warranties referred to in condition 6.1 of the LOA), nor is the FMS purchaser permitted to interfere with a prime contractor's placement of its subcontracts. However, to the extent permitted in paragraph C6.3.4., the DoD Components may honor an FMS purchaser's sole source request for the designation of particular prime or subcontract source for defense articles or defense services.

C6.3.5.2. Negotiations. During the contracting process between the contractor and the Department of Defense, the contracting officer shall consult with the FMS purchaser about major contractual matters especially any matter that could be perceived as inconsistent with or significantly different from the LOA. As specified in the DFARS 225.7304(b) (reference (al)), FMS purchasers should be encouraged to participate with USG acquisition personnel in discussions with industry to develop technical specifications, to establish delivery schedules, identify any special warranty provisions or other requirements unique to the FMS purchaser, and review prices of varying alternatives, quantities, and options needed to make price-performance tradeoffs. The degree of participation of the FMS purchaser during contract negotiations is left to the discretion of the contracting officer after consultation with the contractor. USG personnel shall not release any contractor proprietary data, except in those limited cases where the contractor authorizes release of specific data. Requests by the FMS purchaser for rejection of any bid or proposal shall not be honored. Any questions regarding these provisions are forwarded to the Director, DSCA.

C6.3.6. Requests for Contractual Data.

C6.3.6.1. Price Information. If a purchaser requests additional information concerning FMS contract prices, the contracting officer shall, after consultation with the contractor, provide sufficient information to demonstrate the reasonableness of the price and reasonable responses to relevant questions concerning contract price. This may include tailored responses, top level pricing summaries, historical prices, or an explanation of any significant differences between the actual contract prices and the estimated contract price included in the initial LOA price.

C6.3.6.2. Contractual Documents. Since all pertinent information and contractual obligations between the Department of Defense and the purchaser are identified in the LOA, there is no need to provide a copy of the contract to the purchaser. If the contract is unclassified and only includes requirements for the requesting country, release can be considered subject to restrictions on release of contractor proprietary information. Releasable information does not include internal documentation such as negotiation or pricing memoranda. If the contract is classified, contains USG requirements, or contains other purchaser requirements, release is not authorized. Any questions or requests for exceptions to these provisions must be forwarded to DSCA (Office of the General Counsel).

C6.3.7. Contingent Fees. Purchasers must approve contingent fees (to include agents' fees and sales commissions) prior to contract award. See DFARS 225.7303-4 (reference (al)). The contracting officer or head of the procuring activity uses criteria contained in the FAR (reference (ak)) to determine if an agent(s) is bona fide. If the agent is bona fide, the following policies apply to the inclusion of these fees in FMS cases.

C6.3.7.1. Prior Notification of Fees to Purchaser. Purchasers shall be advised of all contingent fees (including agents' fees and sales commissions) associated with an FMS case prior to or in conjunction with LOA submission to the purchaser unless the purchaser has indicated otherwise. For agents' fees and sales commissions, such notices include: the name and address of the agent(s); the estimated amount of the proposed fee, and the percentage of the sale price; and a statement indicating one of the following: appropriate officials of DoD consider the fee to be fair and reasonable; or, a portion of the proposed fee is considered to be fair and reasonable (provide rationale); or the USG cannot determine the reasonableness of the proposed fee. This statement is normally included as an LOA note. See Chapter 5, Table C5.T5. The note may include the contractor's justification for the proposed fee and other data requested by the purchaser. The note also includes a statement that purchaser acceptance of the LOA constitutes the purchaser's approval of the sales commissions and fees involved.

C6.3.7.2. Purchaser Approval Thresholds.

C6.3.7.2.1. The following countries must approve ALL contingent fees (regardless of dollar value) before they can be considered allowable FMS contract costs: Australia, Egypt, Greece, Israel, Japan, Jordan, Korea (Republic of), Kuwait, Pakistan, Philippines, Saudi Arabia, Taiwan, Thailand, Turkey, and the Venezuelan Air Force. At the request of these Governments all LOAs issued to these purchasers include notes identified in Chapter 5, Table C5.T5.

C6.3.7.2.2. Sales commissions and fees applicable to FMS contracts for other countries cannot exceed \$50,000 per contract (including all modifications and subcontracts thereto), per country, unless these fees have been identified and approved in writing by the purchaser before contract award. All such contingent fees must be justified and supported based on the criteria cited in the FAR (reference (ak)) and DFARS (reference (al)).

C6.3.7.3. Post-LOA Notification to Purchaser. If contingent fees (including agents' fees and sales commissions) are not identified prior to sending the LOA to the purchaser for signature, the purchaser should be notified as soon as the fees are known. To be allowable costs under the contract, the purchaser must approve the payments in writing before contract award. Contract award may be delayed pending a written response from the purchaser. If written approval is not obtained, the contract can be awarded but must include a proviso that the unapproved contingent fees are not allowable costs.

C6.3.7.4. DSCA Coordination. LOAs that include contingent fees (regardless of dollar value of the case), all correspondence with a purchaser on the subject of contingent fees relative to Price and Availability (P&A) data or an LOA, and all post-LOA notifications about contingent fees must be coordinated with DSCA (Strategy Directorate). For agents' fees and sales commissions, the written submission must contain a certification that the agent is bona fide in accordance with FAR criteria, and must include the rationale for reasonableness of the fee or an explanation if the reasonableness of the fee cannot be determined.

C6.3.7.5. Disallowance of Contingent Fees. The contracting officer cannot approve as allowable costs any contingent fees not approved by the purchaser. If the contracting officer or procurement activity determines the agent is not bona fide for reasons other than fee reasonableness, an LOA cannot be offered until the unallowable costs are deleted by the contractor.

C6.3.7.6. Proprietary Information. Inclusion of an LOA note with respect to contingent fees (including agents' fees and sales commissions) shall not be deemed, with respect to distribution and availability of LOAs, as altering the proprietary nature, if any, of such data for the purpose of 18 U.S.C. 1905 (reference (ay)).

C6.3.7.7. Contingent Fees for Commercial Contracts. Contingent fees may not be funded with Foreign Military Financing (FMF) funds.

C6.3.7.7.1. FMF Credit Non-Repayable. In a certification to DSCA (Direct Commercial Contracts), the contractor must disclose contingent fees for contracts financed with FMF Credit Non-Repayable funds. It is the responsibility of the contractor to prove that payments of any contingent fees are not financed with FMF Credit Non-Repayable funds.

C6.3.7.7.2. FMF Credit Repayable. In a certification to DSCA (Direct Commercial Contracts), the contractor must disclose contingent fees for contracts financed with FMF Credit Repayable funds. Contingent fees in direct commercial contracts financed with FMF Credit Repayable funds must be limited to \$50,000 per contract for countries other than those specifically listed in the DFARS (reference (al)). It is the responsibility of the contractor to prove that payments of any contingent fees are not financed with FMF Credit Repayable funds.

C6.3.7.8. Appointment of an Agent. For FMS, it is USG policy to deal directly with purchasers. An agent may be designated by the purchaser to act as an agent for the receipt of FMS Government Furnished items, Spares, and/or Support items that are required by that agent to enable the manufacture and/or assembly or repair and/or rehabilitation of defense items procured on a direct basis by the foreign purchaser. Questions regarding agency relationships for any other purposes should be directed to DSCA (Office of the General Counsel and Strategy Directorate). Figure C6.F1. should be used to designate an agent.

Figure C6.F1. Form Letter - Appointment of an Agent

<p>Director Defense Security Cooperation Agency 201 12th St South, Suite 203 Arlington VA 22203-5408</p> <p>Dear Sir:</p> <p>The Government of [insert country] hereby appoints [insert name] whose address is [insert address] as its Agent for the purpose of receiving deliveries of the following items on LOA [insert case identifier]: [insert list of items]. Above items shall be used for the [manufacture/assembly/repair/rehabilitation]* of the [insert program]. Said Agent is hereby authorized to sign in the name of the Government of [insert country] as its Agent for the receipt of these items as indicated by the shipping instructions contained in the LOA. The Government of [insert country] undertakes to instruct [insert name] as its Agent to maintain possession of the above-specified items in accordance with the LOA until transferred by such Agent of the Government of [insert country].</p> <p style="text-align: center;">Sincerely,</p> <p style="text-align: center;">(Signed by Minister or Deputy Minister of Defense level)</p> <p>Such agency is acknowledged.</p> <p>_____</p> <p>(Signature of Agent)</p>

*Insert words describing the Agent's functional

C6.3.8. Warranties. The Department of Defense obtains the same warranties for FMS as it does for itself. These warranties are exercised within the Supply Discrepancy Report (SDR) process and do not require special actions by the purchaser. The purchaser may request performance warranties, which are provided and paid for on the LOA as a defense service. Any warranty in addition to the LOA Standard Terms and Conditions, Section 6, is described in a note on the LOA. See Chapter 5, Table C5.T5. The Implementing Agency must inform the purchaser, either in the LOA note or by documentation such as a technical bulletin accompanying the item when shipped, of any steps necessary to maintain or exercise rights under these additional warranties.

C6.3.9. Offsets. DFARS 225.7303-2(a)(3) (reference (a1)) allows U.S. contractors to recover, under FMS contracts based on LOAs financed wholly by purchaser cash or repayable FMF credits, costs of any offsets that are associated with those contracts. USG agencies MAY NOT enter into or commit U.S. firms to any offset agreement. Any purchaser requesting offset arrangements in conjunction with FMS should be informed that the responsibility for negotiating offset arrangements and satisfying all related commitments resides with the U.S. firm involved. It is the responsibility of the Implementing Agency to specify to DSCA, in the transmittal of any Congressional Notification, in the LOA and in any subsequent LOA Modification or Amendments, whether offset costs have been or will be included, and the amount, if known. Non-repayable FMF credits may not be used to pay any costs associated with offset agreements.

C6.3.9.1. Offset Costs. Offset costs, provided by industry, should be included as part of the line item(s) unit cost in P&A data and in estimated prices quoted in the LOAs.

C6.3.9.2. Procurements. For procurements where adequate price competition exists or is anticipated, whether conducted by the purchaser or by the USG, the USG does not normally have

visibility as to whether offset costs are included in the price or the amount of such costs, if included. It is the contractor's responsibility to inform the Implementing Agency when estimated offset costs are included in the FMS pricing information that the contractor has provided. The contractor must disclose the amount of the estimated offset costs included the price to the USG contracting officer. The costs should be included before transmittal of the LOA for acceptance. Requests to include costs after LOA acceptance require an LOA Modification or Amendment. An offset note is included on the LOA (see Chapter 5, Table 5.T5. for exact wording).

C6.3.9.3. Disclosure of Offset Information. It is inappropriate for USG personnel to discuss with the purchaser the nature or details of an offset arrangement. However, if known, the fact that offset costs have been included in the P&A or LOA price estimate may be confirmed, should the purchaser inquire. The purchaser should be directed to the U.S. contractor for answers to all questions associated with offset agreements, including questions regarding their costs. Implementing Agency involvement in any discussion of offset costs (beyond confirmation of the inclusion of these costs in price estimates) must be avoided.

C6.4. CASE EXECUTION - LOGISTICS

LOA requirements are fulfilled within existing U.S. military logistics systems. An exception to this policy is the use of the Defense Transportation System (DTS) discussed in Chapter 7. With the exception of Excess Defense Articles (EDA) or obsolete equipment, items are furnished only when the Department of Defense plans to ensure logistics support for the expected item service life. This includes follow-on spares support. If an item will not be supported through its remaining service life, including excess and obsolete defense articles, a note in the LOA should explain any limitations on that support. See Chapter 5, Table C5.T5.

C6.4.1. Priority. Chairman of the Joint Chiefs of Staff Instruction (CJCSI) 4110.01C (reference (az)) establishes priorities for filling requisitions based on the purchaser's Force Activity Designator (FAD) (established by the Chairman of the Joint Chiefs of Staff (CJCS)) and on the Urgency of Need Designator (UND), assigned on the requisition. FADs are ranked with FAD I being the highest and FAD V being the lowest priority. Per Enclosure (D) of CJCSI 4110.01C (reference (az)), the Joint Materiel Priority Allocation Board (JMPAB) is chartered to act on the Chairman's behalf to review and act upon requests for changes in FAD. Upon assignment, upgrade, or cancellation of a foreign country FAD by the JMPAB, the Defense Security Cooperation Agency (Strategy Directorate) ensures proper dissemination of FAD decisions to the Security Assistance community.

C6.4.1.1. FAD Changes. Requests to change a foreign country FAD are made by the Combatant Commander. The Combatant Commander's request to increase a foreign country FAD must be in accordance with Enclosure B of CJCSI 4110.01C (reference (az)) and must address the Combatant Commander's plan to alleviate the situation or condition influencing the upgrade request.

C6.4.1.2. Coordination of FAD Change. Normal day-to-day foreign country FAD change requests will be staffed using standard procedures by the CJCS. The CJCS will review and provide a decision on all Combatant Commander operational, crisis, or emergency foreign FAD upgrade requests within 24 hours.

C6.4.1.3. Security Guidance for FADs. FAD assignment to a specific country or foreign force, unit, or activity may be released only to the recipient country and to U.S. forces or agencies with the need to know and on an unclassified basis. FAD assignments to a specific country are not released to other foreign countries. Compilations of foreign FAD assignments, combining two or more foreign countries or territories, are classified SECRET.

C6.4.2. Project Codes. Project codes assigned by the CJCS provide precedence for requisition processing and visibility within the transportation process. For processing purposes, requisitions with a CJCS 9-series project code will be ranked above all other requisitions with the same FAD and Urgency of Need Designator. CJCS project codes assigned to the Security Assistance community are the “9-alpha-alpha” and “3-juliet-alpha” series. The “9-alpha-alpha” series identify a project, operation, program, force, or activity sanctioned by the CJCS that requires heightened logistic infrastructure visibility and support. The “3-juliet-alpha” series identifies a unique military project or operation when a CJCS project code is warranted for tracking purposes, but normal materiel allocation is to remain unaffected. DSCA (Strategy Directorate) will submit project code requests to the CJCS in accordance with Appendix A to Enclosure A of the CJCSI 4120.01A. (reference (i)).

C6.4.3. Requisitions. The Implementing Agency or the purchaser may initiate Military Standard Requisitioning and Issue Procedures (MILSTRIP) requisitions under implemented LOAs. Table C6.T3. identifies service points of contact for requisition entry.

Table C6.T3. Points of Contact for Requisition Entry

MILDEP	Address
Army	U.S. Army Security Assistance Command 54 M Avenue, Suite 1 New Cumberland, PA 17070-5096.
Navy	Navy Inventory Control Point (NAVICP) Philadelphia, PA 19111-5095
Air Force	Air Force Security Assistance Center Wright-Patterson AFB, Ohio 45433-5000

C6.4.3.1. Standard Requisitions. For standard requisitions (non-Cooperative Logistics Supply Support Arrangements (CLSSA)), the Inventory Control Point (ICP) processing the requisition generally issues the assets down to the item's reorder point level. To the extent authorized by the Type of Assistance (TA) and Source of Supply (SOS) codes assigned to the LOA line item, requirements that cannot be satisfied at reorder level may be filled by one of the following methods. (The following may not be all inclusive of appropriate support options.)

C6.4.3.1.1. The ICP director or designee may authorize issuance below the reorder point if the item can be readily procured; assets are due in from contract; and/or U.S. Forces' support is not jeopardized.

C6.4.3.1.2. The Item Manager may place the requirement on backorder. Once the procurement lead-time elapses, the backorder is eligible for release.

C6.4.3.1.3. The Item Manager may initiate an immediate procurement action.

C6.4.3.1.4. If an item is supported by direct vendor delivery, prime vendor, or contractor custody inventory, the requisition may be processed without delay, as long as the contract allows Security Assistance orders and U.S. Forces' support is not jeopardized.

C6.4.3.2. Cooperative Logistics Supply Support Arrangements (CLSSAs). CLSSA requirements are satisfied on the same basis as U.S. Force requirements in accordance with the country's FAD and Uniform Material Movement and Issue Priority System (UMMIPS). The FAD identifies the priority that is given to a purchaser's request. For information on what items can be provided on CLSSA cases see Chapter 5, subparagraph C5.4.3.3.

C6.4.3.2.1. The Foreign Military Sales Order (FMSO) I case provides for purchase and sustainment of equity in DoD inventory and pipeline, equal to 17 months projected recurring demand. Following receipt of adequate stocks for sustained fill of incoming requisitions (i.e., FMSO I maturity), the FMSO I provides for 5 months on hand (FMSO IA) and 12 months on order (FMSO IB). The DoD Components use this equity investment (capitalization) to procure additional stocks of secondary items, in preparation for purchaser stock withdrawals.

C6.4.3.2.2. The purchaser withdraws stocks from DoD inventories and deposits funds for routine FMSO I replenishment using the FMSO II case. Unless item stock levels are adequate to support all purchasers, FMSO II case requisitions received prior to receipt of augmentation stock are placed on backorder pending maturity of the FMSO I. As augmentation stocks become available, requisitions received under the FMSO II can be filled from stock.

C6.4.3.2.3. For items supplied by DLA, the Implementing Agency submits requirements and funds to DLA.

C6.4.3.2.4. When items subject to CLSSA augmentation are transferred from one DoD Component to another, CLSSA program data and funds are provided to the receiving DoD Component during the transfer process.

C6.4.3.2.5. The DoD Components, including DLA, maintain performance standards and measurement records to show effectiveness and timeliness of CLSSA support.

C6.4.3.2.6. When there is an excess quantity of an item in stock, demand records are reviewed before excess materiel is transferred or declared surplus. If CLSSA requirements caused the excess condition, Implementing Agencies notify purchasers of their liability and ask for disposition instructions.

C6.4.3.2.7. If it is necessary to reduce the level of a purchaser's investment in the U.S. supply system or to terminate part or all of a CLSSA, closeout should minimize impact on the DoD Working Capital Fund (WCF) and the purchaser. CLSSA and other FMS purchasers pay their share of depreciation and other WCF operating costs during the life of each LOA. When a purchaser builds an initial FMSO I, then terminates the CLSSA before substantial orders are placed, and no other purchaser exists, liability may apply for assets on hand and due-in. When liability is determined, countries are required to pay for the items via the CLSSA. Purchasers have the option of receiving the items, or sending them to Defense Reutilization and Marketing Service (DRMS). The purchaser is responsible for all disposal costs. If proceeds exceed disposal costs, the net proceeds are credited to the purchaser's FMS trust fund account.

C6.4.4. Requisition Status Reports. The Implementing Agency prepares a quarterly MILSTRIP requisition status report for each purchaser. The report shows open, shipped, or cancelled requisitions for the reporting period.

C6.4.5. Commercial Buying Service (CBS). The International Logistics Control Office (ILCO) is authorized to use a CBS to support FMS purchaser requirements for nonstandard and difficult to support standard items when DoD organic capability or contractual supportability is not available or timely. Existing CBS options include Parts and Repair Ordering System (PROS) and Simplified Non-Standard Acquisition Process (SNAP).

C6.4.6. Foreign Military Sales Tailored Vendor Logistics (FMS TVL). The ILCO is authorized to use DLA's FMS TVL to support FMS purchaser requirements. An expansion of the existing DoD Tailored Vendor Logistics support program (DoD PV), FMS TVL is a supply support option that augments existing USG support. By accessing the Tailored Vendor Logistics' electronic catalog, the FMS purchaser can identify the item, price and supply lead-time with the added flexibility of being able to define special requirements and delivery needs, before submitting the requisition. In addition to providing support for standard items, this program also supports requirements for non-standard items.

C6.4.7. Diversions and Withdrawals of Materiel. Materiel procured or stocked for FMS may be diverted to meet higher priority requirements with the prior concurrence of the Director, DSCA. The following policies implement the Arms Export Control Act (AECA), section 21(i) (reference(c)), 10 U.S.C. 133b and 975 (references (ba) and (bb)).

C6.4.7.1. Operational Readiness Impact. Under normal circumstances, Implementing Agencies fill Security Assistance requirements from production on a first-in, first-out basis. National security considerations and foreign policy objectives may require deviation from this DoD policy in order to expedite equipment delivery to a purchaser. Items may be diverted from production or from U.S. Forces to meet high priority FMS requirements. While the language of AECA, section 21(i) (reference (c)) pertains only to shipments from stocks, impacts can occur when the Department of Defense diverts materiel from production. The diversion or withdrawal must not significantly lower the operational readiness of U.S. Forces as determined by the DoD Component.

C6.4.7.1.1. If the MILDEPs or the Office of the Secretary of Defense (OSD) staff identify an undesirable effect on U.S. Forces' combat readiness, the Under Secretary of Defense for Policy (USD(P)) through DSCA shall request a written MILDEP assessment. The MILDEP Secretary verifies the assessment and submits it to USD(P) and the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)) for review. USD(P) refers the coordinated recommendation to the Secretary of Defense for review and decision.

C6.4.7.1.2. Any diversion or withdrawal that would impact U.S. National Guard or Reserve Forces is coordinated with DSCA, who coordinates the proposal with the Assistant Secretary of Defense for Reserve Affairs (ASD(RA)), pursuant to DoD Directive 1225.6 (reference (bc)). If the proposed diversion or withdrawal includes tanks, a determination that the proposed sale will not increase the shortage of tanks in the U.S. National Guard or Reserve during the current 5-year defense plan is included in the Congressional notification and Congress is advised of the plan to replace the tanks.

C6.4.7.2. Report to Congress - Diversions. The AECA requires a report by the President to Congress when a sale could have significant adverse effect on the combat readiness of the U.S. Armed Forces. There may be instances when the MILDEP Secretary determines that a proposed supply action warrants Secretary of Defense review, but does not constitute a significant adverse impact on Department of Defense requiring a Presidential report to Congress. When the MILDEP Secretary refers a potential impact case to USD(P) and USD(AT&L), the referral includes the purchaser, sale value, item description, and an assessment as to whether the supply action would affect the operational readiness of the military service, or have other impacts that warrant Secretary of Defense review, but which do not constitute a significant adverse impact requiring either alteration or termination of the supply action, or a Presidential report to Congress; or the supply action would constitute a significant adverse impact within the meaning of the law and, if taken, would require a report to Congress.

C6.4.7.2.1. The Secretary of Defense determines whether the Department of Defense provides items on an expedited basis and whether the impact of doing so is significant within the meaning of AECA, section 21(i) (reference(c)).

C6.4.7.2.2. Where the Secretary of Defense takes action to advise the President of the requirement for a report to Congress, the Secretary of Defense provides the analysis relevant to the justification and certification called for in AECA, section 21(i)(1)(E) (reference (c)). No Presidential report is required if the decision is not to make a sale. AECA, section 21(i) (reference (c)) also applies when the significant adverse effect becomes apparent after a sales contract is concluded. However, no Presidential report is required with respect to supply action under a sales contract where the supply action is altered in order to avoid a significant adverse effect on U.S. combat readiness that would otherwise occur.

C6.4.8. System Support Buyout. For weapons systems soon to be obsolete to U.S. Forces and not supported under a CLSSA, the responsible MILDEP identifies purchasers that have this system and advises them of the system phase out. The purchaser should have a minimum of 2 years to place a final order for secondary items to support the system for its remaining useful life. After this time period, the following are authorized:

C6.4.8.1. Items with no demand for 4 years, including the system support buyout period, may be processed for disposal.

C6.4.8.2. Items with demand during the 4-year period may be retained and managed in support of Security Assistance requirements.

C6.4.9. Repair Programs.

C6.4.9.1. Direct Exchange (DX). A repairable item may be exchanged for the same type serviceable item in DoD stocks under certain conditions.

C6.4.9.1.1. The repairable must have been obtained under the AECA, must not be an end item, and the Department of Defense (including FMS) must have a requirement for the repairable item. Programs may be executed under defined line, blanket order, or CLSSA cases.

C6.4.9.1.2. Purchaser funds must be available for the cost of the serviceable replacement. The requisition for the replacement is generally filled according to normal supply procedures.

C6.4.9.2. Repair and Return. Repair and Return is used when a serviceable replacement is not available from stock on hand or due in within a reasonable time, or if the purchaser requests Repair and Return of a specific item. Repair of a purchaser-owned article requires that the repairable article be returned under an LOA. The purchaser must wait the lead-time for repair. SDRs for non-receipt of Repair and Return items must be submitted in accordance with subparagraph C6.4.9.1.

C6.4.10. Returns. Returns may be accepted if the defense article was previously provided under the AECA, is not significant military equipment (SME), and is in fully functioning condition without need of repair or rehabilitation. The Department of Defense (including FMS) must have a funded requirement for the defense article. The purchaser is not reimbursed directly. Rather, the purchaser's FMS account is credited to reflect the transaction, using DoD appropriations or other purchaser funds, dependent upon the buyer.

C6.4.10.1. Return credits may be applied to collections of specific cases when requested by the purchaser.

C6.4.10.2. Title for returned items transfers to the United States following acceptance at the point of U.S. receipt inspection. Returns to or through U.S. controls DESTINED FOR FMS RESALE do not constitute a third party transfer as discussed in Chapter 8.

C6.4.11. Supply Discrepancies. The USG makes every effort to provide the correct defense article or service in the quantity and quality shown in the LOA. In the event of a discrepancy, the purchaser submits an SDR. This section provides Security Assistance unique guidance for processing of SDRs (Standard Form (SF) 364). Further guidance, such as definitions, instructions for SF 364 completion, DoD processing timeframes, and responsibilities is found in Joint Regulation (JR) Defense Logistics Agency Instruction (DLAI) 4140.55, Army Regulation (AR) 735-11-2, Air Force Joint Manual (AFJMAN) 23-215, and Navy Instruction (NAVINST) 4355.18, "Reporting of Supply Discrepancies," hereafter referred to as JR 4140.55.

C6.4.11.1. Timeframes for Submission. SDRs are more easily resolved when they are submitted promptly. The longer the time between when the discrepancy occurs and when the SDR is submitted, the more difficult it is to find supporting documentation and informed personnel. The LOA Standard Terms and Conditions (Chapter 5, Figure C5.F3.) provide timeframes required for submission. Time limits for reporting discrepancies relating to contractor warranties are prescribed in the individual warranty clauses and/or contracts.

C6.4.11.2. Minimum Dollar Value. SDRs are processed only when the estimated value is \$200 or greater regardless of the type of discrepancy. This minimum value includes the value of the item plus any transportation and handling costs. Purchasers are encouraged to submit SDRs regardless of the dollar value so that problems can be documented, but only those over the minimum dollar value are reviewed for possible compensation.

C6.4.11.3. Causes of Discrepancies. Supply discrepancies result from shortages or overages, improper packing or marking, duplicate shipments, incorrect items, and condition or quality discrepancies (including damage) prior to release to the carrier by the origin shipper. For Security Assistance purposes, supply discrepancies also result from documentation and/or billing errors, deficiencies in the performance of services, and instances where no evidence of shipment (signed carrier receipt and shipping document) can be produced by the shipper. Discrepancies are not always the result of erroneous USG action. Further, erroneous USG action does not always result in SDR compensation. The LOA Standard Terms and Conditions (Chapter 5, Figure C5.F3.) set forth assumptions of risk for the purchaser.

C6.4.11.4. SDR Responses. The Implementing Agency, in conjunction with the DoD or commercial supply source, resolves SDRs and determines financial responsibility. The Implementing Agency designates a single point of contact for SDR corrective action. Only this point of contact and DSCA are authorized to accept and convey USG liability or originate a commitment for corrective action. Commitments to the purchaser for U.S. financing of discrepancies are not made until all reviews are complete. There is no automatic approval of SDRs based solely on dollar value. SDR responses should be provided by the Implementing Agency within timeframes established by JR 4140.55. The Implementing Agency SDR point of contact approves extensions.

C6.4.11.5. SDR Documentation. A complete document package is key to effective SDR resolution. Table C6.T4. lists the required items.

Table C6.T4. Supply Discrepancy Report (SDR) Documentation Requirements

SDR Documentation Requirements		
1	SF 364	Copy of the SDR, SF 364, and supporting data from the purchaser.
2	LOA Documents	Copy of the LOA and any Amendment or Modification bearing on the discrepancy.
3	Chronology of Events	The following statement should be included – it covers pertinent events for most SDRs: The SDR was filed within the time period allowed by the LOA, which in this instance is [time period on the LOA] from [the date of shipment/the date of furnishing of services or the date of billing]. Date of [shipment/completion of services] was [date]. Date of billing was [date]. The SDR was received by [organization] on [date] with document origination date of [date signed by initiator].
4	Key Actions	Principal SDR processing actions and dates, present status of any assets, and other information pertinent to the SDR background.
5	General Counsel Position	An Implementing Agency General Counsel position regarding USG liability, to include: This office was furnished relevant documents pertaining to SDR [number]. The determination of USG liability for this SDR is supported by [list LOA General Terms and Conditions paragraph(s), footnotes, attachments, legal principle, legal precedent, or other bases for the determination].
6	Options	A list of options, with costs, to remedy the SDR. In addition to this list, the Implementing Agency should address the following items as applicable: 1) article or service received vice what was stipulated in the LOA; 2) whether the supply source repurchases the item(s), hold the item(s) for DoD/FMS sale, repair, or replace the item; 3) detailed cost estimates, including transportation, temporary duty (TDY), and other associated charges for each remedy; and, 4) if rework or repair is indicated, include source documents from the office responsible for correcting the SDR upon receipt of authority.
7	Preventive Action	Discuss policy, procedure, or systems change; education; or other actions to reduce probability of recurrence.
8	Retention of Records	Show status of records required for resolution, including present and anticipated preservation.

C6.4.11.6. Shipment Documentation. Any movement document or receipt, signed by a carrier representative, showing that the U.S. shipped or released materiel to a carrier for shipment to the country's designated representative, constitutes evidence of shipment. Such documents generally show the quantity; National Stock Number (NSN); mode of shipment; date; Transportation Control Number (TCN); notice of availability number; bill of lading, parcel post insured, or registered number; addressee; vessel, voyage, or flight number (to the extent possible); and names of the shipper and carrier. This information is essential for adjudication of SDRs. If proof of delivery to a carrier is requested and the freight forwarder has not received the consignee copy of the bill of lading, then a duplicate of the appropriate documents establishing evidence of shipment is provided to the purchaser's representative.

C6.4.11.7. DSCA SDR Review. DSCA (Business Operations and Strategy Directorates) reviews and approves or disapproves SDRs when the Implementing Agency determines the USG is liable for correction and recommends use of FMS funds in excess of \$50,000; or, the SDR involves an issue likely to be raised to DSCA or higher levels. DSCA makes the final decision within 30 days.

C6.4.11.8. SDR Financial Guidelines. AECA, sections 21 and 22 (reference (c)) require that the USG recover full costs. This requirement applies to SDRs. When purchasers re-requisition items, the current price is paid even if the item was initially released at a lower price. Purchaser problems involving Government Furnished Equipment (GFE) obtained under AECA, section 30 (see Chapter 11, section C11.8 for more information) should be addressed to the U.S. contractor possessing the GFE. FMS funding and FMS SDR processing do not apply to these sales. GFE/GFM items purchased under the auspices of an FMS case are processed under normal SDR guidelines.

C6.4.11.9. Financing Approved SDRs. Table C6.T5. shows the most common SDRs and methods of financing when the Implementing Agency determines an SDR should be approved. Corrections are financed:

C6.4.11.9.1. Within contract costs for DWCF, Operation and Maintenance (O&M), Procurement Appropriation (PA), and Research, Development, Test and Evaluation (RDT&E) items obtained from procurement.

C6.4.11.9.2. Within the surcharge for DWCF items or services supplied from stock.

C6.4.11.9.3. From the O&M, PA, or RDT&E account for O&M, PA, or RDT&E items supplied from stock.

C6.4.11.9.4. From the FMS (Administrative, Transportation, or Packaging, Crating and Handling (PC&H)) fund accounts when sources above do not apply. These SDRs are financed from current year FMS Administrative or Logistics Support Expense (LSE) budget obligation authority, or reissuance of past unused budget authority. The DSCA FMS Administrative Budget Call, issued on an annual basis to MILDEPs and Defense Agencies, provides procedural guidance for the inclusion of estimated SDR costs that are financed from FMS administrative funds.

Table C6.T5. Methods of Financing Approved SDRs

Nature of Discrepancy	Source of Supply	FMS Funds¹ (Admin, PC&H, Transportation)	USG Funds/Appropriations (DWCF, PA, O&M, RDT&E)
Damage, Defect, or Other Deficiency	Procurement ²	Generally not applicable except where U.S. action or inaction caused inability of USG to obtain satisfaction from contractor for purchaser.	Generally not applicable. Usually corrected by contractor within existing contract terms.
	Stock	Peripheral costs of correction (e.g., testing, transportation, TDY)	Replacement, refund to purchaser account, or rework of defective items for costs not listed under FMS Fund heading.
Non-receipt or Shortage	Procurement ²	Generally not applicable except where U.S. action or inaction caused inability of the USG to obtain satisfaction from contractor for purchaser.	Generally not applicable. Usually corrected by contractor within existing contract terms.

Nature of Discrepancy	Source of Supply	FMS Funds ¹ (Admin, PC&H, Transportation)	USG Funds/Appropriations (DWCF, PA, O&M, RDT&E)
	Stock	Not applicable except where item shipped DTS and U.S. action or inaction caused inability to obtain satisfaction from carrier. See next column.	(Shortage/misdirection at origin based on no evidence of shipment.) Credit to purchaser account, charged to USG fund or appropriation initially credited. Lost items are absorbed as inventory losses.
Overage	Procurement ²	Generally not applicable.	Generally not applicable
	Stock	Generally not applicable. See next column.	If billed and purchaser does not want item - amount charged is refunded to purchaser account and USG appropriation fund charged. If USG directs no return, absorb as inventory loss.
Incorrect Item	Procurement ²	Generally not applicable. See next column.	Generally not applicable. Normally corrected by contractor within contract terms.
	Stock	Generally not applicable. See next column.	Unless the item manager chooses to reissue, refund to the purchaser account, charged against appropriation or fund initially credited. If USG directs no return, absorb as inventory loss.
Missing or Improper Documentation	Procurement ²	Generally not applicable. See next column.	Generally not applicable. Normally corrected by contractor.
	Stock	Generally not applicable. See next column.	Issue documentation and/or proper items without additional charge to FMS purchaser. If not available for issue, refund against USG appropriation/fund initially credited. If USG directs no return, absorbed as inventory loss.
Duplicate or Erroneous Billings (From procurement ² or stock)		Generally not applicable. See next column.	Refund or adjustment to purchaser account. Adjustments charged against appropriate USG or purchaser account.
Loss of Purchaser Item (provided for repair, etc.)		Reimburse purchaser when item is nonstandard (no longer maintained in USG inventory).	Reimburse purchaser when item is DoD standard (currently maintained in USG inventory) and the loss is bookkeeping or inventory control only.
<p>1. In some instances, Administrative, Transportation, or PC&H funds may complement other financing for SDR resolution. For example, it could be appropriate to reimburse PC&H or transportation costs for initial delivery of an overage when this is the sole means for resolution.</p> <p>2. Procurement includes defense articles and services acquired to fill the FMS requirement and therefore not supplied from on-hand DoD assets. Both stock and procurement guidance may apply in some instances (e.g., item on hand in DoD inventory reworked through a commercial contract prior to shipment).</p>			

C6.5. FMS CASE RECONCILIATION AND REVIEWS

C6.5.1. Reconciliation. Lines and cases shall be reconciled throughout the case life cycle. It is easier to find and fix problems as they occur. Case Managers SHALL NOT wait until the case is ready for closure to perform reconciliation activities. Case Managers reconcile and close lines of accounting, requisitions, Project Directive Line Items (PDLIs), funding documents, etc., as items are delivered. The Implementing Agency issues Notices of Supply/Service Completion (NSSCs) to the purchaser as LOA lines or cases are completed and reduces internal program or case directives to return OA back to the case (at case level). The Case Manager conducts final reconciliation of MILDEP and DoD systems to ensure that systems are in balance.

C6.5.2. FMS Case Reviews. FMS case reviews occur at least once per calendar year. Implementing Agency checklists (some formats may be mandated/standardized by DSCA) contain detailed guidance for reviews and are signed and dated by the Case Manager conducting the review for inclusion in the case file. Some of the key areas that should be reviewed include: accessorial costs; billings; closure issues; commitments, obligations, and expenditures; open contracts; credit values; deliveries; disbursements; liquidated progress payments; LOA values; OA; payment schedule; quantities; SDRs; travel vouchers; etc. This information may be found using the LOA, DIFS, MILDEP Systems, case directives, case files, funding documents, shipping documents, vouchers, etc. Often the case review identifies the need for payment schedule revisions. Refer to Chapter 9, section C9.9 for additional guidance regarding payment schedules.

C6.5.3. Training Program Management Reviews (TPMRs). See Chapter 10 for information on TPMRs.

C6.5.4. DSCA Financial Management Reviews. See Chapter 9 for information on Financial Management Reviews.

C6.5.5. Reason for Review. When considering holding a review, the following items are addressed: USG resources, desires of the FMS purchaser, political visibility or sensitivity, changes in a region, program, size, and complexity of the program. Objectives (Why are we conducting this FMS review?) and deliverables (What outcomes do we want to achieve?) must be clearly identified. A purchaser's internal policy or even legislation may require periodic information on the status of country accounts, issues, cases, and programs. The preferences and desires of the purchaser regarding the conduct of reviews should be accommodated to the extent possible.

C6.5.6. Representation at Reviews. While senior officials may co-chair macro-level reviews, detailed reviews require attendance of managers who are responsible for day-to-day operations of the program or weapon system. The rank of the lead USG review attendee should be equivalent to that of the lead purchaser attendee. Every effort should be made to minimize the number of attendees while ensuring full coverage of all agenda topics. The USG chair ensures that each attendee has a distinct and active role in the review. If topics outside the attendees' expertise are discussed, the attendee follows-up with the appropriate organizational component. For reviews hosted by the FMS purchaser, SCOs coordinate administrative arrangements, make lodging and transportation arrangements, and accommodate the visiting team however practical.

C6.5.7. Timing and Frequency of Reviews. The frequency and timing of reviews depend on the review purpose, purchaser funding, budget timelines, program events, etc. For external reviews (i.e., those that involve the FMS purchaser), the frequency and timing is coordinated with the FMS purchaser. Table C6.T6. shows the normal frequency and timing of each review. When scheduling reviews, consideration is given to purchaser and USG holidays, weekends, and personnel changes (e.g., SCO, purchaser leadership, etc.). Since FMS reviews for a given purchaser or program often involve many of the same people, these reviews are consolidated as much as practical to ensure maximum use of resources.

Table C6.T6. Timing and Frequency of Reviews Matrix

Review Type	USG Representation	Frequency	Timing
Policy-level	OSD/USD(ISA)/USD(ISP)/SOLIC (USG chair) State Department Chairman of the Joint Chiefs of Staff DSCA (may chair a subcommittee or working group) MILDEPs/Implementing Agencies (if requested) USD(AT&L), USD(C) (if requested) Others as needed	Varies - some reviews are held on a regular basis, usually annually.	Based on determination by policy-level officials.
Country-level	DSCA (USG chair) MILDEPs/Implementing Agencies (if required) SCOs DFAS (if required) Other interagency (e.g., State, Commerce) (if required)	Usually Annually	May be driven by purchaser funding and budgeting timelines.
Service-level	MILDEPs/Implementing Agencies (USG chair) SCOs (if required/requested) DSCA (if required) DFAS (if required) Contractors (if required)	Usually Annually	May be driven by purchaser funding and budgeting timelines.
Program-level	Implementing Agencies and Program Management/Executive Offices (USG chair) DFAS (if required) DSCA (if required) SCOs (if required) Contractors (if required) Others as needed	Based on milestone plan established during case development as referenced in the LOA (and refined over time).	Event-driven based on established milestones.
Internal (USG only)	Varies, depending on review purpose	Varies - although some internal reconciliation reviews may be held annually.	Varies

C6.5.8. Funding of Reviews. The funding source for a review depends on the type of review and who (and what level) attends. The manpower funding matrix (see Chapter 5, Table C5.T6.) is used to determine funding sources. If the USG requests reviews exceeding the normal frequency shown in the Table C6.T6., the source of funding does not change. If the FMS purchaser requests reviews exceeding the normal frequency, these additional reviews are funded on the applicable FMS case.

C6.5.9. Standardized Review Formats. Standard formats help the FMS review attendees understand and consistently apply terms. While standardized formats are preferred, additional information can be provided. Chapter 9, Figure C9.F7. provides the standard format for use in all DSCA Financial Management Reviews and in other DSCA-led FMS reviews when financial status is reported. Requests for waivers/deviations to this format should be addressed to DSCA (Business Operations Directorate).

C6.6. SUSPENSION AND CANCELLATION OF SECURITY ASSISTANCE

C6.6.1. Suspension. If the Department of State (DoS) determines that it is necessary to suspend Security Assistance to a particular country, it issues guidance for execution. Upon receipt of this guidance, the DSCA (Operations Directorate) issues appropriate instructions to the Implementing Agencies informing the Combatant Commander and the SCO. Suspension of delivery is not the same as FMS case cancellation or contract termination action (see section C6.9.). DSCA (Operations Directorate) notifies the Implementing Agencies when suspensions are lifted. The following procedures apply to suspensions that impact all aspects of case execution.

C6.6.1.1. The DoS may direct that all deliveries of defense articles to the suspended country be stopped immediately. Materiel is not released to the country's freight forwarder or to the country. In the absence of such direction, pipeline delivery cases implemented prior to the effective date of sanctions are allowed to continue regardless of term. New LOAs are not signed.

C6.6.1.2. If procurements have started, but contracts have not been awarded, the Implementing Agency provides details to DSCA (Operations Directorate) and requests guidance.

C6.6.1.3. Contracts that have been awarded should continue. However, when items are ready for delivery, DSCA (Operations Directorate) issues guidance on possible diversion of the materiel to another country, to the DoD Component, or to storage consistent with DoS guidance.

C6.6.1.4. If the DoS so directs, shipments of defense articles, where the materiel is under USG control, are not loaded at the ports of embarkation. Materiel already in route to the country is not delivered; it is retained under USG control. These articles are stored by the appropriate DoD Component until DSCA issues further direction.

C6.6.1.5. Materiel ready for shipment from a contractor may be shipped to a DoD facility for segregated storage to await DSCA (Operations Directorate) disposition instructions. If economical, the materiel may be stored at the contractor's facility. The purchaser is responsible for any storage fees if title has passed.

C6.6.1.6. Any requisitions submitted against either a CLSSA or a blanket order FMS case may be required to be held by the Implementing Agency and not be filled.

C6.6.1.7. The following applies under Brooke Amendment sanctions:

C6.6.1.7.1. FMS LOAs financed with FMF funds that were or may be accepted by a country on or after the effective date of the sanction shall not be implemented.

C6.6.1.7.2. New or pending FMF-financed LOAs shall not be countersigned or issued to the country for acceptance. FMF cases accepted prior to effective date of sanctions

remain in force and shall be executed. Modifications or Amendments to existing FMF-funded FMS cases are allowed if they do not involve new obligation of funds. See Chapter 9, subparagraph C9.7.2.12.4.

C6.6.1.8. See Chapter 11, paragraph C11.5.9. for information on restriction on the EDA program when countries are under sanctions.

C6.6.1.9. For training funded through an FMS case or under International Military Education and Training (IMET), students in training before the suspension date may complete their course and Mobile Training Teams (MTTs) and Language Training Detachments (LTDs) may complete training unless the DoS directs otherwise. This includes sequential training (proceeding to the next scheduled course). Sequential training for which funds have not been obligated shall be reviewed by DSCA (Programs Directorate) on a case-by-case basis. If course costs have been obligated before the effective date of the suspension, the student is permitted to begin training and the MTTs or LTDs are allowed to begin. If course costs have not been obligated before the effective date of the suspension, students are not permitted to begin a course and MTTs and LTDs are not allowed to commence. DSCA provides instructions for students from suspended countries. (See Chapter 10.)

C6.6.1.10. Within 10 days of a suspension notification, the Implementing Agency advises DSCA of the impact of the suspension informing the Combatant Commander and the SCO. This includes identification of major items and significant secondary items that are scheduled for release to the suspended country within 30 days, and those items that are on order but have not been shipped. Not later than 21 days after the suspension, the Implementing Agency must advise DSCA of all other materiel that is either in route, scheduled for shipment within 30 days, or on order but unshipped. This report also identifies the total unused dollar value on blanket order and CLSSA (FMSO II) cases.

C6.6.2. Cancellation. The DoS may extend a suspension to become a cancellation in accordance with AECA, sections 2(b) and 42(e) (reference(c)). DSCA directs case cancellation and appropriate contract actions to include termination. DSCA provides guidance on the disposition of items, funding, etc., after a case-by-case review.

C6.7. AMENDMENTS AND MODIFICATIONS

FMS cases may be amended or modified to accommodate certain changes. Questions on the use of the LOA, Amendment, or Modification should be referred to DSCA (Strategy Directorate) by the Implementing Agency policy office. All Amendments and Modifications are prepared using the DSAMS, unless the Amendment or Modification is classified. It is important to clearly identify the purpose of the Amendment or Modification when preparing the case. It is not sufficient to state that the purpose is to increase or decrease funds or lead-times without plainly stating the reason for the increase or decrease. The case reviewer, as well as the purchaser, must know the reasons why these actions are taking place on the case. Examples include: “This Amendment increases the estimated costs of line item 002 for additional requirements as requested by the purchaser”; or “This Modification increases the estimated costs of line item 002 to cover price increases based on contractual requirements”. These are examples only; Implementing Agencies should identify the applicable reasons for the changes needed.

C6.7.1. Amendments

C6.7.1.1. Use of an Amendment. An Amendment is necessary when a change requires purchaser acceptance. The scope of the case is a key issue to consider in deciding whether to prepare an Amendment, Modification, or new LOA. A scope change takes place when the original purpose of a case line or note changes. This may be reflected through either an increase or decrease in dollar value, quantity, or lead-time. An LOA note revision can also be considered a scope change if it alters the original purpose of the line or case. Major increases in scope such as addition or deletion of SME, including Major Defense Equipment (MDE), normally require the preparation of a new LOA vice an Amendment. The reasons for the changes are the key determinants as to the type of LOA document that is appropriate. Table C6.T7. provides examples of changes that require an Amendment. This list is not all-inclusive.

Table C6.T7. Amendment Requirements

Examples of When an Amendment is Required	
1	Realigning or redistributing funds among case lines
2	Adding case lines
3	Deleting case lines (except for case closure)
4	Quantity increases or decreases to defined order lines
5	Dollar value increases or decreases to blanket order lines with the exception of price increases or decreases
6	Addition or deletion of requirements
7	Extending a lead time, period of performance, or availability of services for additional coverage even if there is no change in dollar value
8	Change in Delivery Term Code to add/delete transportation requirement
9	Revising line item descriptions or notes to increase or decrease scope
10	Changing a MASL that has a corresponding configuration or scope change

C6.7.1.2. \$50,000 Break Point. The DSCA database records Amendments reflecting net increases of more than \$50,000 in the fiscal year the Amendment is accepted. Amendments that reflect net increases of \$50,000 or less are recorded in the year of the basic LOA. Questions regarding this policy should be addressed to DSCA (Business Operations Directorate).

C6.7.1.3. Amendment Financial Requirements. Payments are included on the Amendment (see Chapter 9) when the existing payment schedule does not include sufficient amounts to cover costs from the expiration date of the Amendment until the next billing cycle. For under-collected cases, the amount due with Amendment acceptance also includes payments to cover current financial requirements, including termination liability, if applicable.

C6.7.1.4. Restatements. There may be times when major changes need to be made to a document after it has been countersigned and offered to the Purchaser. If the Purchaser wants to retain the existing designator (instead of canceling the offer and issuing a new case), the offered case may be restated. Restatements can be made as long as the document is in “offered” status, the purchaser has not yet signed the case, the OED has not yet expired, and all changes are consistent with FMS policies and procedures. Before restating an LOA amendment, the Purchasing country must be notified that the original offer is no longer valid. Expiration of the Offer Expiration Date (OED) on the offered LOA amendment is considered written notice. Restated documents must clearly state that they are restated and supersede the previously offered version and must be coordinated and countersigned using the same procedures as the original case. A copy of the previous version(s) of the amendment must accompany the coordination request. If the Purchaser signs the original offer, it is considered an invalid acceptance because the original offer either expired or was withdrawn. This action is considered a counteroffer and a new offer should be made to the Purchaser by extending and then restating the LOA amendment; or the case should be cancelled and a new LOA amendment (new offer) prepared.

C6.7.1.5. Reactivating Cancelled Offers. Once an offered LOA amendment has been cancelled, it will remain cancelled in most instances. Reactivating cancelled cases destroys the data history. This will only be approved in exceptional circumstances, such as when an LOA amendment is cancelled by mistake. The Implementing Agency responsible for the LOA amendment forwards a request for reactivation of a cancelled LOA amendment by e-mail to the DSCA Directorate of Business Operations, Financial Policy and Analysis Division (DBO/FPA). The request should identify what actions are required along with sufficient justification warranting the changes, the milestone(s) that need(s) to be removed, a description of the status to which the case should revert, along with appropriate dates, and verification that no other changes have been made to the LOA amendment. DSCA/DBO/FPA will coordinate the request with the country program director (DSCA Operations Directorate (OPS)) and country financial manager (DSCA Directorate of Business Operations, Country Financial Management Division (DBO/CFM)) for a decision on whether to approve or disapprove the request. If reactivation is approved, DSCA/DBO/FPA will post the Reactivation Authorized Milestone (DREACT) in DSAMS, indicate the decision in DSAMS Case Remarks, and the requesting Implementing Agency will then have to reactivate it using the DSAMS Case Milestone List Window taking it back to Development status. If a data fix is determined to be more appropriate, DSCA/DBO/FPA will notify the DSADC Helpdesk (with a copy to the requesting Implementing Agency) to initiate the data fix and indicate the decision in DSAMS Case Remarks listing all deleted milestones.

C6.7.1.6. Pen and Ink Changes to Amendments. There may be times when minor changes to an Amendment are needed after it has been countersigned and offered to the purchaser. Minor changes can be made as long as: the Amendment is in “offered” status, the purchaser has not yet signed the Amendment, the Offer Expiration Date (OED) has not yet expired, and all changes are consistent with FMS policies and procedures. The purchaser should be authorized via message or memorandum to make any pen and ink changes, with a copy to DFAS Denver. DSAMS must be updated with any changes. Pen and ink changes should be kept to a minimum, with processing as follows:

C6.7.1.6.1. OED Changes to Amendments. The greater the period of time between offer and acceptance, the greater the likelihood of decreased accuracy of data. Requests by the purchaser to extend the expiration date are honored only after a review by the Implementing Agency. The Implementing Agency must ensure all pricing data are still valid for the extended period. All concerned should be advised of any consequences associated with the extension.

C6.7.1.6.2. Minor Changes to Amendments. Minor changes may include insignificant technical corrections such as a small arithmetic change that does not increase total value and administrative changes such as an address correction, initial deposit or payment schedule adjustment, or minor changes to note wording. The Implementing Agency can review and approve these changes.

C6.7.1.6.3. Major Changes to Amendments. More significant changes generally require a new or restated Amendment. Pen and ink changes for significant changes to Amendments may only be done in exceptional circumstances and with DSCA (Business Operations and Strategy Directorates) concurrence. Changes initiated after the purchaser has signed the Amendment are accomplished through a corrective Amendment or Modification.

C6.7.1.6.4. Unauthorized Pen and Ink Changes to Amendments. When an Amendment is signed by the purchaser and returned to the Implementing Agency with unauthorized pen and ink changes, it is processed as a counteroffer. The Amendment should be restated and reoffered, or cancelled and a new Amendment prepared. If the Amendment is restated, the Amendment number remains the same. If the Amendment is cancelled, a new Amendment is prepared with a new number.

C6.7.1.7. Amendment Implementation. Amendments are implemented when the FMS purchaser has signed the Amendment and any Amount Due with Amendment Acceptance has been received by DFAS Denver. When this occurs, the Case Manager posts the Amendment implementation milestone in DSAMS.

C6.7.2. Modifications.

C6.7.2.1. Use of Modifications. U.S. unilateral changes to an FMS case are made by a Modification and do not require acceptance by the purchaser. Concurrent Modifications are the exception for adding scope, as long as the change is not significant such as adding SME. See C6.7.2.3. for additional information. Table C6.T8 provides examples of changes that may be done using a Modification. This list is not all-inclusive.

Table C6.T8. Modification Requirements

Examples of When a Modification is Required	
1	Price increase or decrease on a defined order line
2	Increasing or decreasing line values for case closure
3	Increases due to over commitments
4	Lead time slippages caused by source of supply impacts (e.g., delays in contract award or materiel deliveries)
5	Revising source, line manager, offer release, or type of assistance codes
6	Correcting accessorial charges
7	Minor administrative changes such as typographical errors
8	Revising payment schedules

9	Revising the Terms of Sale
10	Correcting the FMS Administrative Surcharge
11	Charges for Value Added Tax and other international requirements levied on the U.S. that must be funded by the FMS case (considered a price increase)
12	To add charges for storage and other U.S. requirements already received that must be funded on the FMS case
13	Concurrent Modifications are the exception for adding limited scope

C6.7.2.1.1. Monitoring Funds. Costs charged under an FMS case line must not exceed the funds available on that line. Program management responsibility includes analysis and tracking to ensure funding is adequate to avoid program disruption. If tracking shows that costs incurred on the line are deviating from those estimated to the degree that later deviations are unlikely to bring overall costs into balance, or OA above line value is required at some point in the program, a Modification should be processed. A Modification should also be provided for relatively minor cost adjustments when all items are on order and prices are reasonably firm. Price increase Modifications shall be provided by the Implementing Agency BEFORE the actual accrued costs reported to the purchaser exceed those estimated on the case unless the case is in the closure process.

C6.7.2.1.2. Price Increases During Case Closure. Price increases discovered during case closure (i.e., after the case becomes supply/services complete) shall be validated during final reconciliation. For FMS cases that are in the closure process, the following rules apply:

C6.7.2.1.2.1. If expenditures exceed FMS case ordered values, a Modification or Amendment is required. The majority of actions related to expenditures reconciled prior to closure are addressed on a Modification. Contact DSCA (Strategy Directorate) for questions regarding Amendment or Modification usage.

C6.7.2.1.2.2. If the case is anticipated to close and expenditures do not exceed ordered value, the case may be closed without doing an Amendment or Modification.

C6.7.2.1.2.3. Refer to DoD 5105.65-M, FMS Case Reconciliation and Closure Manual (RCM) (reference (dg)) for comprehensive FMS case reconciliation and closure policies.

C6.7.2.2. Purchaser Acknowledgment. Acknowledgement of receipt of the Modification, although not required for implementation, confirms that a purchaser's authorized representative has received the Modification.

C6.7.2.3. Concurrent Modifications. Case value may be transferred between two or more cases by concurrent Modifications. Concurrent Modifications are prepared in DSAMS and identified using the DSAMS Concurrent Funding Tab under Case Detail to record the transfer from or to cases and amounts. DSAMS automatically relates the documents and prints the correct statements in accordance with C6.7.2.3.6. This process ensures that all the documents are implemented at the same time. The following conditions must be met for valid concurrent Modifications:

C6.7.2.3.1. The FMS country official who requests the shift in value has the authority to accept LOAs and a copy of the LOR must be attached to each Modification. Any shift that results in a scope increase or decrease must be as requested in the LOR.

C6.7.2.3.2. Must not include a significant scope change (e.g., adding SME).

C6.7.2.3.3. Total amount(s) increased are no more than the total amount(s) decreased. If addition(s) to the LOA(s) being increased generate a requirement for an initial deposit, an Amendment must be used.

C6.7.2.3.4. LOA(s) decreased have adequate funds available to cover remaining obligations.

C6.7.2.3.5. All cases being modified must be in “implemented” status. Closed cases are not identified in concurrent Modification packages.

C6.7.2.3.6. All Modifications are provided to DSCA as a package for countersignature and cross-reference each other in the “This Modification is for:” section of the Modification as follows:

(On decreased LOA):

“Value of \$____ is hereby transferred to FMS Case __-_-__ (reference Modification__).”

(On increased LOA):

“Value of \$____ is hereby transferred from FMS Case __-_-__ (reference Modification __).”

C6.7.2.4. Pen and Ink Changes to Modifications. Pen and ink changes to Modifications are NOT authorized. After a Modification has been signed and countersigned by the USG, any further changes must be accomplished by using a new Modification (or Amendment if applicable).

C6.7.2.5. Modification Implementation. Modifications do not require purchaser signature and are implemented upon countersignature. If countersignature is not required for a particular Modification, the Modification is implemented upon USG signature.

C6.7.3. Amendment and/or Modification Preparation. Amendments and Modifications are prepared using DSAMS. (See Chapter 5, paragraph C5.4.11 guidance for classified cases.) The Case Manager is responsible for preparing (or ensure preparation of) case Amendments and Modifications.

C6.7.4. Amendment and/or Modification Formats. Amendment and Modification formats, including sample data and document-unique instructions for preparation, are provided in Figures C6.F2. – C6.F4.

Figure C6.F2. Amendment Format


	<p>United States of America</p> <p>Amendment 1 to Letter of Offer and Acceptance (LOA)</p> <p>BN-Q-SEH</p>
<p>Based on BN/MODAT2313 dated 03/04/2006</p> <p>Mail To: Embassy of Bandaria Office of the Air Attache 1234 Massachusetts Ave, NW Washington, DC 29999.</p> <p>Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to amend the Letter of Offer and Acceptance (LOA) identified above for the purchase of defense articles, defense services, or both. Other provisions, terms, and conditions of the original LOA remain unchanged.</p> <p>This Amendment provides for additional test equipment for the AGM-65 missiles.</p> <p>Basic LOA accepted: 04 Sep 2003.</p> <p>Estimated Cost: \$7,834,007 Due with Amendment Acceptance: \$101,044</p> <p>Terms of Sale: Cash Prior to Delivery Dependable Undertaking</p> <p>This offer expires on 17 January 2007. Unless a request for extension is made by the Purchaser and granted by the USG, the offer will terminate on the expiration date.</p> <p>This Amendment consists of page 1 through page 3.</p> <p>The undersigned are duly authorized representatives of their Governments and hereby respectively offer and accept this Amendment:</p>	
<p>_____ <u>20 Aug 2006</u> _____</p> <p>U.S. Signature Date</p> <p>_____</p> <p>Typed Name and Title</p> <p><u>Defense Security Cooperation Agency</u></p> <p>Implementing Agency</p> <p><u>DSCA Reviewed/Approved</u> <u>4 Nov 2006</u></p> <p>DSCA Date</p>	<p>_____</p> <p>Purchaser Signature Date</p> <p>_____</p> <p>Typed Name and Title</p> <p>_____</p> <p>Agency</p>
<p>BN-Q-SEH (A1)</p> <p>Page 1 of 3</p>	

Figure C6.F2. Amendment Format (continued)

This Amendment consists of changes as follows:

(1) Itm Nbr	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs (a)Unit	(5) (b)Total	(6) Ofr Rel Cde	(7) Del Trm Cde
ADDED						
006	B8A 4935013355060 (N) GUIDED MISSILE TEST SET DSM-157	2 EA	\$225,000.00	\$450,000	P(18-30) TA5	A 4

Note(s) 18)

<u>Estimated Cost Summary</u>	<u>Previous (B)</u>	<u>Revised</u>
(8) Net Estimated Cost	\$6,837,107	\$7,287,107
(9) Packing, Crating, and Handling	154,722	154,722
(10) Administrative Charge	170,928	\$276,910
(11) Transportation	115,268	115,268
(12) Other	0	0
(13) Total Estimated Cost	\$7,278,025	\$7,834,007

To assist in fiscal planning, the USG provides the following revised anticipated costs of this LOA:

ESTIMATED PAYMENT SCHEDULE		
<u>Payment Date</u>	<u>Quarterly</u>	<u>Cumulative</u>
Previous Payments Scheduled Date (15 Dec 2006)		\$156,419
Current USG Financial Requirements		\$156,419
Amount Received from Purchaser		\$156,419
Due with Amendment Acceptance	\$101,044	\$257,463
15 Jun 2007	\$463,126	\$720,589
15 Sep 2007	\$100,803	\$821,392
15 Dec 2007	\$326,184	\$1,147,576
15 Mar 2008	\$1,000,536	\$2,148,112
15 Jun 2008	\$2,050,821	\$4,198,933
15 Sep 2008	\$2,268,258	\$6,467,191
15 Dec 2008	\$970,856	\$7,438,047
15 Mar 2009	\$395,960	\$7,834,007

BN-Q-SEH (A1)
Page 2 of 3

Figure C6.F2. Amendment Format (continued)

Signed Copy Distribution:

1. Upon acceptance, the Purchaser should return one signed copy of this Amendment to Defense Finance and Accounting Service -Denver, ATTN: DFAS-JY/DE, 6760 E. Irvington Place, Denver, CO 80279-2000. Simultaneously, wire transfer of the initial deposit or amount due with acceptance of this Amendment (if required) should be made to financial institution identifier 021030004 TREAS NYC, Agency Location Code 00003801, showing "Payment from Government of Bandaria for BN-Q-SEH"; or a check for the initial deposit, made payable to the US Treasury, mailed to DFAS-JDT/DE, P.O. Box 173659, Denver, CO 80217-3659, showing "Payment from Government of Bandaria for BN-Q-SEH". Wire transfer is preferred.
2. One signed copy should be returned to Defense Security Cooperation Agency, Director, Defense Security Cooperation Agency, 201 12th St South, Suite 203, Arlington VA 22203-5408.

Note 16. ACCESSORIAL CHARGES (RESTATED).

- a. A PC&H charge has been applied to lines 001 and 004.
- b. A transportation charge has been applied to lines 001 (based upon the current Transportation Look-up Table) and 004.

Note 17. ADMINISTRATIVE SURCHARGE (REVISED).

An administrative surcharge of 3.8% has been applied to lines 001-006.

Note 18. GUIDED MISSILE TEST SET DSM-157. (ADDED)

This line provides for two Guided Missile Test Sets (DSM-157), NSN: 3650-01-805- 6319 for use in testing the AGM-65-G missiles. Estimated unit cost is based upon concurrency with other U.S. Government buys.

Lines and notes are included for illustration purposes only.

Figure C6.F3. Modification Format


	<p>United States of America</p> <p>Modification 1 to Letter of Offer and Acceptance (LOA)</p> <p>BN-Q-SEH</p>
<p>Based on BN/MODAT7732 dated 12/08/2006</p> <p>Mail To: Embassy of Bandaria Office of the Air Attaché 1234 Massachusetts Ave, NW Washington, DC 29999.</p> <p>Pursuant to the Arms Export Control Act, the Government of the United States (USG) offers to amend the Letter of Offer and Acceptance (LOA) identified above for the purchase of defense articles, defense services, or both. All other terms and conditions of the LOA remain unchanged.</p> <p>This Modification changes the NSN of the item being provided under Line 002 to correct an administrative error. It also changes the leadtime on Line 002 to reflect latest delivery projections.</p> <p>Basic LOA accepted: 04 Sep 2003.</p> <p>Estimated Cost: \$7,834,007</p> <p>Terms of Sale: Cash Prior to Delivery Dependable Undertaking</p> <p>This Modification consists of page 1 through page 2.</p> <p>The undersigned are duly authorized representatives of their Governments and hereby respectively furnish and acknowledge receipt of this Modification:</p>	
<p>_____</p> <p>U.S. Signature</p>	<p style="text-align: center;"><u>06 Feb 2007</u></p> <p>_____</p> <p>Date</p>
<p>_____</p> <p>Typed Name and Title</p> <p><u>Defense Security Cooperation Agency</u> Implementing Agency</p>	<p>_____</p> <p>Typed Name and Title</p> <p>_____</p> <p>Agency</p>
<p>_____</p> <p>DSCA</p>	<p>_____</p> <p>Date</p>
<p>BN-Q-SEH (M1)</p> <p>Page 1 of 2</p>	

Figure C6.F3. Modification Format (continued)

This Modification provides notification of changes as follows:

(1) Item Nb	(2) Description/Condition	(3) Qty, Unit of Issue	(4) Costs (a) Unit	(b) Total	(5) SC/MOS/TA	(6) Ofr Rel Cde	(7) Del Trm Cde
PREVIOUS							
002	B2G 810000MAVC0NT MAVERICK MISSILE CONTAINER	(N) 10 EA	\$95,000.00	\$950,000	P(18-30) TA5	A	2
REVISED							
002	B2G 810000MAVC0NT MAVERICK MISSILE CONTAINER	(N) 10 EA	\$95,000.00	\$950,000	P(20-32) TA5	A	2
<u>Estimated Cost Summary</u>			<u>Previous (A01)</u>	<u>Revised</u>			
(8)	Net Estimated Cost		\$7,287,107				\$7,287,107
(9)	Packing, Crating, and Handling		\$154,722				\$154,722
(10)	Administrative Charge		\$276,910				\$276,910
(11)	Transportation		\$115,268				\$115,268
(12)	Other		\$0				\$0
(13)	Total Estimated Cost		\$7,834,007				\$7,834,007

To assist in fiscal planning, the USG provides the following revised anticipated costs of this LOA:

Signed Copy Distribution:

1. Upon acknowledgement of receipt, the Purchaser should return one signed copy of this Modification to Defense Finance and Accounting Service -Denver, ATTN: DFAS-JY/DE, 6760 E. Irvington Place, Denver, CO 80279-2000.
2. One signed copy should be returned to Defense Security Cooperation Agency, Director, Defense Security Cooperation Agency, 201 12th St South, Suite 203, Arlington VA 22203-5408.

Note 2. LINE ITEM 002 – Guidance Control System Containers. (REVISED)

Line Item 002 provides [insert enough information to adequately describe each line being revised on the document (e.g., configuration, delivery schedule, etc.). Also include information on the actual change if it is not self-explanatory based on entry in the “This Modification....” paragraph on the first page of the Modification.]

Note 16. ACCESSORIAL CHARGES (RESTATED).

- a. A PC&H charge has been applied to lines 001 and 004.
- b. A transportation charge has been applied to lines 001 (based upon the current Transportation Look-up Table) and 004.

Note 17. ADMINISTRATIVE SURCHARGE (RESTATED).

An administrative surcharge of 3.8% has been applied to lines 001-006.

Lines and notes are included for illustration purposes only.

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Figure C6.F4. Instructions for Preparing an Amendment or Modification

Instructions for Preparing an Amendment or Modification	
1	“Based On.” Each Amendment or Modification includes a reference to the document, meeting, review, etc. that prompted the change.
2	<p>Description. The “This Amendment (or Modification) is for:” includes a concise and clear purpose of the Amendment or Modification, using the following guidelines:</p> <ul style="list-style-type: none"> a. Program. Identify the major program involved (e.g., “Apache Program”). b. Overview. Provide an overview of the Amendment or Modification. Actual changes are shown in detail subsequent to page 1. c. References. Enter references to specific parts of the basic LOA, Amendments, or Modifications; e.g., Basic LOA, Item 001, Attachment 2; Amendment 2, Item 003. Show if the action is an addition, modification, deletion, increase, or decrease. This must show whether value increases (line or total LOA) are due to scope or price changes. d. Previous Unaccepted Amendments. If a previous Amendment offer has expired, note that Amendment (number) was not accepted and state that data prior to the Amendment is being used herein. The unaccepted Amendment number should not be reused. e. LOA Acceptance Date. Include “Basic LOA was accepted [insert date].”
3	SC/MOS/TA or Notes. This column includes the source code (also referred to as the Source of Supply (SOS) code), the availability (estimated number of months FROM ACCEPTANCE OF THE BASIC LOA to when items are available), Type of Assistance (TA) code, and training notes.
4	Term(s) of Sale. The Term(s) of Sale must be recorded on the first page of the Amendment or Modification. Cases that include multiple sources of funding must list all sources. The Amendment or Modification includes a dollar breakout for each credit term used.
5	DSCA Congressional Notification Transmittal Number. Include the DSCA transmittal number used in the statutory Congressional notification (e.g., Congressional Notification 92-15) when applicable. When multiple notification numbers apply, they must all be listed.
6	Expiration Date. The Amendment expiration date follows the same rules as for an LOA. See Chapter 5, Figure C5.F5. for current country level timeframes.
7	Other Fields. Quantity, notes, codes, and financial fields should be changed to reflect the previous and revised values. The payment schedule should be adjusted accordingly.

C6.8. FMS CASE CLOSURE

The case is a candidate for closure when: ordered articles have been physically delivered; ordered services have been performed; no orders have been placed against an open blanket order case for 180 days or more; and the FMS purchaser has confirmed that no orders are forthcoming. There are two types of case closure: accelerated and non-accelerated.

C6.8.1. Accelerated Case Closure (ACC). ACC allows a case to be closed after supply or services completion even if there are outstanding unliquidated obligations (ULOs) on the case. Under ACC, purchaser funds are placed in a case closure suspense account pending final resolution of the ULOs. This program is voluntary, except for those countries that have FMF-funded programs. (See DoD 7000.14-R (reference (o)), Volume 15, Chapter 2 for details.) DSCA (Business Operations Directorate) maintains the master list of countries participating in the ACC program. (Chapter 4, Table C4.T2. also identifies those countries or organizations participating in the ACC program.) Table C6.T9 shows a brief description of ACC eligibility criteria. ACC cases are targeted for closure within 24 months after the case becomes supply/services complete. Enhanced Accelerated Case Closure (EACC) targets ACC candidates for first priority. These cases have been supply or services complete for at least 24 months.

DSCA (Business Operations Directorate) issues the official EACC quarterly list of these cases to the MILDEPs for action. Force closure occurs when cases have remained on the DSCA EACC list for more than three quarters. In this situation, DSCA (Business Operations Directorate) directs DFAS Denver to “force” close the case in DIFS.

Table C6.T9. Accelerated Case Closure Eligibility

ACC Eligibility Criteria	Considerations
Cases are supply complete for at least 1 year.	This time frame accommodates final reconciliation actions and the purchaser’s right to submit an SDR associated with the final delivery. The timeframe can be abbreviated if the purchaser confirms in writing that no additional SDRs will be submitted.
No outstanding SDRs or litigation claims are pending.	A case, for which a litigation judgment was issued, can close under ACC even if the settlement has not been paid.
The case is paid in full, i.e., collections equal the final costs.	If the case is not yet paid in full, the MILDEP/Implementing Agency is encouraged to continue processing the case for closure and to forward the closure certificate (and associated “C1” transaction) to DFAS Indianapolis. The purchaser should be notified as early as possible that a final payment is needed to close the case.
The purchaser wants the case closed.	By virtue of the purchaser participating in ACC, a general understanding exists at the Ministry of Defense (MOD) (or equivalent) level that the USG closes its cases within 2 years. Any exceptions to keeping a case open, even though it is supply complete, should be coordinated with DSCA (Business Operations Directorate). Normally, DSCA (Business Operations Directorate) requires that the purchaser’s MOD (or equivalent) organization agrees the case should remain open.

C6.8.2. Non-Accelerated Case Closure (Non-ACC). Non-ACC procedures are used to accommodate those countries that have not elected to participate in the ACC process and whose FMS programs are completely financed with national funds. Implementing Agencies begin non-ACC procedures after the following actions are complete. (See DoD 7000.14-R (reference (o)), Volume 15, Chapter 2 for details.)

C6.8.2.1. Performance and Billing. Performance reports, submitted to DFAS Denver to report all delivered articles and services, have been processed and bills submitted to the purchaser. All estimated billings have been converted to actual billings.

C6.8.2.2. Reimbursement of Costs. Costs of articles and services have been reimbursed from FMS Trust Funds to DoD appropriations or USG equity accounts.

C6.8.2.3. FMS Accounting Balances. Implementing Agency and DFAS Denver accounting balances have been reconciled and all performance and disbursements have been properly reported and accounted for.

C6.8.2.4. Item Discrepancies. All outstanding SDR claims have been submitted to DFAS Denver.

C6.8.3. Estimated Case Closure Dates. Implementing Agencies must include a note identifying an estimated case closure date on all LOAs except FMSO Is. See Chapter 5, Table C5.T5. for exact LOA note wording. For cases belonging to countries under the ACC program, the estimated closure date is 24 months after the date of projected final delivery or service performance. For cases belonging to countries not participating in ACC, the estimated closure date is forecasted to 36 months after completion of the longest estimated underlying contract (if available). If no contracts apply, the date should be within 36 months after final delivery.

C6.8.4. Case Closure Process

C6.8.4.1. Case Closure Certificate. Case Managers prepare the case closure certificate and package for review in accordance with established procedures. All case closure certificates are sent electronically to DFAS Indianapolis.

C6.8.4.2. “Case Closures at Reduced or \$0 Value. For any case that is closed, the US Government will retain funds to pay for estimated administrative costs associated with the case – even if no articles and/or services have been delivered (\$0 delivered value). The minimum, non-refundable amount will be: the value when combining the Small Case Management Line (SCML) and the administrative surcharge value; OR ½ of the administrative surcharge estimated on the case; OR the standard administrative surcharge percentage of the expended value whichever is greater. DSCA (Business Operations Directorate) may approve reductions to this policy when it can be clearly shown that the actual values of administrative costs on the case are less than these values or if the case is cancelled for the convenience of the US Government. If an SCML was not included on the basic case and the case was “accepted” on or after 1 August 2006, an SCML must be added if the case value is reduced such that an SCML is needed to reach \$15,000 in administrative collections. Case Managers wishing to request that a case be closed be at \$0 articles and/or services value, must contact DSCA (Business Operations Directorate) for approval. The DSCA (Business Operations Directorate) reply is sent to the Case Manager and DFAS Indianapolis.”

C6.8.4.3. Case Closure in DIFS. DFAS Indianapolis reviews the case closure certificate and performs actions to close the case in DIFS. If DFAS Indianapolis has questions on the closure certificate, they contact the Implementing Agency listed on the certificate. Implementing Agencies check DIFS case closure inventory on an as needed basis to determine which cases have been closed. DFAS Indianapolis should close cases containing no inhibitors within 30 days of closure certificate and “C1” closure transaction receipt.

C6.8.4.4. Case Closure - DSCA 1238(Q) Report. The DSCA 1238(Q) report tracks closure objectives, actual closure progress during a given fiscal year, resource allocations to the closure function, and inventories of ACC cases over 2 years supply or services complete that the FMS purchaser wants kept open. This report is prepared by the MILDEPs each quarter and is sent to the DSCA (Business Operations Directorate).

C6.9. CASE CANCELLATION

C6.9.1. Purchaser-Requested Case Cancellations. Purchasers may request that their FMS cases be cancelled. After a case has been implemented, cancellations are processed as a closure of the case. The purchaser is responsible for any termination costs as well as any estimated administrative costs associated with the case. The minimum, non-refundable amount of

administrative costs will be: the value when combining the Small Case Management Line (SCML) and the administrative surcharge value; OR ½ of the administrative surcharge estimated on the case; OR the standard administrative surcharge percentage of the expended value whichever is greater. Implementing Agency recommendations to charge other than these amounts must be submitted to DSCA (Business Operations Directorate) for approval. See paragraph C6.8.4.2. for information on closing cases with \$0 delivered value. For cases closing with a case value greater than or equal to \$25,000,000, the Implementing Agency will submit a recommended non-refundable administrative charge amount to DSCA (Business Operations Directorate) for approval. DSCA countersignature of an LOA Modification does not constitute DSCA approval. Requests submitted to DSCA must include the following documentation:

C6.9.1.1. Brief description of the case to include the basic LOA acceptance date and the terms of sale used.

C6.9.1.2. Copy of the purchaser's request for case cancellation or a written explanation why the case was cancelled.

C6.9.1.3. Statement whether costs to implement, execute, and cancel the case will be recouped by the administrative charge assessed on the actual delivered value.

C6.9.1.4. Minimum amount of FMS administrative charge that would normally be charged in accordance with current policy and a statement whether costs to implement, execute, and cancel the case will be recouped by that amount. If a different amount is recommended, include the proposed amount and justification.

C6.9.2. USG-Requested Case Cancellations. In accordance with the LOA Standard Terms and Conditions (see Chapter 5, Figure C5.F3.), the US Government may cancel a case (or any part of a case) when U.S. national interest requires. The amount of administrative charges assessed against cases cancelled by the US Government must be approved by DSCA (Business Operations Directorate) even if the proposed amount is \$0.

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C7. CHAPTER 7

TRANSPORTATION

C7.1. DEFINITION AND PURPOSE - TRANSPORTATION

Department of Defense (DoD) policy is that the purchaser is responsible for transportation and delivery of its purchased materiel. The Department of Defense can, on a reimbursable or collect basis, arrange shipment and delivery of FMS materiel to a purchaser's designated continental United States (CONUS) delivery point. Generally the delivery point is the purchaser's contracted freight forwarder or a designated Port of Debarkation (POD) (Aerial or Water) specified by the Delivery Term Code (DTC) assigned in the Letter of Offer and Acceptance (LOA). See Chapter 5, Figure C5.F4. for a complete list of DTCs and their assigned delivery points. Transportation Bill Codes (TBCs) may also be used to bill transportation costs. See DoD 7000.14-R (reference (o)), Volume 15 for information on these codes. See Chapter 3 for guidance on export or temporary import of defense articles, shipment of classified items, export licenses, customs clearance, and Transportation Plan development.

C7.2. TRANSPORTATION LEGAL PROVISIONS

Several laws govern the transportation of controlled substances and cargo acquired with U.S. appropriated or guaranteed funds. Table C7.T1. is a summary of this legislation.

Table C7.T1. Transportation Legislation Summary

Legislation	Subject and/or Overview
Merchant Marine Act of 1936, as amended, (Section 901(b)) (46 U.S.C. 1241) (reference (bd))	Requires at least 50 percent of certain United States Government (USG) cargo be shipped on privately-owned U.S. flag commercial vessels
Cargo Preference Act of 1954 (10 U.S.C. 2631) (reference (be))	Established the 50 percent requirement that certain USG cargo be shipped on privately-owned United States (U.S.) flag commercial vessels
Fly America Act (49 U.S.C. 40118) (reference (bf))	Requires first preference for airlift of DoD sponsored grant, credit, or guarantee-funded cargo be given to U.S. flag air carriers
Arms Export Control Act (AECA), Section 42(c) (reference (c))	Prohibits spending Foreign Military Financing (FMF) monies outside the United States without Offshore Procurement (OSP) waiver
Controlled Substances Import and Export Act (21 U.S.C. 951) (reference (bg))	Requires import documents from the purchaser and export permits

C7.3. TRANSPORTATION REGULATIONS AND PROCEDURES

Table C7.T2. is a summary of the DoD references for transportation of Foreign Military Sales (FMS) materiel.

Table C7.T2. Transportation-Related References

References	Subject
DoD 4000.25-8-M (reference (t))	Military Assistance Program Address Directory (MAPAD) System
DoD 4500.9-R (reference (bh))	Defense Transportation Regulation, Part II, Cargo Movement
DoD 5100.76-M (reference (ai))	Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives
DoD 5200.1-R (reference (x))	Information Security Program
DoD 5220.22-M (reference (m))	National Industrial Security Program Operating Manual
DoD 7000.14-R (reference (o))	DoD Financial Management Regulation, (DoDFMR), Volume 15
MIL-STD-2073-1 (reference (bi))	Packing Standards
MIL-STD 129 (reference (bj))	Standard Practice for Military Marking
AFI 24-201	Cargo Movement
AFI 31-401	Information Security Program Management
AFM 24-204	Preparing Hazardous Materials for Military Air Shipments
AFMAN 16-101	International Affairs and Security Assistance Management

C7.4. TRANSPORTATION RESPONSIBILITIES

There are usually two parties involved in the movement of FMS materiel: the USG and the purchaser. If the purchaser does its own exporting, it may contract with a commercial transportation agent to do the necessary customs and documentation work. If used, this agent, or “Freight Forwarder,” is a third party involved in the movement of FMS materiel. Table C7.T3. summarizes the responsibilities of each party.

C7.5. TITLE TRANSFER

Title to FMS materiel normally transfers from the USG to the purchaser immediately upon its release from a DoD supply activity (point of origin). However, USG security responsibility does not cease until the recipient Government’s or international organization’s Designated Government Representative (DGR) assumes final control of the consignment. A supply activity can be either a DoD storage depot or a commercial vendor that furnishes materiel under a DoD-administered contract.

C7.5.1. Procurement Items. If an item is procured for shipment directly from a vendor, the point of origin and/or title passage is normally at the vendor's loading dock. Since FMS transactions are Government-to-Government sales, the terms of any DoD-administered contract for FMS materiel should be free on board (FOB) origin (the materiel must be DoD property before it departs the vendor's facility).

C7.5.2. Stock Items. If items are supplied from a DoD storage depot, the point of origin and/or title passage is normally the depot's loading dock.

C7.5.3. Postal Service Deliveries. If the U.S. Postal Service (USPS) is used, the point of origin and/or title passage is either the depot's postal facility or the nearest post office if depot personnel take the materiel to the post office in depot-furnished transportation.

Table C7.T3. Transportation Responsibilities

Organization	Responsibility
USG	<p>Ensures proper packing and marking of shipments.</p> <p>Distributes release and shipment documentation according to current DoD regulations.</p> <p>Maintains evidence of shipment.</p> <p>Provides technical assistance and guidance as appropriate.</p> <p>Ensures that a valid Transportation Plan is in place.</p>
Assistant Deputy Under Secretary of Defense – Logistics and Materiel Readiness (Transportation Policy)	Sets policy for the movement of materiel.
Defense Security Cooperation Agency (DSCA)	<p>Issues FMS transportation policies.</p> <p>Reviews and/or approves purchaser country calendar year waivers (to 50 percent vice 100 percent of applicable cargoes) of compliance with Cargo Preference Act. Reviews and/or approves security waivers to Cargo Preference (Ocean).</p>
Military Department (MILDEP)	<p>FMS Transportation Coordinators act as points of contact for purchasers' representatives.</p> <p>Ensures that the supporting Security Office oversees the prescribed security arrangements in coordination with DSS when commercial entities are involved.</p> <p>Develops the Transportation Plan.</p>
Maritime Administration (MARAD)	<p>Monitors compliance with U.S. Cargo Preference Act.</p> <p>Reviews and/or approves purchaser country non-availability waivers to the U.S. Cargo Preference Act.</p> <p>Review and/or coordinate on purchaser country calendar year waivers to DSCA 100 percent compliance policy with the Cargo Preference Act.</p>
Purchaser	<p>Takes possession of materiel at point designated by LOA DTC.</p> <p>Performs all export functions and requirements if taking possession of purchases in CONUS or, contracts with a freight forwarder to perform these functions.</p> <p>Provides freight forwarder with copies of LOAs and other LOA-related documentation needed to export purchases.</p> <p>Keeps its own MAPAD addresses updated as changes occur (done through Implementing Agency focal points or MAPAD custodian).</p> <p>Determines financial arrangements with the freight forwarder, if any.</p> <p>Obtains insurance on shipments (if desired).</p> <p>Handles all import customs actions and pays all customs charges for entry or materiel into purchaser's country, regardless of DTC.</p> <p>Obtains export licenses from the DoS for non-FMS (i.e., DCS) and the Department of Commerce (DoC) for certain dual use items.</p> <p>Processes import and/or export U.S. Customs actions Repair and Return materiel.</p> <p>Participates in the preparation of a Transportation Plan, effects coordination with security and Customs authorities within its territory, and identifies points of contact.</p>

Organization	Responsibility
Freight Forwarder (If involved)	<p>Receives, consolidates, and stages materiel (other than sensitive arms, ammunition, and explosives) within the United States and arranges for its onward movement.</p> <p>Coordinates export of sensitive arms, ammunition, and explosives items according to DTC 8 procedures.</p> <p>Performs these and other functions needed to export FMS purchases only per the contract negotiated between the freight forwarder and the purchaser.</p> <p>When tasked to provide a Transportation Plan, ensures it is prepared prior to the shipment date, is in compliance with the NISPOM, and is coordinated with DSS.</p>

C7.5.4. Retention of Custody. Retention of custody does not imply retention of title. Designation of a point of title transfer other than the point of origin must be specified in the LOA. This title transfer policy generally applies to shipments regardless of the mode or type of transportation, documents utilized, delivery code, or method of funding.

C7.5.4.1. Custody of Aircraft. When the LOA specifies that the USG provide for movement of aircraft to the point of delivery, one of two conditions prevails with regard to title. In either case, the purchaser assumes all risk of loss or damage since this is a USG service being provided at no cost to the USG.

C7.5.4.1.1. Ferrying of Contractor-Owned Aircraft. Where ferrying is necessary and the aircraft are not purchaser-owned (title not passed), the USG accepts title to the aircraft from the contractor, and title remains with the USG until arrival at the point of delivery. The LOA contains prescribed indemnification clauses. See Chapter 5, Table C5.T5.

C7.5.4.1.2. Ferrying of Purchaser-Owned Aircraft. Where purchaser-owned aircraft are being ferried under terms of the LOA, the purchaser grants the USG possession of the aircraft. Under this condition, the title to the aircraft remains with the purchaser. The LOA contains prescribed indemnification clauses. See Chapter 5, Table C5.T5.

C7.5.4.2. Annotation of Transportation Documents When DoD Retains Custody. When DoD retains custody and transportation responsibility for an FMS shipment until its arrival at the overseas port of debarkation in the destination country, bills of lading for these DTS shipments are annotated as indicated in subparagraphs C7.5.4.2.1. and C7.5.4.2.2. The signature of the issuing officer on the bill of lading serves as certification of these statements. DoD and other USG CONUS shipping activities must enter one of these statements into bills of lading issued for shipment of FMS cargo. The statement used depends if cargo is routed to a CONUS Port of Embarkation (POE) where it is loaded into an overseas carrier for lift to a POD or is offered directly to an overocean carrier that takes the cargo to an overseas port. Neither of these statements is annotated on bills of lading for FMS materiel moved to a purchaser's CONUS-located facilities, commercial agent, or freight forwarder.

C7.5.4.2.1. If the Defense Transportation System (DTS) service furnished is directly owned or controlled by DoD (i.e., Air Mobility Command (AMC) Airlift, Military Sealift Command (MSC) Ocean Lift or (Military) Surface Deployment and Distribution Command (SDDC) Booked Ocean Lift), the following statement is used: “[Insert applicable Military

Department] Sponsored Foreign Military Sales Shipment -- No Export Declaration or License Required. 22 CFR 126.4(a) Applicable.”

C7.5.4.2.2. If the overocean DTS furnished is obtained by a shipping activity transportation officer through a bill of lading issued directly to an overocean carrier (usually commercial air), the following statement is used: “[Insert applicable Military Department] Sponsored Foreign Military Sales Shipment – No Export License Required. 22 CFR 126.4(a) Applicable.”

C7.6. DEFENSE TRANSPORTATION SYSTEM (DTS)

The DTS includes any transportation services provided by the Department of Defense using USG-owned or controlled resources or DoD-contracted carriers. Use of the DTS, to include related terms and conditions for movement, must be stated in the LOA. The USG has no financial responsibility for loss or damage that occurs to FMS materiel while in transit.

C7.6.1. Examples of DTS Shipments

C7.6.1.1. Bills of Lading. Shipments using USG Bills of Lading (GBLs) or pre-paid commercial bills of lading (CBLs) to common carriers to move materiel overland or overseas via truck, train, ship, plane, other modes of transportation or a mixture of any of them (multi-modal).

C7.6.1.2. Pre-Paid Small Parcel Carriers. Pre-paid small parcel carriers, such as the USPS or a commercial small parcel carrier, are DTS when DoD obtains their services.

C7.6.1.3. Pre-Paid Shipments. Pre-paid shipments to CONUS-located freight forwarders (DTC 5) or country representatives located at embassies are DTS until the consignee at either type of facility unloads the materiel from the inland carrier.

C7.6.1.4. DTC 8 Shipments. DTC 8 shipments are DTS until the materiel is loaded into a waiting purchaser ship or aircraft at a DoD-controlled POE. Purchaser obligations regarding export licenses, Shipper's Export Declarations (SEDs), and obtaining necessary paperwork from the U.S. Department of Transportation (DoT) for hazardous materials still apply. Either a purchaser's military ship and/or aircraft, or a commercial ship and/or aircraft chartered by the purchaser may perform a DTC 8 pickup.

C7.6.2. Examples of Non-DTS Shipments

C7.6.2.1. Shipments to CONUS-located purchaser freight forwarders via Collect Commercial Bills of Lading (CCBLs) are not DTS shipments. Although arranged for by DoD shipping activities, CCBL shipments are regarded legally as purchaser and/or freight forwarder-arranged pickup of materiel at the shipping activity. This applies even if third party billing is directed by entries in the MAPAD.

C7.6.2.2. Pickup at a shipping activity by purchaser and/or freight forwarder-arranged transportation normally happens only if directed in a Notice of Availability (NOA) response or if directed in special instructions in the MAPAD that apply to DTC 4 releases.

C7.6.3. Mandatory Use of DTS. DTS must be used for the following:

C7.6.3.1. Classified Items. See Chapter 3, subparagraph C3.7.4.5. if a purchaser proposes to take possession of classified articles within CONUS or at a CONUS POE.

C7.6.3.2. Working Capital Fund (WCF) Items. These items normally include inland CONUS transportation in the materiel cost and are therefore shipped prepaid to a POE, freight forwarder, or other CONUS address designated by the purchaser. If shipment is to a CONUS-located freight forwarder or other purchaser-designated location, DTC 5 applies but no below-the-line collection is made in the applicable LOA for inland-CONUS transportation. Shipping activities cite the applicable WCF for these items, not the FMS Trust Fund Transportation Cost Clearing Account.

C7.6.3.3. Conventional Arms, Ammunition and Explosives. See section C7.17.

C7.6.3.4. Certain Air Cargo Items. Air cargo items that exceed commercial capability must be transported via DTS if the purchaser does not have the transportation capability to lift these items. This condition is infrequent.

C7.6.4. Small Parcel Shipments. Small parcel releases may use traceable USPS methods (insured mail, certified mail or registered mail) or commercial small parcel carriers. Overseas movement via the Military Postal Service (Army Post Office (APO) or Fleet Post Office (FPO)) is used only if certain conditions are met. First, use of an APO and/or FPO must be specifically authorized in an LOA. Second, the APO and/or FPO addressees must give written approval that they accept responsibility for receiving security assistance shipments. An APO and/or FPO might be recommended if a shipment is classified and the purchaser does not have approved facilities to receive classified items in the United States. The purchaser must bear the cost of such shipments (normally by assigning DTC 7 to the applicable LOA). DoS's Diplomatic Pouch Services cannot be used for materiel shipments. Not all Military Postal Service addresses handle classified material. The Military Postal Service or Military Traffic Management Command must be consulted to obtain the appropriate addresses.

C7.6.5. U.S. Flag Carriers. 10 U.S.C. 2631 (reference (be)) and 46 U.S.C. 1241 (reference (bd)) require that security assistance cargo moving through DTS be assigned (subject to availability at reasonable rates) to non-chartered U.S. flag privately-owned vessels, DoD chartered U.S. flag privately-owned vessels, U.S. flag USG-owned vessels, and non-U.S. flag vessels. If the cargo is purchased under Credit Terms or is Grant Aid materiel, a waiver must be obtained from MARAD to transport it via ocean (for non-DTS shipments) on other than U.S. Flag Vessels.

C7.6.6. Movement of Materiel Overseas via the DTS. When FMS purchases are moved overseas via the DTS (i.e., DTC 9, 7, 6, A, D, F, G or J), one or all of the following conditions apply.

C7.6.6.1. Preparing for Purchaser Receipt. In-country U.S. military representatives (SCOs or DAOs) ensure successful transfer of DTS-routed shipments to the purchaser's DGR. The actual change of custody is from over-ocean carrier representatives to in-country mark-for and/or ultimate consignee representatives. The SCO or DAO must ensure that the purchaser is prepared to receive their materiel. Receiving procedures are the responsibility of the purchaser and include: checking the materiel against manifests and shipping documents; signing receipts for ocean or air carriers; and clearing the shipments through the purchaser's and third country

Customs. The purchaser pays all Customs' charges. U.S. military representatives should not involve themselves in overseas Customs matters.

C7.6.6.2. Transportation Discrepancy Reports (TDRs). When discrepancies occur, in-country U.S. military representatives must submit TDRs for DTS-routed FMS and grant aid deliveries. The purchaser cannot submit TDRs. TDR procedures are found in DoD 4500.9-R (reference (bh)). A TDR helps trace lost shipments and establishes an official record for future claims against a carrier for loss or damage. Limited liability prevents a purchaser from receiving full value from a carrier, but if the purchaser obtains commercial insurance for its FMS purchases, the official record may help the purchaser when submitting insurance claims.

C7.6.6.3. Ocean Delivery. To ensure successful transfer of cargo from ocean carriers to purchasers, in-country U.S. military representatives must receive several documents that are provided or controlled by the SDDC Documentation Division.

C7.6.6.3.1. Cargo Traffic Message. When a ship picks up cargo at a water port of embarkation (WPOE), a Cargo Traffic Message is addressed to all destinations or consignees who receive any of the cargo. For Security Assistance cargo, these addressees include U.S. military representatives in the purchaser or recipient countries. Although it does not contain a detailed listing of cargo, the Cargo Traffic Message advises of any special cargo (e.g., hazardous materiel (HAZMAT) or Sensitive Arms, Ammunition and Explosives (AA&E)), gives a general description of the cargo and its weight and cube, and notifies whether the ocean container will be transferred to another ship while en route to the POD.

C7.6.6.3.2. Cargo Manifests. A SDDC Cargo Manifest is a detailed listing of all Shipment Units picked up by a ship. A Transportation Control Number (TCN) identifies a Shipment Unit. A TCN does not identify all of the Military Standard Requisitioning and Issue Procedures (MILSTRIP) documents if more than one has been packed in the Shipment Unit by the point of origin shipping activity. Shipping activities attach packing lists to each Shipment Unit to identify the exact contents. For Security Assistance shipments, packing lists (normally in the format of Issue Release and Receipt Documents (IRRD) (DD Form 1348-1A) for Depot releases or Materiel Inspection and Receiving Report (MIRR) (DD Form 250) for vendor-supplied shipments) serve as certificates of origin.

C7.6.6.3.3. Government Bill of Lading (GBL). SDDC generates a GBL or equivalent CBL. This bill is a contract document between the USG and the carrier, and provides a means to pay the carrier for the service performed. Since the cargo being lifted does not belong to the USG, this bill is not used for Customs purposes in the purchaser's country. SDDC ensures copies are sent to the U.S. military representatives for the countries involved.

C7.6.6.3.4. Ocean Bill of Lading (OBL). For each Security Assistance shipment, an ocean carrier generates an OBL in response to the GBL. The OBL is used for destination Customs purposes. SDDC ensures that the carrier furnishes one original and at least one copy to the U.S. military representative in the purchaser's country.

C7.6.6.3.5. Addressing of Documentation. U.S. military representatives should receive ocean documentation as much in advance of a ship's arrival as possible. Unless the U.S. military representative communicates directly with the SDDC Documentation Division, SDDC uses the applicable MAPAD Type of Address Code (TAC) 4, 5, or 6 address as a default address for the manifest information and bills of lading. These addresses may be DoS Pouch or APO and/or FPO addresses that may not move documentation quickly enough for ship arrivals. Therefore, in-country U.S. military representatives should contact SDDC at Fort Eustis, Virginia, whenever DTC 9, 7, A, D, F, G, or J or grant aid ocean deliveries of Security Assistance cargo are anticipated. Plain text message or e-mail addresses should be furnished for Cargo Traffic Messages. If DoS Pouch or APO and/or FPO addresses do not effect fast delivery of ocean manifests and bills of lading, the U.S. military representative may request that they be forwarded by an expedited delivery carrier.

C7.6.6.4. Air Delivery. Air delivery is performed by AMC Channel, Special Assignment Airlift Mission (SAAM) flights, or commercial air carriers to commercial airports in purchaser countries.

C7.6.6.4.1. AMC Aircraft. For AMC Channel missions (i.e., scheduled flights to AMC Stations in or near purchaser countries), manifests are prepared for every item loaded. If communications facilities are available, the manifest data is transmitted from the aerial port of embarkation (APOE) to the aerial port of debarkation (APOD).

C7.6.6.4.2. SAAM Flights. A SAMM flight is a special flight by the AMC for pick-up and delivery normally at points other than established routes. It may be thought of as chartering the aircraft. Costs are computed by flying hours from the time the aircraft leaves its home station until it returns. For SAAM flights, manifests are prepared for each aircraft involved in a mission and include all materiel loaded in the aircraft. This document travels with the aircraft in the possession of the aircrew.

C7.6.6.4.3. Commercial Air Delivery. For commercial deliveries, an Air Waybill is prepared by the air carrier for shipments received from a DoD and/or USG shipping activity. The Air Waybill contains a listing of the shipment unit(s) received for delivery to an overseas commercial airport. Each shipment unit is identified in the Air Waybill by the TCN. The Air Waybill also describes the cargo. For tracer or tracking requests, the TCN should be referenced.

C7.6.6.5. Documentation. Commercial invoices and certificates of origin do not apply to FMS or grant aid shipments. If a shipment is released from a depot, an IRRD (DD Form 1348-1A) identifies materiel as DoD-supplied and provides the details (document number, case designator, National Stock Number (NSN), etc.) that link the materiel to a case. If shipment is released from a vendor under a DoD contract, a MIRR (DD Form 250) serves the same purposes and provides the same data. DoD MILSTRIP requires that shippers attach copies of these documents to the exterior of the shipment units in waterproof envelopes (one DD Form 1348-1A or DD Form 250 per requisition contained in the shipment unit).

C7.6.6.6. U.S. Military Terminal Units and/or Support Activities. If U.S. Military Forces are positioned or deployed in the area receiving the FMS materiel, these forces may be supported by U.S. Military Terminal Units or Support Activities. The U.S. military representative may request these units perform all or some of the transportation functions on a not-to-interfere basis normally performed by the U.S. military representative.

C7.6.7. Movement of Aircraft. The FMS purchaser must advise whether aircraft will be delivered by commercial ferry service (arranged by the purchaser), DoD ferry, or surface transportation. LOAs stipulate that delivery be made only under one of the following conditions:

C7.6.7.1. If the purchaser desires flight delivery of the aircraft, the aircraft must be placed in safe condition consistent with established standards of the military service of origin or Federal Aviation Administration. Required maintenance may be done through negotiation with the Implementing Agency or Federal Aviation Administration certified facility, and costs are borne by the purchaser. Aircraft are released for flight only after an inspection by the service or Federal Aviation Administration, as appropriate, has determined that standards have been met. Chapter 5, Table C5.T5. shows examples of terms and conditions for aircraft ferrying, that may be amplified to comply with specific requirements.

C7.6.7.2. Aircraft that are not restored to the criteria above are sold with the understanding that they shall be delivered to the requested destination by surface transportation.

C7.7. NOTICES OF AVAILABILITY AND OFFER RELEASE CODES

C7.7.1. Notice of Availability (NOA). An NOA is sent to notify a purchaser's representative or freight forwarder that an item is ready for shipment. The purpose of the NOA is to delay release of overweight, oversize, hazardous, or other materiel requiring special receipt and export processing. The NOA allows a freight forwarder or country representative to prepare for receipt of this cargo (e.g., rent approved HAZMAT storage space for hazardous items or to direct materiel to an ocean carrier's facility for immediate pickup). NOAs apply only to LOA line items that use DTC 4, 5, 8, B, C, E, or H. NOAs are always used for DTC 8 shipments of Sensitive AA&E items that must be routed through a DoD-controlled POE. Although DoD procures portions of the transportation for DTCs 5 and 8 (and their Repair and Return equivalents), NOA procedures also apply to shipments of materiel released using these codes. NOAs are not intended to allow freight forwarders to maximize profits by controlling the flow of general non-special cargo into their facilities. For this reason, LOAs should include a requirement for NOAs only when special materiel is involved. The purchaser may request NOA procedures in any LOA for the above DTCs; however, Implementing Agencies should concur only when the materiel is in the special categories described above or if special circumstances apply.

C7.7.1.1. Classified Shipments. Shipping activities send NOAs for unclassified shipments to the TAC 3 address found in the MAPAD for the applicable MAPAC. NOAs for classified material (e.g., Confidential or Secret) must be sent to the country representative listed in the MAPAD, not to a TAC 3 freight forwarder address. An NOA response for classified material must be received from the country representative. This responsibility cannot be delegated to a freight forwarder. A freight forwarder is a commercial agent and is not authorized to represent a foreign Government as a diplomatic entity.

C7.7.1.2. Storage Charges. Storage or staging charges may accrue when a NOA response (or failure to respond) requires the items to be held for an extended period of time. Any storage costs are charged to the FMS case.

C7.7.2. Offer Release Code (ORC). ORCs are included in LOAs in Block (6) and identify how materiel should be released and whether an NOA is required. These codes are transferred from LOAs into MILSTRIP release documents. The three ORCs and their use are shown in Table C7.T4.

Table C7.T4. Offer Release Codes

Code	Explanation
A	Release automatically without a NOA unless materiel is oversize, overweight, hazardous, perishable, pilferable, classified, or requires any special handling.
Y	Send a NOA before releasing shipment. If no response is received within 15 calendar days, release automatically unless materiel is oversize, overweight, hazardous, perishable, pilferable, classified, or requires any special handling.
Z	Send a NOA before releasing shipment. Shipment cannot be released until a response is received from the NOA addressee. ORC Z procedures must be followed if materiel is oversize, overweight, hazardous, perishable, pilferable, classified, or requires any special handling. If a shipment is coded with ORC Z, but it can be shipped as a small parcel with no special qualifications, it is released under ORC A procedures.

An X in the ORC record position (rp 46) of a MILSTRIP release document is not an ORC. If it is followed by another X (rp 47), DTS is involved and ship-to and mark for addresses are based on the In-Country Code (rp 33) of the MILSTRIP document. If it is followed by a W (rp 47), exception data is furnished with the MILSTRIP release document. When XW applies, all ship-to, mark-for and NOA information should be furnished under separate cover.

C7.8. MILITARY ASSISTANCE PROGRAMS ADDRESS DIRECTORY (MAPAD)

DoD 4000.25-8-M (reference (t)) contains addresses required for shipment of materiel and distribution of related documentation under FMS and MAP and/or Grant Aid. It includes addresses of freight forwarders, country representatives, and purchasers within country. The MAPAD is available for use by DoD activities, the General Services Administration, commercial firms, foreign Governments, and international organizations participating in FMS and MAP and/or Grant Aid Programs. The MAPAD database is on the Internet. Non-DoD and/or USG users must coordinate with the MAPAD custodian before they can be authorized to access the website.

C7.8.1. MAPAD Contents. The MAPAD information includes: ship-to addresses for materiel, usually for small parcels and for freight; addresses (including fax numbers) for receipt of NOAs; addresses for supply and shipment status; and mark-for addresses for in-country destinations and/or ultimate consignees.

C7.8.2. Freight Forwarder Address Changes. The purchaser ensures the MAPAD addresses are current. Current MAPAD addresses are essential to correct routing of cargo and documentation. The purchaser pre-plans freight forwarder changes, including contractual arrangements with former freight forwarders to assure delivery of any shipments received after a change has taken place. The purchaser ensures that its listing in the MAPAD includes the new freight forwarder information. The USG is not responsible for rerouting shipments received by former freight forwarders.

C7.8.3. MAPAD Payment Addresses. The purchaser establishes a MAPAD address (TAC 7) for payment of transportation charges when CCBLs apply. These are used for DTC 4 - shipments of non-Defense Working Capital Fund (DWCF) materiel and DTC E - Repair and Return shipments.

C7.9. TRANSPORTATION OF OFFSHORE PROCUREMENT MATERIEL

If DTS is not used, the Implementing Agency notifies the purchaser of articles to be supplied from offshore sources within 3 weeks after source identification. The purchaser may, for logistics reasons, request that the procurement be made from a CONUS source. If procurement is from an offshore vendor, the DoD Contract Administrator must send an NOA to either the Offshore NOA address identified for the purchaser in the MAPAD (Special Instructions, Part II) or, if none is listed, to the appropriate NOA address listed for the applicable MAPAC. Based on the NOA, the purchaser or its freight forwarder may direct movement of the materiel to an offshore facility in the same region as the materiel's origin or to the freight forwarder's facility in CONUS. The purchaser is responsible for the cost of movement to the CONUS freight forwarder and for all export and/or import license and Customs clearance requirements imposed by the materiel's country of origin and the USG. Regardless of what procedure is followed, title (except for special circumstances) passes to the purchaser at the shipment's point of origin.

C7.10. PACKING AND MARKING

C7.10.1. Packaging. Packaging includes packing, preservation, and other procedures designed to protect materiel from damage or deterioration while in transit or storage. FMS shipments are packed to not less than Military Level B as defined in MIL-STD-2073-1 (reference (bi)). Level B packing provides protection needed to meet moderate worldwide shipment handling and storage conditions.

C7.10.2. Marking. Marking identifies the contents along with the shipper and consignee. FMS shipments are marked and labeled in accordance with MIL-STD-129 (reference (bj)). As a minimum, these publications require the data shown in Table C7.T5. on an FMS shipment.

Table C7.T5. FMS Shipment Marking

FMS Shipment Marking Requirements	
1	FMS case identifier
2	Transportation Control Number (TCN)
3	Transportation priority
4	Project code, if applicable
5	Ship from address
6	Ship to address
7	Ultimate consignee/mark for address (MAPAD address code and clear text address if applicable)

C7.11. INSURANCE

See section C7.19 for information regarding insurance for FMS materiel in transit.

C7.12. CARGO PREFERENCE

C7.12.1. Cargo Preference (Ocean). Section 901(b) of the Merchant Marine Act of 1936 (reference (bd)), as amended by the Cargo Preference Act of 1954 (46 U.S.C. 1241 (reference (be))), requires at least 50 percent of the gross tonnage (computed separately for dry bulk carriers, dry cargo liners, and tankers) of grant, credit, or guarantee-funded cargo be transported in privately-owned U.S. flag vessels to the extent such vessels are available at fair and reasonable rates (as determined by MARAD). This is in addition to AECA, section 42(c) (reference (c)) requirements. DSCA policy, in support of the U.S. maritime industry, requires 100 percent of applicable cargoes to be carried by U.S. flag vessels unless a general or security waiver is granted by DSCA or a non-availability waiver is granted by MARAD. FMF agreements require that items financed with these funds and transported by ocean vessel, shall use privately owned vessels of U.S. registry unless a waiver has been granted. These rules apply to the Foreign Assistance Act (FAA) shipments and loan or lease shipments discussed in Chapter 11. The purchaser and its freight forwarder must comply with agreements based on U.S. cargo preference rules and DSCA policy.

C7.12.1.1. Exceptions

C7.12.1.1.1. DSCA Cargo Preference (Ocean) Policy. DSCA requires 100 percent U.S. flag shipping for the FMF and/or MAP Merger program unless a waiver has been granted. In accordance with standard FMF terms, FMF proceeds may not be used to pay ocean or air freight costs of carriage of defense items on vessels or aircraft of non-U.S. registry.

C7.12.1.1.2. Space Available Cargo. Space available cargo under FAA, section 516 (reference (b)) is not subject to cargo preference rules.

C7.12.1.2. Cargo Preference (Ocean) Waivers. General, non-availability, or security waiver requests must be submitted at least 21 days before the shipping date.

C7.12.1.2.1. General Waivers. A general waiver allows up to 50 percent of dry cargo liner, 50 percent dry bulk carrier, and 50 percent tanker cargo to be carried on vessels flagged in the waiver recipient country. General waiver applications are considered if the recipient country does not discriminate against U.S. flag vessels. Approvals normally cover 1 full calendar year (1 January - 31 December). Processing includes verification of the treatment accorded vessels of U.S. registry. The waiver application is submitted to Director, DSCA, Attention: DSCA (Strategy Directorate) with a copy to MARAD (Administrator, Maritime Administration, Attn: Office of Cargo Preference (MAR591), Washington, DC 20590-0001). It is important to maintain a positive U.S. flag balance during the general waiver period. If non-availability or security waivers recognize requirements for specific use of non-U.S. vessels that create an imbalance in the general waiver, U.S. vessels are given preference in cargo assignment during the waiver period until the balance is corrected.

C7.12.1.2.2. Non-Availability Waivers. Waiver applications on the basis of non-availability of vessels of U.S. registry must show that the recipient nation has made a reasonable, timely, and bona fide effort to arrange shipment on vessels of U.S. registry and that such vessels are not available. Applications on the basis of non-availability of vessels of U.S. registry at reasonable rates must show all applicable comparative rates. Applications should be submitted to MARAD with a copy to DSCA. Waiver applications, submitted on a shipment-by-shipment basis, should include the information shown in Table C7.T6. Countries with general waivers may count cargo weight shipped when U.S. flag privately owned vessels are not available or not available at reasonable rates against the general waiver, avoiding the need for individual non-availability waivers.

Table C7.T6. Non-Availability Waiver Application Contents

Non-Availability Waiver Application Contents	
1	FMS LOA identifier if FMF (including lease) or FAA program name (e.g., FAA, Section 516 (reference (b)))
2	Description of commodities to be shipped
3	Port of loading and port of unloading
4	Estimated shipping date
5	Name of proposed vessel and flag of registry
6	Weight of shipment in pounds
7	Estimated ocean freight cost

C7.12.1.2.3. Security Waivers. A security waiver may be requested for shipments where a state of emergency exists or to avoid unsafe conditions. Applications must provide specific requirements and show how the waiver meets the requirements. Processing includes requirements verification. The waiver request should be forwarded to DSCA with a copy to MARAD. Countries with general waivers normally count shipments against their non-U.S. tonnage when security dictates a non-U.S. vessel, superseding the need for security waivers for those recipients.

C7.12.1.3. Report to MARAD. The recipient country is responsible for maintaining a positive U.S. flag weight shipping posture for FMF, lease, or FAA programs, by vessel type. Recipients forward the required information to MARAD within 20 working days following the date of loading within the United States or within 30 working days following the date of loading for shipments originating outside the United States. The exporting activity (normally the Implementing Agency for DTS or the freight forwarder for non-DTS shipments) must report the information in Table C7.T7.

Table C7.T7. MARAD Report Information

MARAD Report Information	
1	FMS LOA identifier if FMF; lease identifier; program name if FAA
2	Commodity description
3	Port of loading and port of unloading
4	Recipient country
5	Date of loading
6	Type of vessel (dry cargo, dry bulk, or tanker)
7	Name of vessel and flag of registry
8	Reference to any document granting a non-U.S. flag vessel waiver for the shipment
9	Freight forwarder (not required for DTS)
10	Weight of shipment in pounds
11	Ocean freight cost

C7.12.2. Cargo Preference (Air). The Fly America Act (reference (bf)) requires first preference for airlift of DoD-sponsored grant, credit, or guarantee-funded cargo be given to U.S. flag air carriers. Before using a foreign-flag carrier, a shipper or exporter must provide a written explanation to the Implementing Agency on why a U.S. carrier should not be used. If a U.S. Carrier inter-lines with a foreign carrier to deliver a shipment to an overseas airport, it is still considered carriage by a U.S. flagged carrier. Guidance in Chapter 9, subparagraph C9.7.2.6.3. applies to these offshore procurements.

C7.13. TRANSPORTATION OF RETURNED ITEMS

Items returned to the Department of Defense for servicing should be moved by a purchaser or a purchaser's freight forwarder under DTC E or H. The details of the transfer are included in a Transportation Plan and, if commercial entities are involved, DSS is provided a copy in advance. Sensitive AA&E is normally returned through a DoD-controlled ocean or aerial port (DTC B or C). The purchaser and freight forwarder are responsible for clearance through U.S. Customs. Onward movement to the designated CONUS repair facility depends on the DTC used. The purchaser and freight forwarder should assure that these shipments are accompanied by appropriate shipping documents and that import and/or export documents are done correctly when the items enter and exit CONUS. Under special circumstances, the DTS can be used to return items to CONUS for service and return. For DTS movement, DTC F or G is usually assigned to the LOA.

C7.14. TRANSPORTATION OF PURCHASED ITEMS

The USG may repurchase FMS-purchased materiel to satisfy U.S. requirements. The DoD Component may also solicit return of a defense item needed to satisfy U.S. requirements. The DoD Component must fund the repurchase with its own funds. Repurchased sensitive AA&E and classified items are normally returned via the DTS.

C7.15. TRANSPORTATION OF CONTROLLED SUBSTANCES

Transportation of controlled substances is in accordance with the Controlled Substances Import and Export Act (21 U.S.C. 951) (reference (bg)) and the applicable 21 Code of Federal Regulations (CFR) 1312 (reference (bk)) procedures. Prior to export, the Implementing Agency obtains the required import documents from the purchaser (21 U.S.C. 953(a)(3) and (e)(1)) (reference (bl)). The Implementing Agency submits the import documents to the Administrator of the Drug Enforcement Administration (DEA), Department of Justice, and requests export permits for the controlled substance. The Implementing Agency furnishes the export permit number, the expiration date, and the port of export to the Defense Personnel Support Center. This information accompanies the requisition.

C7.16. TRANSPORTATION OF CLASSIFIED ITEMS

C7.16.1. Classified information or materiel approved for release to a foreign Government or international organization shall be executed as a Government-to-Government transfer. The transfer is effected through official Government channels (i.e., military postal channels, DTS, etc.) between authorized representatives of each Government or pursuant to other methods agreed to in writing by the Designated Security Authorities (the Office of the Deputy Under Secretary of Defense for Technology Security Policy and National Disclosure Policy (DUSD(TSP&NDP))) for the Department of Defense) of the sending and receiving Governments.

C7.16.2. Classified material is normally routed to an authorized purchaser via the DTS; i.e., DTC 7, 9, F, G or J. Since DoD security regulations require a Transportation Plan covering movement of classified material from point of origin to final destination, the Implementing Agency that prepares the LOA for this materiel ensures that it addresses the DTS security procedures that are followed while the materiel is within the DTS (DoD and/or USG custody).

C7.16.3. The Implementing Agency that prepares the LOA develops a Transportation Plan for the movement of classified materiel in coordination with the purchasing Government. The plan covers all movement (CONUS and/or OCONUS) that occurs after custody passes, including final receipt at the classified material's ultimate destination in the purchaser's country. CONUS includes DTC 4 and DTC 5 movement through a purchaser's freight forwarder or embassy facility (if properly cleared and listed as such in the MAPAD), and it includes DTC 8 pickup of classified material at a DoD-controlled POE. If Repair and Return LOAs are involved (DTC B, C, E and H) the Transportation Plan must be expanded accordingly.

C7.16.4. Regardless of where custody transfers (in CONUS or OCONUS), the Implementing Agency ensures that its own component security officials review and approve/disapprove the Transportation Plan. If a freight forwarder or commercial carrier is involved in the transfer, the DSS is provided a copy of the Transportation Plan, and is requested to verify the security clearances of the freight forwarder and/or the commercial carrier, as well as any courier or escort that is provided by the freight forwarder or carrier.

C7.16.5. Once approved, a Transportation Plan becomes an integral part of all official copies of the LOA. This package is available for review by U.S. Customs and security officials when classified material is exported. Purchasers are responsible for insuring that their freight forwarders have copies when they are involved with the exports. For CONUS custody transfers

of classified material (DTC 4, 5, 8, B, C, E or H), DoD and/or USG shipping activities send NOAs to designated country representatives (not to freight forwarder MAPAD TAC 3 addresses). A shipping activity shall not release classified cargo to even a cleared address until the designated country representative responds directly to the shipping activity with a NOA response. This is part of a purchaser's commitment to complying with the Transportation Plan that was submitted and approved. For further information about release, shipment and export of classified items see Chapter 3.

C7.17. TRANSPORTATION OF SENSITIVE ARMS, AMMUNITION, AND EXPLOSIVES (AA&E)

DoD 5100.76-M (reference (ai)) defines Sensitive AA&E and outlines mandatory procedures for handling, storing, protecting, securing, and transporting it. These procedures also apply to FMS transfers. DoD 4500.9-R (reference (bh)) also includes procedures that apply to movement of Sensitive AA&E. Sensitive AA&E are items such as small arms weapons, various types of ammunition, explosives, and special items, such as night vision sights and goggles that pose a special danger to the public if they fall into the wrong hands. Sensitive AA&E is broken down into four categories - Category I is the most sensitive or dangerous and Category IV the least. The different categories are outlined below along with the transportation procedures that apply to them. Sensitive AA&E items may NOT be shipped to a purchaser's freight forwarder or to a purchaser's facility (e.g., an embassy). Any exceptions to this policy are noted below.

C7.17.1. Category I. This category is primarily man portable missiles, rockets and their ammunition in a ready to fire configuration and sometimes their components. These items must be moved in the DTS to at least the overseas POD (DTC 9 or 7). If a purchaser wants to pick them up at a DoD-controlled port for overseas movement under its own control (DTC 8 procedures), the purchaser must request a waiver from the Under Secretary of Defense for Intelligence (USD(I)), through DSCA (Operations and Strategy Directorates). The waiver request (DoD 5100.76-M (reference (ai)), Chapter 7) must demonstrate that the purchaser shall provide security for movement of the items that is at least equal to DoD standards. DSCA coordinates the review of the waiver request with USD(I), and returns the Director of Security's final determination to the purchaser when the review is complete. Purchasers may forward waiver requests to DSCA through their respective Implementing Agency Program Managers if desired. If the waiver is granted, the waiver information must be included as a note on the applicable LOA.

C7.17.2. Category II through IV. Collectively, these categories include everything from light automatic weapons and their ammunition (Category II) through non-automatic weapons and their ammunition (Category IV). These items must be exported and moved under no less than DTC 8 procedures through a DoD-controlled WPOE or APOE. This requirement cannot be waived.

C7.17.3. Non-Sensitive AA&E. Not all ammunition and weapons-related items are Sensitive AA&E. Only items identified by DoD item managers as Sensitive in accordance with DoD 5100.76-M (reference (ai)) require Sensitive AA&E release and movement processing.

C7.17.4. Sensitive AA&E to Canada. The Government of Canada may have shipments of all categories of Sensitive AA&E items moved directly to locations within Canada. These movements may be either under CCBLs as DTC 4 shipments or under GBLs or pre-paid CBLs as DTC 5 shipments. These movements must follow DoD 5100.76-M (reference (ai)) procedures and use SDDC approved carriers.

C7.18. TRANSPORTATION COSTS

C7.18.1. DTS Transportation Costs. When writing an LOA, standard transportation percentages (DoD 7000.14-R (reference (o)), Volume 15, Chapter 7) are normally applied based on the DTC. Estimated actual transportation costs are used when known. The Transportation Cost Look-up Table (Appendix 2) is used to compute estimated actual transportation costs for the items listed. When estimated actual costs are used, a note is included in the LOA that identifies the amount, by line item, for each DTS transportation element; (e.g., CONUS inland, port loading, ocean transportation). Estimated actual costs are, like standard percentages, placed below-the-line (vice as a separate line item) in an LOA, and the funds are placed in the FMS Trust Fund Transportation Cost Clearing Account. Expenditures made from this account for actual transportation shall not result in readjustments of LOA transportation collections. When a Special Assignment Airlift Mission (SAAM) or some other form of dedicated premium transportation must be used to move materiel purchased under an LOA, a separate transportation service line is included in the LOA. When expenditures are made for actual transportation, this line is adjusted to meet the full cost of the special transportation.

C7.18.2. Non-DTS Transportation Costs

C7.18.2.1. Collect Commercial Bill of Lading (CCBL). When a shipment is assigned a DTC 4 or E and the materiel being shipped is non-WCF materiel, the shipment is normally made using a CCBL. Purchasers and their freight forwarders must accept these shipments and pay the inland carrier. If a purchaser does not want to accept this responsibility, the LOA must use DTC 5. A purchaser or its freight forwarder can be involved in the carrier selection process only if a collect shipment requires an NOA or if special instructions in the MAPAD apply. Since most FMS shipments to freight forwarders are WCF pre-paid shipments, Special Instructions in the MAPAD are inadvisable since they do not apply to pre-paid shipments and would delay their release.

C7.18.2.2. Pre-Paid Arrangements. Small parcel shipments, even if they are DTC 4 or E and involve non-WCF materiel, are shipped prepaid via a small parcel carrier to reduce costs. The shipping activity follows pre-pay and add procedures so that the materiel manager may recover transportation charges from a purchaser's account. The shipping transportation office may guarantee payment of charges on CCBLs only when authorized in the LOA.

C7.18.3. Additional Transportation Services. Unanticipated carrier services associated with delays in shipment caused by others will be charged to the FMS case line associated with the shipment. If multiple FMS cases/lines are involved, the charges must be pro-rated to the applicable lines according to the purchase costs of the individual shipments. Cases may need to be modified to identify the additional costs. These additional transportation costs must not be paid from the FMS Transportation Surcharge Account. Case managers must notify and obtain the approval of DSCA (Business Operations Directorate) before processing billings in excess of \$50,000 or 10 percent of the case value. An email message, facsimile or hard copy request, from the service provider, is sufficient for the notification to the designated POC at the International Logistics Control Office (ILCO)(DTR 4500.9-R Part II, Attachment V7, Table V7-2 TAC Points of Contact.), in order to identify the case manager responsible for processing the bill. The carrier is responsible for providing sufficient documentation to the case manager to process the bill.

C7.18.3.1. Detention. A charge made on a carrier conveyance held by or for a consignor or consignee beyond the allowable free time for loading or unloading, for forwarding directions, or for any other purpose authorized and documented by the consignor or consignee. Charges for detention are in addition to all other lawful transportation charges

C7.18.3.2. Demurrage. A charge against a consignor or consignee for holding carrier equipment beyond the allowable free time for loading and unloading, for forwarding directions, or for any other purpose authorized and documented by the consignor or consignee. It may also be a charge to shippers accruing from the time the container is discharged from the vessel. Charges for demurrage are in addition to all other transportation charges. Demurrage charges typically are associated with rail and water port operations.

C7.19. TRANSPORTATION DISCREPANCIES

Since title of FMS shipments passes to the purchaser at shipment point of origin, DoD is not financially responsible for any loss or damage that occurs in transit regardless of the DTC used. Even when FMS materiel moves totally within the DTS (e.g. DTC 9), DoD is not financially responsible for loss or damage en route (see Chapter 5, Figure C5.F3., LOA Standard Terms and Conditions, paragraph 5.1). Whether shipments move via the DTS under collect or third-party billing terms to freight forwarders (DTC 4 or E) or are shipped prepaid to freight forwarders (DTC 5 or H) (e.g., GBL, pre-paid CBL or prepaid small parcel carrier shipments), the most that the purchaser might collect for loss or damage is the limited liability applicable to the commercial ocean, air or inland carrier. If purchasers want additional coverage, they may obtain their own commercial insurance or request additional insurance on their LOA to cover purchases while in transit (see Chapter 5, Figure C5.F3., LOA Standard Terms and Conditions, paragraph 5.3).

C7.19.1. Claims That CANNOT Be Submitted By the USG. Claims against carriers of collect or third-party billing shipments and freight forwarder-contracted carriers must be filed by purchasers or their freight forwarders directly with the carriers.

C7.19.2. Claims That CAN Be Submitted By the USG. For DoD-furnished or contracted transportation, DoD is responsible for submitting claims against carriers. SDDC processes claims against ocean carriers, and DoD shipping activities submit claims against inland CONUS carriers. SDDC initiates its claims in response to TDR packages submitted by U.S. military representatives in the purchaser's country (see subparagraph C7.6.6.2.). CONUS shipping activities submit claims against inland CONUS carriers in response to requests from purchaser representatives or freight forwarders. Any proceeds from these claims are forwarded by the Implementing Agency to purchaser accounts held by DFAS Indianapolis.

C7.19.3. Tracers. When an Implementing Agency has furnished shipment status showing item pickup by an inland carrier but materiel has not been received, the purchaser is responsible for initiating a tracer action. Whether the materiel moved prepaid or collect or is a small parcel or a freight shipment, DoD shipping activities assist with the tracer action by providing evidence of shipment (constructive proof of delivery for SDR purposes) or pertinent information obtained from shipping documents or directly from carriers.

C7.19.3.1. For all shipments processed through freight forwarders, purchasers should direct tracer requests to their freight forwarders before addressing any inquiries to the Department of Defense.

C7.19.3.2. If a freight forwarder claims non-receipt, it may contact the shipping activity directly for assistance, especially if the shipment is less than 30 days old. Alternately, upon request from purchaser country representatives, the Implementing Agency may obtain shipping documents and data from the shipping activity. If evidence of shipment (constructive proof of delivery) is provided, the purchaser must follow-up with the freight forwarder to determine if the item has been received.

C7.19.3.3. If the freight forwarder's records still show non-receipt, the purchaser directs the freight forwarder to start a formal tracer action with the inland carrier if the shipment was released under a CCBL or third-party billing procedures (DTC 4 or E). The carrier should provide proof of delivery, or the freight forwarder must make a claim against the carrier on behalf of the purchaser. If the shipment was released to the inland carrier under some method of pre-paid transportation (DTC 5 or H), the freight forwarder should submit a formal request to the shipping activity so that the shipping activity can obtain proof of delivery from the carrier or submit a claim against the carrier for lost or damaged goods. The proceeds from a DoD-submitted claim are placed in the purchaser's account at DFAS Indianapolis. If materiel has been misdirected, the Implementing Agency may be contacted for assistance with redirecting materiel to its correct destination.

C7.19.4. Documentation. To resolve claims of non-receipt, the USG provides evidence of shipment. This constitutes "constructive proof of delivery" since title passes at origin regardless of who furnishes the transportation. Any movement document, bill of lading, or receipt (signed by a carrier representative) that shows that a DoD or USG shipping activity (including vendors filling DoD contracts for the FMS program) has released materiel to a carrier for shipment constitutes evidence of shipment. This evidence applies equally to shipments released to a purchaser's freight forwarder or country representative, or for movement overseas via the DTS. Examples of these documents are GBLs, CBLs, CCBLs, USPS receipts (insured, certified or registered mail), or small parcel carrier pickup documents.

C7.20. SHIPMENT DOCUMENTATION REQUIREMENTS

The ITAR (reference (n)) provides guidance regarding what types of documentation are required for security assistance-related shipments. There are many security assistance-related shipment scenarios. Table C7.T8. provides information relating to 4 of these shipment scenarios and the documentation requirements for each. Table C7.T9. shows the unique DSP-94 Form completion requirements for these scenarios and Table C7.T10. provides an explanation for how this form's instructions should be interpreted for security assistance-related shipments. These tables will be expanded as guidance is developed for additional scenarios. Questions regarding these tables should be directed to DSCA (Strategy Directorate).

Table C7.T8. Export Documentation Requirements (Scenario 1)

Scenario 1				
Exporter	Type of Transfer	Classification of Items	Document that Authorizes the Transfer	Transportation Method
USG	Foreign Military Sale (FMS)	Unclassified	LOA and subsequent LOA Amendments and LOA Modifications	Defense Transportation System (DTS) for all shipments under the LOA using USG-owned (organic) assets only

Scenario 1		
LOA/Case-Level Rqmts for Export	Individual Shipment-Level Rqmts for Export	ITAR Reference
<p>1. Implementing Agency lodges the complete LOA at primary port. Customs cannot clear shipments if LOA is not furnished so the LOA should be lodged as soon as possible after implementation.</p> <p>2. Implementing Agency prepares a DSP-94 at the LOA level and sends it to the primary port (same place where it sent the LOA). This should be done at the same time as the LOA is lodged. See SAMM Table C7.T9 for instructions on completing this form.</p> <p>3. The DSP-94 is valid for 2 years or until the stated value is shipped, whichever comes first.</p> <p>3.a. Prior to expiration of the DSP-94, the Implementing Agency must determine if additional shipments will be made. If so, a new DSP-94 must be prepared and lodged to replace the expiring DSP-94. This should be done in advance of the DSP-94 expiration date to avoid export problems.</p> <p>3.b. If the estimated export values change prior to the DSP-94 expiration, even if the LOA has not been amended or modified, a new DSP-94 must be prepared and submitted to replace the outdated version at the primary port.</p> <p>4. Implementing Agency lodges a copy of any LOA Amendment or LOA Modification at the primary port (same place where it sent the basic LOA). This should be done as soon as possible after implementation of each document.</p> <p>5. Implementing Agency prepares a new (revised) DSP-94 for any LOA</p>	<p>1. The DoD entity that is arranging DTS transportation must report export information on each shipment of hardware to Customs Bureau of Border Protection (CBP) using the Automated Export System (AES). After completing the AES entries, the DoD entity must send this data electronically to the U.S. port before the export can be made (in accordance with Section 123.22 of the ITAR). Shipments of technical data or services must comply with ITAR Section 123.22(b)(3).</p> <p>Note 1: All shipments must use AES. These transactions take the place of the hardcopy Shipper's Export Declaration (SED) form, which is no longer accepted.</p> <p>Note 2: Section "g" of the "Instructions for DSP-94" form regarding copies of the SED no longer applies.</p> <p>Note 3: If items from multiple FMS cases are included in the same shipment, the DoD entity must file a separate AES entry for each individual FMS case being used.</p> <p>2. The DoD entity prints out the AES "SED" page and annotates as follows. This annotated printout must accompany the shipment.</p> <p>2.a. "This shipment for Organic DTS is being exported pursuant to an LOA authorizing such transfer which meets the criteria of 22 CFR 126.6(a). It covers FMS Case [insert case identification]. The U.S. Government point of contact is [insert name], commercial telephone number [insert commercial telephone number]."</p> <p>2.b. "The Letter of Offer and Acceptance (LOA) authorizing this transfer is lodged at [insert name of primary port where LOA was lodged]."</p> <p>Note: If multiple AES "SED" pages accompany the shipment (because multiple FMS cases are</p>	<p>126.6(a) Note: FMS shipments by DTS Organic do not require a license when all conditions of 126.6(a) can be met.</p>

Scenario 1		
LOA/Case-Level Rqmts for Export	Individual Shipment-Level Rqmts for Export	ITAR Reference
<p>Amendment or LOA Modification that changes the value and/or quantity of defense articles (including technical data). This should be done at the same time the LOA Amendment or LOA Modification is lodged.</p> <p>6. Upon completion of all authorized shipments or upon expiration of the DSP-94, whichever occurs first, Customs authorities will contact the Case Manager identified in Block 4 of the DSP-94 form to confirm that there will be no more shipments against this case. Upon confirmation, Customs authorities will forward the LOA, any LOA Amendments and LOA Modifications, and the DSP-94 to DoS/DDTC for archival. If the Case Manager indicates additional shipments will be made, a new DSP-94 will be prepared and lodged as indicated in paragraph 3.</p>	<p>being cited), these statements must appear on each AES "SED" page citing the applicable FMS case and port.</p> <p>3. Customs will only decrement a shipment after export information has been filed correctly using AES. As part of the AES filing the DoD entity must provide the XTN (external control number) to Customs.</p> <p>4. An export may be made through a port other than the primary port where the LOA was lodged. The AES "SED" page MUST clearly indicate the name of the primary port where the LOA was lodged.</p> <p>5. All shipments must meet established minimum timeframe requirements for these shipments in accordance with 22 CFR 123.22(b).</p> <p>5.a. By air and truck, at least 8 hours prior to departure from the U.S.</p> <p>5.b. By sea and rail, at least 24 hours prior to loading aboard ship at the port of exit.</p>	

Table C7.T8. Export Documentation Requirements (Scenario 2)

Scenario 2				
Exporter	Type of Transfer	Classification of Items	Document that Authorizes the Transfer	Transportation Method
USG	Foreign Military Sale (FMS)	Unclassified	LOA and subsequent LOA Amendments and LOA Modifications	Defense Transportation System (DTS) for all shipments under the LOA using commercial resources only

Scenario 2		
LOA/Case-Level Rqmts for Export	Individual Shipment-Level Rqmts for Export	ITAR Reference
<p>1. Implementing Agency lodges the complete LOA at primary port. Customs cannot clear shipments if LOA is not furnished so the LOA should be lodged as soon as possible after implementation.</p> <p>2. Implementing Agency prepares a DSP-94 at the LOA level and sends it to the primary port (same place where it sent the LOA). This should be done at the same time as the LOA is lodged. See SAMM Table C7.T9 for</p>	<p>1. The DoD entity that is arranging DTS transportation must report export information on each shipment of hardware to Customs Bureau of Border Protection (CBP) using the Automated Export System (AES). After completing the AES entries, the DoD entity must send this data electronically to the U.S. port before the export can be made (in accordance with Section 123.22 of the ITAR). Shipments of technical data or services must comply with ITAR Section 123.22(b)(3).</p> <p>Note 1: All shipments must use the AES</p>	<p>126.6(a)</p> <p>Note: FMS DTS commercial-contracted shipments do not require a license when all conditions of 126.6(a) can be met.</p>

Scenario 2		
LOA/Case-Level Rqmts for Export	Individual Shipment-Level Rqmts for Export	ITAR Reference
<p>instructions on completing this form.</p> <p>3. The DSP-94 is valid for 2 years or until the stated value is shipped, whichever comes first.</p> <p>3.a. Prior to expiration of the DSP-94, the Implementing Agency must determine if additional shipments will be made. If so, a new DSP-94 must be prepared and lodged to replace the expiring DSP-94. This should be done in advance of the DSP-94 expiration date to avoid export problems.</p> <p>3.b. If the estimated export values change prior to the DSP-94 expiration, even if the LOA has not been amended or modified, a new DSP-94 must be prepared and submitted to replace the outdated version at the primary port.</p> <p>4. Implementing Agency lodges a copy of any LOA Amendment or LOA Modification at the primary port (same place where it sent the basic LOA). This should be done as soon as possible after implementation of each document.</p> <p>5. Implementing Agency prepares a new (revised) DSP-94 for any LOA Amendment or LOA Modification that changes the value and/or quantity of defense articles (including technical data). This should be done at the same time the LOA Amendment or LOA Modification is lodged.</p> <p>6. Upon completion of all authorized shipments or upon expiration of the DSP-94, whichever occurs first, Customs authorities will contact the Case Manager identified in Block 4 of the DSP-94 form to confirm that there will be no more shipments against this case. Upon confirmation, Customs authorities will forward the LOA, any LOA Amendments and LOA Modifications, and the DSP-94 to DoS/DDTC for archival. If the Case Manager indicates additional shipments will be made, a new DSP-94 will be prepared and lodged as indicated in paragraph 3.</p>	<p>transactions. These transactions take the place of the hardcopy Shipper's Export Declaration (SED) form, which is no longer accepted.</p> <p>Note 2: Section "g" of the "Instructions for DSP-94" form regarding copies of the SED no longer applies.</p> <p>Note 3: If items from multiple FMS cases are included in the same shipment, the DoD entity must file a separate AES entry for each individual FMS case being used.</p> <p>2. The DoD entity prints out the AES "SED" page and annotates as follows. This annotated printout must accompany the shipment.</p> <p>2.a. "This shipment for Commercial DTS is being exported pursuant to an LOA authorizing such transfer which meets the criteria of 22 CFR 126.6(a). It covers FMS Case [insert case identification]. The U.S. Government point of contact is [insert name], commercial telephone number [insert commercial telephone number]."</p> <p>2.b. "The Letter of Offer and Acceptance (LOA) authorizing this transfer is lodged at [insert name of primary port where LOA was lodged]."</p> <p>Note: If multiple AES "SED" pages accompany the shipment (because multiple FMS cases are being cited), these statements must appear on each AES "SED" citing the applicable FMS case and port.</p> <p>3. Customs will only decrement a shipment after export information has been filed correctly using AES. As part of the AES filing the DoD entity must provide the XTN (external control number) to Customs.</p> <p>4. An export may be made through a port other than the primary port where the LOA was lodged. The AES "SED" page MUST clearly indicate the name of the primary port where the LOA was lodged.</p> <p>5. All shipments must meet established minimum timeframe requirements for these shipments in accordance with 22 CFR 123.22(b).</p> <p>5.a. By air and truck, at least 8 hours prior to departure from the U.S.</p> <p>5.b. By sea and rail, at least 24 hours prior to loading aboard ship at the port of exit.</p>	

Table C7.T8. Export Documentation Requirements (Scenario 3)

Scenario 3				
Exporter	Type of Transfer	Classification of Items	Document that Authorizes the Transfer	Transportation Method
Freight Forwarder	Foreign Military Sale (FMS)	Unclassified	LOA and subsequent LOA Amendments and LOA Modifications	Freight Forwarder*

*A Freight Forwarder is an entity under contract / agreement with the foreign government to handle the movement of the foreign government's USG-provided materiel. Freight Forwarders are generally contracted to handle receipt, consolidation, and staging within the United States and arrangement for onward movement from the United States to the foreign country. Freight Forwarders must be registered with the Department of State (Directorate of Defense Trade Controls) and are responsible for compliance with all International Traffic in Arms Regulation (ITAR) and Bureau of Customs and Border Protection (BCP) requirements. A foreign government's embassy must send a letter to DoS/DDTC designating a company as its Freight Forwarder before that company will be permitted to export security assistance-related materiel on that government's behalf.

Scenario 3		
LOA/Case-Level Rqmts for Export	Individual Shipment-Level Rqmts for Export	ITAR Reference
<p>1. Implementing Agency lodges the complete LOA at primary port. Customs cannot clear shipments if the LOA is not furnished so the LOA should be lodged as soon as possible after implementation.</p> <p>2. Foreign customer provides a copy of the LOA to its designated Freight Forwarder(s).</p> <p>3. Freight Forwarder prepares a DSP-94 at the LOA level and submits it to the Implementing Agency (through the Purchasing country, as required) for review. This should be done as soon as possible after the Freight Forwarder receives a copy of the LOA. See SAMM Table C7.T9 for instructions on completing this form.</p> <p>4. The DSP-94 is valid for 2 years or until the stated value is shipped, whichever comes first.</p> <p>4.a. Prior to expiration of the DSP-94, the Freight Forwarder must determine if additional shipments will be made. If so, a new DSP-94 must be prepared by the Freight Forwarder, reviewed by the Implementing Agency, and lodged by the Freight Forwarder to replace the expiring DSP-94. This should be done in advance of the DSP-94 expiration to avoid export problems.</p> <p>4.b. If the estimated export values change prior to the DSP-94 expiration, even if the LOA has not been amended or modified, a new DSP-94 must be prepared by the Freight Forwarder, reviewed by</p>	<p>1. The Freight Forwarder must report export information on each shipment of hardware to Customs Bureau of Border Protection (CBP) using the Automated Export System (AES). After completing the AES entries, the Freight Forwarder must send this data electronically to the U.S. port before the export can be made (in accordance with Section 123.22 of the ITAR). Shipments of technical data or services must comply with ITAR Section 123.22(b)(3).</p> <p>Note 1: All shipments must use the AES transactions. These transactions take the place of the hardcopy Shipper's Export Declaration (SED) form, which is no longer accepted.</p> <p>Note 2: Section "g" of the "Instructions for DSP-94" form regarding copies of the SED no longer applies.</p> <p>Note 3: If items from multiple FMS cases are included in the same shipment, the Freight Forwarder must file a separate AES entry for each individual FMS case being used.</p> <p>2. Prior to AES filing and after the Freight Forwarder prints out the AES "SED" page, the Freight Forwarder must</p>	<p>126.6(c) Note: FMS shipments do not require a license when all conditions of 126.6(c) can be met.</p>

Scenario 3		
LOA/Case-Level Rqmts for Export	Individual Shipment-Level Rqmts for Export	ITAR Reference
<p>the Implementing Agency, and lodged by the Freight Forwarder to replace the outdated version at the primary port.</p> <p>5. Implementing Agency reviews the DSP-94 and any subsequent revisions/updates/ amendments to the DSP-94.</p> <p>5.a. If the DSP-94 appears accurate, the Implementing Agency sends the DSP-94 to the primary port (same place where it sent the LOA) and sends an information copy back to the Freight Forwarder.</p> <p>5.b. If the DSP-94 appears to contain errors, the Implementing Agency sends the DSP-94 back to the Freight Forwarder with necessary changes annotated and sends an information copy to the Department of State (DDTC).</p> <p>6. Implementing Agency lodges a copy of any LOA Amendment or Modification at the primary port (same place where it sent the basic LOA). This should be done as soon as possible after implementation of each document.</p> <p>7. Foreign customer provides a copy of implemented LOA Amendments and Modifications to its designated Freight Forwarder(s).</p> <p>8. Freight Forwarder prepares a new (revised) DSP-94 for any LOA Amendment or Modification that changes the value and/or quantity of defense articles (including technical data) and submits the new (revised) form to the Implementing Agency for review. This should be done as soon as possible after the Freight Forwarder receives a copy of the Amendment or Modification.</p> <p>9. The Implementing Agency reviews the revised DSP-94 forms in accordance with procedures in paragraph 5 above.</p> <p>10. Upon completion of all authorized shipments or upon expiration of the DSP-94, whichever occurs first, Customs authorities will contact the Freight Forwarder identified in Block 4 of the DSP-94 form to confirm that there will be no more shipments against this case. Upon confirmation, Customs authorities will forward the LOA, any LOA Amendments and LOA Modifications, and the DSP-94 to DoS/DDTC for archival. If the Freight Forwarder indicates additional shipments will be made, a new DSP-94 will be prepared, reviewed, and lodged as indicated in paragraph 5.</p>	<p>obtain an Implementing Agency certifying signature prior to submission to AES. Copies of all related documents must be presented to CBP at the time of shipment and maintained in the Freight Forwarder's records in accordance with 22 CFR 123.26 and annotates it on, if authorized, the outbound manifest as follows.</p> <p>2.a. "This shipment is being exported pursuant to an LOA authorizing such transfer which meets the criteria of 22 CFR 126.6(c). It covers FMS Case [insert case identification]. The U.S. Government point of contact is [insert name], commercial telephone number [insert commercial telephone number]."</p> <p>2.b. "The Letter of Offer and Acceptance (LOA) authorizing this transfer is lodged at [insert name of primary port where LOA was lodged]."</p> <p>Note: If multiple AES "SED" pages or outbound manifests accompany the shipment (because multiple FMS cases are being cited), these statements must appear on each AES "SED" or outbound manifest citing the applicable FMS case and port.</p> <p>3. Customs will only decrement a shipment after export information has been filed correctly using AES. As part of the AES filing the Freight Forwarder must provide the XTN (external control number) to Customs.</p> <p>4. An export may be made through a port other than the primary port where the LOA was lodged. The AES "SED" page MUST clearly indicate the name of the primary port where the LOA was lodged.</p> <p>5. All shipments must meet established minimum timeframe requirements for these shipments in accordance with 22 CFR 123.22(b).</p> <p>5.a. By air and truck, at least 8 hours prior to departure from the U.S.</p> <p>5.b. By sea and rail, at least 24 hours prior to loading aboard ship at the port of exit.</p>	

Table C7.T8. Export Documentation Requirements (Scenario 4)

Scenario 4				
Exporter	Type of Transfer	Classification of Items	Document that Authorizes the Transfer	Transportation Method
USG for some shipments Freight Forwarder for some shipments	Foreign Military Sale (FMS)	Unclassified Items	LOA and subsequent LOA Amendments and LOA Modifications	Defense Transportation System (DTS) for some shipments under the LOA using USG-owned (organic) resources DTS for some shipments under the LOA using commercial resources Freight Forwarder* for some shipments *See Scenario 3 for a definition of Freight Forwarder

Scenario 4		
LOA/Case-Level Rqmts for Export	Individual Shipment-Level Rqmts for Export	ITAR Reference
<ol style="list-style-type: none"> 1. Implementing Agency lodges the complete LOA at primary port. Customs cannot clear shipments if LOA is not furnished so the LOA should be lodged as soon as possible after implementation. 2. Foreign customer provides a copy of the LOA to its designated Freight Forwarder(s). 3. Implementing Agency prepares a DSP-94 at the LOA level and sends it to the primary port (same place where it sent the LOA). This should be done at the same time as the LOA is lodged. The Implementing Agency will send a copy to the Purchaser to provide to the Freight Forwarder. See SAMM Table C7.T9 for instructions on completing this form. 4. The DSP-94 is valid for 2 years or until the stated value is shipped, whichever comes first. <ol style="list-style-type: none"> 4.a. Prior to expiration of the DSP-94, the Implementing Agency must determine if additional shipments will be made. If so, a new DSP-94 must be prepared and lodged to replace the expiring DSP-94. The Implementing Agency will send a copy of the DSP-94 to the Purchaser to provide to the Freight Forwarder. This should be done in advance of the DSP-94 expiration date to avoid export problems. 4.b. If the estimated export values change prior to the DSP-94 expiration, even if the LOA has not been amended or modified, a new DSP-94 must be prepared and submitted to replace the outdated version at the primary port. 5. Implementing Agency lodges a copy of any LOA Amendment or LOA Modification at the primary port (same place where it sent the basic LOA). This should be done as soon as possible after implementation of each document. 6. Foreign customer provides a copy of implemented LOA 	<ol style="list-style-type: none"> 1. For the DTS shipments using USG-owned (organic) resources follow procedures detailed in Scenario Number 1. 2. For the DTS shipments using commercial resources follow procedures detailed in Scenario Number 2. 3. For Freight Forwarder shipments, follow procedures detailed in Scenario Number 3. 	<p>126.6(a) (DTS Organic)</p> <p>126.6(a) (DTS Commercial)</p> <p>126.6(c) Freight Forwarder</p>

Scenario 4		
LOA/Case-Level Rqmts for Export	Individual Shipment-Level Rqmts for Export	ITAR Reference
<p>Amendments and LOA Modifications to its designated Freight Forwarder(s).</p> <p>7. Implementing Agency prepares a new (revised) DSP-94 for any LOA Amendment or LOA Modification that changes the value and/or quantity of defense articles (including technical data). The Implementing Agency will send a copy to the Purchaser to provide to the Freight Forwarder. This should be done at the same time the LOA Amendment or LOA Modification is lodged.</p> <p>8. Upon completion of all authorized shipments or upon expiration of the DSP-94, whichever occurs first, Customs authorities will contact the Case Manager identified in Block 4 of the DSP-94 form to confirm that there will be no more shipments against this case. Upon confirmation, Customs authorities will forward the LOA, any LOA Amendments and LOA Modifications, and the DSP-94 to DoS/DDTC for archival. If the Case Manager indicates additional shipments will be made, a new DSP-94 will be prepared and lodged as indicated in paragraph 4.</p>		

Table C7.T9. DSP-94 Form Preparation Instructions (Block 1)

Block 1: PM/DDTC Applicant Code			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
State/DDTC has issued a registration to facilitate FMS DTS shipments. This constitutes registration with DDTC as an exporter (as required by Section 122 of the ITAR). Enter G-7010 in this block to indicate that shipments will be made under DTS using USG-owned (organic) resources.	State/DDTC has issued a registration to facilitate FMS DTS shipments. This constitutes registration with DDTC as an exporter (as required by Section 122 of the ITAR). Enter G-7011 in this block to indicate that shipments will be made under DTS using DOD contracted commercial resources.	Enter DDTC registration code provided by U.S. Department of State. Shipment by DSP-94 may only be made by a DDTC registered exporter and who has been designated by the foreign government to act as their agent for FMS exports (by letter from the foreign government on file at DDTC).	Enter "Multiple Sources."

Table C7.T9. DSP-94 Form Preparation Instructions (Block 2)

Block 2: Country of Ultimate Destination/Purchaser			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Enter country name.	Enter country name.	Enter country name.	Enter country name.

Table C7.T9. DSP-94 Form Preparation Instructions (Block 3)

Block 3: Port of Exit from U.S.			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Enter the name of the port most likely to be used for exports under this LOA. This should be the port where the LOA is lodged. You may enter more than one port name in this block if you know that multiple ports will be used to export items from this LOA.	Enter the name of the port most likely to be used for exports under this LOA. This should be the port where the LOA is lodged. You may enter more than one port name in this block if you know that multiple ports will be used to export items from this LOA.	Enter the name of the port most likely to be used for exports under this LOA. This should be the port where the LOA is lodged. You may enter more than one port name in this block if you know that multiple ports will be used to export items from this LOA.	Enter the name of the port most likely to be used for exports under this LOA. This should be the port where the LOA is lodged. You may enter more than one port name in this block if you know that multiple ports will be used to export items from this LOA.

Table C7.T9. DSP-94 Form Preparation Instructions (Block 4)

Block 4: Applicant (Name, Address, Zip Code, Tel No.)			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Enter the Implementing Agency's name, address, zip code, and the commercial telephone number of the Case Manager.	Enter the Implementing Agency's name, address, zip code, and the commercial telephone number of the Case Manager. Also enter the name, address, zip code, and telephone number of the DoD-contracted commercial resource, if known.	Enter the Freight Forwarder's name, address, zip code, and commercial telephone number.	Enter the Implementing Agency's name, address, zip code, and the commercial telephone number of the Case Manager. Enter the Freight Forwarder's name, address, zip code, and commercial telephone number.

Table C7.T9. DSP-94 Form Preparation Instructions (Block 5)

Block 5: Foreign Military Sales Case Identifier			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Enter the Foreign Military Sales (FMS) case identifier (e.g., BN-D-ABC). Also enter the latest implemented document (e.g., LOA Amendment 1, LOA Modification 5, etc.)	Enter the Foreign Military Sales (FMS) case identifier (e.g., BN-D-ABC). Also enter the latest implemented document (e.g., Amendment 1, Modification 5, etc.)	Enter the Foreign Military Sales (FMS) case identifier (e.g., BN-D-ABC). Also enter the latest implemented document (e.g., Amendment 1, Modification 5, etc.)	Enter the Foreign Military Sales (FMS) case identifier (e.g., BN-D-ABC).

Table C7.T9. DSP-94 Form Preparation Instructions (Block 6)

Block 6: Date of FMS Case Implementation (MM-DD-YYYY)			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Enter the date the basic FMS LOA listed in Block (5) was implemented. Implementation date from the Defense Security Assistance Management System (DSAMS) should be used.	Enter the date the basic FMS LOA listed in Block (5) was implemented. Implementation date from the Defense Security Assistance Management System (DSAMS) should be used.	Enter the date the basic FMS LOA listed in Block (5) was implemented. Implementation date from the Defense Security Assistance Management System (DSAMS) should be used.	Enter the date the basic FMS LOA listed in Block (5) was implemented. Implementation date from the Defense Security Assistance Management System (DSAMS) should be used.

Table C7.T9. DSP-94 Form Preparation Instructions (Block 7)

Block 7: Total Value of Defense Articles of Original FMS Case			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Enter the total “exportable” value of defense articles. This is the value that Customs will decrement against as they clear each shipment. This may not be the total case value since not all of the FMS case value is for export. When preparing amended DSP-94s (either because the FMS case exportable value has changed or because the DSP-94 has expired and needs to be renewed for an additional 2 years), enter the current exportable value on the FMS case.	Enter the total “exportable” value of defense articles. This is the value that Customs will decrement against as they clear each shipment. This may not be the total case value since not all of the FMS case value is for export. When preparing amended DSP-94s (either because the FMS case exportable value has changed or because the DSP-94 has expired and needs to be renewed for an additional 2 years), enter the current exportable value on the FMS case.	Enter the total “exportable” value of defense articles. This is the value that Customs will decrement against as they clear each shipment. This may not be the total case value since not all of the FMS case value is for export. When preparing amended DSP-94s (either because the FMS case exportable value has changed or because the DSP-94 has expired and needs to be renewed for an additional 2 years), enter the current exportable value on the FMS case.	Enter the total “exportable” value of defense articles separated as follows: (a) DTS (using USG-owned [organic] resources): (b) DTS (using commercial resources): (c) Freight Forwarder: These values when added together must equal the total exportable value of the case. This is the value that Customs will decrement as they review/approve each shipment.

Table C7.T9. DSP-94 Form Preparation Instructions (Block 8)

Block 8: Only the unshipped balance, valued at _____, of this FMS case is covered by this DSP-94. Previous shipments of this FMS case were covered by a form DSP-94 dated _____ and/or U.S. Department of State License No. _____.			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
For initial DSP-94, enter “Not applicable.” When amending the DSP-94, enter only the remaining “exportable” value per the latest implemented LOA document.	For initial DSP-94, enter “Not applicable.” When amending the DSP-94, enter only the remaining “exportable” value per the latest implemented LOA document.	For initial DSP-94, enter “Not applicable.” When amending the DSP-94 enter only the remaining “exportable” value per the latest implemented LOA document.	Enter remaining “exportable” values of defense articles separated as follows: (a) DTS (using USG-owned [organic] resources): (b) DTS (using commercial resources): (c) Freight Forwarder: These values when added together must equal the total exportable value of the case. This is the value that Customs will decrement as they review/approve each shipment.

Table C7.T9. DSP-94 Form Preparation Instructions (Block 9)

Block 9: Form DSP-94 constitutes an amendment to the value and/or quantity of defense articles authorized under this FMS case as shown in the attached amended Letter of Offer and Acceptance. Yes No			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Enter "Yes" or "No" as appropriate. (Amended LOA need not be attached as CBP has been furnished a copy of the amended LOA already.)	Enter "Yes" or "No" as appropriate (Amended LOA need not be attached as CBP has been furnished a copy of the amended LOA already.)	Enter "Yes" or "No" as appropriate. (Amended LOA must be attached/furnished to CBP at time of export.)	Enter "Yes" or "No" as appropriate

Table C7.T9. DSP-94 Form Preparation Instructions (Block 10)

Block 10: If exporter is a Freight Forwarder acting on behalf of a foreign government or diplomatic mission, provide the name, address, and telephone number of the foreign official in the U.S. familiar with the FMS case.			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Enter "Not applicable."	Enter "Not applicable."	Freight Forwarder fills in foreign government official knowledgeable about the details of the FMS transaction.	Enter US Military Department (Case Manager) & Service Transportation Office Points of Contact (Include Name, Title, Commercial Phone and Fax Number and unclassified email for each POC) Fill in Freight Forwarder portion name as provided by the FMS customer. Fill in foreign government official knowledgeable about the details of the FMS transaction (provided by the FMS customer).

Table C7.T9. DSP-94 Form Preparation Instructions (Block 11)

Block 11: U.S. Munitions List Categories (see Section 121.1 of the ITAR). Please check the appropriate categories to indicate the types of defense articles included on this FMS case.			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Check one or more USML Categories to be shipped via the listed LOA.	Check one or more USML Categories to be shipped via the listed LOA.	Check one or more USML Categories to be shipped via the listed LOA.	Check one or more USML Categories to be shipped via the listed LOA.

Table C7.T9. DSP-94 Form Preparation Instructions (Block 12)

<p>Block 12: Exporter’s Statement: I, _____, hereby exercise the authority to effect the export described above; warrant the truth of all statements made herein; and acknowledge, understand, and will comply with the provisions of Title 22 CFR parts 120-130 and any conditions and limitations imposed. Signature _____ (Authority valid for 24 months from above date) Date (MM-DD-YYYY) _____</p>			
DTS USG-Owned (Organic) Shipments	DTS Commercial (Non-Organic) Shipments	Freight Forwarder Shipments	Multiple Shipment Methods*
Includes name and signature of the empowered USG individual occupying an Implementing Agency position, which has been designated by the IA as authorized to sign FMS cases on behalf of the USG and date signed.	Includes name and signature of the empowered USG individual occupying an Implementing Agency position, which has been designated by the IA, as authorized to sign FMS cases on behalf of the USG and date signed.	Enter name and signature of empowered Freight Forwarder official and date signed. Implementing Agency review and sign DSP-94 in the comments section.	Enter the Implementing Agency’s name, address, zip code, and the commercial telephone number of the Case Manager. Includes signature of listed USG individual and date signed (MM-DD-YYYY) Also enter the Freight Forwarder’s name and POC for this DSP-94. The Implementing Agency and the Freight Forwarder must provide an original signed and dated DSP-94 to CBP prior to the first shipment.
<p>*For use when an LOA includes more than one transportation/shipment method. DEFINITIONS Implementing Agency: The Military Department or Defense Agency responsible for preparing and executing security assistance programs. The implementing agency is responsible for the overall management of the actions, which will result in delivery of the materials or services set forth in the Letter of Offer and Acceptance which was accepted by a foreign country or international organization. The Implementing Agencies are: Army, Navy, Air Force, Defense Contract Management Agency (DCMA), Defense Information Service Agency (DISA) Defense Logistics Agency (DLA), Defense Security Cooperation Agency (DSCA), Defense Threat Reduction Agency (DTRA), National Geospatial-Intelligence Agency (NGA) and the National Security Agency (NSA) Exportable Value of Defense Articles: Equals Net LOA case value (Block 8 of the current implemented version of the FMS case) minus any FMS case value that is not for export (e.g., training, services, etc.). FMS LOA Amendment: A change to an FMS case documented by an LOA Amendment that constitutes a scope change to an existing FMS case. FMS case Amendments require customer acceptance. Requires revised DSP-94 to be lodged before items can be shipped. FMS LOA Modification: A change to an FMS case documented by an LOA Modification that constitutes an administrative or minor change to an existing FMS case, without revising the scope or the FMS case. FMS case Modifications do not require customer acceptance. Requires revised DSP-94 to be lodged before items can be shipped. Defense Transportation System (DTS): That portion of the Nation’s transportation infrastructure that supports Department of Defense (DoD) common-user transportation needs across the range of military operations. It consists of those common-user military and commercial assets, services, and systems organic to, contracted for, or controlled by the DoD, except for those that are Service-unique or theater-assigned. DTS Organic includes not only USG-owned assets but also those instances where DoD charters the entire transportation asset. DTS Commercial-contracted covers those instances where DoD only has some of the cargo on the asset and has not chartered the entire transportation asset. Empowered USG Official: Person within DoD authorized to sign Letters of Offer and Acceptance documents, DSP-94 and other related documents.</p>			

Table C7.T10. Instructions for DSP-94 – Explanation for FMS-related Shipments

Instructions on the DSP-94 Form	Explanation for FMS-related Shipments
LEGAL AUTHORITY AND USE OF THIS FORM	
<p>a. Pursuant to 22 CFR 126.6(c), District Directors of Customs are authorized to permit the export of unclassified defense articles, and technical data without a license if they were sold by the Department of Defense directly to foreign governments or international organizations under the Foreign Military Sales (FMS) program of the Arms Export Control Act. This procedure may be used only if a proposed export is (1) pursuant to an executed Letter of Offer and Acceptance, and (2) accompanied by a properly executed DSP-94 and Shipper's Export Declaration (Form 7525-V).</p>	<p>Form 7525-V (SED) has been replaced by the Automated Export System (AES) Shipper's Export Declaration (SED). All shipments must use the AES to prepare the SED. These transactions take the place of the hardcopy SED form, which is no longer accepted by Customs.</p>
<p>b. Only foreign diplomatic missions or their authorized agents or freight forwarders who are registered with the Directorate of Defense Trade Controls, U.S. Department of State, may export FMS material under this authority.</p>	<p>For FMS-related shipments made through the Defense Transportation System (DTS), the Department of State, Directorate of Defense Trade Controls (DDTC) has issued two registration codes to facilitate FMS DTS shipments when using a DSP-94. This constitutes registration with DDTC as an exporter (as required by the International Traffic in Arms Regulation - ITAR - 22 CFR 122). See SAMM Table C7.T9. for instructions on using these codes.</p>
<p>c. Freight forwarders must for reasons of legal accountability:</p> <ol style="list-style-type: none"> (1) Register with the Directorate of Defense Trade Controls pursuant to 22 CFR 122; (2) Have on file at the Directorate of Defense Trade Controls a letter from the foreign embassy or government appointing them as forwarding agent; and (3) Have on file at the Directorate of Defense Trade Controls a statement signed by a responsible representative of the firm, certifying that the articles shown on all Forms DSP-94 they submit are, from their personal knowledge, in fact the articles by quantity, type, and value to be exported, and assuming full responsibility for compliance with the International Traffic in Arms Regulation (22 CFR 120-130). 	<p>FMS-related shipments using the Defense Transportation System (DTS) will not have a Freight Forwarder. The DSP-94 form is used for DTS shipments. State/DDTC has issued registration codes for use on DTS shipments. See SAMM Table C7.T9. for instructions on using these codes.</p>
GENERAL INSTRUCTIONS	
<ol style="list-style-type: none"> a. A separate Form DSP-94 must be completed for each FMS case for which defense articles are to be exported under this authority. b. Form DSP-94 should be typewritten. All copies must be legible. Complete all items. Sign and date all three copies. c. Form DSP-94 shall be valid for 2 years from the date on which it is executed (see item 12). The DSP-94 	<p>Form 7525-V (SED) has been replaced by the Automated Export System (AES) Shipper's Export Declaration (SED). All shipments must use AES to prepare the SED. These transactions take the place of the hardcopy SED form, which is no longer accepted by Customs.</p> <p>Automated Export System (AES) printout of the SED page is prepared for each shipment made against the DSP-94.</p>

Instructions on the DSP-94 Form	Explanation for FMS-related Shipments
<p>must be completed and filed with the District Director of Customs along with a copy of the Letter of Offer and Acceptance, and annotated Shipper's Export Declaration. Item 8 must be completed to reflect all FMS cases for which a DSP-94 has previously been filed with the District Director of Customs for shipments under the same FMS case (If Block 8 is not applicable, insert "N/A").</p>	<p>If all shipments have not been made during the 2 year validity period, a new DSP-94 form must be completed and filed with the District Director of Customs. See SAMM Table C7.T8. for instructions on who completes the DSP-94 form, timeframes for completion, and submission channels.</p> <p>SAMM Table C7.T9. provides block-by-block instructions for completing the DSP-94 form including information on how to compute the values in Block 8.</p>
<p>d. Copy 1 of completed Form DSP-94, together with one copy of the corresponding authenticated Letter of Offer and Acceptance, and three copies of the annotated Form No.7525-V (Shipper's Export Declaration), must be filed with the District Director of Customs at the port of export prior to actual shipment.</p>	<p>Form 7525-V (SED) has been replaced by the Automated Export System (AES) Shipper's Export Declaration (SED). All shipments must use AES to prepare the SED. These transactions take the place of the hardcopy SED form, which is no longer accepted by Customs.</p> <p>The DSP-94 form is lodged at the LOA level and is not provided with each individual shipment. Instead, information on where the DSP-94 form is lodged must be annotated on the AES SED page printout submitted with each shipment. See SAMM Table C7.T8. for complete instructions on what documents must be submitted at the LOA-level and what documents must be submitted with each individual shipment.</p>
<p>e. An authenticated Letter of Offer and Acceptance is one on which:</p> <p>(1) The offer is signed by an authorized Department of Defense representative and countersigned by the Comptroller, Defense Security Assistance Agency (DSAA);</p>	<p>Comptroller, Defense Security Assistance Agency (DSAA) is the old name for the Business Operations Directorate, Defense Security Cooperation Agency (DSCA).</p> <p>Not all LOAs and LOA Amendments require DSCA countersignature. Documents which do not require countersignature include a statement on the signature line indicating the SAMM exception.</p>
<p>(2) The acceptance is signed by an authorized representative of the foreign government.</p> <p>Only copies of the first page of the Letter of Offer and Acceptance and those pages listing defense articles to be exported need to be provided to Customs.</p>	<p>The LOA (and any subsequent LOA Amendments or LOA Modifications) are lodged at the primary port and are not provided with each individual shipment. The complete LOA must be lodged---not just those pages listing articles/services to be provided.</p> <p>Pseudo LOAs may not require the signature of a foreign government representative---so the signature block on the LOA document will be blank in those instances.</p>
<p>f. Form No. 7525-V (Shipper's Export Declaration) must be annotated by the exporter as follows:</p>	<p>Form 7525-V (SED) has been replaced by the Automated Export System (AES) Shipper's Export Declaration (SED). All shipments must use AES to prepare the SED. These transactions take the place of</p>

Instructions on the DSP-94 Form	Explanation for FMS-related Shipments
<p>“This shipment is being exported under the authority of U.S. Department of State Form DSP-94. It covers FMS case (insert FMS case identification), 22 CFR 126.6 applicable.”</p>	<p>the hardcopy SED form, which is no longer accepted by Customs.</p> <p>See SAMM Table C7.T8. for instructions on what must be annotated on the AES SED page that is printed and included with each shipment.</p>
<p>g. Customs authorities will authenticate the Shipper’s Export Declaration and forward it to the Directorate of Defense Trade Controls. Three copies of an annotated Shipper’s Export Declaration must be filed for each subsequent shipment. Customs authorities will annotate the back of Copy 1 of DSP-94 to show the shipments made. Upon completion of all authorized shipments or upon expiration of the Form DSP-94, whichever occurs first, Custom (sic) authorities will forward it with the attached Letter of Offer and Acceptance to the Directorate of Defense Trade Controls.</p>	<p>Form 7525-V (SED) has been replaced by the Automated Export System (AES) Shipper’s Export Declaration (SED). All shipments must use AES to prepare the SED. These transactions take the place of the hardcopy SED form, which is no longer accepted by Customs.</p> <p>Only one (1) copy of the annotated AES SED page is required to accompany the shipment.</p>
<p>h. Copy 2 of the completed DSP-94 should be removed by the exporter and sent at the time of the first shipment, together with a copy of the applicable authenticated Letter of Offer and Acceptance to: Directorate of Defense Trade Controls, PM/DDTC, Suite H1200, SA-1, U.S. Department of State, Washington, DC 20522-0112</p> <p>i. Copy 3 of DSP-94 is for the shipper’s files and should be removed before submission. A copy of applicable Letter of Offer and Acceptance should also be retained by the shipper for reference and record keeping purposes (22 CFR 122.5).</p> <p>j. A new DSP-94 must be completed and filed with the District Director of Customs if the applicable FMS case is amended to increase the total estimated exportable value by more than 10 percent. (Note: 22 CFR 123.23 authorized District Directors of Customs to permit the shipment of defense articles when the total value of the export does not exceed the aggregate monetary value stated on a license by more than 10 percent). Amendments which decrease the quantity or value of an FMS case do not require a new Form DSP-94.</p>	<p>If the applicable FMS case is amended to increase (or decrease) either the quantity of defense articles sold or to increase (or decrease) the total estimated exportable value, a new DSP-94 must be completed and filed with the District Director of Customs at the same primary port where the initial DSP-94 was sent.</p> <p>If the estimated export values change, even if the LOA has not been amended or modified, a new DSP-94 must be prepared (by the appropriate party) and submitted to the District Director of Customs at same primary port where the initial DSP-94 was sent.</p> <p>See SAMM Table C7.T8. for guidance on DSP-94 revisions.</p>
<p>k. Additional copies of this form may be obtained by mail or telephone request to the Directorate of Defense Trade Controls.</p>	<p>The DSP-94 form is not available in electronic format. Implementing Agencies must contact State/DDTC to obtain hard copies for completion.</p> <p>DDTC General Information Office Hours: 8:15 AM - 5:00 PM Receptionist: (202) 663-2980 Response Team (for general inquiries about and guidance on licensing and compliance matters): (202) 663-1282 or e-mail: DDTCResponseTeam@state.gov.</p>

Instructions on the DSP-94 Form	Explanation for FMS-related Shipments
	Case Status: (202) 663-2700 Additional information may be found at: http://pmdtc.org/index.htm

C8. CHAPTER 8

END-USE MONITORING (EUM)

C8.1. DEFINITION AND PURPOSE – END-USE MONITORING

In accordance with the Foreign Assistance Act (FAA), section 505 (reference (b)); the Arms Export Control Act (AECA), sections 3 and 4 (reference (c)); and the Letter of Offer and Acceptance (LOA) Standard Terms and Conditions, purchasers must agree to use articles, training, and services only for their furnished purpose. The End-Use Monitoring (EUM) program scrutinizes the purchaser's use of defense articles and services (to include training provided under International Military Education and Training (IMET) programs or Foreign Military Sales (FMS)) to ensure their use is in compliance with the agreements under which they were provided. EUM includes all actions to prevent misuse or illicit transfer of items or services and covers the item from the time of transfer until disposal. Golden Sentry is the Department of Defense (DoD) program to monitor end-use of defense articles and/or services provided under security assistance programs. Table C8.T1. summarizes EUM legal and policy references.

Table C8.T1. End-Use Monitoring Legal and Policy References

Reference	Subject
AECA, Section 40A (reference (c))	EUM of defense articles and services sold, leased, or exported under the AECA or the FAA
AECA, Section 38(g)(7) (reference (c))	Establishes standards for identifying high-risk exports for end-use verification
AECA, Section 3(g), Section 4 (reference (c))	Requires agreements for the sale or lease of articles on the United States (U.S.) Munitions List (USML) (made after November 29, 1999) to state that the U.S. Government (USG) retains the right to verify credible reports that the article(s) has been used for purposes not authorized under AECA, section 3.
FAA, Section 505 (reference (b))	Requires purchaser agreement to properly use the materiel/services; return net proceeds; and permit observation of the end-use of articles, services, and training
FAA, Section 515(a) (reference (b))	Requires overseas management of assistance and sales programs
FAA, Section 634 (reference (b))	Annual Report to Congress on EUM programs in the Congressional Budget Justification for Foreign Operations
Letter of Offer and Acceptance	Standard Terms and Conditions Non-standard notes as conditions of sale
DoD 4160.21-M-1 (reference (bm))	Demilitarization
DoD 5100.76-M (reference (ai))	Arms, Ammunition and Explosives (AA&E)

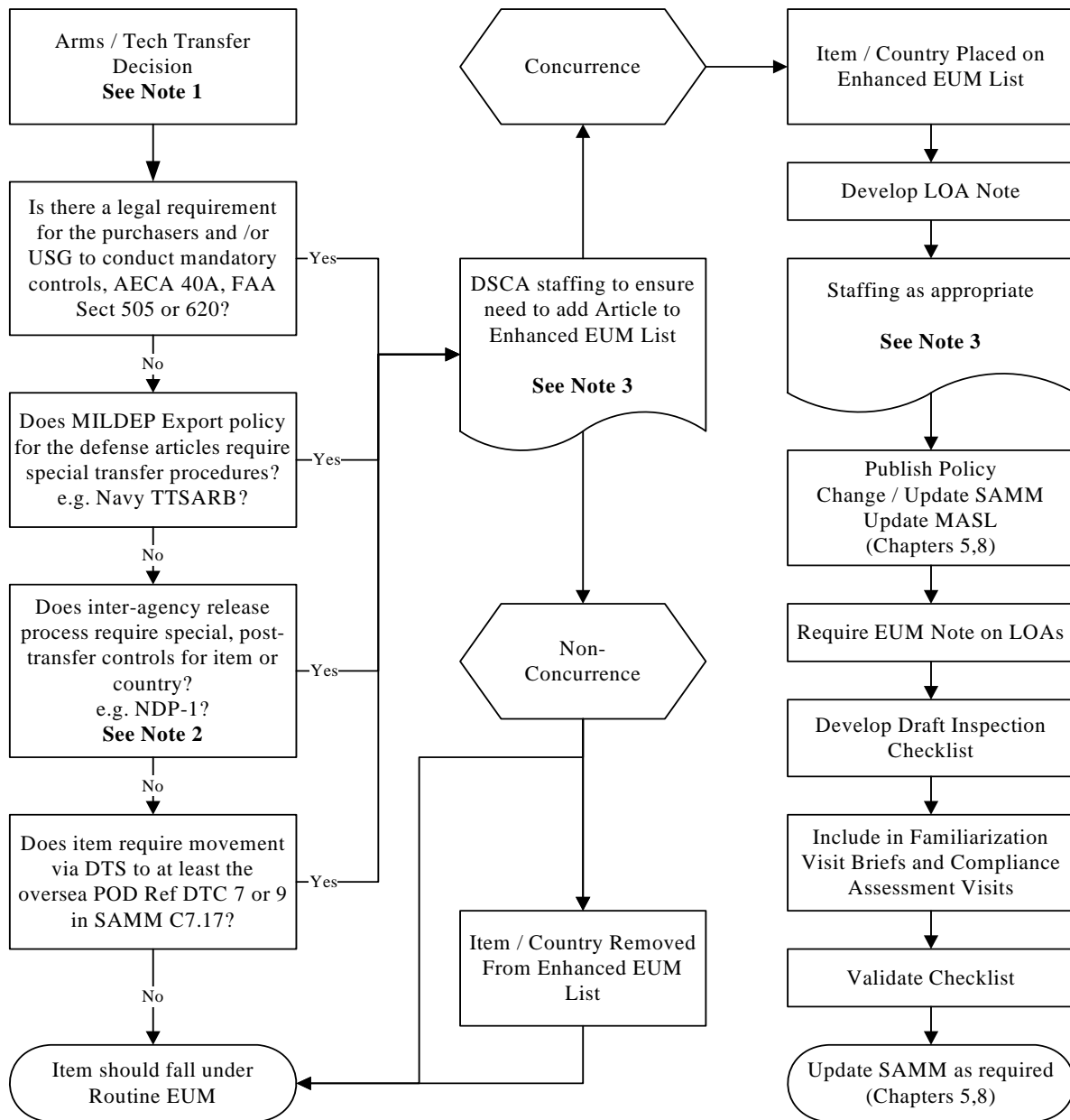
C8.2. GOLDEN SENTRY

C8.2.1. Golden Sentry Goals. The goals of the Golden Sentry EUM program include: technology security, industrial base protection, and foreign compliance. The type of article and/or service determines the level of monitoring required.

C8.2.1.1. Routine EUM. Routine EUM is conducted on defense articles and services that are transferred to trusted partners. The LOAs for these articles and/or services do not include any unique notes and/or conditions associated with the specific transfer. Routine EUM responsibilities are performed in conjunction with other required security assistance duties.

C8.2.1.2. Enhanced EUM. Enhanced EUM is required for sensitive defense articles, services, and technologies; defense articles provided under the provision of FAA, section 505(f) (reference (b)); and technology transfers made within sensitive political situations. For sensitive articles and/or services, LOAs may contain specialized notes or provisos requiring greater physical security and accountability contingent on the principle of trust with verification. Figure C8.F1. identifies the decision process used to determine if an item will be identified as Enhanced EUM. All Enhanced EUM articles are required to be sold on lines using an Enhanced Coded MASL. In addition to routine observations, EUM of these items may require a compliance visit to the host Government by a Defense Security Cooperation Agency (DSCA) led team.

Figure C8.F1. Adding or Removing Defense Items To or From the Enhanced EUM Listing



Notes:

- 1 The MILDEP decision to support an Arms / Technology Transfer is expected to take into consideration current export policy, transportation and physical security requirements.
- 2 The Inter-Agency can recommend special security requirements be applied to a single weapon system or to all Government-to-Government sales to a specific country.
- 3 DSCA staffing will include Programs, Strategy, and Operations Directorates, and the Office of General Counsel.

C8.2.2. End-Use Controls. End-use controls within Government programs are focused in two areas.

C8.2.2.1. Authorized item recipients that prove consistently trustworthy of receiving defense articles and services and maintain good interface with the United States to provide required protections, especially after delivery; and maintain good internal accountability for defense items. The Security Cooperation Organization (SCO) and other USG representatives assist country representatives to maintain or improve item controls.

C8.2.2.2. A system of checks and cross-checks that ensures: items are ordered by a country and/or international organization that is authorized to participate in AECA and FAA programs and has formally agreed to protect the articles or information received; release is properly cleared within the Department of State (DoS) and/or DoD coordination process; and delivery is to an authorized country and/or organization representative.

C8.2.3. EUM Responsibilities. Proper use of U.S.-origin items is a joint responsibility of the recipient and USG personnel to include the SCO, the Military Department (MILDEP), DSCA, Combatant Command, DoS, etc. U.S. representatives have responsibility for the items until they are physically transferred to the recipient. The recipient assumes this responsibility based on agreements under which the transfers are made, including restrictions on transfers to a third party or other disposal. Table C8.T2. lists organizations and their EUM responsibilities.

Table C8.T2. End-Use Monitoring Responsibilities

Organization	Responsibility
DSCA (Programs Directorate)	<ul style="list-style-type: none"> • Perform overall management of the DoD EUM program, referred to as Golden Sentry. • Provide policy and guidance for the Golden Sentry program. In coordination with MILDEPs and other agencies, identify sensitive technologies and arms transferred via Government-to-Government programs with security EUM notes and provisos. Coordinate on all EUM notes and provisos included on LOAs. • Oversee the fiscal Budget Planning, Programming, and Execution of the FMS Administrative funding of all EUM activities. • Work to improve the monitoring process of the phases of the export process that are most susceptible to diversion or retransfer: shipping, use, storage, and disposal. Forward reports of possible AECA and FAA violations to the DoS Bureau of Political-Military Affairs (DoS (PM)). • Participate in bilateral USG meetings when EUM is an agenda item. • Conduct visits to: <ul style="list-style-type: none"> ○ Combatant Commands' Headquarters and the Areas of Responsibility (AOR) for regional forums ○ SCOs, ○ Host Nations and international organizations to assess compliance with Enhanced EUM procedures, and to respond to allegations of possible AECA, section 3 violations (compliance visits). • Publish reports to provide EUM lessons-learned to the security cooperation community.
Defense Institute of Security Assistance Management (DISAM)	<ul style="list-style-type: none"> • Maintain a Golden Sentry primary point of contact (POC). • Include information on the DSCA Golden Sentry EUM program in curriculum and textbook.
MILDEPs and Implementing Agencies (IAs)	<ul style="list-style-type: none"> • Maintain a Golden Sentry primary POC. • Promulgate EUM policy within the MILDEP. • Include all EUM activities in the fiscal Budget Planning, Programming, and Execution cycles. • In coordination with DSCA Programs Directorate, identify and provide DSCA a recommended listing of sensitive technologies and defense articles to be considered as candidates for Enhanced EUM Management. • Provide recommendations to DSCA for new LOA notes for physical security, accountability, and technology transfer protection for defense articles that require Enhanced EUM management. • Similarly, provide data to DSCA to support any recommendation to remove an item from the list of those that require Enhanced EUM management (Reference Figure C8.F1.). • Include non-standard notes for articles and services that require physical security and accountability procedures. • Identify EUM notes or provisos included in LOAs during the countersignature approval process. • Coordinate all EUM notes or provisos with DSCA (Programs and Strategy Directorates). • Provide delivery records with serial numbers of all Enhanced EUM items to applicable SCOs and host nations, and input item serial number information into the Security Cooperation Information Portal (SCIP) SCO Toolbox/EUM. • Maintain delivery and inventory records of Enhanced EUM items until final disposal/disposition. • Provide quarterly/end-of-year reports on all required inventories to DSCA Programs Directorate via SCIP or, if SCIP is unavailable, a quarterly report in the format

Organization	Responsibility
	<p>indicated in Figure C8.F4.</p> <ul style="list-style-type: none"> • Work to improve the monitoring process of the phases of the export process that are most susceptible to diversion or retransfer: shipping, use, storage, and disposal. • Report possible AECA section 3 violations to DSCA Programs Directorate and DoS (PM/RSAT). • Educate personnel about EUM responsibilities when they travel to countries that have sensitive technologies transferred with EUM provisos. • Provide DSCA Programs Directorate feedback and reports of any possible AECA section 3 violations observed during the visits. • Support Golden Sentry goals and objectives in bi-lateral USG discussions, such as military-to-military meetings, where appropriate. • Support Golden Sentry request for subject matter experts to augment EUM site visits. • Incorporate EUM into workforce training programs, and support efforts by DISAM to educate the security cooperation community on the Golden Sentry program.
<p>Combatant Commands (COCOMs)</p>	<ul style="list-style-type: none"> • Maintain a Golden Sentry primary POC. • In accordance with DoD Directive 5132.03 (reference (f)): (1) ensure that Golden Sentry is assigned as a primary responsibility to assigned SCOs (including Defense Attaché Offices or U.S. Diplomatic Missions fulfilling Security Assistance responsibilities) within the AOR; (2) ensure that all EUM activities are captured during the fiscal Budget Planning, Programming, and Execution cycles; (3) provide adequate funding to SCOs to perform EUM; and (4) assess the effectiveness of EUM compliance during Inspector General or similar evaluation team visits. • Develop and promulgate EUM policy, Standard Operating Procedures (SOPs), and/or EUM Compliance plans and send via e-mail to EUMHELPDESK@dsc.mil. • Assist SCOs to log and track Enhanced EUM items through the SCIP SCO Toolbox/EUM. This includes monitoring EUM SCIP for currency to ensure the AOR is in compliance and performing its requisite inventories. • Provide Quarterly/End-of-Year reports on all required inventories to DSCA Programs Directorate via SCIP or, if SCIP is unavailable, a quarterly report in the format indicated in Figure C8.F6. • Support hosting of, or attendance at, regional EUM forums conducted by DSCA Programs Directorate.
<p>Security Cooperation Organizations (SCOs) (including Defense Attaché Offices and U.S. Diplomatic Missions with Security Assistance responsibilities)</p>	<ul style="list-style-type: none"> • Maintain a Golden Sentry primary POC. • Develop and promulgate country-specific EUM policy, Standard Operating Procedures (SOPs), and/or EUM Compliance plans and send via e-mail to EUMHELPDESK@dsc.mil. • Review all LOAs and other instruments authorizing Government-to-Government transfer of defense articles and services (e.g., Memorandums of Agreement and Understanding) for notes or provisos requiring EUM physical security or accountability procedures. • Conduct routine EUM visits with host nations in conjunction with other assigned duties. • Work to improve the monitoring process of the phases of the export process that are most susceptible to diversion or retransfer: shipping, use, storage, and disposal. • Support Golden Sentry team visits and coordinate details with host nations. Ensure that all EUM activities are captured during the fiscal Budget Programming and Execution cycles. • Establish reporting procedures with the host nations for all Enhanced EUM items, including the remaining Military Assistance Program (MAP) articles in host nations' inventories. • Report to DSCA Programs Directorate when required EUM inventories are completed, and the projected dates of future EUM compliance visits.

Organization	Responsibility
	<ul style="list-style-type: none"> • To maximize resources and minimize the disruptions upon host nations, when possible, USG EUM site visits should be scheduled in conjunction with dates of required host nations' inventories. • Respond to queries pertaining to the shipping, receipt, use, or disposal of defense articles and services provided to host nations. • Ensure all Enhanced EUM items are included, by serial number, in the SCIP SCO Toolbox/EUM. • Ensure the accuracy and currency of Enhanced EUM inventory records. • Perform required enhanced EUM scheduled inventories and update EUM SCIP by the next inspection due date. • Maintain delivery and inventory records of Enhanced EUM items until final disposal/disposition. • Provide Quarterly/End-of-Year reports on all required inventories to their respective COCOM via SCIP or, if SCIP is unavailable, a quarterly report in the format indicated in Figure C8.F5. Forward reports of possible AECA and FAA violations to DoS (PM) and DSCA Programs Directorate. • Immediately report the destruction, loss, theft, or unauthorized access of any Enhanced EUM items listed in an LOA to DSCA Programs Directorate, Department of State (PM/RSAT), Combatant Command, Joint Chiefs of Staff (J-5), and Defense Technology Security Administration (for NVDs only). • Establish and maintain liaison with the U.S. Embassy's Blue Lantern representatives. Blue Lantern is the DoS end-use check program to verify the bona fides of proposed recipients and delivery of defense articles and services sold commercially and delivered under an export license. If required by the Ambassador to provide support, ensure that Blue Lantern support costs by SCO personnel are captured for reimbursement on the SCO Quarterly Report (Figure C8.F5.). • Support hosting of, or attendance at, regional EUM forums conducted by DSCA Programs Directorate.
Defense Threat Reduction Agency (DTRA)	<ul style="list-style-type: none"> • Maintain a Golden Sentry primary point of contact. • Educate DTRA personnel about EUM responsibilities prior to traveling to countries that have sensitive technologies transferred with EUM provisos. • Provide DSCA Programs Directorate feedback and reports of any possible AECA section 3 violations observed during all visits. • Support Golden Sentry goals and objectives, as needed, during DSCA-hosted bi-lateral USG discussions, such as military-to-military meetings, regional EUM forums, or as appropriate. Incorporate EUM workforce training programs to educate the DTRA community on the Golden Sentry Program. • Provide to DSCA Programs Directorate a cost analysis of all DTRA EUM activities at the conclusion of each mission and a summary at the end of each FY for DSCA's Budget Planning, Programming, and Execution cycle. • During any EUM Compliance Assistance Visits (CAV), identify to DSCA Programs Directorate additional provisos that should be included in LOAs. • CAV Support Missions for DSCA. <ul style="list-style-type: none"> ○ Support Golden Sentry team visits by providing Subject Matter Experts to augment EUM site visits. ○ Support the Golden Sentry team by conducting inventories to ensure compliance with the EUM checklists. • Supplemental Support to SCOs. <ul style="list-style-type: none"> ○ Support Golden Sentry team visits by coordinating details with host nation SCOs through DSCA. ○ Provide an After Action Report (AAR) of any support visits to DSCA Programs Directorate.

C8.2.4. EUM Visit Guidance. The Golden Sentry EUM program includes in-country visits to assess EUM compliance programs. There are three types of visits: an EUM Familiarization Visit; an EUM Compliance Assessment Visit (CAV) (formerly referred to as a Tiger Team Visit); and an EUM Investigation Visit. Each visit is unique to the host nation and equipment being assessed.

C8.2.4.1. EUM Familiarization Visit Guidance. The purpose of an EUM Familiarization Visit is to assist the host nation, the Security Cooperation Organization (SCO) (or equivalent organization/office), and the Combatant Command in developing effective EUM compliance plans. It also provides an opportunity for the DSCA EUM representative to determine the requirements for conducting a potential future EUM Compliance Assessment Visit. A Familiarization Visit may be prompted by a request from the host nation, SCO, or by a request from the Combatant Command to validate EUM programs within their theater. It can also be prompted by the introduction of specific equipment into the region/country or by the need to aid in planning an upcoming Compliance Assessment Visit. Table C8.T3. presents the timeline and formal requirements to ensure a well coordinated and documented EUM Familiarization Visit. Informal correspondence may occur prior to these actions.

Table C8.T3. EUM Familiarization Visit Timeline and Requirements

Event No.	Timeframe	Description
1	Not later than 30 days prior to visit	<ul style="list-style-type: none"> • DSCA (Programs Directorate) transmits a Country/Theater Clearance Message in accordance with Foreign Travel Guidance. This message is coordinated with DSCA (Operations Directorate) and identifies major topics to be discussed.
2	Upon receipt of Country/Theater clearance message (Event #1)	<ul style="list-style-type: none"> • SCO acknowledges confirmation for the Familiarization Visit and identifies POCs for each subject to be discussed. • SCO ascertains if the visit will be limited to U.S. members only or if host nation participation is warranted.
3	15 days prior to visit	<ul style="list-style-type: none"> • SCO finalizes itinerary with DSCA (Programs Directorate) and, if applicable, the host nation. • SCO finalizes requirements for the visit, confirms entry information for each site to be visited, and assures that unit commanders have received the required authorization and understand the nature and purpose of the visit.
4	Familiarization Visit	<ul style="list-style-type: none"> • SCO provides assistance at the airport to the incoming EUM Familiarization Visit participants when requested. • An SCO representative meets with visit participants upon arrival at the hotel and/or duty location, if required. • Each Familiarization Visit must include the following: <ul style="list-style-type: none"> ○ Meeting with EUM Familiarization Visit participants and the U.S. country team ○ Meeting with EUM Familiarization Visit participants and the host nation (if applicable) ○ Update of Golden Sentry Program by DSCA ○ Discuss type and quantity of enhanced EUM articles transferred to the host nation ○ Discuss SCO and host nation's current compliance with EUM requirements ○ Discuss compliance plan development commensurate with the SCO's unique manning ○ Discuss possible future Compliance Assessment Visit

Event No.	Timeframe	Description
		<ul style="list-style-type: none"> ○ Site visits if required ○ Out-brief U.S. country team and host nation as appropriate ● While the Familiarization Visit is not intended to do physical inventories or compliance verification, the EUM Familiarization Visit Team may observe problems during the visit that must be addressed immediately. If the Familiarization Visit uncovers evidence of a potential AECA, section 3 or FAA, section 505 violation, see Event #5. Otherwise, see Event #6.
5	Immediately on discovery of a potential AECA, section 3 or FAA, section 505 violation	<ul style="list-style-type: none"> ● The EUM Familiarization Team notifies the SCO and country-team with details about the potential violation. ● The EUM Familiarization Team notifies the Director (Programs Directorate) with details about the potential violation and SCO/country team response. ● If there is a possible violation, the Director (Programs Directorate), in coordination with the appropriate Regional Director and the U.S. DoS, will prepare talking points to be used by the country-team to (1) notify the host nation of the possible violation and (2) request that the host nation respond to the issue within 30 days. ● If the host nation's response and subsequent assessments confirm the potential violation, DSCA forwards information regarding the potential violation to the U.S. DoS for appropriate action.
6	No later than 15 days after return to CONUS	<ul style="list-style-type: none"> ● DSCA EUM lead provides back brief to DSCA (Programs and Operations Directorates) ● DSCA EUM lead prepares an after action report for distribution to DSCA, the SCO, and the Combatant Command.

C8.2.4.2. EUM Compliance Assessment Visit Guidance. The purpose of a Compliance Assessment Visit is to review and evaluate the Security Cooperation Organization (SCO) (or equivalent organization/office) and host nation's overall EUM compliance program. The EUM Compliance Assessment Visit assesses a country's compliance with specific physical security and accountability agreements, provisos, and other terms of sale. Activities during a Compliance Assessment Visit may include facility visits, record reviews, review of local security policies and procedures, routine or special inventories of U.S. origin defense articles and/or services, etc. EUM Compliance Assessment Visits are coordinated well in advance with the Combatant Command, SCO, and host nation to ensure the EUM team successfully conducts the review. When possible, EUM Compliance Assessment Visits are scheduled to coincide with a host nation's requisite scheduled inventory or other planned events related to the defense articles or services being assessed. Table C8.T4. presents the timeline and formal requirements to ensure a well-coordinated and documented EUM Compliance Assessment Visit. Informal correspondence may occur prior to these actions.

Table C8.T4. EUM Compliance Assessment Visit Timeline and Requirements

Event No.	Timeframe	Description
1	180 days prior to the visit	<ul style="list-style-type: none"> ● DSCA Programs Directorate transmits an EUM Advisory message to the SCO, its respective Unified Combatant Commands, and DTRA to notify them of an impending EUM CAV with possible EUM items to be evaluated. This message is coordinated with the Principal Director Operations and the appropriate Regional Deputy.
2	Upon receipt of the Advisory (see	<ul style="list-style-type: none"> ● SCO notifies U.S. country team and the Host Nation of the impending EUM CAV.

Event No.	Timeframe	Description
	Event #1)	<ul style="list-style-type: none"> • SCO confirms receipt of the Advisory message. • The SCO should be aware of all LOAs for assigned countries and any special security or accountability notes included in those documents. Based on the recommended list of items provided by DSCA, the SCO will review these LOAs and/or other appropriate transfer documents for unique physical security and accountability notes or special provisos and provide DSCA Programs Directorate a tentative listing of Enhanced EUM items to be evaluated by the EUM CAV Team.
3	90 days prior to the visit	<ul style="list-style-type: none"> • DSCA Programs Directorate, in coordination with the DSCA Operations Directorate, confirms to the SCO the list of defense articles/services to be evaluated by the upcoming EUM CAV.
4	70-89 days prior to visit	<ul style="list-style-type: none"> • SCO should contact the Military Departments for assistance at this time if additional information regarding serial numbers, LOAs, etc., is required. • SCO determines the location of the articles to be assessed within the host nation. • SCO develops a tentative itinerary for the upcoming visit.
5	70 days prior to visit	<ul style="list-style-type: none"> • SCO provides feedback to DSCA Programs Directorate on the following: <ul style="list-style-type: none"> ○ Any U.S. country-team concerns. ○ The SCO representative on the EUM CAV Team. ○ Combatant Command EUM CAV Team members (if desired by the Combatant Command). • Recommended additions/deletions from the proposed list of items to be evaluated during the visit. • Draft itinerary based on the locations of the items within the host nation. • The SCO's last inventory list(s) for the item(s) to be reviewed complete with serial numbers. • DTRA provides feedback to DSCA Programs Directorate on representatives on the EUM CAV Team and on any concerns.
6	60 days prior to visit	<ul style="list-style-type: none"> • DSCA Programs Directorate issues an Announcement message that: <ul style="list-style-type: none"> ○ Identifies the EUM CAV Team members, and; ○ Confirms the list of defense articles and/or services that will be evaluated during the EUM CAV team visit and their physical location(s). ○ DSCA provides the assessment checklist for each item to be assessed (Example - See Attachment 4 for Enhanced EUM article checklist for Stinger missiles).
7	Not later than 30 days prior to visit	<ul style="list-style-type: none"> • DSCA Programs Directorate transmits a Country/Theater Clearance Message in accordance with Foreign Travel Guidance. This message is coordinated with the DSCA Operations Director and the Regional Deputy and will cover any in-country support requirements (e.g., transportation). Any changes to information provided in the Announcement message are identified in the Country/Theater Clearance Message.
8	Upon receipt of Country/Theater Clearance Message (Event #7)	<ul style="list-style-type: none"> • SCO acknowledges receipt of the message via e-mail or front channel cable and identifies points of contact (POC) for each area to be evaluated (to include names, phone numbers and email addresses). • SCO conducts final coordination with host nation for site clearance for EUM CAV Team members. • SCO confirms host nation's preparation for the EUM CAV.
9	15 days prior to visit	<ul style="list-style-type: none"> • SCO finalizes itinerary with DSCA Programs Directorate and the host nation. • SCO finalizes requirements for the visit with the host nation to: <ul style="list-style-type: none"> ○ Confirm entry information for each site to be visited. ○ Ensure that affected unit commanders have received the required authorization.

Event No.	Timeframe	Description
		<ul style="list-style-type: none"> ○ Ensure everyone understands the standards of the evaluation (e.g., 100% serial number inventory with containers open; 5% random open containers with remainder container serial number verification; etc.).
10	EUM-Compliance Assessment Visit (CAV)	<ul style="list-style-type: none"> ● SCO ensures someone is at the airport to assist the EUM CAV Team participants when requested by the team. ● SCO representative meets with visit participants upon arrival at the hotel and/or duty location, if required. <ul style="list-style-type: none"> ○ Each EUM CAV Team must include the following: <ul style="list-style-type: none"> ○ Meeting with EUM CAV Team members and the U.S. country team. ○ Meeting with EUM CAV Team members and the host nation. ○ Update of Golden Sentry Program by DSCA. ○ Assessment of SCO and host nation's current compliance with EUM requirements. ○ Review the records for the specific items identified in the Announcement message (Event #6). ○ Conduct site visits to evaluate facility physical security and accountability procedures for the locations identified in the Announcement message (Event #6) ○ Provide out-briefings for U.S. country team and host nation. Preliminary observations and findings will be discussed, to include providing preliminary assessment results of Satisfactory, Needs Improvement, or Unsatisfactory and timeline for host nation receipt of final report. ○ If the EUM CAV Team is unable to complete the visit for any reason, see Event #11. ○ If during the CAV, evidence of a possible AECA Section 3 or FAA Section 505 violation is uncovered, see Event #12. ○ If the EUM CAV does not uncover any evidence of an AECA Section 3 or FAA Section 505 violation and is able to complete the assessment, see Event #13.
11	Immediately upon identification of problems	<ul style="list-style-type: none"> ● The DSCA EUM CAV Team lead notifies the SCO and country-team with details about why they are unable to successfully complete the visit. ● The DSCA EUM CAV Team lead notifies the Principal Director, Programs Directorate, with details about the problem precluding a successful visit, and SCO/country team response. ● The Principal Director, Programs Directorate, in coordination with the Principal Director, Operations Directorate, will determine appropriate course of action and notify the EUM CAV Team lead during the visit. ● After return to CONUS, the EUM CAV Team lead will work with the Operations Directorate to develop a follow-up course of action as required.
12	Immediately upon discovery of a potential AECA Section 3 or FAA Section 505 violation (See SAMM 8.5)	<ul style="list-style-type: none"> ● The EUM CAV Team notifies the SCO and country-team with details about the potential violation. ● The EUM CAV Team notifies the Principal Director, Programs Directorate, with details about the potential violation and SCO/country-team response. ● If there is a possible violation, the Principal Director, Programs Directorate, in coordination with the Principal Director Operations Directorate and the U.S. Department of State, will prepare talking points to be used by the country-team to: <ol style="list-style-type: none"> (1) Notify the host nation of the possible violation and (2) Request that the host nation respond to the issue within 30 days. ● If the host nation's response and subsequent assessments confirm the potential violation, DSCA formally forwards information regarding the potential violation to the U.S. Department of State for appropriate action.

Event No.	Timeframe	Description
13	Usually no later than 15 days after the visit	<ul style="list-style-type: none"> • DSCA EUM CAV Team lead provides back brief to DSCA Programs and Operations Directorates. • DSCA EUM CAV Team lead prepares Interim Team After-Action Report (TAR) providing preliminary assessment results of Satisfactory, Needs Improvement, or Unsatisfactory and distributes to DSCA, the SCO, and the other EUM CAV Team members for coordination and comment. (See Figure C8.F2. for the TAR format.).
14	Upon receipt of Interim TAR (no later than 20 days after the visit)	<ul style="list-style-type: none"> • SCO reviews Interim TAR and provides input to the DSCA EUM CAV Team lead. • EUM CAV Team members review Interim TAR and provide input to the DSCA CAV Team lead.
15	Upon receipt of comments (no later than 25 days after the visit)	<ul style="list-style-type: none"> • DSCA EUM CAV Team lead prepares Final TAR providing overall assessment results of Satisfactory, Needs Improvement, or Unsatisfactory for the Host Nation and the SCO Country Team. • Final TAR is approved by the Director, DSCA, and sent to the Commander of the appropriate Combatant Command.

C8.2.4.3. EUM Investigation Visit Guidance. The purpose of an EUM Investigation Visit is to examine possible violations of AECA, section 3 and FAA, section 505. These visits may be prompted by intelligence reports and/or other sources that indicate a host nation may be using U.S.-origin defense articles and services in ways that do not comply with U.S. laws and policies. EUM Investigation Visits are conducted as expeditiously as possible within the required coordination for foreign travel from the United States. Because of the unique nature and political sensitivity associated with this type of visit, each EUM Investigation Visit is handled on a case-by-case basis in concert with DoS.

Figure C8.F2. Compliance Assessment Visit (CAV) Team After Action Review (TAR) Format

**Compliance Assessment Visit (CAV) Team After Action Review (TAR)
Golden Sentry End Use Monitoring (EUM) Assessment Visit**

TODAY'S DATE:		COUNTRY:	
START DATE:		RETURN DATE:	
EXECUTIVE SUMMARY			
ITINERARY			
SAMPLE			
FINDINGS			
OVERALL	SATISFACTORY <input type="checkbox"/>	NEED IMPROVEMENT <input type="checkbox"/>	UNSATISFACTORY <input type="checkbox"/>
COMMENTS			

Figure C8.F2. Compliance Assessment Visit (CAV) Team After Action Review (TAR)
Format (continued)

**Compliance Assessment Visit (CAV) Team After Action Review (TAR)
Golden Sentry End Use Monitoring (EUM) Assessment Visit**

CAV TEAM AFTER ACTION REVIEW (TAR) COMMODITY	
SAMPLER NAME/ORG/PHONE	
HOST NATION PROCEDURES	
USG PROCEDURES	
DSCA PROCEDURES (IF ANY)	
CONCLUSION	

SAMPLE

C8.3. ARTICLES OR SERVICES REQUIRING ADDITIONAL CONTROLS ON END-USE

C8.3.1. Classified Items. The following are examples of added controls that apply to classified items:

C8.3.1.1. General Security of Military Information Agreements (GSOMIAs). A GSOMIA is a bilateral Government-to-Government agreement, negotiated through the Office of the Under Secretary of Defense for Policy (USD(P)) upon receipt of authorization from the DoS. GSOMIAs are developed and implemented when release of classified military information is beneficial to the USG. This occurs before cooperative programs are implemented, including those under the FAA and AECA (references (b) and (c)), and before sensitive items are released. The GSOMIA states that each party to the agreement shall treat classified information with the same degree of security protection required by the releasing Government. It contains provisions concerning the use of the information, third party transfers, and proprietary rights. It specifies that transfers of information are on a Government-to-Government basis and provides that both parties agree to report any compromise, or possible compromise, of classified military information provided by the other party, but states there is no commitment or requirement to transfer classified military information. The GSOMIA states that both parties shall permit visits by security experts of the other party for the purpose of conducting an assessment of governmental security programs at both military and defense industrial facilities.

C8.3.1.2. Releasability. Early in the process leading to a defense item's release, analyses are performed to determine to what extent classified hardware or information can be released. Classified items are released only to the extent necessary to meet immediate program needs.

C8.3.1.3. Terms and Conditions. Standard terms and conditions within each transfer agreement require the same security controls as the United States would provide for itself. Special investigations and inspections must be completed and the Department of Defense must grant clearance prior to the shipment of any classified item through a country freight forwarder. Transportation plans that show specific controls in each stage of item delivery are necessary prior to approving shipment of classified items outside Defense Transportation System (DTS) channels.

C8.3.2. Arms, Ammunition and Explosives (AA&E). AA&E items require special protection and the requestors must submit a plan for safeguards of these items during the Letter of Request (LOR) and/or Pre-LOA process. The Department of Defense applies stringent AA&E controls while items are in U.S. custody and the same standards must be applied to the items upon release to the purchaser. Although recipient countries seldom assume control of sensitive AA&E items within the continental United States, except as cargo loaded and prepared for departure, USG security standards must apply throughout the lifecycle of the weapon system (i.e., transportation, delivery, operational use, storage, and destruction processes). Additionally, a site survey may be required to insure that appropriate physical security measures are in place at the destination prior to the delivery of the weapon systems. See DoD 5100.76-M, and the SAMM, (reference (ai) and SAMM Chapter 7, section C7.17), for more information regarding AA&E items. If AA&E items replace obsolete U.S.-origin or licensed items in the purchaser's inventory, a disposal plan for the items being replaced must be submitted with the LOR.

C8.3.3. Stinger/Man Portable Air Defense System (MANPADS). Any transfer of Stinger/MANPADS must include the security requirements notes shown in Chapter 5, Table C5.T5. The Implementing Agency also ensures any foreign production agreements incorporate these requirements. The following procedures apply when an LOA for the purchase of a MANPADS is accepted, co-production arrangements are implemented, or MANPADS are provided under the drawdown authority of FAA, section 506(a) (reference (b)). (See Chapter 11 for more information on drawdowns.)

C8.3.3.1. The U.S. Army provides a copy of the transfer authority document to the in-country SCO.

C8.3.3.2. U.S. Army personnel inspect the physical security arrangements prior to the delivery of the first shipment of Stinger/MANPADs to ensure that security meets U.S. requirements as stipulated in the transfer agreements.

C8.3.3.3. The U.S. Army notifies the SCO when delivery of the missiles is to begin, including serial numbers for each increment of missiles and grip stocks or other essential components.

C8.3.3.4. The SCO arranges with the recipient to verify receipt in country of the missiles, grip stocks, and other essential components, by serial number, except for missile systems deployed to hostile areas. The recipient and a USG representative verify receipt to their Combatant Command Headquarters and the U.S. Army. This inventory serves as further confirmation of the recipients' capabilities to secure and account for the Stinger/MANPADS and essential components. It occurs after initial shipments of missiles and/or grip stocks are placed in long-term storage or with operating forces. This inspection and/or inventory shall be completed not later than 30 days following receipt of the first missile in country, or the return of previously exempted missiles from the hostile area.

C8.3.3.5. Except for missiles deployed to hostile areas, the SCO physically inventories 100 percent of in-country Stinger missiles, grip stocks, and other essential components annually. The inventory must include review of the recipient's records of monthly two-man verifications as required by the Stinger/MANPADS LOA or other arms transfer document note. Unless problems indicate the necessity for such action, the manufacture's sealed missile and weapon round containers should not be opened during the inventory. Inventory results (initial and annual reports) are provided to the respective Combatant Command Headquarters and the U.S. Army.

C8.3.3.6. The Combatant Commands ensure that the SCO establishes procedures that facilitate the purchaser to report any instances of compromise, unauthorized use, loss or theft of Stinger/MANPADS materiel or related information within 5 days. Reportable instances are investigated, and proposed corrective measures developed to ensure that there is not a recurrence. Within 15 days of the completed investigation, the SCO forwards these investigative results and proposed corrective action to their Combatant Command Headquarters, DSCA (Programs Directorate), and the U.S. Army.

C8.3.3.7. The Combatant Commander and/or Director, DSCA may determine, based on assessment of the threat to security in the area, or other compelling reasons, that other special actions are necessary for either an additional inventory or less than 100 percent inventory. If this determination is made, the Combatant Commander or Director, DSCA notifies each other's respective Headquarters in writing at the General Officer, Flag, or SES level.

C8.3.3.8. By December 1st of each year, the Combatant Command Headquarters consolidates and provides an inventory report of Stinger missiles and essential components within their Area of Responsibility to DSCA (Programs Directorate). Additionally, by December 1st of each year, the U.S. Army provides a report of Stinger missile deliveries, by quantities and source to DSCA (Programs Directorate) and the applicable Combatant Command Headquarters.

C8.3.3.8.1. The Combatant Commands' annual inventory report indicates by country, transfer source (i.e., FMS; FAA, section 506(a) (reference (b))); Stinger production group and other foreign production programs), the date of the completed inventories, projected inventory dates, resources expended for compliance, i.e., man hours and travel cost, quantity of missiles and grip stocks on hand, and expended missiles and grip stocks during the reporting period and how they were expended.

C8.3.3.8.2. The Army's reported data includes the quantities of missiles and grip stocks from each source (i.e., FMS; FAA, section 506(a) (reference (b))); Stinger production group and other foreign production programs) delivered to each recipient during that year. As requested, the U.S. Army should provide advice and other technical support to assist SCOs in missile inventories or other accountability measures.

C8.3.4. Tube-Launched, Optically-Tracked, Wire-Guided (TOW-2B) Missiles. For each FMS offer of TOW-2B missiles, the MILDEP consults DSCA (Operations Directorate) regarding the addition of an LOA note on physical security and accountability. See Chapter 5, Table C5.T5. for the exact note wording.

C8.3.5. Javelin. For each FMS offer of Javelin Close Combat Missile System, the MILDEP adds a note to the LOA that identifies physical security and accountability requirements. See Chapter 5, Table C5.T5. for exact note wording.

C8.3.6. Advanced Medium-Range Air-to-Air Missiles (AMRAAM). For each FMS offer of AMRAAM, the MILDEP adds a note to the LOA that identifies physical security and accountability requirements. See Chapter 5, Table C5.T5. for exact note wording.

C8.3.7. Category III Missiles (Stand-off Land Attack Missile-Expanded Response (SLAM-ER), Air Intercept Missile-9X (AIM-9X), and Harpoon Block II). For each FMS offer of Category III (SLAM-ER, AIM-9X, and Harpoon Block II) missiles, the MILDEP adds a note to the LOA that identifies physical security and accountability requirements. For the AIM-9X Category III Missile, the LOA note includes an additional section to address the Category II components associated with the missile. See Chapter 5, Table C5.T5., for the exact note wording.

C8.3.8. Night Vision Devices (NVDs). For each FMS offer of NVDs, the Implementing Agency adds a note to the LOA that identifies physical security and accountability requirements. See Chapter 5, Table C5.T5. for exact note wording. The Implementing Agency will include the DSCA NVD Approval memorandum as supporting documentation to the LOA.

C8.3.8.1. NVD Requirements. The Implementing Agency provides a list of serial numbers for all NVD devices and image intensifier tubes to the SCO and DSCA; provides the anticipated and actual shipping date of the items to the SCO and DSCA; provides the NVD supplier with all technical provisos, and provides a copy of the signed LOA to the Defense Technology Security Administration (DTSA). Prior to conducting an inventory, the USG representative ensures that the requirements specific to NVDs are communicated to the host nation (normally through the SCO). The host nation must be prepared to show the NVD storage facility to the EUM team and all NVDs must be removed from their containers and ready for inspection. The host nation must have a copy of its physical security and accountability control plan and inventory documents available for review. The SCO reviews and maintains a copy of the purchaser's physical security and accountability control plan, forwards a copy of this plan to DSCA, and maintains the serial number list of all NVD devices and image intensifier tubes transferred to the host country.

C8.3.8.2. NVD Inventories. Following delivery of the NVDs, the Combatant Command (or USG representative) conducts a 100% inventory by serial number. The results of this inventory are reported to DTSA and DSCA (Programs Directorate). The SCO assists with or conducts USG inventories and inspections as required.

C8.3.8.3. NVD Destruction, Loss, Theft, or Unauthorized Access. In case of the destruction, loss, theft, or unauthorized access of any NVDs transferred by the USG, the purchaser agrees to report the incident immediately to the SCO. The SCO immediately reports the incident to DSCA (Programs Directorate), DTSA, Combatant Command, Joint Chiefs of Staff (J-5), and the Department of State and provides a written report within 15 days.

C8.4. SITUATIONS REQUIRING ADDITIONAL CONTROLS ON END-USE

Situations may occur in a country or region that necessitate additional end-use checks. For example, if a country develops ties with countries to which U.S. defense exports are prohibited (see 22 CFR Part 126.1 (reference (n)) for more information); if unusual political or military upheaval has occurred or is impending; if countries unfriendly to the United States in the region are seeking U.S. equipment or support items of the types held by the legitimate user; or if substantial problems are found during a GSOMIA security survey, the in-country Golden Sentry point of contact should contact DSCA (Programs Directorate) to discuss the situation and obtain further guidance.

C8.5. UNAUTHORIZED END-USE

If the SCO Golden Sentry point of contact finds an indication of unauthorized end-use within a country and cannot resolve it locally, he or she expeditiously forwards the information to the DoS Office of Regional Security and Arms Transfer Policy (DoS (PM/RSAT)), with information copies to DSCA (Programs Directorate) and the Combatant Command.

C8.5.1. Section 3 Violations. The DoS determines if the AECA, section 3 (reference (c)) criteria are met for a report to Congress on the possible end-use violation. The SCO Golden Sentry point of contact coordinates with the political section of the U.S. Embassy as it investigates the alleged unauthorized end-use. Supplementary checks are mandatory when the DoS reports an AECA, section 3 (reference (c)) violation.

C8.5.2. Sample Checks. Within 60 calendar days after notification that such a report has been made, unless directed otherwise by DoS (PM/RSAT), the affected SCO must complete sample checks of at least two U.S.-origin items for each AECA, section 3 (reference (c)) report. The SCO may personally conduct sample checks or use other available resources. Items selected for special checks are those where receipt and subsequent accountability are representative of the item involved in the DoS report.

C8.5.2.1. The primary purpose of the special checks is to determine the adequacy of the country's accounting and/or inventory processes. A secondary purpose is to determine if EUM problems exist for the chosen items. The check should provide information for both the recipient country and the United States to determine if the country's generally sound processes failed due to unusual circumstances, item accounting is not given sufficient priority, or country interests are diverging from those of the United States.

C8.5.2.2. While making the end-use checks, SCOs should be alert for unauthorized use of hardware items as well as information provided during training or in technical assistance support. This includes misuse of operation and maintenance, study, or production technical data. Information gained during the special checks that could be useful in correcting the immediate problem or improving future end-use controls should be shared with the DoS, the Department of Defense, and the Combatant Command. Information obtained by any Country Team member that indicates a violation of end-use or retransfer assurances in the AECA or FAA transfer agreements, should be reported to DoS (PM/RSAT), with information copies to DSCA (Programs Directorate) and the Combatant Command. Information obtained from personnel other than members of the Country Team should be reported through the chain of command to the DoS (PM/RSAT).

C8.6. EUM AT THE TIME OF DISPOSAL

EUM is a key factor during item disposal. During disposal, items often move from operating units to holding areas, where personnel may not be aware of classified features, potential lethality, or other sensitivities. Recipients must neutralize classified features during the disposal process. Prior to or during the disposal process, recipients must also neutralize features that pose direct danger or environmental hazards.

C8.6.1. Demilitarization. Demilitarization involves the destruction of an item's military capability. If in-country demilitarization practices do not meet U.S. standards, the recipient country should use U.S. demilitarization guidance in DoD 4160.21-M-1 (reference (bm)). Assistance may be purchased from the DoD-integrated materiel managers or the Defense Reutilization and Marketing Service (DRMS). A disposal process that fails to meet U.S. demilitarization standards should be reported to the appropriate U.S. level of the command chain, either within the host country or in the United States for resolution.

C8.6.2. Disposal. A key aspect of EUM is the development of a disposal plan by the host nation in coordination with the SCO. Disposal constitutes a change in end-use for which prior consent from the DoS is required for USML items that are not being disposed of by a DRMO. After a non-USML item has been demilitarized (in accordance with U.S. standards) if necessary, it is no longer a defense article and may be disposed of without DoS approval unless the item was provided on a grant basis by the USG, in which case it would require DoS authorization prior to disposal. This also applies to scrap (Condition Code S) items. However, transfer of USML items to a private entity, even if demilitarized, requires prior approval from the DoS, even for disposal by scrapping. Because the potential for unauthorized disclosure of classified or sensitive information, safety concerns, and other factors vary among countries; the SCOs are to ensure that DoD disposal procedures are followed by the host nations.

C8.7. QUARTERLY REPORTING AND EUM SCIP GUIDANCE

C8.7.1. Section 40A of the Arms Export Control Act (AECA) requires the President to submit an annual report to Congress describing the actions taken to implement the End-Use Monitoring (EUM) Program, including a detailed accounting of the cost and number of personnel associated with EUM. To compile the necessary data to meet the annual requirement, DoD's Golden Sentry program utilizes an application in the Security Cooperation Information Portal (SCIP), EUM-SCIP SCO Toolbox, to track defense articles transferred to foreign customers under government-to-government programs as well as to capture the costs associated with the execution of the EUM program.

C8.7.1.1. To gain access to the SCIP, authorized users must complete the registration form at <https://www.scportal.us/home/registrationInfo.html>, and fax it to the SCIP Access Administrator. A complete user's manual, with step-by-step instructions can be found in SCIP, under the EUM Support Tab, under "EUM SCIP Handbook and other related documents." Hands-on training is also available for the EUM community via the COCOM Regional Forums. For assistance contact the eumhelpdesk@dscamail.

C8.7.1.2. The EUM-SCIP application can track defense articles by serial number and by country and also provides inventory management controls. Various fields allow authorized users to add, edit, transfer or record inventories of defense items as well as to capture EUM-related labor hours and cost. Inventory reports help SCOs plan for upcoming inventories as well as highlight "delinquent" items that have not been inspected or inventoried within required periods. SCOs are required to maintain current (as per Table C8.T2., End-Use Monitoring Responsibilities) all inventory records of enhanced EUM items until final disposal/disposition.

C8.7.2. A consolidated shipment/delivery/inventory report from the IAs (Figure C8.F4.), the SCOs (Figure C8.F5.), and the COCOMs (Figure C8.F6.) must be transmitted to DSCA on 15 January, 15 April, 15 July, and 15 October for inclusion into the annual Congressional Budget Justification submission by the Department of State. When submitting these reports, agencies must ensure inventory records are up-to-date and all EUM-related cost and labor hours are captured/reported. SCOs' reports must also include costs related to supporting the State Department's Blue Lantern EUM Program. If EUM-SCIP is unavailable, scanned document reports will be submitted to eumhelpdesk@dscamail.

C8.7.3. EUM Labor Hours and Cost Reporting Guidance. DSCA's Programs Directorate is responsible for planning and budgeting of EUM-related costs and labor hours IAW AECA § 40A. COCOMs, SCOs, and Implementing Agencies are required to report their labor hours and costs of executing EUM responsibilities to assist DSCA in programming funding for out years. It is important, for the purpose of developing future budget projections, to accurately capture all costs associated with actions taken to identify, inventory, and record information related to the EUM inventory process. To report labor hours and cost within EUM-SCIP, authorized users must log into the SCO Toolbox and access the EUM Labor Hour Cost tab. To access the form shown in figure C8.F3., click the "Labor Hour Cost Input Form" and follow the detailed instructions in table C8.T6. Enter the total dollars and hours associated with each event. If hours or cost are entered in error, add a new line with negative labor hours and negative values under the same Fiscal Year/Quarter so that it will be subtracted from the year/quarter in the report.

Figure C8.F3. Example of EUM Labor Hour & Cost form

EUM Labor Hour and Cost Reporting

Note: It is important for the purpose of developing future budget projections, to accurately capture all costs associated with actions taken to identify, inventory and record information reported to the EUM inventory process.

Please select one of the two options below and proceed accordingly

I have no labor hours or costs to report at this time.

Report labor hours and cost

	Country	Defense Article	DoD/S	Total Work Hours	Total TDY Costs	Fiscal Year	Fiscal Quarter	Person Performing Inspection	Action Date Format: MM/DD/YYYY	Remarks
1										
2										
3										
4										
5										
...										

Table C8.T5. EUM Labor Hour & Cost Reporting Reference

Pull Down Menu	Instruction
Country	Enter the country for which you are reporting cost/hours.
Defense Article	Enter the defense article with which the cost/hours are associated.
DoD/S	If the cost/hours are for the Golden Sentry program, enter DoD. If for the Blue Lantern program, enter DoS. If for another program, enter Other and indicate the program in the remarks column.
Total Work Hours	Enter the total labor hours performing the inventory, including the hours expended traveling to and from the location. Round to the nearest half hour.
Total TDY Costs	Enter the total cost for this event, including TDY and other associated expenses. Round to the nearest dollar. Do not use dollar signs or commas.
Fiscal Year/Fiscal Quarter	Enter the Fiscal Year and Fiscal Quarter of the event. If you are unsure of the Fiscal Year/Quarter, enter the current Fiscal Year/Quarter. Fiscal Quarter 1: 1 October – 31 December; Fiscal Quarter 2: 1 January – 31 March; Fiscal Quarter 3: 1 April – 30 June; Fiscal Quarter 4: 1 July – 30 September.
Person Performing Inspection	Enter the name of the person who performed the inventory, or the person who witnessed the item being disposed of/expended.
Action Date	Enter the date(s) the activity occurred.
Remarks	Enter any remarks or comments associated with the activity. If any selection was “Other”, a remark is mandatory.

Figure C8.F4. EUM Quarterly Shipment/Delivery Inventory Report for MILDEPs/
Implementing Agencies (IAs)

FY20 __, __ Q EUM QUARTERLY SHIPMENT/DELIVERY INVENTORY REPORT FOR MILDEPs / IMPLEMENTING AGENCIES (IAs)																			
1. Implementing Agency:			2. Country:																
3. QTY Delivered (since last report)																			
a. Enhanced EUM Item	b. Case Designator	c. Qty	d. Shipped Date (mm/dd/yyyy)	e. Type of Sale or Grant (FMS, FMF, EDA, etc.)															
4. Qty shipped/LOA Qty, by serial number listing (via on separate attachment if SCIP was not updated): (sent to EUMHelpDesk@DSCA.mil or SCO Toolbox/EUM)																			
Example: Missiles: AMRAAM, 150/200 shipped, Serial numbers updated in SCIP																			
<table border="1" style="margin: auto; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;"></th> <th style="width: 60%;">Item</th> <th style="width: 35%;">Qty</th> </tr> </thead> <tbody> <tr> <td>a.</td> <td>Missiles:</td> <td> </td> </tr> <tr> <td>b.</td> <td>Grip Stocks or CLUs:</td> <td> </td> </tr> <tr> <td>c.</td> <td>Night Vision Devices:</td> <td> </td> </tr> <tr> <td>d.</td> <td>Other:</td> <td> </td> </tr> </tbody> </table>						Item	Qty	a.	Missiles:		b.	Grip Stocks or CLUs:		c.	Night Vision Devices:		d.	Other:	
	Item	Qty																	
a.	Missiles:																		
b.	Grip Stocks or CLUs:																		
c.	Night Vision Devices:																		
d.	Other:																		
5. Implementing Agency Comments: (Use separate sheet of paper for more space)																			
6. Reported by:			7. Date (mm/dd/yyyy):																
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Name</td> <td> </td> </tr> <tr> <td>Rank</td> <td> </td> </tr> <tr> <td>Organization</td> <td> </td> </tr> <tr> <td>Email address</td> <td> </td> </tr> </table>			Name		Rank		Organization		Email address		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="height: 30px;"></td> </tr> </table>								
Name																			
Rank																			
Organization																			
Email address																			

Figure C8.F5a. EUM Quarterly Delivery Inventory Report For SCOs

FY20 __, __ Q																		
EUM QUARTERLY DELIVERY INVENTORY REPORT FOR SCOs																		
1. SCO:		2. Country:																
1. Qty On Hand from previous report:																		
<table border="1" style="margin: auto; border-collapse: collapse;"> <thead> <tr style="background-color: #e0e0e0;"> <th style="width: 5%;"></th> <th style="width: 70%;">Item</th> <th style="width: 25%;">Qty</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">a.</td> <td>Missiles:</td> <td></td> </tr> <tr> <td style="text-align: center;">b.</td> <td>Grip Stocks or CLUs:</td> <td></td> </tr> <tr> <td style="text-align: center;">c.</td> <td>Night Vision Devices:</td> <td></td> </tr> <tr> <td style="text-align: center;">d.</td> <td>Other:</td> <td></td> </tr> </tbody> </table>					Item	Qty	a.	Missiles:		b.	Grip Stocks or CLUs:		c.	Night Vision Devices:		d.	Other:	
	Item	Qty																
a.	Missiles:																	
b.	Grip Stocks or CLUs:																	
c.	Night Vision Devices:																	
d.	Other:																	
2. Additions to Inventory since last report.																		
<i>a. Enhanced EUM Item</i>	<i>b. Case Designator</i>	<i>c. Delivery/Inventory Date (mm/dd/yyyy)</i>	<i>d. Type of Sale or Grant (FMS, FMF, EDA, etc.)</i>															
3. Qty delivered/inventoried by number and percentage (If SCIP has not been updated, include <u>Serial Numbers</u> on separate attachment and send to EUMHelpDesk@DSCA.mil).																		
Example: Missiles: AMRAAM,150/200 inventoried (75%), serial number listings attached or SCIP updated																		
<table border="1" style="margin: auto; border-collapse: collapse;"> <thead> <tr style="background-color: #e0e0e0;"> <th style="width: 5%;"></th> <th style="width: 70%;">Item</th> <th style="width: 25%;">Qty</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">a.</td> <td>Missiles:</td> <td></td> </tr> <tr> <td style="text-align: center;">b.</td> <td>Grip Stocks or CLUs:</td> <td></td> </tr> <tr> <td style="text-align: center;">c.</td> <td>Night Vision Devices:</td> <td></td> </tr> <tr> <td style="text-align: center;">d.</td> <td>Other:</td> <td></td> </tr> </tbody> </table>					Item	Qty	a.	Missiles:		b.	Grip Stocks or CLUs:		c.	Night Vision Devices:		d.	Other:	
	Item	Qty																
a.	Missiles:																	
b.	Grip Stocks or CLUs:																	
c.	Night Vision Devices:																	
d.	Other:																	

Figure C8.F5b. EUM Quarterly Delivery Inventory Report For SCOs (continued)

4. Adjustments to Inventory.	
Transferred:	
Quantity transferred:	
To USG (qty/date):	
Third country (qty/date):	
Other (qty/date):	
Disposed:	
Quantity Disposed:	
Demilitarization confirmed:	
Demilitarization not confirmed:	
(Explain why you cannot confirm)	
Other (explain):	
Expended:	
Quantity expended:	
Operational (example: combat):	
Training (example: range firing/testing):	
Inventory Loss: (provide memo):	
Disposal:	
Transferred to 3 rd party:	
Other (explain):	
5. Supporting Cost Data	
C-12 Flying Hour Program-	
Total C-12 flight hours spent:	
Total # of Locations Inspected:	
Total # of Locations:	
% of Locations Inspected:	
Average Cost per Location:	
C-12 hours flown this period:	
Blue Lantern support costs	
Man-hours required:	
Personnel Cost (salary and benefits):	
TDY expenses: Total \$ _____	
TDY (per diem):	
Lodging:	
Transportation:	
Other reimbursable expenses:	

Figure C8.F5c. EUM Quarterly Delivery Inventory Report For SCOs (continued)

Resources Used for Compliance of the Mandatory Quarterly Report: (see Figure C8.F3. – EUM Cost Worksheet)										
Man-hours required										
Personnel Cost (salary and benefits):										
TDY expenses: Total:										
TDY (per diem):										
Lodging:										
Transportation:										
Other reimbursable expenses:										
Total Costs:										
6. SCO Comments (Continue on separate page if required):										
7. Reported by:	8. Date (mm/dd/yyyy):									
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; padding: 5px;">Name</td> <td style="width: 80%;"></td> </tr> <tr> <td style="padding: 5px;">Rank</td> <td></td> </tr> <tr> <td style="padding: 5px;">Organization</td> <td></td> </tr> <tr> <td style="padding: 5px;">Email address</td> <td></td> </tr> </table>	Name		Rank		Organization		Email address		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="height: 30px;"></td> </tr> </table>	
Name										
Rank										
Organization										
Email address										

C8.8. THIRD PARTY TRANSFERS

In accordance with FAA, section 505 (reference (b)); AECA, section 3 (reference (c)); and LOA Standard Terms and Conditions, foreign Governments may not transfer title to or possession of any defense articles or services to anyone not an officer, employee, or agent of that country until the country receives prior written consent from the USG. Nor should the foreign Government use or permit the use of such articles or services for purposes other than for which they were furnished unless the foreign Government receives prior written consent from the USG.

C8.8.1. Third Party Transfer Responsibilities

C8.8.1.1. Department of State. The DoS is responsible for authorizing third party transfers of U.S.-origin defense articles and/or services worldwide.

C8.8.1.1.1. Office of Regional Security and Arms Transfer Policy (PM/RSAT). DoS (PM/RSAT) is responsible for coordinating the DoS response to third party requests for the transfer of defense articles and services originally acquired via FMS or grant programs (e.g., MAP, Excess Defense Articles (EDA), or Drawdown).

C8.8.1.1.2. Directorate of Defense Trade Controls (PM/DDTC). Pursuant to AECA, section 38 (reference (c)) and its implementing regulation - 22 C.F.R. 120-130 (reference (n)), DoS (PM/DDTC) is responsible for processing third party requests to transfer defense articles or services originally acquired under a commercial export license or other commercial authorization (such as manufacturing license or technical assistance agreements). DoS (PM/DDTC) also authorizes temporary imports of defense articles into the United States.

C8.8.1.2. Department of Justice. Department of Justice's Bureau of Alcohol, Tobacco, Firearms, and Explosives (BATFE) is responsible for control of the permanent import of USML items into the United States. DoS approval of a retransfer request by a foreign Government must precede and be separate from submission by the importer of a Form 6 import license application to BATFE.

C8.8.1.3. Security Cooperation Organizations (SCOs). SCOs are directly involved only in actions related to retransfers of items received through DoD-administered programs.

C8.8.2. Third Party Transfers: Government-To-Government. The USG may consent to a third party (Government) transfer if the USG would directly transfer the articles to the proposed recipient and the proposed recipient submits the required end-use, retransfer, and security assurances to the USG.

C8.8.2.1. Third Party (Government) Transfer Requests. The divesting Government submits the written third party (Government) transfer request to the USG for consideration. The request is sent to the SCO and/or Embassy who in-turn sends the request to DoS (PM/RSAT) with information copies to DSCA and the SCO of the proposed third party recipient. All transfer requests must include the information provided in Table C8.T6.

Table C8.T6. Requirements for Third Party Transfer Requests – Government-to-Government

Requirements for Third Party Transfer Requests – Government-to-Government	
1	A clear description of the articles/services being transferred including model, any associated equipment, spare parts and/or classified components or data. Also, where possible, indicate whether equipment is Significant Military Equipment (SME) or non-SME and the category under which the article is listed in the USML.
2	The original acquisition source of the defense articles/services proposed for transfer (e.g., FMS, grant, etc.). In accordance with FAA, section 505(f) (reference (b)) and prerequisite bilateral agreements, if the defense articles were furnished to a country on a grant basis (e.g., MAP-grants, grant EDA), the net proceeds of the sale of the defense articles received by the grantee must be returned to the USG. The following factors relating to the defense articles should be considered in determining the net proceeds: the value of the defense articles when furnished by the U.S. Government as a percentage of the aggregate of the value of the defense articles when furnished by the U.S. Government added to the value of any capital investment incurred by the grantee in repairing, rehabilitating, or modifying the article (other than routine maintenance and repair expenses); depreciation of that value; and reasonable administrative costs of the sale or disposal. The party requesting the third party transfer of such defense articles must show it has employed a reasonable methodology in calculating the net proceeds [e.g., Net Proceeds = (Gross Sale Proceeds - Administrative Costs of Sale) x (Value at Transfer / (Value at Transfer + Value of Capital Investment))]. DoS may waive return of net proceeds in cases involving grant equipment delivered prior to 1985. There is no waiver authority for articles delivered after 1985. Requests for waiver consideration are included in written transfer requests and must include an estimate of the net proceeds expected, justification/rationale for the request to retain net proceeds, and how the funds will be used.
3	The year of original acquisition.
4	The original acquisition cost or best estimate of that cost.
5	The current value if available.
6	When possible, the name, title, and contact details for an official in the recipient country with whom DoS (PM/RSAT) can discuss the transfer details and required end-use, retransfer, and assurances.
7	If known, the proposed end-use of the articles/services by the proposed recipient.
8	U.S. and recipient security interests served by the proposed transfer.
9	Proposed timeframe or time constraints with regard to DoS processing of the request. If immediate action is required, provide explanation.
10	If the request is for demilitarization and disposal, indicate how this will be accomplished.

C8.8.2.2. End-Use, Retransfer, and Security Assurances. The DoS requests end-use, retransfer, and security assurances from the proposed recipient's Ministry of Foreign Affairs (MFA). If the proposed recipient is a member of the Blanket Assurance program (see subparagraph C8.7.2.3.), individual assurances are not required. This request is sent to the U.S. Embassy in the proposed recipient's country (for action) and to the divesting country (for information). These assurances are mandatory, generally non-negotiable, and must be received by DoS before transfer approval. Assurances must be signed by an official in the proposed country who can legally bind the entire Government (usually the MFA). If the Government issues assurances signed by an official of a ministry other than the MFA such as the Ministry of Defense, the U.S. Embassy in that country must confirm in writing that his or her signature binds the entire Government. When the U.S. Embassy receives the end-use, retransfer, and security assurances from the proposed recipient and the language has been translated by the U.S. Embassy to confirm that it does not deviate from the DoS-supplied text, the country team notifies DoS (PM/RSAT) that the assurance requirements are met. Copies are sent to DoS (PM/RSAT), DSCA (Operations and Programs Directorates), and the transferring country. When language supplied to the U.S. Embassy does not appear to meet U.S. requirements, the supplied language is submitted for DoS review.

C8.8.2.3. Blanket Assurances. Governments may sign blanket end-use, retransfer, and security assurances to satisfy legislative requirements for future Government-to-Government retransfers. Governments who sign Blanket Assurances are not required to sign individual assurances to receive USG-origin defense articles from foreign Governments. Blanket members under the Defense Trade Security Initiative (DTSI) program have the added benefit of limited advanced consent. Members can transfer between and among themselves when: the original acquisition value of all transferred articles does not exceed \$7 million; classified defense articles (including classified technical information) are not being transferred; the defense articles to be transferred are already in the inventory of the proposed recipient (no first introduction); and the proposed recipient is either an approved DTSI country or a signatory to the standard blanket assurance program. DTSI assurances, like blanket assurances, apply only to Government-to-Government third-party transfers of USG-origin defense articles. They do not replace the DSP 83 currently used for the retransfer of defense articles originally acquired through Direct Commercial Sales (DCS). Requests for retransfer of these items continue to be reviewed on a case-by-case basis by the USG.

C8.8.3. Third Party Transfers – Government-to-Private Entities. As stated in the FAA and AECA (references (b) and (c)), defense articles and defense services are transferred to foreign Governments to serve U.S. foreign policy objectives. At this time, the DoS adjudicates all requests for transfer of U.S.-origin military equipment to private entities on a case-by-case basis. In submitting a Government-to-private entity transfer request, the divesting country and the SCO follow the same instructions as provided above in subparagraph C8.7.2.1. and Table C8.T6. The DoS requests end use, retransfer, and security assurances from the proposed private entity. The written transfer request should include contact details for a representative of the private entity. An exception is when a country transfers U.S. equipment to a U.S. contractor for the purpose of refurbishing or salvage and the name of the contractor is specifically listed in an LOA note that has been coordinated with DSCA (Programs Directorate) and the DoS. Further transfers of the equipment to a different contractor or other party must also be approved by DSCA (Programs Directorate) and the DoS.

C8.8.4. Congressional Requirements for Third Party Transfers. Third party transfers are subject to Congressional notification and reporting requirements. Re-export of commercial sale-origin defense articles is subject to the requirements of AECA, sections 36 (c) and (d) (reference (c)).

C8.8.4.1. Congressional Notification. Third party transfers are subject to requirements for Congressional notification under AECA, section 3(d) (reference (c)), using guidelines similar to those for AECA, section 36(b) (reference (c)) notifications (see Chapter 5, section C5.6.). A 30-day prior Congressional notification is required for third-party transfer requests that involve defense articles and services with original acquisition values that fall in one of the following categories: Major Defense Equipment (MDE) with an acquisition value equal to or greater than \$14M for non-North Atlantic Treaty Organization (NATO) recipients and \$25M if the recipient is a member of NATO, Australia, Japan, the Republic of Korea, or New Zealand; or any other defense article or related training or defense service with an acquisition value of \$50M or more for non-NATO recipients and \$100M or more for NATO, Australia, Japan, the Republic of Korea, and New Zealand recipients. Approval is granted after the 30-day (including weekends) period has expired if no objections are raised.

C8.8.4.2. Congressional Reporting. All approved third party transfers involving defense articles and services with an original acquisition value of \$1 million or more are submitted in a quarterly report to Congress (AECA, section 36(a)(1) (reference (c))). The Congressional reporting requirement DOES NOT apply to the following:

C8.8.4.2.1. Temporary transfer of defense articles for the sole purpose of receiving maintenance, repair, or overhaul.

C8.8.4.2.2. Transfer of maintenance, repair, or overhaul defense services, or of repair parts or other defense articles used in furnishing such services, if the transfer does not result in any increase, relative to the original specifications, in the military capability of the items.

C8.8.4.2.3. Transfers pursuant to arrangements among NATO members for cooperative cross-servicing.

C8.8.5. Transfers pursuant to arrangements among NATO members, or between NATO and any of its member countries for lead-nation procurement. If the item to be transferred was originally purchased from the United States and was notified to Congress under AECA, section 36(b) (reference (c)), the transfer is exempt from AECA, section 3(d) (reference (c)) reporting if the AECA, section 36(b) report identified the transferee on whose behalf the lead-nation procurement was proposed. For AECA, section 36(b) (reference (c)) sales to a NATO member country purchasing on behalf of a third NATO party, information as to possible subsequent transfers shall be provided to DSCA.

C9. CHAPTER 9

FINANCIAL POLICIES AND PROCEDURES

C9.1. PURPOSE – FINANCIAL POLICIES AND PROCEDURES

The Department of Defense (DoD) performs two key financial functions during the life cycle of a Foreign Military Sales (FMS) case: it develops pricing estimates for Letter of Offer and Acceptance (LOA) documents; and, it bills and reports Security Assistance costs incurred and collected. This chapter provides an overview of Security Assistance policies and procedures for financial management. See DoD 7000.14-R (reference (o)), Volume 15 for detailed Security Assistance financial guidance (<http://www.dtic.mil/comptroller/fmr/15/index.html>).

C9.2. FINANCIAL MANAGEMENT LEGAL PROVISIONS

Table C9.T1. provides a summary of the legal references for financial management of the Security Assistance program.

Table C9.T1. Financial Management Legal References

Legislation	Subject
Arms Export Control Act (AECA), Section 3(c)(1)(A) (reference (c))	Financing Eligibility
AECA, Section 21 (reference (c))	Payment terms for FMS sales from stock
AECA, Section 22 (reference (c))	Payment terms for FMS sales from procurement
AECA, Section 23 (reference (c))	Foreign Military Financing (FMF) credits
AECA, Section 24 (reference (c))	Guaranties (used with old Federal Financing Bank (FFB) credits)
AECA, Section 34 (reference (c)) Executive Order (E.O.) 11958 (reference (e))	Credit Standards and Criteria
AECA, Section 37 (reference (c))	Fiscal Provisions
AECA, Section 42(b) and (c) (reference (c))	Coproduction/Licensed Production Offshore Procurement
Annual Foreign Operations and Related Appropriations Acts	Authority and appropriated amounts for FMF and other FMS-related accounts Restrictions/controls related to the ability to execute FMS sales Congressional Notification

C9.3. GENERAL FINANCIAL POLICIES

Chapter 4, section C4.6. provides general financial policies (cost recovery, payment in United States (U.S.) dollars, credits, and financing) that should be considered early in the FMS process. The following policies also apply.

C9.3.1. LOA Pricing. When pricing FMS case items, the price depends on the source of supply (e.g., available from stock, ordered from procurement, Working Capital Fund (WCF)), and if the item is to be replaced with a similar or improved item, or involves manpower or training, etc. DoD 7000.14-R (reference (o)), Volume 15, Chapter 7 provides detailed information on how prices are computed.

C9.3.2. Direct and/or Indirect Charges. All FMS program expenses are recovered from the purchaser through direct charges (included in the materiel and/or services cost) or indirect charges and/or surcharges (usually computed as a percentage of costs) on the FMS case. Charges included within the materiel and/or services line may be referred to as “above-the-line” charges. This term is a holdover from the old LOA form (DD Form 1513) where a line divided the direct charges from the accessorial (surcharge) charges. Accessorials and/or surcharges that are not included within a line item value may be referred to as “below-the-line” charges.

C9.3.3. Single Selling Price. DoD policy is to provide a single unit estimated price for articles offered under FMS. If the purchaser desires, a detailed description of the major components of cost included in estimated prices may be provided with the LOA as supplemental information or via separate report.

C9.3.4. Use of Estimated Prices. To assure that all costs are covered, quotations on defense articles/services are cited as estimated prices, with final adjustments established during case execution or after delivery of articles and/or services. The LOA indicates that prices for articles and/or services are estimates. (See DoD 7000.14-R (reference (o)), Volume 15, Chapter 7 for details on those instances when firm prices may be quoted on an LOA.)

C9.3.5. FMS Trust Fund. The FMS Trust Fund is used for payments received from purchasers and disbursements made against implemented FMS cases. This fund is cited directly on contracts for the procurement of defense articles and/or services for the purchaser, or is used to reimburse Military Department (MILDEP) appropriations for deliveries from DoD stocks or services performed by DoD employees. The Defense Security Cooperation Agency (DSCA) manages the FMS Trust Fund and is responsible for the solvency of each purchaser's FMS Trust Fund account. (See paragraph C9.11.1.)

C9.4. SPECIFIC LINE ITEM PRICING INFORMATION

C9.4.1. Government-Furnished Engineering Services. The purchaser may request U.S. Government (USG)-furnished engineering services or costs may be incurred when providing these services as part of production. These services are offered on FMS cases and are reported and/or billed the same as other services. Estimated costs to provide engineering services, are included in the estimated unit cost of the purchased item. Such costs also include the pro-rata share of Government-furnished testing and evaluation services. If requested, a break-out of USG cost is provided to the purchaser. USG-furnished engineering services are charged directly to an FMS case as follows.

C9.4.1.1. Performance of the service is necessary for production, configuration control, or reliability of the procured item. The charge is based on the proportionate share of work years needed for the FMS items. The charge is pro-rated based on the ratio of items produced for FMS purchasers to the total items produced in the same time frame.

C9.4.1.2. The services are recurring in nature and are related to a current production run in which the FMS materiel is produced. Nonrecurring costs (NC) are recoverable via policies and procedures included in DoD Directive 2140.2 (reference (bn)) and DoD 7000.14-R (reference (o)), Volume 15, Chapter 7.

C9.4.1.3. The services are allocable to a specific purchaser or purchasers' program rather than performed to benefit the program in general. Some engineering work years may be required for general FMS administration. When the cost of such work years cannot be allocated to FMS case lines, they may be charged to the FMS Administrative Fund (FMS Admin).

C9.4.2. Manpower. It is critical that manpower efforts be properly accounted to verify associated costs. The following policy applies.

C9.4.2.1. Manpower Reporting Requirement. When forwarded to DSCA for countersignature, an LOA Manpower and Travel Data Sheet (MTDS) must accompany all LOAs that contain manpower. An MTDS is also required for Amendments that change the scope (increase or decrease of lines involving manpower), as well as for Modifications that increase the value of lines involving manpower. Figure C9.F1. is the MTDS format for manpower pricing. The MTDS may be provided to purchasers upon request. The following services are exempt from the MTDS requirement: (1) Services provided as a membership in the USG-sponsored groups identified in Row #24 of Table C5.T6; (2) Services provided by the Defense Business Operations Fund (DBOF) or Working Capital Fund (WCF), as long as the services are part of the final material total cost and cannot be separated from the unit price, i.e., organic costs. If only services are being provided by the DBOF/WCF, an MTDS is required; (3) Lines involving blanket order CONUS training, OCONUS Security Assistance Teams, or schoolhouse-provided training where manpower costs are embedded within the course/tuition rates; (4) Contractor Logistics Support using MASL R9A-0761000000CLS, (5) Repair and Return programs; and (6) Refurbishment/Overhaul programs. The MTDS for Amendments and Modifications must reflect the total personnel, travel, and support costs for lines that include manpower, not just the differences between the previous and revised amount. For Amendments, this applies to all lines being revised, whether an increase or decrease in scope. For Modifications, this applies only to lines being revised due to price increases.

Figure C9.F1. LOA Manpower and Travel Data Sheet (MTDS)

A. Personnel

Position/ Function	Grade/Rank/ Contractor	Organization	Line Item on LOA	Work Years of Effort	Duration (From/To)	Total Cost	Corresponding Table C5.T6. Row #
Total:							

B. Travel

Purpose of Trip	CONUS or In- Country	Line Item on LOA	Number of Trips	Duration of Each Trip	Number of People Each Trip	Total Cost	Corresponding Table C5.T6. Row #
Total:							

C. Personnel Support Costs (i.e., office space, equipment, furniture, communications, supplies, etc.)

Type of Support	Total Cost	Corresponding Table C5.T6. Row #
Total:		

D. Narrative Description: (Use this section to describe the life of any services lines and any Program Management Lines (PMLs) in relation to the delivery schedule of the item(s). Provide the number of months of program management support beyond final delivery (not to exceed 6 months) and supporting information. [NOTE: Cases “accepted” on or after 1 Aug 06 will not include new PML requirements. Existing PMLs may continue until fully executed and will continue to be reported using this data sheet.] Clearly define for each of these line items exactly what support beyond the “Standard Level of Service is required. This information must also be included in the LOA line item description notes and must be unique/tailored for each individual case.)

E. Additional Comments:

F. Point of Contact for Further Information Regarding Manpower on this Case:

C9.4.2.2. Manpower Funding Sources. Manpower for FMS case-related programs is funded from one of two sources: the FMS Administrative Surcharge or FMS case line items. See Chapter 5, Table C5.T6. for a description of case manpower functions and how each function should be funded. Requests to deviate from these funding sources must be coordinated with DSCA (Business Operations and Strategy Directorates).

C9.4.2.3. Program Management Services - Tracking Costs. An auditable methodology must be used to document work each individual performs on a program management services line or a Program Management Line (PML). Personnel charges must be identifiable by position number, employee identification number, or other traceable means

C9.4.3. Training. DoD 7000.14-R (reference (o)), Volume 15, Chapter 7 provides detailed guidance for pricing training in FMS cases. The following paragraphs provide additional policy on the costs included in the tuition rates for FMS, North Atlantic Treaty Organization (NATO), and International Military Education and Training (IMET) courses (see Chapter 10 for information on Travel and Living Allowance (TLA) charges).

C9.4.3.1. Civilian Unfunded Retirement. The acceleration percentage factor is applied to the combined base pay and leave and holiday pay to determine the cost.

C9.4.3.2. Military Fringe Benefits. Military fringe benefits consist of quarters (family housing), subsistence, medical (hospital), and other personnel support (commissary, exchanges, etc.). The costs can be either direct or indirect and are computed by applying the acceleration factors for officers and enlisted personnel. These costs are included for all military personnel allocated to the training course. IMET course tuition rates exclude both direct and indirect costs. NATO training course tuition rates exclude indirect costs. Military fringe benefits costs, used as part of base operating support (BOS) costs and allocated to training courses, are used as indirect costs in the tuition rates. The costs must not be duplicated in the tuition rates by also being included as direct and indirect costs under Pay and Fringe Benefits.

C9.4.3.3. Maintenance and Repair. These costs are part of the normal base operating costs. When training facilities are used for Security Assistance courses, the costs are included as indirect costs under Non-Personnel Costs in the tuition rates.

C9.4.3.4. Attrition Charges for FMS Training. Attrition charges are included in tuition rates for FMS training for flying and/or non-flying training courses whenever the training or educational course includes the use of training equipment or operational equipment used as training aids. Attrition charge collections made by the MILDEPs are forwarded to the Defense Finance and Accounting Service (DFAS) Indianapolis for deposit. DSCA must approve use of these funds. When equipment is damaged beyond repair due to FMS student error, a report of the loss and request for funding to cover procurement of the replacement items is submitted for DSCA (Business Operations/Comptroller Directorate) approval. After DSCA approval is obtained, the MILDEP forwards a request (with a copy of the DSCA approval) to DFAS Indianapolis to process the payment from the attrition account to the appropriate recipient(s).

C9.4.4. Asset Use, Tooling Rental, or Facility Rental

C9.4.4.1. Charges for Use of USG-Owned Facilities. Fair pricing legislation removed the requirement to apply asset use, tooling rental, or facilities rental charges on FMS cases using USG property. Commercial sales of defense articles to any foreign country or international organization include charges for use of USG-owned facilities, plants, and production or research equipment in connection with the production of the defense articles.

C9.4.4.2. Rental Charges for Use of DoD Assets. Commercial sales of defense articles produced in Government-owned facilities or with Government-owned industrial plants and production or research equipment for which a rental charge is assessed in accordance with Part 52.245-9 of the Federal Acquisition Regulation (FAR) (reference (ak)) and Part 245.4 of the Defense Federal Acquisition Regulation Supplement (DFARS) (reference (al)) and must include the rental charge in the price. The rental charge in commercial contracts may be waived on a case-by-case basis (see paragraph C9.6.4.).

C9.4.4.3. Use of U.S. Industrial Plant Equipment or Production and Research Property for Foreign Countries or International Organizations. Non-Government use of industrial plant equipment or production and research property requires prior written approval of the contracting officer or Departmental level approval, depending upon the percentage of usage, in accordance with provisions in Parts 245.405 and 245.407 of reference (al). Such approval may be granted only if use does not interfere with U.S. requirements, and the work is in support of FMS or a direct commercial sale approved under the AECA. The rental charges in commercial contracts can be waived on a case-by-case basis (see paragraph C9.6.4.).

C9.4.5. Nonrecurring Cost (NC) Recoupment Charges. DoD 7000.14-R (reference (o)), Volume 15, Chapter 7 and DoD Directive 2140.2 (reference (bn)) provide detailed guidance on establishing NC charges and pricing these costs on LOA documents. These costs do not apply to cases that are fully financed with non-repayable Foreign Military Financing (FMF) or non-repayable Military Assistance Program funds. For questions regarding the NC charges contact DSCA (Strategy Directorate). See Chapter 5, Table C5.T5. for LOA notes relating to NC charges.

C9.4.5.1. NC Approval Process. The DOD Components submit requests to establish an NC to DSCA (Programs Directorate) using the formats and pricing methodology in DoD 7000.14-R (reference (o)), Volume 15, Chapter 7. Detailed worksheets accompanying NC recoupment charge establishment requests will be marked “For Official Use Only (FOUO)” unless circumstances require formal classification. DSCA (Programs Directorate) staffs the package within DSCA, Assistant Secretary of Defense – International Security Affairs (ASD(ISA)), Assistant Secretary of Defense – International Security Policy (ASF(ISP)), Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)), and Under Secretary of Defense – Comptroller (USD(C)). After coordination, the Director, DSCA approves or disapproves the NC charge and the Defense Security Assistance Management System (DSCAMS) NC table is updated.

C9.4.5.2. Estimated NC Charges. There may be instances when an NC charge is being developed at the same time that an LOA is being prepared to sell the item in question. If there is not enough time to complete the NC approval process, an estimated amount for NC should be included in the unit price of the item on the LOA. The LOA should also include a note informing the purchaser that NC charges on the applicable line are estimates only and advising that a modification shall be done to adjust the price once the approved NC value is known. See Chapter 5, Table C5.F5., for exact note wording.

C9.4.5.3. Reporting. NC collections are reported on the DSCA(Q)1112 report prescribed in DoD 7000.14-R (reference (o)), Volume 15, Chapter 7. The report is submitted quarterly by each of the DoD Components, to DSCA (Business Operations Directorate) within 45 days of the end of each quarter.

C9.4.6. Royalties. As a general rule, the FMS purchasers are treated similar to other Federal Agencies when assessing royalties to a purchase.

C9.4.6.1. Royalties for use of intellectual property that is not subject to contractor proprietary rights restrictions normally are not allowed to be collected on FMS cases. If the USG is required to pay a royalty to a contractor for intellectual property that is subject to contractor proprietary rights restrictions, then it is a legitimate charge to the FMS case and included in the end item price. In any situation where a royalty is being considered for collection against an FMS procurement, and the same royalty would not be collected against a U.S. Federal Agency procurement, the Implementing Agency should contact DSCA (Business Operations and Strategy Directorates) for guidance.

C9.4.6.2. FMS cases implemented prior to January 1, 1998, contained charges (referred to as royalty fees) for the use of technical data packages (TDPs) to be used to manufacture or produce items for non-USG use. These charges were reflected on a separate line on the LOA. For those FMS cases, financial accounting processes and reporting continue until case closure. Cases implemented on or after January 1, 1998, do not include royalty fees for use of TDPs that are not subject to contractor proprietary rights restrictions.

C9.4.7. Small Case Management Line (SCML). All cases “accepted” on or after 1 Aug 06 must collect a minimum of \$15,000 in administrative charges. For cases “accepted” on or after 1 Aug 06, if the case value is so small that the Administrative Surcharge amount calculated is less than \$15,000, a separate line item (an SCML) will be added to the case so that the Administrative Surcharge and this new line item combined total \$15,000. [Example: For a case where the calculated Administrative Surcharge is \$500, the SCML value would be \$14,500.]

C9.4.7.1. SCML General Information.

C9.4.7.1.1. The value of the SCML line item will be adjusted as necessary to allow for changes in case value when the case is amended or modified. If a case “accepted” on or after 1 Aug 06 does not have an SCML initially but is modified or amended later to decrease the case value such that the Administrative Surcharge collection is anticipated to be reduced below \$15,000 the SCML will be added to the case to make up the difference in value to reach \$15,000 – even if all other lines are being reduced to \$0.

C9.4.7.1.2. Once an SCML has been added to a case, it cannot be deleted. It can be reduced to \$0 if the calculated Administrative Surcharge reaches \$15,000, but the SCML line item will remain on the case.

C9.4.7.1.3. When Administrative Surcharges are waived for a case, the SCML will be considered part of that waiver and will not be charged.

C9.4.7.1.4. The Administrative Surcharge is not assessed against the SCML.

C9.4.7.1.5. A minimum of \$15,000 in administrative charges (combination of the Administrative Surcharge and the SCML) will be retained by the U.S. Government when the case is closed. See paragraph C6.8.4.2. for additional information.

C9.4.7.2. SCML Scope.

C9.4.7.2.1. The SCML requirement applies to all cases (both FMS and FMS-like) “accepted” on or after 1 Aug 06 where the case is being financed with any type of funding (e.g., national funds) other than Foreign Military Financing (FMF); or the case is being financed using multiple sources of funding (one of which may be FMF); or the case is being financed wholly using FMF monies and the purchaser received more than \$400,000 in FMF funds in the previous Fiscal Year.

C9.4.7.2.2. The SCML requirement DOES NOT apply to cases where the purchaser is using FMF monies to wholly fund the case and received between \$1 and \$400,000 in FMF funds in the previous Fiscal Year. The minimum charge that would have been included in the SCML will be covered by FMF Administrative monies instead and will not be included on the FMS case. Any exceptions to this policy require the approval of the Director, DSCA.

C9.4.7.2.3. The SCML requirement DOES NOT apply to Excess Defense Articles (EDA) cases that are written solely for the purpose of transferring the grant item. These cases will have \$0 case value. If the EDA case includes support (e.g., transportation or refurbishment services, etc.), the SCML will apply.

C9.4.7.2.4. The SCML requirement DOES NOT apply to all cases established for Presidential Drawdowns using the “S9” country code.

C9.4.7.3. SCML Case-Writing Requirements.

C9.4.7.3.1. The Military Articles and Services List (MASL) line and generic code used for the SCML is: (R6C) SMALLCASESUPT SMALL CASE SUPPORT EXPENSES

C9.4.7.3.2. A “1” month availability for the SCML will be used on the LOA (block (5) SC/MOS/TA). This will ensure that the entire value of the SCML is included in the initial deposit. Source of supply code “S” and Type of Assistance Code “3” must be used for this line. The Delivery Term Code (DTC) and Offer Release Code (ORC) for this line should both be left blank (which will print as a dash on the LOA document).

C9.4.7.3.3. Primary Category Code (PCC) CE1 must be used when pricing this line in DSAMS. No Indirect Pricing Components (IPCs) should be used against this line. DSAMS line type must be entered as CE (case expense).

C9.4.7.3.4. The SCML note must be included on all cases that include an SCML. See Table C5.T5. for specific note wording.”

C9.4.7.4. Case Closure Requirements for SCMLs.

C9.4.7.4.1. Increases in Case Value. Cases with expenditures that exceed the current case value require an Amendment or Modification to increase the case value before the case can be closed (see paragraph C6.7.2.1.2.). These Amendments and Modifications must include an appropriate reduction to an existing SCML. If the net case value is increased above the amount needed to achieve \$15,000 in calculated administrative surcharge value, the SCML value will be reduced to \$0. The SCML will not be deleted as it must remain on the case and in the DIFS system to ensure supporting data for previously billed amounts are available.

C9.4.7.4.2. Reductions in Case Value – SCML Already On the Case. Any case which is proposed to close at a value less than its current value will require an increase to an existing SCML. Increasing an SCML at closure DOES NOT require a case Modification or Amendment. Instead, the case manager must notify the DFAS accountant via e-mail of the required change in the SCML value. The “C1I” closure certificate update cannot be sent to DIFS until the SCML delivery and admin transfer for the increase are recorded in DIFS.

C9.4.7.4.3. Reductions in Case Value – SCML Not On the Case. There may be instances when a case that does not include an SCML (e.g., the calculated administrative surcharge value was \$15,000 or greater) is being reduced such that the new, lower case value now mandates that an SCML be included (e.g., the new calculated administrative surcharge is less than \$15,000). For cases that were accepted on or after 1 August 2006, an SCML must be added to cover the difference between the calculated administrative surcharge and \$15,000 before the case can be closed. A case Modification IS required to add an SCML to the case. For cases that were accepted before 1 August 2006, the SCML will not apply regardless of the reduction in case value.”

C9.5. FMS CHARGES

Table C9.T2. is a list of charges used in FMS pricing. This list is not all-inclusive - DoD 7000.14-R (reference (o)) contains detailed guidance.

Table C9.T2. Table of FMS Charges

Charge	Description	How Priced	Applied by - for billing	References
Acceleration Rates	To recover full cost of providing USG services.	Included in the line item value on the LOA.	Implementing Agency	DoDFMR, Volume 15, Chapter 7, paragraph 0702
Administrative Surcharge	Cost of administering FMS and FMS-like programs	Included as a percentage of applicable line items as a below-the-line charge on the LOA. 3.8% for both standard and nonstandard articles/services (for LOA lines implemented on or after 1 August 2006). 2.5% for standard articles/services (for LOA lines implemented on or after 1 June 1999 and before 1 August 2006). 3% for standard articles/services (for LOA lines implemented before 1 June 1999.) 5% for non-standard articles/services (for LOA lines implemented before 1 August 2006). 5% for Foreign Military Sales Order (FMSO) I cases The administrative surcharge does not apply to Program Management Lines (PMLs) or to non-contractor provided training lines for NATO countries if the training is provided in the continental U.S. (CONUS). The administrative surcharge does not apply to Small Case Management Lines (SCMLs). For cases signed prior to 1 Oct 1977, the administrative surcharge was 2%. See paragraph C9.4.7. for information on minimum collection requirements for administrative costs.	DFAS Indianapolis	AECA, sections 21(e)(1)(A) and 43(b)DoDFMR, Volume 15, Chapter 7, paragraph 0706

Charge	Description	How Priced	Applied by - for billing	References
Contract Administration Services (CAS) Surcharge	Contract is comprised of three basic elements: (1) quality assurance and inspection; (2) contract management; and (3) contract audit. For cases implemented on or after 1 Oct 2002 that have contracts administered overseas an additional element (OCONUS CAS) applies. For Corps of Engineers contracts, quality assurance and inspections and other contract administrative services costs are included in its supervision and administration costs charged to the case line.	Included in value of procurement line items (Source of Supply (SOS) of "P" or "X") on the LOA. A surcharge applies to each element. May be waived if reciprocal agreements exist. For cases implemented before 1 Oct 2002, a surcharge of .5% applies to each element for a maximum of 1.5% if all elements apply to a given FMS case. For cases implemented on or after 1 Oct 2002, a surcharge of .65% applies to contract administration/ management, .65% to quality assurance and inspection, .20% to contract audits, for a total of 1.5%. For contracts administered overseas an additional .20% (OCONUS CAS) applies to the entire case. For Corps of Engineers (CoE) cases implemented before 1 Oct 2002, a surcharge of .5% for contract audit is applied. For CoE cases implemented on or after 1 Oct 2002, a surcharge of .2% for contract audit is applied. The .2% OCONUS CAS does not apply to CoE contracts administered overseas.	DFAS Indianapolis	AECA, section 21(h) DoDFMR, Volume 15, Chapter 7, paragraph 070405
Logistics Support Charge (LSC)	Cost of logistics support.	Included in the value of logistics line items on the LOA (excludes Working Capital Fund items). 3.1% The specific Military Articles and Services List (MASLs)/ generic codes where LSC applies is maintained by DSCA (Business Operations Directorate) in the DSCA 1200 System. For any items delivery reported on or after 1 April 1987 and prior to 1 October 2007 that qualify. Any deliveries made on or after 1 October 2007 will not be assessed this charge.	DFAS	DoDFMR, Volume 15, Chapter 7, paragraph 0722
Nonrecurring Cost (NC)	Pro rata recovery of Research, Development, Test, and Evaluation (RDT&E) and Production startup costs.	Included in value of applicable Major Defense Equipment (MDE) line items on the LOA. (The requirement to recover NC on non-MDE was eliminated on 26 June 1992.) Estimated value included in value of MDE line items when the NC charge applies but is not yet established or approved. May be waived by DSCA under	Implementing Agency	AECA, section 21(e)(1)(B) DoDFMR, Volume 15, Chapter 7, paragraph 070305 DoD Directive 2140.2

Charge	Description	How Priced	Applied by - for billing	References
		<p>specific circumstances.</p> <p>Per the AECA and Foreign Assistance Act (FAA), LOAs fully financed with Military Assistance Program (MAP) Merger or non-repayable FMF are not assessed an NC charge.</p> <p>NC charges apply only to Government-to-Government sales. (The requirement to recover NC on direct commercial sales was eliminated on 7 October 1992.)</p> <p>May include special recoupments on behalf of other countries.</p>		
Packing, Crating and Handling (PC&H)	Costs incurred for labor, materiel, or services in preparing the materiel for shipment from the storage or distribution point.	<p>Included as a percentage of applicable line items as a below-the-line charge on the LOA.</p> <p>For blanket order lines - 3.5%.</p> <p>For defined order lines - 3.5% for the first \$50,000 in unit cost and 1% for the portion of the unit cost that exceeds \$50,000.</p> <p>When provided as a unique service, these charges may be included as a separate line on the LOA.</p>	DFAS Indianapolis	DoDFMR, Volume 15, Chapter 7, paragraph 070502
Prepositioning	Supply distribution costs incurred by locations outside the United States in anticipation of support to other authorized purchasers.	<p>Included as a separate line item on the LOA.</p> <p>These costs are applicable when shipments are made from overseas storage and distribution points.</p> <p>No positioning costs shall be assessed on "long supply" stocks.</p>	Implementing Agency	
Royalty	Incremental payments for the use of intellectual property.	<p>If required to be collected for intellectual property that is subject to contractor proprietary rights restrictions, include in the pricing of the item.</p> <p>Prior to January 1, 1998, charges for TDP usage were included as a separate line item on the LOA.</p> <p>Discontinued for cases implemented on or after January 1, 1998 for U.S.-owned TDPs that are not subject to contractor proprietary rights restrictions.</p>	Implementing Agency	DoDFMR, Volume 15, Chapter 7, Table 701-1
Staging	Costs for consolidating or prepositioning materiel in U.S. facilities within CONUS	Included as an estimated actual cost above or below the line on the LOA. It is below the line if the appropriate DTC is used. It is above the line if a staging MASL is used.	DFAS Indianapolis	
Storage (FMSO)	Cost of storing on-hand inventory	<p>Included in the line item value on the LOA.</p> <p>1.5% annually on value of stored</p>	Implementing Agency	DoDFMR, Volume 15, Chapter 7,

C9.6.1.2. Waiver of Administrative Surcharges for NATO Maintenance and Supply Agency (NAMSA) FMS Programs. AECA, section 21(e)(3) (reference (c)), allows the waiver of administrative surcharges for NAMSA programs under very specific circumstances. Waiver of administrative surcharges on these cases is not retroactive - only LOAs implemented after 1 October 1988 are eligible for consideration. The waiver value includes the calculated administrative surcharge amount and any Small Case Management Line (SCML) value included on the LOA. Only NAMSA LOAs in support of weapon system partnership agreements or NATO Supreme Headquarters Allied Powers, Europe (SHAPE) projects (i.e., common-funded projects supported by allocated credits from NATO bodies or by host nations with NATO infrastructure funds) qualify for FMS administrative surcharge waivers. Administrative surcharges waived under this program must be reimbursed to the FMS Administrative Account from Major Force Program (MFP) 10 funds controlled by the U.S. Mission to NATO. The following procedures apply.”

C9.6.1.2.1. NAMSA includes a statement in their Letter of Request (LOR) indicating the LOA qualifies for an administrative surcharge waiver under AECA, section 21(e)(3) (reference (c)). NAMSA identifies the specific NATO/SHAPE project supported by the request and includes the following statement:

“This is a joint coordinated request with the U.S. Mission to NATO. The U.S. Mission to NATO certifies intent to reserve and obligate MFP 10 funds for administrative surcharges waived over the life of the LOA. It further certifies that MFP 10 funds have been obligated in the amount of one-half of the administrative surcharges computed based on the dollar value of items or services estimated to be reported as delivered in the first year for all LOAs.”

C9.6.1.2.2. NAMSA provides an information copy of the LOR to the U.S. Mission to NATO when an administrative surcharge waiver is requested. For budgeting purposes, NAMSA provides a yearly estimate of the amount of administrative surcharge waivers to the U.S. Mission to NATO.

C9.6.1.2.3. The Implementing Agency reviews the waiver request to ensure it supports projects cited in the legislation. The Implementing Agency provides a copy of the request to the DSCA (Operations Directorate) and ensures that the U.S. Mission to NATO has agreed to reimburse the Department of Defense. The Implementing Agency includes a statement in the LOA notes indicating the administrative surcharge, to include any SCML value, has been waived (see Chapter 5, Table C5.T5. for the specific wording of this note). The Implementing Agency includes relevant correspondence when the LOA document is sent to DSCA for countersignature.

C9.6.1.2.4. DSCA determines applicability to specific requests and approves waivers during final staffing of the LOA document prior to countersignature.

C9.6.1.2.5. The U.S. Mission to NATO budgets for waived FMS administrative surcharges, advises DSCA of agreements to reimburse the Department of Defense for waived surcharges before the LOA is issued to NAMSA, and develops an understanding with NAMSA concerning programs for which waivers are supported. The U.S. Mission reserves and obligates MFP 10 funds for waived administrative surcharges under this legislation for the life of the FMS case. For cases where the calculated administrative surcharge value is greater than \$30,000, one half of the administrative surcharge is recouped as part of the initial deposit. The remaining half is recouped based on the dollar value of items or services delivered in each year. For cases where the calculated administrative surcharge is \$30,000 or less, the entire administrative surcharge value, as well as any SCML value, is recouped as part of the initial deposit.

C9.6.1.2.6. DFAS Indianapolis maintains a record of NAMSA LOAs that contain administrative surcharge waivers. As approved by DSCA and the U.S. Mission to NATO, DFAS Indianapolis bills and collects funds quarterly for waived surcharges from the U.S. Mission to NATO and reimburses the FMS Administrative Account.

C9.6.2. Waiver of Contract Administration Services (CAS). AECA, section 21(h) (reference (c)) allows the USG to provide quality assurance, inspection, contract administration services, and contract audit defense services without charge to certain foreign Governments who have reciprocal agreements. Tables C9.T3., C9.T4., and C9.T5. list approved CAS waiver agreements. The waiver under each agreement applies only to new FMS LOAs with implementation dates (as recorded in the Defense Integrated Financial System (DIFS)) on or after the effective date of the reciprocal agreement. See Chapter 5, Table C5.T5. for CAS Waiver LOA note wording.

C9.6.2.1. Table C9.T3. provides a listing of approved reciprocal country agreements. USD(AT&L) is responsible for negotiating these agreements. These waivers apply to LOAs as a whole and not to individual LOA lines.

C9.6.2.2. Table C9.T4. provides a listing of approved agreements relating to participating groups, organizations, or projects. Changes to this listing should be submitted to DSCA (Business Operations Directorate).

C9.6.2.3. Table C9.T5. provides a listing of approved NATO CAS reciprocal agreements. Changes to this listing should be submitted to DSCA (Business Operations Directorate).

Table C9.T3. Approved Reciprocal Country Agreement Listing
(Office of Primary Responsibility (OPR): USD(AT&L))

Country/ Security Assistance Country Code	Effective Date	Cost Waived
Belgium (BE)	April 26, 1983	Quality Assurance and Inspection
Canada (CN)	July 27, 1956	Contract Audit
	April 1, 1984	Quality Assurance and Inspection
Czech Republic (EZ)	May 7, 2004	Quality Assurance and Inspection
Denmark (DE)	April 3, 1985	Quality Assurance and Inspection
France (FR)	July 17, 1981	Contract Audit
	April 23, 1986	Quality Assurance and Inspection
	April 23, 1986	Contract Administration Services
Germany (GY)	December 6, 1983	Quality Assurance and Inspection
	December 6, 1985	Contract Audit
Greece (GR)	September 23, 1992	Quality Assurance and Inspection
Italy (IT)	January 7, 1983	Quality Assurance and Inspection
Israel (IS)	May 7, 2008	Quality Assurance and Inspection
Netherlands (NE)	April 9, 1982	Quality Assurance and Inspection
	April 18, 1985	Contract Audit
Norway (NO)	November 23, 1986	Quality Assurance and Inspection
Poland (PL)	June 22, 2007	Quality Assurance and Inspection
Spain (SP)	June 12, 2000	Quality Assurance and Inspection
Turkey (TK)	March 12, 2001	Quality Assurance and Inspection
United Kingdom (UK)	October 30, 1979	Contract Audit
	December 30, 1985	Quality Assurance and Inspection

Table C9.T4. Approved Agreements Relating to Participating Groups, Organizations, or Projects (OPR: DSCA (Business Operations Directorate))

Groups/Organizations/Projects	Effective Date	Cost Waived
European Participating Governments (EPG)*: Follow-On Buy Country Codes = F1, F2, F3, F4 (Case Designator = SVI), and F4-SXC Mid-Life Update. Production Phase Cases and new F-16 LOAs implemented on or after the effective date. Country Codes = F1, F2, F3, F4 (Case Designator = NMP) PT (New F-16 LOAs implemented on or after the effective date)	December 19, 1980 April 5, 1993 June 21, 2000	Contract Audit Quality Assurance and Inspection Contract Audit Contract Audit
Polaris Project: United Kingdom Polaris Project (UZ)	USD(C) memo October 27, 1995	Contract Audit
	DoD GC memo October 24, 1995	Quality Assurance and Inspection Contract Administration Services

*The remainder of the F-16 LOAs for BE, DE, NE, and NO get the CAS waivers reflected in Table C9.T3.

Table C9.T5. NATO Reciprocal CAS Agreements (OPR: DSCA (Business Operations Directorate))

Agreement	Effective Date	Cost Waived
NATO (NATO Command or NATO Agency administered program funded by the NATO Security Investment Program (NSIP) (formerly infrastructure))	September 30, 1981 October 28, 1980	1. Contract Audit 2. Quality Assurance and Inspection
NATO (All other infrastructure programs administered by a host country)	February 10, 1981	1. Quality Assurance and Inspection
NATO E-3A	Program Conception (10 USC 2350e)	Full waiver of all contract administration to include: 1. Contract Audit 2. Quality Assurance and Inspection 3. Contract Administration Services
NATO Integrated Communication System Management Agency (NICSMA)	September 30, 1981 May 6, 1980	1. Contract Audit 2. Quality Assurance and Inspection

C9.6.3. Waiver of NC Recoupment Charge

C9.6.3.1. Basis for NC Waiver and/or Reduction. NC charges may be waived or reduced as follows.

C9.6.3.1.1. For sales that would significantly advance U.S. interests in NATO standardization, standardization with the armed forces of Australia, Japan, the Republic of Korea, or New Zealand, or foreign procurement in the United States under co-production arrangements.

C9.6.3.1.2. For the sale of MDE also being procured for U.S. Armed Forces and resulting in a cost savings to the United States on the U.S.-procured equipment that substantially offsets the revenue lost as a result of the waiver.

C9.6.3.1.3. For sales when imposition of the charge would likely result in the loss of the sale.

C9.6.3.1.4. For the sale of MDE at a reduced price due to age or condition, the NC is reduced by the same percentage.

C9.6.3.2. NC Waiver Process. Waivers are granted on a case-by-case basis; blanket waivers are not considered. In most cases, the purchaser's request must be submitted to the USG prior to acceptance of the LOA (or Amendment for increased quantities); however, some waiver requests (e.g., NATO interoperability) may be approved after the LOA (or Amendment for increased quantities) is accepted.

C9.6.3.2.1. Purchasers submit NC waiver or reduction requests to the MILDEP (preferably with the LOR). If the MILDEP concurs, it endorses the request and submits it to DSCA (Programs Directorate) for approval. The package must include: a copy of the purchaser's written NC waiver request (including reason and/or justification), MILDEP concurrence (or non concurrence), FMS case identifier, description and quantity of items, NC amounts to be waived (pro rata and total), and any information about cost deviation (i.e., if the proposed pro rata waiver cost does not match the approved pro rata NC charge).

C9.6.3.2.2. Waiver requests based on loss of sale must clearly state that denial of the waiver request will result in the loss of the sale. For loss of sale waivers, the waiver must be approved and NC charges deleted before the purchaser accepts the LOA (or Amendment). The competing item and its cost, if known, should be identified. The purchaser's representative authorized to accept (sign) LOAs should sign the request. Acceptance by the purchaser of the LOA or Amendment negates this basis for a waiver request.

C9.6.3.2.3. Waiver requests based on offsetting USG costs must be validated by the MILDEP to determine if U.S. cost savings would be realized. The savings must substantially offset the revenue given up by the waiver. The MILDEP determination is coordinated with the MILDEP's Comptroller organization and is provided to DSCA (Programs Directorate) prior to submitting the LOA or Amendment for countersignature. This waiver authority does not apply to sales from stock unless the equipment is replaced by current DoD procurement of additional equipment for the U.S. Armed Forces.

C9.6.3.2.4. An NC charge may be collected as part of a cooperative project or consortium of which USG is a member. If a waiver of these costs is permitted, a special note is included in the LOA. See Chapter 5, Table C5.T5.

C9.6.4. Waiver of Tooling Rental Charges for Use of DoD Assets. In cases of direct commercial sales to FMS eligible countries, the contractor submits requests for waiver of tooling rental charges to the contracting officer. If the contracting officer approves the request, it is submitted through contracting channels to DSCA (Programs Directorate) for a decision. Contracting officers should identify any potential interference with U.S. requirements prior to forwarding a waiver request and assure that the request identifies the total amount of charges involved. For more information please refer to the DFARS (reference (al)), Part 245, Government Property.

C9.7. METHODS OF FINANCING

C9.7.1. National Funds. Purchasers are encouraged to use national funds (cash) for Security Assistance payments. If a purchaser cannot use cash, private financing (without USG guaranty) should be considered.

C9.7.2. Foreign Military Financing (FMF). When the purchase cannot be financed by other means, credit financing can be extended if allowed by U.S. law or if allocated by the Department of State (DoS) within the annual FMF ceiling imposed by U.S. law. FMF is the USG program for financing the procurement of defense articles, defense services, and design and construction services through loans or grants to eligible foreign countries and international organizations. AECA, section 23 (reference (c)), authorizes the President to finance procurement of defense articles and services for foreign countries and international organizations. Loans financed under this authority are direct loans. Direct loans require that funds be appropriated by Congress in an amount equal to the principal loan values.

C9.7.2.1. Authorization and Aggregate Ceiling on FMS Credits. The annual Foreign Operations Appropriations Act imposes the maximum amount of direct credits (AECA, section 23 (reference (c))) and guaranties (AECA, section 24 (reference (c))).

C9.7.2.2. Foreign Military Sales Credit Standards. AECA, section 34 (reference (c)) requires that the President establish standards and criteria for credit and guaranty transactions in accordance with the foreign, national security, and financial policies of the United States. E.O. 11958 (reference (e)) delegates this authority to the Secretary of State with the qualification that to the extent the standards and criteria for credit and guaranty transactions are based upon national security and financial policies, the Secretary of State shall obtain the prior concurrence of the Secretary of Defense and the Secretary of Treasury, respectively.

C9.7.2.3. Fiscal Provisions Relating to Foreign Military Sales Credits. AECA, section 37 (reference (c)) specifies that cash payments and advances received from direct credits are available solely for payments to suppliers and refunds to purchasers, and are not available for financing credits and guaranties. Amounts received from foreign Governments and international organizations as repayments for credits extended pursuant to AECA, section 23 (reference (c)) (FMF direct loans) are transferred to either account 11X4121 ("Foreign Military Loan Liquidating Account, Funds Appropriated to the President" - for pre-FY1992 loans) or account 11X4122 ("Foreign Military Financing, Direct Loan Financing Account, Funds Appropriated to the President" - for post-FY1991 loans). If Guaranty Reserve (AECA, section 24 (reference (c))) funds have been used for a borrower's overdue payment to the Federal Financing Bank (FFB), subsequent amounts received from the borrower shall be merged with the Reserve and shall be available for any purposes for which funds are normally available.

C9.7.2.4. Cash Flow Financing. Section 544 of Public Law 103-87 (the Foreign Operations, Export Financing, and Related Programs Appropriations Act of 1994) (reference (bk)) and successor acts require Congressional notification of LOAs, Amendments, and commercial contracts for \$100M or greater that are partially or totally funded with FMF cash flow financing. These notifications (Figure C9.F2.) are developed by DSCA (Operations Directorate) based on data provided for LOA or Amendment countersignature or for review of commercial contracts. Notifications are provided to Congress by DSCA (Legislative and Public Affairs Office). Cash flow financing notifications occur concurrently with formal AECA, section 36(b) notifications and at least 15 days prior to countersignature of LOAs and Amendments or funding clearance for commercial contracts.

Figure C9.F2. Cash Flow Financing Notification Format

<p>[Separately to Senate Appropriations Committee and House Appropriations Committee addresses]</p> <p>Dear Mr. Chairman:</p> <p>Pursuant to section 544 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1994 (Public Law 103-87) or current law, we are submitting a notification concerning the request for the Government of [insert Country] to cash flow finance [insert a "Letter of Offer and Acceptance (LOA)," "an amendment to a Letter of Offer and Acceptance," or "a commercial contract with (company)"] for the purchase of [insert concise description of equipment or services].</p> <p>The total estimated amount of the [insert "LOA," "amendment to the LOA", or "direct commercial contract"] is [insert value, must be \$100M or more], of which [insert value] shall be financed on a cash flow basis*. The cash flow amount shall be paid from the Purchaser's national funds in the event that sufficient fiscal year [insert year following current year allocations] Foreign Military Financing (FMF) or later fiscal year FMF funds are not available to cover the anticipated payments.</p> <p>*When applicable, the following sentence should be added here: "The Purchaser expects to finance approximately [insert value] from national funds."</p>

C9.7.2.5. Who May Receive FMF?

C9.7.2.5.1. Eligibility for FMF. Foreign Governments and international organizations eligible for FMS are eligible for FMF. The decision to extend credit financing takes into account the suitability of the items, the U.S. military and economic assistance that the country receives, indigenous private financing, U.S. foreign policy interests (including human rights), and other proposed arms purchases by the country. The level of weapons sophistication and the country's ability to maintain and support the items are also considered. FMS credit assistance is not extended solely to consummate a sale.

C9.7.2.5.2. Changes in FMF Eligibility Status. Credit financing to purchasers may be suspended or terminated for legal and/or policy reasons. Following are some of the reasons why purchasers may not currently be eligible for FMF.

C9.7.2.5.2.1. Violation of Agreements. AECA, section 3(c)(1)(A) (reference (c)) states that credits (including participation in credits) MAY NOT be issued and guarantees MAY NOT be extended to purchasers that use the defense articles or services in substantial violation of an agreement under AECA, section 4 (reference (c)), transfer the articles or services without the U.S. President's consent, or do not maintain the security of the articles and/or services.

C9.7.2.5.2.2. Terrorism. FAA, section 620A (reference (b)) requires the President to terminate all sales, credits, and guaranties to any Government that aids or abets (by granting sanctuary from prosecution) any individual or group that has committed an act of international terrorism unless the President finds that national security requires otherwise.

C9.7.2.5.2.3. Discrimination. AECA, section 5 (reference (c)) prohibits offering sales, credits, or guaranties to any foreign country that through its laws, regulations, official policies, or Governmental practices prevents U.S. persons from furnishing defense articles or services on the basis of race, religion, national origin, or sex.

C9.7.2.5.2.4. Foreign Intimidation and Harassment of Individuals in the U.S. AECA, section 6 (reference (c)) prohibits offering credits or guaranties to any country determined by the President to be engaged in a consistent pattern of acts of intimidation or harassment directed against individuals in the United States.

C9.7.2.5.2.5. Nationalization of U.S. Property. Assistance shall be suspended for countries that have nationalized, expropriated, or seized U.S. property, or have imposed discriminatory taxes. Assistance shall also be suspended if a country has initiated steps to repudiate or nullify existing agreements with U.S. citizens or entities without taking proper compensatory action. (FAA, section 620(e) (reference (b)))

C9.7.2.5.2.6. Compensation for Nationalized Property. FAA, section 620(g) (reference (b)), states that no monetary assistance shall be provided to any Government, political subdivision, or agency of such Government for use in compensating owners for expropriated or nationalized property.

C9.7.2.5.2.7. Failure to Make Payments. FAA, section 620(q) (reference (b)), states that no assistance shall be provided to any country that is in default of its payments during a period in excess of six calendar months to the United States of principal or interest on any loan made to such country under this act.

C9.7.2.6. Restrictions on the Use of FMF. There are some legal and policy restrictions on the use of FMF monies. Security Cooperation Organizations (SCOs) must ensure that the foreign Government is aware of U.S. policies for use of FMS credit financing. Any requests for exceptions must be fully justified and submitted through the Chief of the U.S. Mission to DSCA for interagency coordination and approval or disapproval.

C9.7.2.6.1. Economic Considerations. FMS credit financing may not be used if the transaction would place an undesirable burden on a purchasing country's foreign exchange resources, create excessive claims on future budgets (e.g., induce burdensome expenditures for maintenance, spare parts, replacement, and indirect support and organizational costs), or otherwise materially interfere with its development. Credit financing is not considered unless there is a reasonable expectation of loan repayment.

C9.7.2.6.2. Co-Production and/or Licensed Production. AECA, section 42(b) (reference (c)), states that direct credits and guaranteed loans may not be used to finance co-production or licensed production of any defense article of U.S. origin outside the United States unless the Secretary of State notifies Congress in advance of the proposed transaction's potential impact on employment and production within the United States.

C9.7.2.6.3. Offshore Procurement (OSP). AECA, section 42(c) (reference (c)), prohibits using funds made available under this Act for procurement outside the United States unless the President determines that such procurement does not have an adverse effect on the economy of the United States or the industrial mobilization base. The President's functions under AECA, section 42(c) (reference (c)) have been delegated to the Secretary of Defense by E.O. 11958 (reference (e)). The authority for issuance of OSP Determinations, following concurrence by the DoS and Department of Treasury, has been further delegated to the Director, DSCA. An OSP Determination is an exceptional procedure and should be requested or recommended only when the conditions in Table C9.T6. are met.

Table C9.T6. Offshore Procurement Conditions

Condition Number	Offshore Procurement Determination Mandatory Requirements
1	The project otherwise qualifies for financing from funds made available by the USG.
2	After subtracting from total costs the cost for sand, gravel, cement, cement products, or other items that the FAR or DFARS (references (ak) and (al)) exclude from "buy American" considerations, one-half or more of the dollar value of the contract or the project is of foreign origin; or, if the vendor or prime contractor is a firm not incorporated in (or if a partnership, its principal place of doing business is not located in, or if an individual proprietor, the person is not a permanent resident of) the U.S., its possession, the Northern Marinas or Puerto Rico.
3	The procurement fits mutual U.S. and country interests.
4	The defense article or service must be obtained from foreign sources in order to meet the requirement.
5	A U.S. source item or service cannot be modified to meet the requirement.
6	It is cost prohibitive to procure the item or service in the United States (e.g., a special production run).
7	There is no negative impact on the U.S. industrial mobilization base (e.g., dissolution of a company doing U.S. defense business) or on an area of U.S. labor surplus (e.g., increased unemployment) if the proposed procurement were from foreign sources.
8	There is no negative impact on general U.S. trade patterns or trends if the proposed procurement were from foreign sources.
9	An OSP Determination in this particular instance would not establish a precedent that weakens the USG ability to be even-handed in future requests from the same or other countries.

C9.7.2.6.3.1. OSP Determination Process. When submitting an OSP recommendation, the MILDEP provides justification and details to the DSCA (Operations Directorate). DSCA reviews and coordinates the recommendation with the DoS and the Department of Treasury. Following approvals by the DoS and Department of Treasury, a formal Determination is signed as shown in Figure C9.F3. An FMF or MAP merger-funded LOA may be issued, or financing of the FMF-funded direct commercial contract may be approved, after the Determination is signed.

Figure C9.F3. Offshore Procurement Determination

AECA, Section 42(c) Determination	
Pursuant to Section 42(c) of the Arms Export Control Act and the authority thereunder delegated by Executive Order 11958 to the Secretary of Defense (and successively redelegated on February 12, 1972, and February 24, 1972, to the Director, DSCA, or, in his or her absence, the Deputy Director, DSCA), I hereby determine that procurement outside the United States	
[for the Government of [insert country] under a Letter of Offer and Acceptance]	
[by the Government of [insert country] pursuant to a direct commercial contract]	
of [insert general description of defense articles or services] will not result in adverse effects upon the economy of the United States or the industrial mobilization base, and I therefore authorize the use of Foreign Military Financing funds made available to the Government of [insert country] for such procurement.	

	Director, DSCA
	Date: _____
Concurrence:	_____
	Department of the Treasury

	Department of State

C9.7.2.6.3.2. OSP Cost Increase Notification. DSCA provides an information notification to the DoS and Department of Treasury when the value of an OSP project exceeds that originally anticipated by 50 percent or \$1,000,000 whichever is greater. The Implementing Agency provides details to the DSCA (Operations Directorate) for processing the increase notification. An informal memorandum of phone conversations with the DoS and the Department of Treasury may document these notifications.

C9.7.2.6.4. Transporting FMS Credit-Financed Cargoes

C9.7.2.6.4.1. Ocean Transportation. All items purchased with FMS loan funds must be transported by U.S. flag vessels when ocean transportation is used. FMS loan agreement documents contain provisions for certain waivers that, if approved, permit shipment of up to 50 percent of FMS loan financed cargo on vessels of the borrowing country, and in certain instances such cargo may be transported on vessels of a third country. Such waivers are discussed in Chapter 7. FMS loan funds cannot be used to pay the cost of transportation provided by a vessel of non-U.S. registry.

C9.7.2.6.4.2. Air Transportation. FMS loan funds may be used to pay air transportation costs only if U.S. flag aircraft are used.

C9.7.2.7. Loan Guaranties

C9.7.2.7.1. Defense Export Loan Guarantee (DELG). Section 1321 of Public Law 104-106 (the National Defense Authorization Act for Fiscal Year 1996) (reference (bp)) directed the Secretary of Defense to establish a loan guarantee program. USD(AT&L) administers the DELG program.

C9.7.2.7.2. DoD Loan Guarantee Program. The DoD loan guarantee program with the FFB, established in 1975, was discontinued in 1984. Repayments to the FFB by debtor countries continue until those loans reach maturity.

C9.7.2.8. FMF Funding Process

C9.7.2.8.1. Congressional Budget Justification (CBJ). In accordance with AECA, section 25 (reference (c)), no later than February 1st of each year the President transmits to Congress, as part of the annual presentation of Security Assistance programs proposed for the next fiscal year, a report that provides an estimate of the aggregate dollar value and quantity of defense articles and services, military education and training, grant military assistance, and credits and guaranties to be furnished by the United States to each foreign country and international organization in the next fiscal year. ASD(ISA) and ASD(ISP), in concert with DSCA, annually consolidate inputs into the Security Assistance planning process. The programmed loan amounts, by country are based upon information submitted to the DoS by the Country Team and consistent with the Combatant Commander's Theater Security Cooperation Plan. An executive branch position is included in the CBJ recommending FMS credit programs for individual countries.

C9.7.2.8.2. Congressional Authorization and Appropriation. Upon receipt of the executive branch proposed position and the CBJ, Congress conducts hearings on the Security Assistance program - to include FMS credit financing. When the authorization and appropriation acts are enacted, they include a dollar amount ceiling for the FMS credit program with some constraints, specified amounts, or special provision.

C9.7.2.8.3. Determination of FMF Amount. Within Congressional constraints in any fiscal year, the DoS, with input from the Department of Defense and the Department of Treasury, determines the loan amounts that individual countries shall receive. DSCA reprograms as necessary. In this process, the pertinent economic, military, and political factors are considered. The President has delegated to the Secretary of Defense the authority to issue and guarantee loans to eligible recipients in accordance with the AECA. The Secretary of Defense has further delegated this authority to the Director, DSCA.

C9.7.2.8.4. Apportionment. Upon receipt of the DoS's program approval and apportionment request document, the Office of Management and Budget (OMB) issues an apportionment document to DSCA. For FMF direct loans, the apportionment document provides DSCA with an apportionment of appropriated funds equal to the principal amount of the loan. FMF grant funds are obligated upon apportionment. FMF loan funds are obligated when the loan agreement with the borrower (purchaser) is signed.

C9.7.2.8.5. Implementation and Management of Loans. Within DSCA, the DSCA (Business Operations Directorate) implements and manages loans. DSCA (Business Operations Directorate) prepares the loan agreement (Appendix 3) and obtains signatures. DFAS Indianapolis disburses loan funds, bills the borrower, and collects payments.

C9.7.2.9. Commitment of FMF Funds

C9.7.2.9.1. DSCA commits FMF funds to each approved purchase. DSCA policy requires the FMF funds to be committed to loans in their order of issuance. This encourages commitments within the normal expiration period of each loan, reduces the volume of loan records that must be maintained in an active status, and permits older loans to be closed out.

C9.7.2.9.2. DSCA records commitments against a specific Fiscal Year loan or grant or MAP program. This information is maintained in DSCA records but does not appear on LOA documents.

C9.7.2.9.3. For new LOAs, DSCA immediately commits credit (or MAP funds) during the countersignature process. DSCA adjusts commitments as required based on Amendments or Modifications or case closures.

C9.7.2.10. Disbursement of FMF Funds

C9.7.2.10.1. General Policy. While DSCA records and maintains commitments of FMF funds by specific loan, this commitment by specific loan is used as a planning function and does not mean that the borrowing country must cite that specific loan when disbursement of funds is required.

C9.7.2.10.2. Expiration of Disbursement (FFB Loan Commitment) Period. Section 1.1 of FFB and DoD loan agreements (Appendix 3) define the period through which funds may be disbursed under the loan. In the case of FFB loans, this is called the loan commitment period. The term “commitment period” in this context means the period through which FFB is committed to disburse loan funds. Loan funds remaining undisbursed after the expiration date are lost from the borrower’s use.

C9.7.2.10.3. Requests for Disbursement of Loan Funds. All requests for disbursement of FMF funds must be submitted to DFAS Indianapolis by the borrowing country in the letter format set forth in the applicable FMF agreement. Each request for disbursement of FMF funds for amounts due on FMS cases must indicate the FMS case designator(s) and the dollar amount(s) to be disbursed for each case. Procedures for requesting disbursements to commercial suppliers are discussed in paragraph C9.7.4.

C9.7.2.10.4. Expenditure of FMF Funds. Transfers of FMF funds to the FMS Trust Fund account are expenditure transfers. Once transferred, FMF funds are expended and remain available indefinitely for disbursements consistent with the purposes for which they were appropriated, obligated, and expended.

C9.7.2.11. Interest Rates. All loans are repaid with interest unless Congress waives payment.

C9.7.2.11.1. Interest on FMF Direct Loans. Interest charged on direct loans is at a single fixed rate determined by the Department of Treasury. The rate is specified in the FMF loan agreement. Interest rates at less than the cost of money to the USG must be in the national interest and must be accommodated in enabling legislation.

C9.7.2.11.2. Interest on DoD Guaranteed Loans Issued by FFB. The issuance of FFB guarantee loans was discontinued in 1984; however, borrowing countries continue to repay the outstanding balance of those loans. Interest rates on FFB guaranteed loans are based on the cost of money to the USG plus an administrative fee.

C9.7.2.12. FMF Loan Repayment Process

C9.7.2.12.1. Repayment Period. The AECA requires that direct loans be repaid over a period not to exceed 12 years unless legislated otherwise by Congress. A 12-year limitation also applies to guaranteed loans except for countries specified by statute. Congress can authorize longer repayment terms for specific countries. Semi-annual interest payments are required on the principal amount of loan funds disbursed during the grace period.

C9.7.2.12.2. Frequency and/or Timing of Payments. Repayments of FMF loans are made in semi-annual installments. Billing statements are sent by DFAS Indianapolis to borrowing countries 30 - 45 days prior to payment due dates. Repayments on FMF loans are due on or before the dates specified in the promissory notes and are repeated in both the FFB and the DFAS Indianapolis billing statements. Repayments falling due on a Saturday, Sunday, holiday, or other day on which the Federal Reserve Bank (FRB) of New York is not open for business, shall be made on the first business day thereafter. This extension is used to compute interest for the affected payment, but excluded from the next interest period.

C9.7.2.12.3. Late Repayments. If the borrower fails to make a repayment when due, the amount payable is the overdue installment of principal or interest, plus interest thereon at the rate specified in the promissory note from the due date to the actual payment date.

C9.7.2.12.4. Brooke Amendment. Repayments that continue in arrears for more than 1 year are subject to Brooke Amendment sanctions. The Brooke Amendment is an annual provision in the Foreign Operations, Export Financing, and Related Programs Appropriations Act. The FY03 Act provides: “No part of any appropriation contained in this Act shall be used to furnish assistance to the Government of any country which is in default during a period in excess of 1 calendar year in payment to the United States of principal or interest on any loan made to the Government of such country by the United States pursuant to a program for which funds are appropriated under this Act...” Although this annual provision specifically states that only USG foreign aid funds that are appropriated are affected, AECA, section 24(c) (reference (c)), makes the Brooke Amendment applicable to FMS guaranteed loans made after 1980. Brooke Amendment sanctions are activated by arrearages of more than 1 year on either United States Agency for International Development (USAID) loans, Export-Import Bank guaranteed loans, and direct guaranteed loans made under the AECA. Once invoked, the restrictions apply to most U.S.-funded foreign aid programs (economic and military). Table C9.T7. summarizes activities that are affected by Brooke Sanctions.

Table C9.T7. Brooke Sanctions

Activities Not Permitted Under Brooke Sanctions	Activities Still Permitted Despite Brooke Sanctions
New loan agreements or guaranties cannot be offered or issued.	Cash FMS purchases are not subject to these restrictions. Cash payments from national funds may be used to sustain existing FMS cases or fund new cases. It is preferred that a country under the Brooke Amendment use its available national funds to eliminate the arrearage rather than undertake new programs. If a purchaser uses national funds to finance a training case after Brooke Sanctions apply, full cost FMS pricing must apply to the entire case in accordance with AECA, section 21(a)(1)(C) provisions. Pipeline deliveries on materiel blanket open-ended cases implemented prior to the effective date of sanctions are allowed to continue regardless of term. Requisitions on materiel blanket open-ended cases may be processed. FME financed cases accepted prior to effective date of sanctions remain in force and are executed. Modifications or Amendments to existing implemented FMS cases are not allowed if they involve new obligations of funds other than foreign country national funds. IMET or FME-financed students whose course of study or training program has begun may complete such courses, including already funded sequential courses. Sales of EDA continue to be permitted under these sanctions.
LOAs financed with FMF (FMS Credit) or MAP Merger funds that are accepted on or after the effective date of the sanction is not implemented.	
New or pending FMF or MAP Merger financed LOAs are not countersigned or issued to the country for acceptance.	
Direct commercial contracts that require new FMF funds are not approved.	
New IMET students may not travel to the U.S. or other locations to start training unless funds have already been obligated. Mobile Training Teams (MTTs) and Language Training Detachments (LTDs) will not commence unless funds have already been obligated.	
IMET students already in training before sanctions were enacted, may continue with their training to include follow on training, but no additional sequential courses may be added on or after the effective date of the sanctions. MTTs or LTDs already funded may continue.	
IMET funded MTTs and LTDs may not be dispatched or extended beyond their scheduled termination date.	
IMET funded training aids may not be issued from supply nor placed on contract by the supplying agency.	
For countries that are in default of payment in excess of 1 calendar year, all grant EDA transactions for the affected country are cancelled.	

C9.7.2.12.5. DSCA Role as Guarantor of FFB Loans. DSCA pays (using the Guaranty Reserve Fund) overdue repayments on FFB (guaranteed) loans that remain unpaid 10 days after the payment due-date. The borrowing country is still obligated to repay the loan and interest continues to accrue on the overdue amount until the repayment is received from the borrowing country.

C9.7.3. Military Assistance Program (MAP) Merger Funds. Prior to FY 1982, defense articles and services provided to allied Governments or international organizations by grant aid were administered through the Military Assistance Program (MAP). There are still open FMS cases that use “MAP” or “MAP Merger” funds. See Chapter 11, section C11.12. for more information.

C9.7.4. Foreign Military Financing Of Direct Commercial Contracts (DCCs). The AECA allows purchasers to use their FMF monies for direct commercial purchases from U.S. contractors. These purchases are approved by DSCA on a case-by-case basis using “Guidelines for Foreign Military Financing of Direct Commercial Contracts” and contractor certification provided at <http://www.dsca.mil/>. The purchaser makes a formal request to DSCA (Direct Commercial Contracts) (Figure C9.F4.) accompanied by a copy of the contract. Upon approval, DSCA (Direct Commercial Contracts) notifies both the purchaser (Figure C9.F5.) and the supplier (Figure C9.F6.). The USG is not obligated to approve specific DCC for FMF funding. USG–financed DCCs are implemented when they benefit U.S. foreign policy or national security interests.

Figure C9.F4. Notification Of Requirements For Direct Acquisition To Be Funded With U.S. FMF Funds

<p>A. Country: _____</p> <p>B. Identification of Requirements:</p> <p>1. U.S. Defense Items or Services: _____</p> <p>2. Quantity: _____</p> <p>3. Estimated Purchase Agreement Value: \$ _____</p> <p>4. Projected date of submission of contract to DSCA for funding approval: _____</p> <p>C. Comments: (Include information regarding firms to receive bid requests and your competitive acquisition process) _____</p> <p>_____</p> <p>_____</p>

Figure C9.F5. DSCA Sample Letter To Purchasing Country Approving Use Of FMF For Direct Commercial Purchases

In reply refer to:
I- _____

Dear Sir:

Pursuant to the provisions of section 1.3 of the Loan Agreement between your Government and the U.S. Government, and in response to your recent request for loan financing of a purchase directly from a commercial firm, financing for the following purchase agreement is hereby approved:

Supplier: _____

Contract or Proforma Invoice number and date: _____

Items to be purchased: _____

Case Identifier Assigned to This Purchase	Funds Previously Reserved For This Purchase	Funding Revision	Funds Reserved For This Purchase
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Sincerely,

Figure C9.F6. DSCA Sample Letter To Supplier Approving Use Of FMF For Direct Commercial Purchases

In reply refer to: I-_____
Dear Sir:
<p>The Defense Security Cooperation Agency (DSCA) has approved financing in the amount, and for the purchase agreement noted below. Funds shall be disbursed to your firm from financing available to the Government of [insert country] through the Foreign Military Financing (FMF) program. The Case Identifier assigned to this Purchase Agreement and the Supplier Code assigned to your firm are also noted below and should be referenced on any questions that you may have regarding this financing. This approval does not constitute an approval for export; your firm is responsible for obtaining export licenses, as required:</p>
<p style="padding-left: 40px;">Contract Number: Date: Supplier Code: Case Identifier: Financing Approved: Purchase of:</p>
<p>The amount of approved financing shall be available to the Purchaser for payment of this Purchase Agreement unless the Purchaser defaults on any of the provisions of the agreements entered into by the Purchaser with the U.S. Government for such financing. Additionally, although we have set aside FMSF funds in the amount shown above for this purchase, this reservation is for program administration purposes only and should not be construed as a firm and irrevocable commitment to pay. The Purchaser is not obligated to use U.S. Government FMSF funds in payment of this purchase; therefore, the Purchaser could request a reduction of the amount reserved for your Purchase Agreement. In such event, however, we would endeavor to advise you of the Purchaser's request prior to effecting the reduction.</p>
<p>Although the U.S. Government is not a party to the Purchase Agreement, DSCA is required to ensure that the Purchaser utilizes loan funds only for the purposes intended by law, and for which the financing is approved. This financing is available only for articles and services (including insurance) of U.S. origin, except where non-U.S. articles and services are specifically authorized by DSCA. Suppliers may be reimbursed shipping costs, but only when shipments are made on U.S. flag carriers. Waivers granted to the Purchaser by DSCA to ship materiel via its own carriers does not authorize reimbursement to your firm of costs for shipping by a non-US flag carrier. In such instances, the Purchaser is responsible to pay for non-U.S. flag carrier freight charges or to reimburse you directly for such charges. Shipping charges for shipments via non-U.S. carriers shall be deducted from Suppliers invoices.</p>
<p>To prevent unnecessary delays in the processing of payments to you, your firm must ensure that invoices contain the information specified in the Contractor's Certification and Agreement, show the Case Identifier noted above, and include signed, "rated," "on-board" bills of lading or air waybills. Further, it should be understood that, after receipt of properly documented invoice(s) in DSCA, a period of approximately three (3) weeks shall be required to process the payment by wire transfer and longer if payment is by check.</p>
<p>Payments shall be made directly to your firm by wire transfer. Therefore, it is imperative that you provide to us your wire transfer address. As quickly as possible, please send us these addresses on a letter signed by an official of your firm. The wire transfer address must include your bank's name, street address, zip code, and the bank's American Banking Association (ABA) routing number, and the name and number of your account. We shall send payments under this purchase agreement only to those addresses officially provided to us, including official notifications of changes. No payments shall be processed to you until we have received your official addresses relative to this purchase agreement.</p>

Figure C9.F6. DSCA Sample Letter To Supplier Approving Use Of FMF For Direct Commercial Purchases (continued)

If your contract provides for a down payment, the down payment amount must be limited as follows, and you are required to include the following certification on your down payment invoice:

[Insert contractor name] certifies that the down payment requested does not exceed cost incurred at time of submission of this invoice plus termination liability to be incurred during the first 90 days, less profit.

DSCA does not require that bank instruments such as Performance Bonds or Letters of Credit be obtained relative to the purchase agreement. However, if such bank instruments are obtained pursuant to your contract provisions, such instruments must be issued and payable by U.S. banking institutions operating within the United States, and copies of such instruments must be submitted to the DSCA for review as prerequisite to disbursements by DSCA. These instruments must be received and deemed satisfactory by the DSCA, relative to payee provisions, prior to the processing of any disbursements to your firm under this Purchase Agreement.

All contractor's invoices must also contain the following certification:

The [insert contractor] acknowledges that U.S. Government funds are being used by the Government of [insert country] to finance this purchase and certifies that the invoice(s) submitted with respect thereto are free from any material false statement or misrepresentation and do not omit any material facts.

Full and final billing on the contract must not be presented to DSCA for payment prior to full and final completion of contract deliveries and performance.

Should refunds to the Purchaser become necessary for any reason, from funds paid by DSCA under this Purchase Agreement, such refunds must be made directly to DSCA rather than to the Purchaser. DSCA shall credit such refunds to the Purchaser's Foreign Military Sales (FMS) Trust Fund Account. Refunds may be made either by check or by wire transfer. Checks should be made payable to the U.S. Treasury, be accompanied by a letter identifying the Purchaser, and DSCA's case identifier, and should be mailed to the following address. Correspondence relating to financial matters should also be mailed to this address.

Defense Finance and Accounting Service-Indianapolis
Security Assistance Accounting (Credit Sales)
8899East 56th Street
Indianapolis, IN 46249-6300

Refunds by wire transfer should be addressed as follows:

United States Treasury
New York, New York
021-030-004
DFAS Indianapolis, Agency Code 3801

Refund from:__(Company Name)__ for purchase made by the
Government of _____ under DSCA Case __(Identifier)_.

Sincerely,

Copy to:
Maritime Administration Embassy of _____
Room 7209 _____(Address)_____
400 7th Street, SW Washington, D.C. 200 _____
Washington, D.C. 20590-0001

C9.7.4.1. Eligibility for DCC using FMF

C9.7.4.1.1. Countries. Ten countries are eligible to establish DCCs through FMF. They are Israel, Egypt, Jordan, Morocco, Tunisia, Turkey, Portugal, Pakistan, Yemen, and Greece. These countries were justified for assistance under the “Foreign Military Sales Financing Program” in the fiscal year 1989 Congressional Presentation for Security Assistance programs.

C9.7.4.1.2. Minimum Contract Value. Commercial contracts valued at less than \$100,000 are financed with purchaser’s national funds and shall not be considered for FMF.

C9.7.4.1.3. Types of Items. DCCs are intended for the procurement of non-standard items (items that do not have a national stock number (NSN) and cannot be procured by MILDEPs/Defense Agencies). Exceptions may be requested from DSCA with written justification.

C9.7.4.1.4. Contractors. The prime contractor must be a U.S. supplier or manufacturer, incorporated or licensed to do business in the United States.

C9.7.4.2. Documents and Statements. Requests for payment of FMS loan funds to U.S. commercial suppliers must be accompanied by certain documents and/or statements as set forth in the Annexes and Attachments to each FMS loan agreement. These supporting documents must be provided to DSCA (Direct Commercial Contracts) by the borrower, and not by the commercial supplier.

C9.7.4.3. Classified Materials. If in the case of direct commercial contracts, the purchaser proposes to take delivery and custody of classified materials in the U.S. and use its own facilities and transportation for forward shipment to its territory, the foreign purchaser must comply with guidance pertaining to FMS shipments.

C9.8. LETTERS OF OFFER AND ACCEPTANCE – TERMS OF SALE

Terms of Sale indicate when payments are required and whether the sales agreement is financed with purchaser’s national funds (cash), FMS Credit (repayable or non-repayable), MAP Merger, or other funding. The Implementing Agency enters the term on the first page of the LOA document. Table C9.T8. provides the Terms of Sale for use on LOAs. Chapter 5, Figure C5.F4. provides a list of applicable Type of Assistance codes.

Table C9.T8. Terms of Sale

Term of Sale	Application
Cash with Acceptance	Used when the initial cash deposit equals the amount in the “Estimated Total Costs” line of the LOA. Also used for FMSO I even though the initial deposit is less than “Estimated Total Costs” (it must equal the FMSO I Part A value). Used if the purchaser is not authorized Dependable Undertaking (see Chapter 4, Table C4.T2.), unless specific DSCA approval is obtained.
Cash Prior to Delivery	The USG collects cash in advance of delivery of defense articles and rendering of defense services and design and construction services from DoD resources. AECA, sections 21(b) and 29 (reference (c)) apply.
Dependable Undertaking	The USG collects cash in advance of procurement contract payment requirements. If AECA, section 22(b) (reference (c)) is applicable based on Presidential action (i.e., payment due up to 60 or 120 days after delivery), add “with up to (60 or 120) days payment after delivery.” Chapter 4, Table C4.T2. indicates the countries authorized to make direct arrangements with the cognizant DoD Component for purchases under a Dependable Undertaking transaction.
Payment on Delivery	The USG issues bills to the purchaser at the time of delivery of defense articles or rendering of defense services from DoD resources. The first sentence of AECA, section 21(d) (reference (c)) applies. The Implementing Agency may use this term only pursuant to a written statutory determination by the Director, DSCA, who must find it in the national interest to do so. If AECA, section 21(d) (reference (c)) is applicable based on Director or Deputy Director, DSCA action, modify to read “Payment 60 days after Delivery.” If AECA, section 21(d) (reference (c)) is applicable based on Presidential action, modify to read “Payment 120 days after Delivery.”
FMS Credit	This term applies to an FMS case financed with repayable FMF funds, or partly repayable FMF funds, extended or guaranteed by the Department of Defense under AECA, sections 23 and 24 (reference (c)), or under other legislation.
MAP Merger	Applies to FMS cases financed with MAP Merger funds (FAA, section 503 (reference (b))).
FMS Credit (Non-Repayable)	Applies to FMS cases financed with non-repayable FMF funds. If the case is financed wholly with these non-repayable funds, the LOA qualifies for pricing benefits (i.e., exclusion of military salaries and NC of research, development, and production of MDE) as provided in FAA, section 503(a)(3) (reference (b)) and AECA, section 21(e) (reference (c)).

C9.8.1. Terms of Sale Breakouts. If an LOA involves multiple terms, the Implementing Agency cites all of the applicable terms on the LOA and includes a dollar breakout for each credit term used (it is acceptable to state “Balance” for the final term of sale shown on the LOA document). No attempt should be made to breakout the estimated costs of line items by Terms of Sale; the dollar breakout is shown only at the case level.

C9.8.2. Terms of Sale Revisions

C9.8.2.1. Changes to Terms of Sale on LOA documents are generally made in accordance with the procedures for Pen and Ink changes, Modifications, and Amendments. (See Chapters 5 and 6.)

C9.8.2.2. The purchaser may choose to supplement available MAP Merger and/or FMF with its own national funds. If additional FMF and/or MAP Merger funds later become available, the purchaser may request DSCA approval to amend and/or modify the LOA to convert the cash portion of the case to FMF and/or MAP Merger.

C9.8.2.3. A purchaser may accept an LOA using its national funds as the method of payment and later determine available national funds are inadequate. The purchaser may request DSCA approval to use FMF and/or MAP Merger funds, if available, to finance the remaining payments. If approved, a Modification and/or Amendment are processed.

C9.8.2.4. Changes to Terms of Sale on implemented cases are based on the purchaser's (someone who has LOA signature authority) written request. The DSCA (Business Operations Directorate) can initiate Terms of Sale revisions via message. For those cases containing a mixture of cash, FMF and/or MAP Merger, excess funds are determined by first releasing the cash portion, followed by FMF and lastly by MAP Merger. Exceptions as desired by the purchaser for a specific FMS case must be approved by the DSCA (Business Operations Directorate).

C9.8.2.5. A change to an LOA's Term(s) of Sale from fully funded FMF and/or MAP Merger to mixed funding impacts the cost of the case. Any Amendment or Modification that reduces non-repayable FMF or MAP Merger funding below 100 percent requires repricing to add military pay, entitlements, and NC to the entire case. See DoD 7000.14-R (reference (o)), Volume 15, Chapter 7 for more details.

C9.9. PAYMENT SCHEDULES

Payment schedules provide forecasted financial requirements for an FMS case and project the timing and/or amounts of purchaser deposits needed to meet the requirements. Payment schedules for LOA documents are prepared by DSCA (Operations Directorate, Case Writing Division (CWD)) during the case development process."

C9.9.1. Payment Schedule Preparation

C9.9.1.1. Payment Schedule Requirement. A payment schedule is developed for each case unless the Term of Sale is "Cash With Acceptance," or the case is fully funded with FMS Credit (Non-Repayable) and/or MAP Merger, the total case value is less than \$5M, and the country is not authorized cash flow financing. In these instances, the Initial Deposit covers the entire case value. The following paragraphs provide criteria for developing payment schedules.

C9.9.1.2. Line Level. Payment schedules are built using DSAMS at the line level (or sub-line or delivery set level) and rolled-up to a case-level schedule.

C9.9.1.3. Information Needed to Prepare the Payment Schedule. Payment schedules are prepared using pricing estimates and estimated dates for when: purchasers accept the LOA; the LOA is implemented; requisitions are initiated; contracts are awarded; payments are made to contractors; deliveries occur; and, personnel costs are incurred. Other information required to prepare the payment schedule include: contractor termination schedules (used in the termination liability worksheet); lead times and/or availability; periods of performance; and disbursement histories for like-item cases or lines already implemented. This information is needed at the line-level and must be provided by the Implementing Agency to DSCA (Operations Directorate, CWD) for payment schedule preparation.

C9.9.1.4. Timing of Payments. Typically, the payment schedule projects quarterly payments due by the 15th day of March, June, September, and December. Exceptions to these dates must be approved by the DSCA (Business Operations Directorate). Table C9.T9. shows how payment schedule dates should be determined.

Table C9.T9. Payment Schedule Dates

Offer Expiration/ Acceptance Dates of LOAs	Earliest Payment Date on the Payment Schedule	For Period Covering
11 Sep -- 10 Dec	15 Mar	Apr-Jun
11 Dec -- 10 Mar	15 Jun	Jul-Sep
11 Mar -- 10 Jun	15 Sep	Oct-Dec
11 Jun -- 10 Sep	15 Dec	Jan-Mar

C9.9.1.5. Payment Distribution. Each deposit amount covers all costs to be incurred on the purchaser's behalf during the next quarter, plus a reserve to cover Termination Liability (for sales from procurement).

C9.9.1.5.1. Initial Deposit. Each LOA includes an initial deposit to cover the outlays and/or deliveries anticipated until the first quarterly payment is received. The term of sale, type of case, projected date of delivery or performance of services, anticipated date of LOA acceptance, and source of supply impact the Initial Deposit. The purchaser forwards the Initial Deposit to DFAS Indianapolis by wire transfer (the preferred method of payment) or by check. The purchaser may use excess FMS Trust Fund Holding Account funds to pay the Initial Deposit. Amendments use the term "Due with Amendment Acceptance" vice Initial Deposit. The amount of the Initial Deposit is determined as shown in Table C9.T10.

Table C9.T10. Initial Deposit Requirements

Condition	Initial Deposit Amount*
Delivery of the defense article or service is within 90 days of LOA acceptance. The Term of Sale is "Cash With Acceptance."	Full case value
Total performance is anticipated to be completed before DFAS Indianapolis can bill and collect additional payments. The Term of Sale is "Cash With Acceptance."	Full case value
Cash sale from procurement when the purchaser is not authorized Dependable Undertaking.	Full case value
Case is financed wholly with "FMS Credit (Non-Repayable)" or "MAP Merger" and Case value is less than \$5,000,000, and Country is not authorized cash flow financing.	Full case value
Delivery of the defense article or service is longer than 90 days after LOA acceptance.	Any Small Case Management Line (SCML) value; plus dollar value associated with performance until a quarterly payment can be made; plus half of the total Administrative Surcharge. If the calculated Administrative Surcharge value is \$30,000 or less, the entire Administrative Surcharge value must be included in the initial deposit.

Condition	Initial Deposit Amount*
No performance scheduled on the case and no contractual actions occur during the period prior to the first quarterly payment.	Any SCML value; plus half of the total Administrative Surcharge. If the calculated Administrative Surcharge value is \$30,000 or less, the entire Administrative Surcharge value must be included in the initial deposit.
When items are placed on contract before the first quarterly payment and no SBLC applies	Any SCML value; plus half of the total Administrative Surcharge; plus that portion of TL required if the contract is terminated during the period covered by the Initial Deposit; plus contractor holdback. If the calculated Administrative Surcharge value is \$30,000 or less, the entire Administrative Surcharge value must be included in the initial deposit.

*If the case is partially funded by FMS Credit (Non-Repayable) and/or MAP Merger Funds, and not authorized for cash flow financing, the initial deposit must include all FMS Credit (Non-Repayable) and/or MAP Merger Funds up to \$5M regardless of the case value.

C9.9.1.5.2. Payment Schedule Curves. Payment schedule curves (most of which are in DSAMS) profile the expenditure patterns for types of cases and/or weapon systems. They are used to estimate how payments for each line should be distributed in the payment schedule. The Implementing Agency may recommend adding new curves. The Implementing Agency validates the need for a new curve and verifies how it should be constructed. After its review is complete, the Implementing Agency sends the proposed new curve package to DSCA (Business Operations Directorate) for review and approval.

C9.9.1.5.2.1. Materiel from Stock. Payment schedule distributions for materiel sold from stock are based on estimated deliveries during each 90-day period following the quarterly payment. Historical delivery information of specific generic codes and other materiel categories may be used.

C9.9.1.5.2.2. Materiel from Procurement. Payment schedule distributions for procured materiel requiring progress payments to contractors are based on progress payment schedules or historical cost curves. Payment schedules should include estimated disbursements to contractors, an appropriate contract hold-back percentage, and Termination Liability (if no Standby Letter of Credit (SBLC) exists).

C9.9.1.5.2.3. Concurrent Spare Parts. Payment schedule distributions for concurrent spare parts are based on estimated dollar deliveries consistent with the delivery of the supported end items.

C9.9.1.5.2.4. Purchaser-Initiated Requisitions. Payment schedule distributions for case lines involving purchaser-initiated requisitions are based on equal quarterly payments unless the USG is aware of a varying requisition activity schedule. See Chapter 5, Table C5.T5. for exact note wording.

C9.9.1.5.2.5. Services. Payment schedule distributions for services are based on the scheduled dates and elements of cost of the provided services.

C9.9.1.5.2.6. Training. Payment schedule distributions for defined order training are based on estimated entry into the training courses. Payment schedule distributions for blanket order training require an Initial Deposit of 25 percent when the case exceeds \$25,000. If no other information is available regarding course schedules, blanket order training payment schedules should reflect equal payments for the estimated period (just like any other blanket order case).

C9.9.1.5.2.7. Royalties or Non-Recurring Costs. Payment schedule distributions for royalties or NCs are based on production schedules of the applicable end item.

C9.9.1.5.2.8. Administrative and Accessorial Charges. Payment schedule distributions for administrative and accessorial costs are based on estimated delivery of the primary items or services. Half of the administrative surcharge is included in the Initial Deposit. If the calculated Administrative Surcharge value is \$30,000 or less, the entire Administrative Surcharge value is included in the Initial Deposit. Any exceptions to this policy must be approved by DSCA (Business Operations Directorate).

C9.9.1.5.3. Termination Liability (TL). TL is the potential cost that the USG would be liable for if a particular FMS case is terminated prior to completion. It applies to any FMS case that has procurement contracts. Contractor termination schedules are used to calculate the TL that would apply for a specific FMS case. If these schedules are not available, the TL component of the payment schedule curve is used. If no other curve is available, the “DoD Standard Curve” shown in DoD 7000.14-R (reference (o)), Volume 15, Chapter 7 is used. A Termination Liability Worksheet (TLW) to show the amount of TL included in quarterly payments is prepared (using DSAMS). A TLW must be prepared whenever a case contains a Pricing Element Code (PEC) of “CC.” TLWs are maintained in the case file (they are not submitted to DSCA when the case package is forwarded for electronic countersignature). If a specific case or line contains more than one PEC, pro-rate the “CC” component when computing the TL.

C9.9.1.5.4. Standby Letter of Credit (SBLC). A SBLC may be used instead of TL to guarantee termination payments. FMF programs are not eligible to participate.

C9.9.1.5.4.1. The purchaser may request participation in the SBLC program. These requests must be sent to the DSCA (Business Operations Directorate) in writing and signed by an official authorized to accept the SBLC documents on behalf of the purchaser’s Government and/or organization. The purchaser must specify the bank(s) it wishes to use. The purchaser is responsible for paying all fees associated with the SBLC to the issuing bank. No fees can be capitalized or included in the dollar amount specified in the SBLC documents. The purchaser must sign the agreement specifying the terms and conditions in order for the associated SBLC to be implemented. The purchaser must notify DSCA in writing if they wish to terminate the agreement with the bank(s).

C9.9.1.5.4.2. DSCA (Business Operations Directorate) is the beneficiary stated on the SBLC. DSCA (Business Operations Directorate) is the focal point for SBLC issues and engages DSCA (Office of the General Counsel), USD(C), DFAS Indianapolis, and the Implementing Agencies, as appropriate, to ensure effective SBLC execution.

C9.9.1.5.4.3. DSCA (Business Operations Directorate) notifies the Implementing Agency and the Case Writing Division when an SBLC is implemented. The notification includes a list of cases (or indicates that it applies to all cases) governed by the SBLC. DSCA (Operations Directorate, CWD) and the Implementing Agency ensure the TL is not included in the payment schedules for any of these cases. If an SBLC is terminated the payment schedule is revised to include TL as appropriate. DSCA (Business Operations Directorate) also notifies DFAS and the purchaser.

C9.9.1.5.4.4. Drawdowns (sight drafts) from the SBLC are a demand for payment from the SBLC bank. A sight draft may be completed by DSCA (Business Operations Directorate), coordinated and approved by the Director or Deputy Director, DSCA, and sent to the bank for any of the following reasons.

C9.9.1.5.4.4.1. The FMS purchaser notifies the USG in writing that it is terminating all or a portion of an FMS case.

C9.9.1.5.4.4.2. The USG notifies the FMS purchaser in writing that it is terminating an FMS case(s) or contracts relating to an FMS case.

C9.9.1.5.4.4.3. The USG is aware the SBLC is being either terminated or not extended beyond its expiration date.

C9.9.1.5.4.4.4. A contractor presents a bill to the USG for termination charges associated with an FMS case(s).

C9.9.1.5.4.4.5. The issuing and/or confirming bank falls below DSCA's acceptable eligibility thresholds.

C9.9.1.5.4.5. The payment is remitted to the account specified on the sight draft. Upon receipt, DFAS ensures the payment is credited to the FMS case(s) as directed on the wire transfer. DFAS Indianapolis notifies DSCA (Business Operations Directorate) of the deposit date and the FMS case(s) is credited within 3 business days of demand payment receipt.

C9.9.2. Purchaser-Requested Schedules. The purchaser may request a specific payment schedule for a given case. This schedule may be based on its internal budget allocation, other constraints, or a desire to accelerate payments.

C9.9.2.1. Purchaser requests for specific payment schedules are reviewed by the Implementing Agency prior to submission of the LOA package to DSCA (Operations Directorate, CWD) for case preparation. A copy of the purchaser's request is included in the case preparation request. The Implementing Agency will approve the schedule as part of the LOA document coordination/countersignature process.

C9.9.2.2. DSCA (Operations Directorate, CWD) constructs the standard payment schedule (to include any contract termination costs) and compares it to the purchaser's requested schedule. DSCA (Operations Directorate, CWD) analyzes the purchaser's proposed schedule to determine if it provides sufficient funds to meet projected requirements identified on the standard payment schedule. If the purchaser's requested schedule is sufficient to cover the USG's forecasted requirements, DSCA (Operations Directorate, CWD) will proceed with the request. If DSCA (Operations Directorate, CWD) determines that the purchaser's requested schedule will not meet forecasted requirements, DSCA (Operations Directorate, CWD) will notify the Implementing Agency (with an information copy to DSCA (Business Operations Directorate, Country Finance Director (CFD))) and return the case document to the Implementing Agency for further action. The Implementing Agency may consult with the DSCA (Business Operations Directorate, CFD) to deny the purchaser's request or may work with the purchaser to re-define the requirements. Part of the payment schedule comparison and analysis includes developing the Termination Liability Worksheet (TLW). The TLW should first be based on the USG-developed payment schedule (to include contractor termination costs); the TLW should then be recalculated using the purchaser-requested schedule, if approved.

C9.9.2.3. When a purchaser-requested schedule is approved and used on the LOA, a note is included beneath the payment schedule. See Chapter 5, Table C5.T5. for exact note wording. The USG-developed payment schedule does not appear on the LOA but is maintained in the case file and in DSAMS.

C9.9.3. Payment Schedule Revisions. Payment schedules updates are necessary to reflect revisions to delivery schedules, scope changes, pricing updates, actual contract award dates, contractor payment milestone revisions, etc. To determine if an update is needed, payment schedule reviews occur at least annually as part of the case review and reconciliation process. Payment schedules are evaluated for possible changes when a Modification or Amendment is processed. If the contract award date slips, the payment schedule is adjusted by a Modification within 30 days of contract award. A new payment schedule should be furnished whenever there is a substantive change in payment requirements.

C9.9.3.1. Payment Schedule Revision Format for Amendments. Amendments use the payment schedule format in Table C9.T11. When either the Term of Sale is "Cash With Acceptance," or the case is fully funded with FMS Credit (Non-Repayable) and/or MAP Merger, the total case value is less than \$5M, and cash flow financing is not authorized, the Amount Due with Amendment Acceptance shall equal the increase in case value.

Table C9.T11. Payment Schedule Revision Format for Amendments

Payment Date	Quarterly	Cumulative
Previous Payments Scheduled (DD MMM 20YY)	N/A	\$
Current USG Financial Requirements		\$
Amount received from Purchaser		\$
Due with Amendment Acceptance	\$	\$
DD MMM 20YY	\$	\$
DD MMM 20YY	\$	\$

C9.9.3.2. Payment Schedule Revision Format for Modifications. Modifications use the payment schedule format in Table C9.T12. When either the Term of Sales is “Cash With Acceptance,” or the case is fully funded with FMS Credit (Non-Repayable) and/or MAP Merger, the total case value is less than \$5M, and cash flow financing is not authorized, the next quarterly payment due shall equal the increase in case value.

Table C9.T12. Payment Schedule Revision Format for Modifications

Payment Date	Quarterly	Cumulative
Previous Payments Scheduled (DD MMM 20YY)	N/A	\$
Current USG Financial Requirements		\$
Amount received from Purchaser		\$
Revised Payments Scheduled (DD MMM 20YY)	\$	\$
DD MMM 20YY	\$	\$
DD MMM 20YY	\$	\$

C9.9.3.3. Showing Collections on Payment Schedules. In addition to showing quarterly payments, payment schedules on Amendments and Modifications also show the amount already paid by the FMS purchaser. The revised payment schedule is based on the forecasted requirements remaining on the case. Once these requirements are computed, the collections already received from the purchaser are considered.

C9.9.3.4. Purchaser Requests For Payment Schedule Review. Purchasers who wish a review or revision of a specific case payment schedule should forward a request to the appropriate Implementing Agency.

C9.10. BILLING

DFAS Indianapolis bills purchasers. Table C9.T13. shows the FMS case billing timeline.

Table C9.T13. FMS Billing Timeline

Period Ended on FMS Billing Statement	Approximate Date of FMS Billing Statements	Payment Due at DFAS Indianapolis	For Period Covering
December 31 st	January 15 th	March 15 th	April-June
March 31 st	April 15 th	June 15 th	July-September
June 30 th	July 15 th	September 15 th	October-December
September 30 th	October 15 th	December 15 th	January-March

C9.10.1. Billing Procedures. Payments into the FMS Trust Fund other than Initial Deposits are based on bills (FMS Billing Statement, DD Form 645 or Special Billing Arrangement (SBA)). DFAS Indianapolis sends the DD Form 645. Under DSCA's oversight, DFAS Indianapolis assures that sufficient cash is available from the purchaser to cover accrued expenditures, costs to be incurred during the remainder of the current quarter, and costs to be incurred during the next quarter (e.g., contractor progress payments, contractor holdbacks, potential termination charges, and deliveries from DoD inventories). DD Form 645-based billings are the amount shown on the current case payment schedule or the quarterly forecast of the financial requirements accompanying the DD Form 645 bill, whichever is greater. The billing, not the payment schedule, contains the required payment amount. Implementing Agencies refer billing problems and questions to DFAS Indianapolis.

C9.10.2. Special Billing Arrangements (SBAs). If a purchaser has an SBA, total expenditures for the forthcoming billing period are subtracted from total available cash resources to determine the billing amount. SBAs override Column 14 of the DD Form 645. SBAs are issued by either DSCA (Business Operations Directorate) or DFAS Indianapolis and are managed at the country level unless an exception has been granted by DSCA (Business Operations Directorate).

C9.11. FMS PAYMENTS FROM PURCHASERS

The AECA normally requires FMS monies to be collected in advance of delivery, service performance, or contractual progress payments. Accumulation of large balances in purchaser Trust Fund accounts for substantial periods should be avoided, except for contract holdbacks and other accrued or potential liabilities, or when the purchaser requests an accelerated payment schedule.

C9.11.1. Trust Fund Accounts. DFAS Indianapolis performs accounting for Foreign Military Sales, account 11X8242, by executing against subsidiary accounts: 978242, (Deposits, Advances, Foreign Military Sales, Defense) – receipt of payments and 97-11X8242, (Advances, Foreign Military Sales, Executive, Defense) – disbursements to suppliers. The purchaser makes payments to DFAS Indianapolis for deposit into the FMS Trust Fund (unless the purchaser has an interest bearing account with the FRB New York – see paragraph C9.11.2). FMS Trust Fund Wire Transfer and Check Mailing Information is found on the Letter of Offer and Acceptance Information attached to each LOA (see Chapter 5, Figure C5.F4.). Payments must identify the case designator and reason for the payment. Implementing Agencies refer collection problems and questions to DFAS Indianapolis.

C9.11.2. FRB New York Accounts. Some countries may establish an account with the FRB New York, for their FMS deposits. An agreement between the FMS purchaser's defense organization, the purchaser's central bank (or an acceptable equivalent), FRB New York and DSCA identifies the terms, conditions, and mechanics of the account's operation. FMS purchasers should contact the FRB New York or DSCA (Business Operations Directorate) regarding these accounts. Except as authorized by law and/or DSCA policy, the FRB New York accounts do not include FMF funds.

C9.11.3. Commercial Banking Account. Some countries may establish an account with a commercial bank for their FMS deposits. Two agreements are required: an agreement between the FMS purchaser and the participating commercial bank, and a separate agreement between the FMS purchaser and DSCA. FMS purchasers should contact the DSCA (Business Operations Directorate) regarding these accounts. Commercial accounts do not include FMF funds.

C9.11.4. Payment Identification. Each deposit made into the FMS Trust Fund is recorded to the appropriate FMS case. If the payment cannot be identified to a specific case, it is deposited in the FMS purchaser's Holding Account pending identification.

C9.11.5. Excess Funds. Payments received for an FMS case may exceed the final case value or the highest financial requirement. Upon closure, excess funds are retained in the purchaser's Holding Account pending further instructions. Excess case collections can be applied only to another case at the purchaser's request. Payments in excess of the value of a particular case may be transferred into the purchaser's Holding Accounts under the following conditions.

C9.11.5.1. Excess Funds – National Funds. Excess national funds are transferred to a cash Holding Account upon case closure, case cancellation, or purchaser's request. At the purchaser's written request, deposits in cash Holding Accounts may be applied to other FMS cases or refunded if: the purchaser is not on the current quarter Arrearage Report; there are no collection delinquencies on other FMS cases; and, there is sufficient cash reserve to meet financial requirements (including TL if no SBLC applies) for the next quarter. Cash refunds must be approved by DSCA (Business Operations Directorate).

C9.11.5.2. Excess Funds - FMS Credits. DFAS Indianapolis transfers excess credit funds from closed or cancelled cases to the credit Holding Account. Prior to each billing cycle, DFAS Indianapolis moves excess funds in the credit Holding Account to other FMS credit-financed cases (not to exceed the total credits committed to each case). DFAS Indianapolis applies the funds first to credit cases with overdue payments, and then to credit cases with payments due in the next billing cycle. If there are no remaining candidate cases, funds remain in the credit Holding Account. Prior to transferring credits to or from cases at case closure, DFAS Indianapolis requests (via e-mail or facsimile) approval from DSCA (Business Operations Directorate) and credit commitment records are adjusted to reflect the final case value.

C9.11.5.3. Excess Funds - MAP Merger. DFAS Indianapolis transfers excess MAP Merger funds from closed or cancelled cases to the MAP Merger Holding Account. Prior to transferring MAP Merger funds to or from cases at case closure, DFAS Indianapolis requests (via e-mail or facsimile) approval from DSCA (Business Operations Directorate) and MAP Merger commitment records are adjusted to reflect the final case value.

C9.11.5.4. Excess Funds - Other Funding. Upon reduction or cancellation of FMS cases financed with funds other than those above, DFAS Indianapolis, with DSCA (Business Operations Directorate) coordination, transfers excess funds to the applicable holding account.

C9.11.6. Movement of Purchaser Funds. DFAS Indianapolis moves national funds to and from Holding Accounts or between cases only when such requests are channeled through the FMS purchaser's designated representative. The use of notes or other references in LOA documents (Basic, Amendment, or Modification) concerning transfers or refunds of FMS purchaser funds is not authorized. Implementing Agencies do not enter any remarks on LOA documents transferring purchaser funds from one case to another, except for concurrent documents (see Chapter 6, subparagraph C6.7.2.3). Such remarks can be misleading, contradictory to instructions provided to DFAS Indianapolis by the Purchaser, and not effective if cross leveling is required.

C9.11.7. Initial Deposit Follow-Up. If DFAS Indianapolis receives a signed LOA or Amendment without the required Initial Deposit, they shall follow-up within 10 working days.

C9.11.7.1. Follow-Up Process. DFAS Indianapolis notifies the SCO, the purchaser's paying office, and the Implementing Agency that the Initial Deposit has not been received. This notification states that implementation of the LOA or Amendment is held pending receipt of the Initial Deposit. The Implementing Agency determines whether to extend the offer expiration date (OED) pending receipt of the Initial Deposit. The Implementing Agency issues a letter or message either extending the OED or notifying the customer, DFAS Indianapolis, the SCO, and DSCA that the offer cannot be extended. If the OED cannot be extended or expires without receipt of the Initial Deposit, the Implementing Agency in coordination with DFAS Indianapolis and DSCA (Business Operations Directorate) cancels the LOA or Amendment. A new LOA or Amendment is required if the purchaser's requirement is still valid. A cancelled LOA or Amendment cannot be re-instated. These procedures do not apply to offers where DFAS Indianapolis has been notified that the Initial Deposit is with another USG agency, that funds have been wire transferred (with transaction number), or where the LOA or Amendment is financed by MAP or FMS credit funds.

C9.11.7.2. FMS Credit (Non-Repayable) or MAP Merger Initial Deposits. If the Terms of Sale are FMS Credit (Non-Repayable) or MAP Merger, DFAS Indianapolis uses funds from the appropriate Holding Account to pay the Initial Deposit.

C9.11.8. Delinquent Accounts. Details on arrearages, indebtedness, delinquent debt reporting formats and frequencies are contained in DoD 7000.14-R (reference (o)), Volume 6A, Chapter 12 and Volume 15, Chapter 5. Most collection problems are caused by late payment, rather than default on payments. It generally takes 45-75 days after the billing statement mailing to receive collection.

C9.11.8.1. Interest on Delinquent Accounts. The AECA requires DoD to assess interest on delinquent FMS program debts. DFAS Indianapolis assesses this interest. Interest is based on the net arrearage owed by a purchaser taking into account cumulative financial requirements and cumulative payments received on each FMS case. The DD Form 645, Quarterly Billing Statement, reflects the amount of interest charged to each applicable case.

C9.11.8.2. Delinquent Accounts Procedures. DFAS Indianapolis is responsible for assessing interest and collecting overdue debts to FMS cash sales. This is accomplished by: formal and informal contacts with purchaser representatives; requests for collection assistance from the SCO and DSCA; and contacts with the DoS to determine additional collection actions. When all collection means have been exhausted, DFAS Indianapolis refers the delinquent

account to DSCA (Business Operations Directorate), and provides the following supporting data: the debt history including prior collection efforts; a description of disputes between the purchaser and the United States; a statement that resolution through the normal military channel, with responsible foreign officials on behalf of the collection, has failed; and an assessment of any adverse impact on the purchaser if the issue is raised to the diplomatic level. DSCA (Business Operations Directorate) recommends further action by OSD or refers the debt to the DoS for diplomatic assistance. DFAS Indianapolis carries delinquent accounts on the accounting records even after primary collection responsibility is passed to DSCA and the DoS.

C9.12. DISBURSEMENT FOR FMS AGREEMENTS

C9.12.1. Level of Accounting. FMS monies reimburse U.S. appropriations or are cited directly on payments to U.S. contractors. In accordance with the LOA, cash deposits may be disbursed for the financial requirements of any of that purchaser's implemented cases. Accounting for FMS transactions is at least at the case level (many accounting transactions are recorded at the line level).

C9.12.2. Expenditure Authority. The total DoD available cash for each FMS purchaser is equal to the amount of undisbursed and/or unreserved monies on deposit for the purchaser in the FMS Trust Fund. The available cash is reduced by all reservations of funds (e.g., termination liability, expenditure authority, etc.). Based on the amount of a disbursement request and available funds, DFAS Indianapolis advises the expenditure authority requestor whether the expenditure authority is approved and the disbursement can occur. If a country does not have enough available cash, expenditure authority is not approved and the disbursement is placed on hold. The Implementing Agency ensures the disbursement limit is not exceeded when paying contractors or reimbursing U.S. appropriations.

C9.12.3. Segregating and Accounting for FMS Costs. AECA, sections 22 and 29 (reference (c)) require accurate and prompt segregation and accounting of incremental costs to ensure that DoD appropriations are not adversely impacted by contractual payments on behalf of FMS orders. DoD policy requires contractors to request separate progress payments when more than one purchaser's (including the United States) requirements are included in the same contract. Payments to contractors are reported by the proponent activity (e.g., Implementing Agency) to DFAS Indianapolis to ensure that billings reflect the disbursement rate. If scheduled payments are not adequate, the Implementing Agency modifies the payment schedule using an Amendment or Modification to the FMS case.

C9.13. PERFORMANCE REPORTING

C9.13.1. Reporting Performance of FMS Orders

C9.13.1.1. FMS Integrated Control System (FICS). After an FMS case is implemented, the Implementing Agency executes the program. The Implementing Agency reports the nature and financial value of transactions to DFAS Indianapolis. The Implementing Agency reports accrued expenditures, also referred to as "work-in-process" (e.g., progress payments made to contractors, GFM and/or GFE provided to contractors, NCs, etc.), and physical deliveries within 30 days of the date of shipment or performance. The FICS Delivery Transaction is submitted bi-monthly in accordance with the schedule established by DFAS Indianapolis. The format and instructions for completing the delivery transaction are prescribed in DoD 7000.14-R (reference

(o)), Volume 15, Chapter 8. Purchasers direct delivery problems and questions to the Implementing Agency.

C9.13.1.2. FMS Physical (Constructive) Delivery Reporting. The Implementing Agency submits FMS physical (constructive) delivery data for all major end items that have a unit of issue of “EA” for the generic codes shown in Table C9.T14. Items are considered delivered when title passes to the purchaser. Implementing Agencies report, within 30 days, all constructive deliveries for selected materiel lines to DFAS Indianapolis by the 20th of each month in the C1 delivery transaction format (Table C9.T15.), RCS DSCA(M)1141. DFAS Indianapolis, in turn, submits this data to DSCA (Business Operations Directorate) for inclusion in the DSCA 1200 System. These transactions are not a part of the formal FMS billing system. This information is used to prepare AECA required reports and to respond to inquiries.

Table C9.T14. Constructive Delivery Reporting Generic Codes

Generic Code	Description
A1_ - A5_, A9B	Aircraft
B1_ - B4_ (Complete Missile Lines Only)	Missiles
C__	Ships
D__	Combat Vehicles
E3_	Tactical and Support Vehicles
F2_, F3_, F4_	Weapons
G2_, G4_, G5_ (Less M and Y), G6A	Ammunition
H4_	Communications Equipment

Table C9.T15. C1 Delivery Transaction Format

Column	Data Element
1-2	C1
3-4	Country Code (CC)
5	Implementing Agency
6-8	Case Designator
9-11	Record Serial Number (RSN)
12-15	Blank
16-21	Cumulative Quantity to Date
22-72	Blank
73-78	Reporting Date (YYMMDD)
79	Blank
80	Originator (must always be “A”)

C9.13.2. Delivery Reporting Timelines. Timely reporting of delivery information to the FMS purchaser is critical. Estimated price codes may be used to report deliveries of major end items if an actual price is not available within 30 days of the shipment date. Estimated price codes **MUST** be used to report deliveries of major end items if an actual price is not available within 90 days of the shipment date. All estimated billings must be converted to actual billings prior to closure.

C9.14. FINANCIAL REVIEWS

DSCA reviews the current and forecasted financial posture of an FMS purchaser's program and holds a Financial Management Review with the FMS purchaser to: reconcile financial records, review the financial status of FMS cases, ensure continued solvency of the FMS purchaser accounts, improve cycle times, identify cases requiring intensive financial management, and formulate financing strategies for existing and prospective FMS purchases. DSCA works with the Implementing Agencies, SCOs, DFAS, and the FMS purchaser in planning and executing Financial Management Reviews. Figure C9.F7. provides a mandatory format for preparing for a Financial Management Review. Minor adjustments to this standard format must be authorized by the DSCA Country Finance Director. See Chapter 6 for information on other types of case reviews.

Figure C9.F7. Financial Management Review - Case Financial Status Reporting Format

U.S. - (Country) (Year) Financial Management Review - Case Financial Status Report		
Data as of: DD MMM YYYY (unless specified otherwise)		
Item	Data/Value	Source(s)/Definition
Case Summary		
Case Designator		Implementing Agency System/LOA documents
Case Description		Implementing Agency System/LOA documents
Year LOA Signed		Implementing Agency System/LOA documents
Total Number of Lines		Implementing Agency System/LOA documents
Supply Summary		
Total Delivered Value		Implementing Agency System/LOA documents; do NOT use DIFS as its delivered value reflects shipments already billed. Definition: Articles/ Services deliveries plus delivered admin and delivered accessories.
Total Number of Open Requisitions		Implementing Agency System. Note: For those systems that do not/cannot track open requisitions, furnish a definition for the data being provided in this field (e.g., PDLIs outstanding).
Total Open Requisition Value		Implementing Agency System
List item, requisition value, and estimated delivery date for each open requisition on a separate line. Note: Optional based on Financial Management Review		Implementing Agency System
Estimated/Actual Case Supply/Services Completion Date		Implementing Agency Case Manager. Enter in MM/YY format
SDR Summary		
Total Number of Open SDRs		Implementing Agency System
Total Open SDR Value		Implementing Agency System
Closure Summary		
Estimated Case Closure Date		Implementing Agency Case Manager, in coordination with primary closure POC. Enter in MM/YY format.
Case Financial Summary		
(1) Total LOA Value		Implementing Agency System/LOA documents
(2) Total Net LOA Value		Implementing Agency System/LOA documents
(3) Highest Financial Requirement		Implementing Agency System/LOA documents. Definition: All financial commitments billed to date

U.S. - (Country) (Year) Financial Management Review - Case Financial Status Report Data as of: DD MMM YYYY (unless specified otherwise)		
Item	Data/Value	Source(s)/Definition
		PLUS all financial commitments not yet billed (e.g., contracts awarded but not delivered). Restated, total value of all programmed requirements. Must include below-the-line surcharges.
(4) Total Collected (current)		DSCA (Business Operations Directorate/Financial Policy and Support) report via e-mail
(5) Excess LOA Value Unprogrammed to Date [(1) - (3)]		
(6) Collections in Excess of Case Value [(4) - (1)]		
(7) Collections in Excess of Highest Financial Requirement [(4)-(3)]		
Note sections (8) and (9) are optional based on individual Financial Management Review. Item (8A) can be a stand-alone item (optional).		
(8) Forecasted Activity (Note: Applies predominantly to cases not yet supply complete.)		
(8A) Disbursements through DD/MMM/20YY		DSCA (Business Operations Directorate/Financial Policy and Support) report via e-mail
(8B) Projected Expenditures:		Implementing Agency Case Manager
(8B1) August-September 20YY		
(8B2) October - December 20YY		
Subtotal, August-December 20YY		
(8B3) January - March 20YY		
(8B4) April - June 20YY		
(8B5) July - September 20YY		
(8B6) October - December 20YY		
Subtotal, January - December 20YY		
(8B7) January - March 20YY		
(8B8) April - June 20YY		
(8B9) July - September 20YY		
(8B10) October - December 20YY		
Subtotal, January - December 20YY		
(8C) Total Projected Expenditures through 31 December 20YY		
(9) Terms of Financing FMS Credit FMS Credit (non-repayable) MAP Merger NADR EIPC Cash (National Funds) Other (Specify)		Latest LOA document (Basic LOA, Amendment, Modification)
Remarks/Comments		Implementing Agency Case Manager

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C10. CHAPTER 10

INTERNATIONAL TRAINING

C10.1. INTERNATIONAL TRAINING - DEFINITION

The International Training Program offers training to foreign countries through Department of Defense (DoD) schools (to include DoD-contracted facilities). Training includes formal, informal, correspondence or other form of distance learning, and computer-aided instruction in the United States (U.S.) or overseas. Eligible foreign Governments or international organizations may purchase training through the Foreign Military Sales (FMS) program or obtain training using funds provided by foreign assistance appropriations such as the International Military Education and Training (IMET) program, Foreign Military Financing (FMF), Peacekeeping Operations (PKO), etc. Training is an integral part of a successful weapon system program. The time required to conduct training must be considered when estimating delivery dates of equipment. Training programs must consider the availability of personnel, skills to be developed, to include English Language Training (ELT), and the time required to plan, implement, and complete the program. The Joint Security Assistance Training (JSAT) Regulation (Army Regulation 12-15, Secretary of the Navy Instruction 4950.4A, Air Force Instruction (AFI) 16-105) provides detailed descriptions of the programs and procedures listed in this chapter.

C10.2. AUTHORITIES FOR INTERNATIONAL TRAINING

Table C10.T1. is a summary of the legal references that guide the International Training program. References for specific training programs are included in the paragraphs discussing those programs. Training can be provided to international personnel only under programs established under statutory authority.

C10.3. GENERAL POLICIES

C10.3.1. Combatant Duties. The Arms Export Control Act (AECA), section 21(c) (reference (c)) prohibits personnel providing defense services (including training) from performing duties of a combatant nature. Training and advising activities that may engage U.S. personnel in combat activities outside the United States are prohibited.

C10.3.2. Transfer of Training. Governments acquiring training from the United States MAY NOT transfer training related to the use of U.S. material or services to other countries or organizations, or to anyone not an officer, employee or agent of the purchasing Government. Nor can it use such training for purposes other than those for which furnished, without the consent of the U.S. Government (USG). The recipient country cannot use technical skills and information acquired through training programs to train personnel from a third country unless approved in advance by the USG. Requests to transfer training to third parties are submitted via diplomatic note to the Department of State - Bureau of Political and Military Affairs/Office of Regional Security and Arms Transfer Policy (DoS (PM/RSAT)) for action, with an information copy to the Defense Security Cooperation Agency (DSCA). Training transfer requests received by an Implementing Agency are referred to DSCA for forwarding to the DoS. See Chapter 8 for more detailed information regarding End Use Monitoring (EUM).

Table C10.T1. Legislation For International Training

Legislation	Subject
Arms Export Control Act (AECA), Chapter 2, Section 21(c) (reference (c)) 22 U.S.C. 2761	FMS of defense training Pricing criteria (“full costs” or “additional costs” incurred by the United States)
AECA, Section 30A (reference (c)) 22 U.S.C. 2770a	Exchanges of training and related support
AECA Section 42(c) (reference (c))	Offshore Procurement
AECA, Section 47(5) (reference (c))	Definition of “training”
Brooke Amendment [Foreign Operations, Export Financing and Related Program Appropriations Act (enacted annually)]	Limitations on assistance to countries in default
Foreign Assistance Act (FAA), Section 503 (reference (b))	Reduction in military salary charges
FAA, Section 506(a)(1), (2) (reference (b)) 22 U.S.C. 2318 FAA, Section 552 (reference (b)) 22 U.S.C. 2348a FAA, Section 652 (reference (b))	Drawdowns of defense military education and training
FAA, Section 541 (reference (b)) 22 U.S.C. 2347	Foreign assistance appropriations funding of education and training through the IMET program
FAA, Section 544 (reference (b)) 22 U.S.C. 2347c	Exchange Training
FAA, Section 545 (reference (b))	Training in Maritime Skills
FAA, Section 607(a) (reference (b))	Training of non-Ministry of Defense (MOD) civilians on a reimbursable basis
FAA, Section 620(q) (reference (b))	Sanctions
FAA, Section 636(g) (reference (b))	Administrative, extraordinary and operating expenses for defense articles and services including military education and training
FAA, Section 660 (reference (b))	Training of Police Forces (prohibition and exceptions)
National Defense Authorization Act of 1991, Section 1004 of Public Law 101-510 (reference (bq))	Counter-Drug Training Support
10 U.S.C. 166a (reference (br))	Combatant Commander Initiatives
10 U.S.C. 401 (reference (bs))	Humanitarian and Civic Assistance including Demining
10 U.S.C. 443 (reference (di))	Imagery Intelligence and Geospatial Information: Support for Foreign Countries
10 U.S.C.1051 (reference (bt)) 10 U.S.C. 2010 (reference (bu))	Bilateral or Regional Cooperation Programs (payment of personnel expenses) Combined Exercises (payment of incremental expenses for participating developing countries)
10 U.S.C. 2011 (reference (bv))	Joint Combined Exchange Training (JCET) - Special Operations Forces; training with friendly foreign forces
10 U.S.C. 2561 (reference (bw))	Humanitarian Assistance
10 U.S.C. 9381-9383 (reference (bx))	Aviation Leadership Program
14 U.S.C. 195 (reference (by))	Foreign national appointment to the U.S. Coast Guard (USCG) Academy
Public Law 105-277 Chapter 4 (reference (bz))	Caribbean Support Tender (CST) training capability

Legislation	Subject
Public Law 107-117 Section 8125 (reference (ca))	Regional Defense Counter-Terrorism Fellowship Program

C10.3.3. Attendance in Classified Courses. Classified information may be released to foreign nationals only when authorized under the provisions of the National Disclosure Policy (NDP) and DoD Directive 5230.11 (reference (h)). Release of classified material is in accordance with Chapter 3. When classified instruction is requested, the Implementing Agency determines the classification of material to be released during training based on a need-to-know and disclosure agreements with the requesting country. The foreign Government must affirm via written statement to the Security Cooperation Organization (SCO) that the Government sponsors the student; the student has been subjected to a security screening and the level of security clearance granted by the Government does not constitute a security risk to the United States; the information obtained during the training shall not be released to another nation without the specific authority of the USG; classified information shall be provided the same degree of security afforded it by the USG; and any involved proprietary rights (patented and/or copyrighted or not) shall be respected and protected. When this certification is obtained, the applicable statement is checked in Block 10 of the Invitational Travel Order (ITO), DD Form 2285, (see paragraph C10.10.1).

C10.3.4. Security Cooperation Education and Training Program Evaluations. Schools training IMS under Security Cooperation Programs may be directed to participate in student evaluations of these programs. The Defense Institute of Security Assistance Management (DISAM) will be the DSCA activity conducting these evaluations. DISAM will coordinate directly with military schools and the respective MILDEP Security Assistance Training Activities, notifying them of students selected to complete the evaluation. Participation in this evaluation is not optional for schools.

C10.3.4.1. Character. Students must be screened for records of human rights abuses, drug trafficking, corruption, criminal conduct, or other activities inconsistent with U.S. policy goals. If an individual's reputable character cannot be validated, the individual shall not be approved for training.

C10.3.4.2. Age. The minimum age for students receiving Security Assistance training is 18 years, or 17 years with parental consent.

C10.3.4.3. Security. Regardless of the level of classification of the training, in-country U.S. officials perform a security screening of each student prior to issuance of the ITO.

C10.3.4.4. Student Medical Screening. The SCO must receive a signed statement from a competent medical (including dental) authority stating that the international student has received a thorough physical examination within the three preceding months (including a chest X-ray and a screening for serologic evidence of Human Immunodeficiency Virus (HIV)) and that the student is free of communicable diseases. The foreign Government or a U.S. in-country authority must certify that the student is medically fit for military training and free of communicable diseases before leaving their country and prior to the SCO issuing the ITO. Except for special situations noted below, medically certified students are exempt from medical

examinations or any Implementing Agency urinalysis and blood screening programs before commencing training at U.S. training installations. Students may be tested medically as follows:

C10.3.4.4.1. At and by U.S. training installations when the associated physical examination is an established prerequisite for admission to training that involves exceptional physical activity or safety; e.g., flying, underwater, ranger, or airborne.

C10.3.4.4.2. At and by U.S. military training installations on an exception basis pending development of a particular testing capability, which does not exist in country. In these instances, the country pays for the cost of testing.

C10.3.4.4.3. Physical examinations in conjunction with sick call or hospitalization in order to diagnose a student's ailment.

C10.3.4.5. English Language Requirements. SCOs must screen students for the minimum English Comprehension Level (ECL) prescribed by the Implementing Agency for each course of instruction or for entry into the Defense Language Institute English Language Center (DLIELC). Test materials to determine the ECL of selected candidates for U.S. training are provided annually by DLIELC, together with instructions for administering the test. The minimum ECL requirement for each course is listed in the Military Articles and Services List (MASL). SCOs must also schedule Oral Proficiency Interviews (OPI) for students scheduled for flight and certain other training. These requirements are also in the MASL. See paragraph C10.3.5. for additional information.

C10.3.4.6. Course Prerequisites. SCOs must ensure students meet prerequisites for all scheduled training. The prerequisites are often included in the MASL.

C10.3.5. English Language Training (ELT). Training in U.S. military schools and installations is conducted in English, except for the U.S. Army's Western Hemisphere Institute for Security Cooperation (WHINSEC), selected courses at the U.S. Army Aviation and Aviation Logistics School, the U.S. Air Force's Inter-American Air Forces Academy (IAAFA), and most programs offered by the Naval Small Craft Instruction and Technical Training School (NAVSCIATTS). International students must be able to understand, speak, read, and write English at a level of proficiency that enables them to successfully complete training and for certain expanded IMET (E-IMET) programs.

C10.3.5.1. Responsibility for ELT. DLIELC is responsible for operational and technical control of the Defense English Language Program (DELP), which encompasses all DoD English language programs or courses conducted for U.S. personnel or international students under the IMET and FMS programs in the continental U.S. (CONUS) and outside the continental U.S. (OCONUS).

C10.3.5.2. Minimum English Comprehension Level (ECL). The foreign country is responsible for ensuring that students meet the Implementing Agency-determined minimum ECL for attendance at a particular course of instruction. Most courses require a minimum ECL of 70. Higher level Professional Military Education (PME) and management courses, or courses that are hazardous, require an 80 or higher ECL.

C10.3.5.2.1. Minimum ECL for FMS Students. There is no minimum cut-off score for entry into ELT at DLIELC for FMS students.

C10.3.5.2.2. Minimum ECL for IMET Students. 55 is the minimum ECL score for entry into general ELT at DLIELC. The Combatant Command and DSCA may grant a waiver to this requirement when justified by unusual circumstances. Countries permitted to attend DLIELC under the minimum ECL score are notified by DSCA (Programs Directorate) at the beginning of the fiscal year. SCOs assigned to exempt countries should encourage the country to develop an in-country ELT capability to achieve the minimum ECL score. Countries with small IMET programs or where it is not economically feasible to purchase ELT equipment and/or materials to reach the minimum ECL score should remain on the exemption list.

C10.3.5.3. Exemptions from ECL Testing Requirements. Certain countries whose students demonstrate an English speaking capability are exempt from ECL testing requirements. An annual review determines if the exemption should continue. DSCA (Programs Directorate), in coordination with DSCA (Strategy Directorate), confirms the exemption list each year by message. Students from exempt countries must continue to demonstrate successful English language performance during training or the exemption shall be withdrawn.

C10.3.5.4. Exemptions from In-Country ECL Screening. Certain countries whose students demonstrate an English speaking capability are exempt from in-country ECL screening. Students from exempt countries are ECL tested at the first training installation. An annual review determines if the exemption should continue. DSCA (Programs Directorate) confirms the exemption list each year by message. Students from exempt countries must continue to demonstrate successful English language performance during training or the exemption shall be withdrawn.

C10.3.5.5. Waiver to Course Minimum ECL Requirement. Requests for waivers to minimum course ECL prerequisites are made to the Implementing Agency.

C10.3.5.6. Test of English as a Foreign Language (TOEFL). SCOs are authorized to program the cost of the TOEFL under IMET when it is required for entrance into approved military undergraduate or graduate training programs. IMET does NOT fund the prospective students' travel cost to the testing site.

C10.3.5.7. Specialized English Training (SET). Attendance at SET is required when general ECL requirements have been met and the Implementing Agency determines (based on school house recommendation) that exceptional fluency or specialized vocabularies are essential to safety or effective participation in the course of instruction. The annotation "SR" (SET Required) or "SA" (SET Advised) appears in the ECL/SET REQ column of the MASL and on the country Standardized Training List (STL) for these courses.

C10.3.5.8. Foreign Countries' Responsibility for ELT (IMET-Only). With few exceptions, foreign countries are considered to possess the public and private school, commercial institution, or other resources needed to provide the necessary ELT to meet the ECL levels above. SCOs should encourage the host country to increase their ELT capability above the minimum 55 ECL requirement. Assistance may be provided under the IMET program by training of instructors at DLIELC, by providing English language Mobile Training Teams (MTTs) or Language Training Detachments (LTDs), or by providing appropriate ELT aids and

equipment. Details on DLIELC, MTTs, and LTDs are contained in DLIELC 1025.1-M reference (cb).

C10.3.5.9. Conduct of ELT by Other Than DLIELC. All IMET-funded ELT must be conducted by DLIELC. Other Security Assistance-sponsored ELT is also conducted by DLIELC unless unusual conditions warrant exceptional ELT arrangements under FMS funding. The Implementing Agency must submit a written waiver request to DSCA (Programs Directorate) prior to submission of the Letter of Offer and Acceptance (LOAs) or LOA Amendment to DSCA for countersignature. If DSCA grants a waiver, the waiver strictly applies to the scope of the proposed ELT program. LOA changes to increase student load or extend the duration of the ELT program require a revised request to DSCA. Waiver requests include the information contained in Table C10.T2.

Table C10.T2. Waiver Information - Conduct of English Language Training (ELT) by Other Than Defense Language Institute English Language Center (DLIELC)

Item	Waiver Information
1	Explanation of the unusual conditions that apply.
2	ELT information including location, description of training facilities, number of students, training objectives, duration of the ELT program, and estimated cost.
3	Written DLIELC position on the proposed ELT exception.
4	Statement that DLIELC coordinates and approves the ELT curriculum, teaching materials, and instructor qualification standards; monitors the ELT to ensure that DLIELC technical standards are being met; and performs a DLIELC certification every six months.
5	Statement that the LOA contains an appropriate line item for DLIELC to monitor and provide quality control of the proposed ELT.

C10.3.5.10. Direct Entry ECL Failure Forfeiture Charge. A forfeiture charge is imposed in all instances when direct entry students fail to achieve the prerequisite ECL on the CONUS course entry ECL test and when failure results in rescheduling or cancellation of direct entry training due to language deficiency. This policy applies to all direct entry students, including those from countries granted a waiver from the in-country screening ECL testing.

C10.3.5.11. English Language Equipment and Support Materials. Textbooks, testing materials, training aids, audiotapes, videotapes, and publications used to establish and/or support in-country ELT programs may be acquired under the IMET program or purchased through FMS procedures. IMET-acquired materials are transported by air shipment - a factor of 20% of the cost of the materials ordered is programmed for the transportation costs.

C10.3.6. Travel and Living Allowance (TLA). Table C10.T3. shows TLA rates for students receiving training under security cooperation programs.

Table C10.T3. Daily Supplemental Living Allowances for International Military Students Under Security Cooperation Programs

	Govt or Contracted Govt Quarters	Mess	Dependents Encouraged	Dependents Accompany Student	Living Allowance Rate	Remarks
1	Yes	No	No		Actual cost of lodging (not-to-exceed (NTE) maximum lodging authorized in the Joint Federal Travel Regulation (JFTR)) + JFTR local meal rate + \$11 special International Military Student incidentals	
2	No	No	No		Actual cost of lodging (NTE maximum lodging authorized in JFTR) + JFTR local meal rate + \$11 special International Military Student incidentals	A statement of non-availability or equivalent must be issued to the International Military Student and filed with voucher. International Military Student must show proof of rental agreement or lodging receipt.
3	Yes	Yes	No		Actual cost of lodging (NTE maximum lodging authorized in JFTR) + JFTR Government meal rate + \$11 special International Military Student incidentals	
4	Yes	One or two meals are available	No		Actual cost of lodging (NTE maximum lodging authorized in JFTR) + JFTR proportional meal rate + \$11 special International Military Student incidentals	
5	Yes and free of charge	Yes and free of charge	No		\$11 special International Military Student incidentals	
6	Yes and free of charge	Available aboard ship	No		Government meal rate + \$11 special International Military Student incidentals	
7	Yes but International Military Student chooses to live off base/post				\$0	
8	No		Yes	Yes	Actual cost of lodging (NTE maximum lodging authorized in JFTR) + JFTR local meal rate + \$11 special International Military Student incidentals	Availability of quarters is based upon the availability of Government family housing. International Military Student must show proof of rental

	Govt or Contracted Govt Quarters	Mess	Dependents Encouraged	Dependents Accompany Student	Living Allowance Rate	Remarks
						agreement and certify that dependents reside with International Military Student for at least 75% of the course duration.
9	Yes	No	Yes		Actual cost of lodging (NTE maximum lodging authorized in JFTR) + JFTR local meal rate + \$11 special International Military Student incidentals	
10	Yes	Yes	Yes	Yes	Actual cost of lodging (NTE maximum lodging authorized in JFTR) + JFTR local meal rate + \$11 special International Military Student incidentals	Availability of quarters is based upon the availability of Government family housing.
11	Yes	One or two meals are available	Yes	Yes	Actual cost of lodging (NTE maximum lodging authorized in JFTR) + JFTR local meal rate + \$11 special International Military Student incidentals	Availability of quarters is based upon the availability of Government family housing.
12	Bachelor Govt or Contracted Quarters are available but student chooses to reside off base/post		No	Yes	\$0	
13	N/A	N/A			Actual cost of lodging (NTE maximum lodging authorized in JFTR) + meals in accordance with JFTR + applicable OCONUS incidentals.	When a student from one country is attending a regional Mobile Education and Training (MET) course in another country.

Additional Information for Table C10.T3

(1) Quarters available means that USG quarters or contracted Government quarters were either furnished or made available. For International Military Student currently attending training in the U.S. that elected to reside off-base/post under the old 1999 TLA policy, the student is authorized to continue to receive TLA at 1999 TLA policy rates until their current line of training is completed and the student has returned home. However, if the student is scheduled for follow-on training at a different training location, the TLA rates in this table (\$0) apply at the new training location.

(2) Mess available means three meals per day are available in a USG mess, whether or not actually consumed.

Additional Information for Table C10.T3
<p>(3) When TLA is authorized, the travel allowance rate includes the day of departure from home country to the day of arrival at, and day of departure from, each training installation, and the day of arrival at home country. TLA rates, while the International Military Student is on travel status including unscheduled delays, are based on rates equal to those in the JFTR for U.S. personnel. In most cases, the student does not receive their first TLA payment until they have been in CONUS for 2 weeks; therefore, the SCO is encouraged to advance student sufficient funds in U.S. dollars to meet all expenses while the student is enroute to include 2 weeks advance TLA. Any such advances shall be annotated in the special conditions block of the ITO to prevent duplicate payment of entitlements at CONUS training activities.</p>
<p>(4) When the International Military Student is scheduled to attend training for 5 weeks or less, the SCO is authorized to purchase roundtrip transportation and to pay the student total authorized living allowance entitlements at the time of departure. Government Transportation Request number (GTR #) and amounts paid for transportation and living allowances are annotated in the special conditions block of the ITO to prevent duplicate payment of entitlements.</p>
<p>(5) If the duration of training at the last training installation is 2 weeks or less, and/or the last training installation has no means of paying the International Military Student, the IMSO at the next-to-last training installation arranges for advance payment of travel and living allowance for that period of time to the day of arrival at the next follow-on training installation or country. Except for periods of leave, the student ITO is endorsed in the Special Conditions Block to identify the period of time for which advanced living and travel allowances were made.</p>
<p>(6) If it is determined that an International Military Student who has departed the CONUS or overseas training activity was overpaid in CONUS or at the overseas activity, no attempt is made to collect the overpayment from the student. The Implementing Agency determines whether a funding adjustment via the security cooperation training program is necessary.</p>
<p>(7) The International Military Student is encouraged by the Department of Defense to bring dependents ONLY to the following courses:</p> <ul style="list-style-type: none"> Air Command and Staff College Air War College Armed Forces Staff College Army War College Army Command and General Staff College at Fort Leavenworth and at the Western Hemisphere Institute for Security Cooperation (WHINSEC) Graduate Programs at Naval Postgraduate School Graduate Programs at the Air Force Institute of Technology The Inter-American Defense College National Defense University Naval Command College Naval Staff College Sergeants Major Academy Squadron Officer School United States Marine Corps (USMC) Command and Staff College USMC Expeditionary Warfare School USMC School of Advanced Warfighting <p>An International Military Student scheduled to attend any of the above courses may also bring dependents to prerequisite courses, follow-on courses, and authorized leave periods. Students are not encouraged to bring dependents to any other courses. The “with dependent” TLA rate is intended/authorized when the dependents reside with student for the majority (75%) of the course duration. The “with dependent” TLA rate is not intended/authorized for students with dependents who come only for periodic visits.</p>
<p>(8) Accompanied students living off post/base attending courses where dependents are encouraged by the Department of Defense (see note (7) above) may draw a living allowance advance upon arrival in CONUS of an amount not to exceed 10 percent of their total maximum living allowance authorized at a particular location. The student living allowance drawn during the period of training is adjusted to ensure that the amount of the advance is fully recovered before the student completes training at that location.</p>
<p>(9) When an International Military Student is authorized the “with dependent” TLA rate and is subsequently hospitalized, the “with dependent” TLA rate shall continue to be paid.</p>

Additional Information for Table C10.T3
(10) TLA is not authorized for leave periods before or following completion/termination of training. Leave with living allowance may be granted during periods of class breaks, authorized holidays, and between consecutive courses.
(11) Guest instructors assigned to WHINSEC, IAAFA or NAVSCIATTS are paid a living allowance based upon the installation's Government quarters or Government contracted quarters rates by grade and a standard subsistence allowance regardless of rank. Guest instructors' allowances are paid out of the military Service's Operations and Maintenance account, not security assistance training programs.
(12) When an IMS is authorized TLA and is concurrently TDY, the IMS will be reimbursed for travel and per diem (lodging, subsistence, and incidentals) in accordance with the JFTR rate for the TDY location plus the TLA authorized at the training location.

C10.3.7. Training Tuition Rates. FAA, section 644 (reference (b)) and AECA, section 21 (reference (c)) establish the legal basis for a multi-tier pricing structure for training provided under the U.S. security assistance authorities. DoD 7000.14-R (reference (o)), Volume 15, Chapter 7 addresses training rates and pricing procedures. When a case is fully funded with MAP funds and/or FMS Credit (Non-repayable), the FMS rate is adjusted to exclude military pay and entitlements in accordance with FAA section 503(a). Countries and organizations are eligible for a specific rate as follows:

C10.3.7.1. FMS Full Rate. Countries and organizations purchasing training via an FMS case and not eligible for one of the FMS pricing categories listed below are charged the FMS Full Rate.

C10.3.7.2. FMS NATO Rate. Countries with a ratified reciprocal pricing agreement with the USG purchasing training via an FMS case are charged the FMS NATO rate. Table C10.T4. lists the countries and effective dates of the reciprocal agreements. Note that some of these countries are also eligible for the FMS Incremental Rate.

Table C10.T4. Reciprocal Agreement Participants

Country	Effective Date
NATO Standardization	
Belgium	December 1984
Canada	December 1984
Czech Republic	December 1999
Denmark	May 1985
France	March 1985
Germany	January 1985
Greece	December 1984
Hungary	January 2001
Italy	February 1985
Luxembourg	December 1984
Netherlands	December 1984

Country	Effective Date
NATO Standardization	
Norway	February 1985
Portugal	March 1985
Spain	January 1986
Turkey	May 1985
United Kingdom	December 1984
Other Reciprocal Training Agreements	
Australia	December 1981
Israel	June 1988
Japan	January 1986
New Zealand	April 1982

C10.3.7.3. FMS Incremental Rate. Countries currently in receipt of IMET or designated as a high-income foreign country in accordance with the FAA, Section 546(b) (Austria, Finland, the Republic of Korea, Singapore, and Spain) and purchasing training via an FMS case are eligible for the FMS Incremental Rate. DSCA (Business Operations Directorate) maintains the DSCA IMET Allocation Database System (DIADS) that identifies countries currently receiving IMET. Refer questions on a country's IMET status to the DSCA (Business Operations Directorate).

C10.3.7.4. IMET Rate. Training financed by the IMET appropriation is priced at the IMET rate.

C10.4. PLANNING FOR INTERNATIONAL TRAINING

C10.4.1. Combined Education and Training Program Plan. SCOs in coordination with host country counterparts develop a Combined Education and Training Program Plan. This plan covers the budget year and planning year, and consolidates host country training needs from a joint perspective. The plan considers all funding sources (e.g., FMS, Foreign Military Financing (FMF), IMET, International Narcotics Control and Law Enforcement (INCLE), Regional Defense Counter-Terrorism Fellowship Program and all potential training sources (e.g., indigenous, third country, commercial, and United States). The Combined Education and Training Program Plan is part of the SCO input to the budget process (e.g., Mission Performance Plan (MPP), Theater Security Cooperation Plan (TSCP)). Figure C10.F1. contains preparation guidance for the Combined Education and Training Program Plan.

C10.4.1.1. Budget Year Priority Code Assignment. SCOs assign Priority Code "A" for their budget year program. In addition, SCOs assign Priority Code "D" to other valid training requirements taking place after the third quarter in excess of the budget level. This value should not exceed ten percent of the budget level. Code "D" is defined as training that is consistent with IMET policies and objectives, Implementing Agencies can accommodate, and host country can provide qualified candidates if funds become available. At the annual Training Program Management Review (TPMR), all Priority Code "D" in the current year IMET program should either be deleted, or changed to "B" to be considered for end-of-year reallocation of IMET funds.

C10.4.1.2. Training Analysis Code Assignment. Table C10.T5. shows the training analysis codes and their definitions. This table also shows the standardized Worksheet Control Number (WCN) assignment, based on the training analysis code of the "main" training line that is assigned to each IMET training sequence (i.e., training programmed for the same student). Training analysis codes are assigned to each training line by the Military Departments (MILDEPs) and are used to analyze a country's training program, a specific Combatant Command, or the entire IMET program. The composition of a country's IMET program should clearly demonstrate a linkage to country and U.S. policy considerations. This program breakout is shown in "Part 2 – Security Assistance (IMET & FMS) Training Program Appendices" of the annual Combined Education and Training Program Plan (Figure C10.F1.).

Figure C10.F1. Combined Education and Training Program Plan

<div style="border: 3px double black; padding: 5px; margin: 0 auto; width: 80%;"> <p style="margin: 0;">COMBINED EDUCATION & TRAINING PROGRAM PLAN</p> <p style="margin: 0;">(Must Be Unclassified Document)</p> </div> <p style="text-align: center; margin: 10px 0;">(Country)</p> <p style="text-align: center; margin: 0 0 10px 0;">UPDATED (Date)</p> <p style="text-align: center; margin: 0;">PART ONE - GENERAL INFORMATION</p> <p>1. COUNTRY BACKGROUND. Use Country Team resources to provide pithy statements that affect the combined education and training relationship with the United States addressing the following:</p> <ul style="list-style-type: none"> a. Government (Type/Branches/Legal System) b. People (Population/ Ethnic Groups/Religion/Gross National Income) c. Military (Branches/Military Expenditures in U.S. Dollars/Military Expenditures as a Percent of Gross Domestic Product) d. Issues (Transnational/Economic/Environmental/Health) <p>2. COMBINED EDUCATION AND TRAINING PROGRAM OBJECTIVES</p> <ul style="list-style-type: none"> a. Specific U.S. Program Objectives. U.S. training program objectives should support objectives articulated in the Mission Performance Plan (MPP), Theater Security Cooperation Plan (TSCP) and in the DoD Security Cooperation Guidance (SCG). While the TSCP provides a seven-year focus and the SCG is limited to five years, training objectives should be near-term (two years) and be unclassified. b. Host Country Objectives c. Significant Accomplishments Toward Meeting These Objectives. Provide tangible examples of how individuals applied Security Assistance training to achieve program objectives. d. Future Objectives and Program Requirements. This paragraph should address U.S. and host country out-year objectives with regards to Security Assistance training program requirements. Data (e.g., IMET, FMF, FMS) must closely match the inputs developed by the U.S. Country Team for the MPP and data found in the TSCP. <p>3. PROGRAM PLANNING AND IMPLEMENTATION</p> <ul style="list-style-type: none"> a. Program Development. This should include a brief description of the training planning process, highlighting host country and SCO roles, problems (if any), and plans for improvement. The objective is to demonstrate an orderly process in the shaping of a training program that is in the U.S. interest and supportive of MPP, TSCP and SCG. b. Explanation of Host Country Capabilities and Third Country-Provided Training. What are they and how do they affect/complement this Security Assistance training program? c. Evaluation of Prior Year Program Successes and/or Failures. How do they affect current program planning? This evaluation should address four specific areas shown below. <ul style="list-style-type: none"> 1) How effectively does the host country employ the skills and training of returning Security Assistance training graduates?
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Figure C10.F1. Combined Education and Training Program Plan (continued)

<p>2) How has training under the combined education and training program enhanced the professionalism or improved the capabilities of the host country?</p> <p>3) How has the combined education and training program, particularly the Expanded IMET program, contributed to effective defense resource management, concepts of civilian control of the military, and respect for internationally recognized human rights?</p> <p>4) Give anecdotal examples of how the combined education and training program has furthered U.S. access, interests, or objectives during the past year. Do not carry forward examples from last year. These examples are often quoted in support of Security Assistance training. Effort expended throughout the year to capture anecdotal examples is offset by the value of such examples to promote combined education and training program effectiveness.</p> <p>d. Brief explanation of what is being done to build on successes and correct/improve upon failures.</p> <p>4. UNIQUE U.S. SERVICE SPECIFIC TRAINING REQUIREMENTS</p> <p>Information that specifically elaborates on Service training programs not available in STLs, or elaborates on high-visibility training requirements, or supports major equipment acquisitions.</p> <p>d. U.S. Army</p> <p>e. U.S. Navy</p> <p>f. U.S Marine Corps</p> <p>g. U.S. Coast Guard</p> <p>h. U.S. Air Force</p> <p>SCO POINT OF CONTACT:</p> <p>COUNTRY TEAM REVIEW BY:</p>
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Figure C10.F1. Combined Education and Training Program Plan (continued)

PART TWO – SECURITY ASSISTANCE (IMET & FMS) TRAINING PROGRAM APPENDICES**APPENDIX A: PROGRAM ADMINISTRATION**

This is an update of annually recurring administrative requirements and precludes submitting this information at different times throughout the year.

1. **Budget Year (insert fiscal year) Holidays for International Students (two in addition to U.S. holidays).** Two holidays students should receive while in CONUS training, in addition to U.S. holidays. The two-holiday limit will be strictly adhered to. Current year holidays will not be automatically carried over; therefore, failure to specify holidays can cause students to lose these additional days. Report occasion and date of holiday.
2. **IMET Travel and Living Allowance (TLA) Factors for the Budget Year (insert fiscal year).** IMET cost-sharing factors. Provide the following TLA information for all services.
 - a. Transportation agreement with country (select one):
 - USG pays all transportation
 - Country pays all transportation
 - Country pays round trip to specific CONUS city; USG pays remainder (Specify city)
 - Country pays round trip to port-of-entry and from port-of-debarkation; USG pays CONUS transportation
 - Country pays round trip to first training site and from last training site; USG pays between training sites
 - Other (Explain)
 - b. Living allowance agreement with country (select one):
 - USG pays all living allowance
 - Country pays all living allowance
 - Other (Explain)
 - c. Number of travel days required to reach U.S. port-of-entry
 - d. Port-of-departure/entry to/from country and servicing airport
 - e. Normal U.S. port-of-entry
 - f. Special factors (e.g., Rest Over Night (RON) with location)
 - g. Average cost of airfare (round trip ticket) per student for current year (insert fiscal year)
 - h. Average cost of excess baggage per student for current year (insert fiscal year)
 - i. Are dependents allowed to accompany students to schools where they are encouraged to accompany the student by DoD?
3. **Student Vetting Process.** A two to three sentence explanation of the vetting process used by the country team vetting process for candidates scheduled to attend CONUS training and to screen individuals/units scheduled to attend in-country training (MTTs and METs).
4. **Medical Screening & Coverage for Dependent Medical Care.** A short explanation of the medical screening process for students and dependents, and the financial arrangements for dependent medical care for dependents who accompany or join the student during CONUS training.

Figure C10.F1. Combined Education and Training Program Plan (continued)

PART TWO – SECURITY ASSISTANCE (IMET & FMS) TRAINING PROGRAM APPENDICES**APPENDIX B: ENGLISH LANGUAGE TRAINING**

1. In-Country English training Program Overview. Provide a brief explanation of the country's English language program. Program information should include:
 - a. Status of existing language labs, including plans to upgrade those labs and plans to acquire additional labs. SCOs should provide the current message address, mailing address, SCO phone number, SCO fax number, and "ship to" address for language labs, books and publications. All Level III IMET funded labs require a waiver.
 - b. Plans to acquire English language software.
 - c. English language instructor training requirements.
 - d. Unique or special problems for students who train at DLIELC.

2. **English Language Testing and Training Waivers.** If current status requires a change, provide your recommendation and justification for the country's proper English language waiver category, (e.g., waived from all testing, waived from in-country testing, waived from the 55 minimum ECL to train at DLIELC).

3. **Country Shipping Information For English Language Labs and Materials.**
 - a. Point of Contact in SCO; name; phone number, fax number, and email address.
 - b. Exact "Shipping Address" for labs and materials (not a mailing address). For example:

SHIP TO: Embassy of the United States of America
 1234 South Downtown Blvd
 Lome, Togo

MARK FOR: Political Officer, American Embassy Lome, Togo

Figure C10.F1. Combined Education and Training Program Plan (continued)

PART TWO – SECURITY ASSISTANCE (IMET & FMS) TRAINING PROGRAM APPENDICES

APPENDIX C: SENIOR AND MID-LEVEL PME SUMMARY

a. Mid-Level and Senior Level PME Requirements. Show firm mid and senior level invitational PME requirements for the Budget Year (upcoming fiscal year) and estimated requirements for the Planning Year (two fiscal years ahead and one additional year). For example, the Budget year in FY00 would be FY01, and the Planning Year would be FY02. The additional planning year would be FY03. Projections beyond the Budget Year should agree with the TSCP. Include exchange agreement quotas. Indicate negative requirements.

SCHOOL	Budget Year	Planning Year	Next Planning Year
National Defense University (Indicate NWC or ICAF below)	////////// ////////	////////// ///////	////////// ////////
National War College (NWC)			
Industrial College of the Armed Forces (ICAF)			
Army War College			
Naval Command College			
Air War College			
Army Command & General Staff College			
Naval Staff College 5 ½ month course			
Naval Staff College 10 month course			
Air Command & Staff College			
Marine Corps Command & Staff College			
Sergeants Major Academy			
Marine Corps Expeditionary Warfare Course			

b. **Justification:** Provide a five to six sentence justification to help the Combatant Command and applicable service component develop a priority list for PME quotas for the Budget Year. Requests for NDU must specify either the National War College (NWC) or Industrial College of the Armed Forces (ICAF) option, and civilian or military option.

c. **PME Exchanges:** State which, if any, of the above requirements will be handled as “PME Exchanges.” If none then simply state: “NA.”

Figure C10.F1. Combined Education and Training Program Plan (continued)

PART TWO – SECURITY ASSISTANCE (IMET & FMS) TRAINING PROGRAM APPENDICES**APPENDIX D: POSITIONS OF PROMINENCE**

Positions of Prominence data is updated annually in accordance with Chapter 10 of the SAMM. Emphasis should be placed on U.S. Country Team identification of host country positions of prominence and subsequent reporting of those current incumbents having received Security Assistance training. Less effort should be expended on reporting on the status of former incumbents of positions of prominence that received Security Assistance training. Data should be formatted in the following order:

- 1) Country
- 2) Name (last, first, middle initial)
- 3) Grade
- 4) U.S. equivalent grade
- 5) Prominent positions held (to include all previous positions of prominence)
- 6) Current position
- 7) Academic degree (if appropriate)
- 8) Specific training completed (course, place of training, rank, year(s) attended, and source of funding)
- 9) How the position was obtained (election, appointment, or other)

POSITIONS OF PROMINENCE FORMAT

No	Country	Name	Grade/ Rank	U.S. Equivalent Grade/ Rank	Prominent Positions Held	Current Position	Academic Degree	U.S. Training	How Obtained
1	Bandaria	Jones, Joe	Brig Gen	Brig Gen	Defense Attaché	Commander, Infantry Brigade	Masters in Public Admin.	Army CGSC, Ft Leavenworth, KS, 1985-86	Appointed
2	Bandaria	Abdullah, Mohamed	Foreign Minister	Foreign Minister	Assistant Secretary of Justice	Foreign Minister	Law Degree	Military Justice Seminar, Washington, DC, 1992	Appointed
3	Bandaria	Smith, Peter	Civilian	Civilian	Secretary of Commerce	President, National Bank	Masters in Business & Finance	Resource Management, Monterey, CA, 1994	Appointed

Figure C10.F1. Combined Education and Training Program Plan (continued)

PART TWO – SECURITY ASSISTANCE (IMET & FMS) TRAINING PROGRAM APPENDICES

APPENDIX E: IMET POLICY WAIVERS

All IMET-funded policy waivers requiring approval by the Combatant Command and concurrence/approval by DSCA must be included in this plan. The format for requesting a policy waiver is shown below. Adjudication of waiver requests will take place during the TPMR.

IMET WAIVER REQUEST FORMAT

MEMORANDUM FOR DEFENSE SECURITY COOPERATION AGENCY [Insert Regional Directorate]

SUBJECT: Request for IMET Training Waiver

THROUGH: [Insert Combatant Command]

In accordance with Chapter 10, DoD 5105.38-M, request approval for the use of IMET funds for the following training:

Country: _____ MILDEP Program: _____

Type of Waiver: [Insert the specific waiver being requested; such as, Mobile Training Team, High Cost Flight Training, etc.]

Requested Training: [Insert a precise description of the training; such as, a mobile training team to instruct on requisition preparation and receipt, storage, and issue of supplies; 2 weeks duration; one enlisted member, grade E-7 or E-8.]

Title of Course: _____

MASL ID: _____

Quantity: _____

Program Year: _____

Unit Cost: _____

Duration: _____

WCN: _____

TLA: _____

Avail Qtr: _____

Priority Code: _____

Other Costs*: _____

Total Cost: _____

*Other authorized costs associated with MTTs. [Insert details and justification of the costs.]

Justification: [Insert a detailed justification, to show why IMET funds must be used. Justification should answer the following questions --]

1. Requirements: [Why is training needed? What capability does it develop? What is the urgency in providing this training?]
2. Objective: [What IMET objective(s) does this training achieve (see Combined Education and Training Program Plan)? What alternatives to this training have been examined to include cost and availability?]
3. Capability: [Does this training capability exist in country? If not, what steps are being taken to develop this capability?]
4. Quantity: [Total number of personnel requiring training in this field? How many have been trained? Considering attrition factor, how long does it take to meet host country objectives?]
5. Impact: [What is the impact if training is not approved?]
6. Funding Rationale: [Rationale for IMET funding? Why should FMS funds not be used? Why should any allocated FMF funds not be used?]
7. Political/Military: [What political or military significance, if any, is attached to this training?]
8. Benefits to the United States: [What benefits, tangible or intangible, are accrued to the United States by providing this training?]

SCO Chief's Approval: _____

Date: _____

Combatant Command Approval: _____

Date: _____

DSCA Approval: _____

Date: _____

Figure C10.F1. Combined Education and Training Program Plan (continued)

PART TWO – SECURITY ASSISTANCE (IMET & FMS) TRAINING PROGRAM APPENDICES**APPENDIX F: DISTINGUISHED VISITOR ORIENTATION TOUR (DVOT) & REGULAR ORIENTATION TOUR (OT) REQUESTS**

All DVOT and regular OT are implemented by the National Defense University (NDU). OTs are not “Off the Shelf” products; they are tailored to specific country needs and require close attention by the SCO, to ensure the NDU plans and implements a tour that meets the objectives. This is the format to provide NDU with the basic information it needs to plan the DVOT/OT.

DISTINGUISHED VISITOR ORIENTATION TOUR (DVOT) & ORIENTATION TOUR (OT) WORKSHEET FORMAT

- a. COUNTRY:
- b. FY:
- c. WCN:
- d. Type of Tour: (State IMET or FMS, regular OT or DVOT tour, and area(s) of interest to be covered by the tour; for example, operations, maintenance, engineering, education, flight training, technical, staff, command, professional, etc.)
- e. Objectives: (State in specific terms, the objectives to be achieved as a result of the tour. Be specific to the point that commanders, civilian employees, briefing and training installation personnel, and other MILDEP personnel not normally associated with Security Assistance activities can assist in the achievement of tour objectives.)
- f. Proposed Starting Date:
- g. Alternate Starting Date:
- h. Tour Itinerary: (Suggest an itinerary in terms of visits to specific DoD units or training installations. Itinerary suggestions should include recommended number of days at each location, not to exceed two working days per location.)
- i. Level. (For each itinerary location provide the level at which tour personnel should be oriented in terms of flight, squadron, group battalion, division, major command, or similar identification.)
- j. Scope. (Provide an indication as to how much detail should be given to participants. Information in this portion of the format must correlate with the objectives, length of stay at each location, and level of tour. If it is desired that participants be familiarized with specific DoD procedures and techniques on an observer basis, type of detail should be included under this heading.)

NOTE: Provide information requested in paragraph k. thru m. below, as available.

- k. Names of Participants: (Name, rank (U.S. equivalent), and date/place of birth of each participant. Underline surname of each person.)
- l. Assignment: (Provide a brief synopsis of current or planned assignment, if applicable to the purpose of the tour, of each individual. Compare it to similar positions in the U.S. military.)
- m. Individual characteristics: (Enter the customs of dress, language, religion, eating and drinking habits, and general demeanor of each participant.)
- n. English capability: (Indicate ECL for each individual.)
- o. Field Studies Program Projects (formerly Informational Program (IP) Projects): (Describe any particular aspects of the Field Studies Program to be accomplished, listed in order of preference.)
- p. Publicity: (To preclude embarrassment for the USG, the MILDEP, or the country concerned, include a brief statement regarding publicity which could be useful to achieve the tour objective.)

Figure C10.F1. Combined Education and Training Program Plan (continued)

PART TWO – SECURITY ASSISTANCE (IMET & FMS) TRAINING PROGRAM APPENDICES**APPENDIX G: SECURITY ASSISTANCE TRAINING TEAM (MTT, ETSS, etc.) REQUESTS**

Since most Security Assistance teams are Mobile Training Teams (MTTs) this format refers to MTTs. The format is the same for any exportable, in-country team request. MTTs are tailored, in-country training teams, designed to achieve a specific training objective identified by the SCO and the host country. This format shows the basic information U.S. MILDEPs need to help plan a Mobile Training Team (MTT).

MOBILE TRAINING TEAMS (MTT) CALL UP FORMAT

- a. MTT identification. (See paragraph 13-11, JSAT).
- b. Team composition. (Indicate by quantity, rank, MOS/specialty code, and title of each team member.)
- c. Security Clearance. (Indicate type of security clearance required for the mission.)
- d. Duration. (Indicate the duration of the mission in weeks.)
- e. Team restrictions. (Reflect any required limitations or exclusions on the type of personnel, uniforms equipment, or methods of instruction.)
- f. Mission. (Provide, in detail, the scope of instruction the team is to conduct.)
- g. Training goal. (Include a statement of the results the effort is expected to achieve.)
- h. Personnel to be trained. (Indicate the technical qualifications of foreign military trainees, to include educational level, and number of students, by officers, enlisted personnel, and civilians.)
- i. Summary of host country capabilities.
- j. Equipment on which training is to be conducted and availability. (The equipment list must be detailed enough for the furnishing agency to identify it by make, model or type.)
- k. Availability of tools and ancillary equipment. (List tools required for the mission.)
- l. Availability of training aids. (List training aids required for the mission.)
- m. Interpreter support.
- n. Training locations. (If there is more than one training location, indicate distance between locations, time requirements for travel to be performed, and modes of anticipated transportation.)
- o. Desired in-country arrival date. (Indicate the desired arrival date in the foreign country.)
- p. Type quarters available. (Indicate whether the foreign government provides quarters.)
- q. Uniform and clothing. (Describe requirements for both on- and off-duty uniforms and civilian clothing.)
- r. In-country transportation. (Indicate the means of in-country transportation to be provided to and from quarters, training locations, and dining facilities. Specify rental car authorization, if any)
- s. Facilities. (Indicate the availability of medical, dental, shopping, and laundry facilities.)
- t. Confirmation of country team approval.
- u. Additional Information.
 - Identify any important data requiring more emphasis or information useful in selecting and preparing the team.
 - Include, if applicable, information on sensitive areas, subjects to avoid, taboos, and personalities involved.
 - Indicate which type passport is required (diplomatic, official, or tourist) and if a visa is required.
- v. SCO point of contact. (Indicate the name, grade, DSN and commercial telephone numbers, email address, message address, and mailing addresses for the SCO.)

Figure C10.F1. Combined Education and Training Program Plan (continued)

PART THREE – OTHER TRAINING PROGRAM APPENDICES

Below is a list of “Other Training Programs” extracted from the SAMM Chapter 10, section C10.7. SCOs should report on these programs as directed by the parent Combatant Command.

For each program provide a succinct statement (three to five sentences) that describes the overall scope of country participation in the program, objectives for this participation, and pertinent information that will facilitate country and training agency program planning and implementation.

Combatant Commands should modify this list to meet their needs. If any of the below programs are not being used or planned in the host country indicate: Not Applicable - NA

- A. CounterTerrorism Fellowship Program (CTFP)
- B. African Contingency Operations Training and Assistance (ACOTA)
- C. Aviation Leadership Program (ALP)
- D. Bilateral or Regional Cooperation Programs
- E. Combatant Command Initiative Funds
- F. Disaster Response (Humanitarian Assistance (HA))
- G. Drawdowns of Training
- H. Enhanced International Peacekeeping Capabilities (EIPC)
- I. Exchanges
- J. International Narcotics Control and Law Enforcement (INCLE)
- K. Joint Combined Exchange Training (JCET)
- L. Mine Action
 - Regional Centers for Security Studies
 - CENTCOM: Near East South Asia Center for Strategic Studies (NESA) & Africa Center for Strategic Studies (ACSS)
 - EUCOM: George C. Marshall Center for Strategic Studies & Africa Center for Strategic Studies (ACSS)
 - PACOM: Asia-Pacific Center for Security Studies (APCSS)
 - SOUTHCOM: Center for Hemispheric Defense Studies (CHDS)
- M. Section 1004 - Counter-Drug Training Support (CDTS)
- N. Service Academy Programs
- O. U.S. Coast Guard Academy Foreign Cadet Program
- P. U.S. Coast Guard Caribbean Support Tender (CST)
- Q. President's Emergency Plan For Aids Relief (PEPFAR)

Figure C10.F1. Combined Education and Training Program Plan (continued)

SAMPLE APPENDIX

PART THREE – OTHER TRAINING PROGRAM APPENDICES

APPENDIX A. COUNTERTERRORISM FELLOWSHIP PROGRAM (CTFP)

1. Provide a brief description of specific country needs for counterterrorism training and the country team program objectives for the CTFP. How does the country support the U.S. war on terrorism?
2. Describe the terrorist threat to the country and/or region, the country's willingness to participate in combined counterterrorism efforts, ability to leverage other existing or planned Defense security cooperation programs, and country needs and requirements (i.e., how does country environment fit SECDEF's criteria for this program?)
3. What are the primary in-country organizations responsible for the country's counterterrorism effort (describe all that apply; military, police, interior, border guards, etc)? Which of these organizations has primary responsibility for the country's counterterrorism effort?
4. What are the country agencies/groups that are being proposed for CTFP participation? If funding guidance has not been provided what is the country team recommended funding level to support proposed training activities?
5. What third country counterterrorism support is being provided to the host country? How would these programs complement CTFP or vice versa?
6. What training that is currently not available or advertised does the country need?
7. Is the country team and host country willing to support in-country training on a regional basis (similar to IMET-sponsored regional Mobile Education Teams)? What in-country training will be requested in this plan?
8. These are the primary CONUS school courses available under the CTFP. Which ones and how many quotas does the country need?

School	Budget Year	Planning Year
National Defense University School for National Security Executive Education		
CCMR Civil-Military Responses to Terrorism		
NPGS Special Operations Defense Analysis Masters Degree		
Others (as the SCO believes necessary)		
Others (as the SCO believes necessary)		

Provide a brief (4-5 sentence) justification for the training being requested (Be specific. Do not use generic 'boiler plate').

9. The CTFP STL dated (insert date here) supports this plan. Is there any desired training that is not shown on the CTFP STL? If not, why not? Provide a short justification for any desired training NOT on the CTFP STL.

Table C10.T5. Training Analysis Codes and Worksheet Control Numbers (WCN)

Training Category	Training Analysis Code and Description	WCN
Professional Military Education	AA – PME Senior Level AB – PME Mid Level AC – PME Basic Level AD – NCO Senior Level AE – NCO Mid Level AF – NCO Basic Level	1000-1999
Officer Management Related Training	BA – Defense Management BB – Intelligence/Electronic Warfare BC – Police/Security BD – Communications-Electronics Management BE – Logistics Management BF – Engineering Management BG – Personnel/Manpower/Analysis BH – Administration BI – Maintenance Management BK – Finance/Accounting BL – Other Management	2000-2999
Officer Postgraduate and Degree Related Training	CA - Postgraduate/Degree	3000-3999
Undergraduate Pilot Training (UPT) and Other Flight Training	DA – UPT/Flight High Cost	4000-4999
	DB – Other Flight	5000-5999
Technical Operations, Maintenance, Medical and Enlisted Training	EA – Aviation Non-Flight EB – Aviation Maintenance EC – Technical/Maintenance ED – Operations EE – Missile EF – Communications-Electronics EG – Computer/ADP-Enlisted EI – Police/Security-Enlisted EJ – Administration-Enlisted EK – Mgt Related-Enlisted EL – Instructor EM – Medical EN – Damage Control EO – Contractor EP – English Language Prerequisite EQ – English Language Administration ER – Other Language Training (non-English) ES – Country Liaison/Exchange ET – Interpreters CONUS EU – Other non-Management/Enlisted EV – Unidentified CONUS Training	6000-6999
Orientation Tours	FA – Orientation Tour-Distinguished Visitor FB – Orientation Tour-Non Distinguished Visitor FC – Orientation Tour-Other	
OCONUS Training	GA – PME HA – Management IA – Flight IB – Technical/Maintenance IC – Operations ID – Medical	GA/HA/IA-IF = 9000-9999

Training Category	Training Analysis Code and Description	WCN
	IE – Correspondence Course IF – Orientation Tours JA – Other JB – Unidentified OCONUS	
Mobile Training Teams and Field Training Services	KA – MTT-PME KB – MTT-Management/General KC – MTT-Intelligence/Electronic Warfare KD – MTT – Medical KE – MTT-Police/Security KF – MTT-Communications-Electronic Management BT KG – MTT-Logistics Management KH – MTT-Engineering KI – MTT-Personnel/Manpower/Analysis KJ – MTT-Administration KK – MTT-Maintenance Management KL – MTT-English Language KM – MTT-Instructor/MOI KN – MTT-Aviation KO – MTT-Combat Operations KP – MTT-Non-Combat Operations KQ – MTT-Maintenance/Repair KR – MTT-Missile KS – MTT-Communications-Electronics KT – MTT-Ship Transfer/Training KU – MTT-Other KV – MTT-Survey KW – MTT-Excess Baggage KX – MTT-Training Aids KY – MTT-Language Laboratory Installation KZ – MTT-Supply Technician K1 – MTT-Weapons/Munitions/Arms K9 – MTT-Miscellaneous/Unidentified LA – FTS-Aircraft Engine/Airframe LB – FTS-Communications-Electronics LC – FTS-Radar Systems LD – FTS-Armament LE – FTS-Maintenance LF – FTS-Training Aids/Devices LG – FTS-English Language LH – FTS-Missile LI – FTS-Other LZ – FTS-Miscellaneous/Unidentified	
Support	MA – Training Exercises MB – Escort Officer MC – Supplies/Materiels MD – Facilities/Rehabilitation ME – Services MF – Medical Costs-CONUS MG – Medical Costs-Overseas MH – Instructor Material MI – Other NA – Extraordinary Expenses NB – Training U.S. MAP Personnel NC – Training Support SCO/Command	

Training Category	Training Analysis Code and Description	WCN
	ND – Training Support DoS OA – English Language Labs OB – English Language Labs Spares OC – English Language Labs Support Equipment OD – English Language Labs Books/Tapes/Publications OE – English Language Labs Packaging, Crating, Handling and Transportation (PCH&T) OF – Other Training Aids OG – Army Books/Tapes/Publications OH – Navy Books/Tapes/Publications OI – Air Force Books/Tapes/Publications OJ – USA PCH&T OK – USN PCH&T OL – USAF PCH&T	

C10.4.1.3. Cross-Service Training, Sequence, or Prerequisite Training. A course of instruction may be preceded by prerequisite courses and/or followed by additional courses without the student returning to his or her home country between courses. When a student from one foreign military service is selected for training exclusively within schools of another U.S. military service, such training is requested in the program of, and administered by, the MILDEP providing the training. When a student is selected for training involving courses of more than one DoD Component, the Implementing Agency is the DoD Component providing the majority of the training. When determining the Implementing Agency, use the number of weeks of training vice the number of courses (ELT excluded).

C10.4.2. Training Program Management Reviews (TPMRs). Each Combatant Command hosts an annual TPMR to address training requirements for assigned countries within its area of responsibility.

C10.4.2.1. Agenda. The TPMR reviews and coordinates the Combined Education and Training Program Plan, finalizes the budget year training program for each country, discusses training policy, program, and planning issues, provides specialized instruction for SCOs as needed, and reviews international training programs other than FMS and IMET (e.g., Regional Defense Counter-Terrorism Fellowship Training). The agenda includes a plenary session with presentations by the Combatant Command, selected SCOs, MILDEPs, DSCA, and DoS as appropriate. The TPMR focuses on planning and policy issues and the review of SCO requests for exceptions to policy, PME, and E-IMET requirements. The agenda also includes a programmatic session consisting principally of MILDEP panels performing a detailed review of country training program data. In addition, Combatant Commands use the TPMR as a forum to obtain IMET end-of-year review input from the SCOs. The Combatant Command coordinates the agenda with DSCA and the MILDEPs at least 60 days prior to the TPMR.

C10.4.2.2. TPMR Attendance. SCO attendance is normally limited to one representative per country. Foreign service national attendance is authorized when the Combatant Command determines that attendance is critical to the presentation and review of the program. MILDEP headquarters personnel responsible for MILDEP-unique training policy and field-level personnel who work management and execution of these programs are encouraged to attend.

C10.4.3. Training Request Submission. SCOs submit initial budget year requirements in accordance with the Military Assistance Budget Process outlined in Chapter 1, subparagraph C1.3.4.1. Final current year program changes to IMET program requirements must be submitted by SCOs to Implementing Agencies in proper program change format no later than July 5th and be forwarded by Implementing Agencies to arrive in DSCA not later than July 15th in order to be considered during the end-of-year closeout of that program on September 30th. SCO program changes must arrive at the appropriate Implementing Agencies no later than Monday of the week before July 15th. Only changes justified as an urgent requirement are considered after the July 15th cutoff date. These must be approved by DSCA prior to submission and approval is contingent upon sufficient time remaining to process the change and obligate funds by the end of the fiscal year.

C10.5. TRAINING UNDER THE FOREIGN MILITARY SALES (FMS) PROGRAM

Foreign Governments may purchase training under the FMS program using their own national funds or FMF monies. Training sales are in conjunction with sales of major equipment, in support of annual FMS training requirements, or to support follow-on equipment sales.

C10.5.1. FMS Training Case Process. An LOA is used to provide training to foreign purchasers under the FMS program. See Chapters 5 and 6 for detailed information on preparing and managing FMS cases. A separate training case may be used if the purchaser prefers, or a separate line(s) may be included on a larger program case. Blanket order training cases are used for annual and follow-on FMS training requirements.

C10.5.2. Pricing for FMS Training. DoD 7000.14-R (reference (o)), Volume 15, Chapter 7 provides detailed information on pricing training provided under the FMS program. Pricing depends on whether a country is using its own national funds or FMF funds, is a North Atlantic Treaty Organization (NATO) member, or is an IMET recipient and therefore entitled to FMS incremental pricing. Only additional costs incurred by the USG in providing training are charged to high-income countries or purchasers receiving assistance as specified in the FAA, Part II, Chapter 5 (reference (b)). All other purchasers pay the full cost of training. Reciprocal agreements cover pricing for NATO countries. For billing purposes, training is “performed” on the date that the student enters the course or, in the case of a Security Assistance team, when a team member leaves home station.

C10.5.3. What Types of Training MAY Be Purchased Using An FMS Case? Under an FMS case, purchasers may obtain any training as long as releasability and disclosure have been considered, quotas are available, and the requested training is in the U.S. interest. Purchasers can attend training in support of equipment that is in their inventory or equipment that has been ordered and/or scheduled for delivery.

C10.5.3.1. FMF-Funded Training. If the case is FMF-funded, training must be by U.S. suppliers unless an AECA, section 42(c) (reference (c)) waiver is granted. (See Chapter 9.) One specialized type of FMF funding is for Enhanced International Peacekeeping Capabilities (EIPC), see paragraph C10.7.7.

C10.5.3.2. Potentially Sensitive Training Provided Under FMS. New or first time requests for potentially sensitive or lethal training under FMS programs must be staffed through the SCO, the Combatant Command, and the MILDEP to DSCA (Operations Directorate) for coordination and approval by the Under Secretary of Defense - Policy (USD(P)) and the DoS.

C10.5.3.3. Contractor-Provided Training Under FMS. Training conducted by contractors, either at DoD-contracted or Government facilities, shall be conducted under the same procedures and regulations (e.g. ITO, vetting of students, etc.) outlined for Government-provided training.

C10.5.4. Who Can Be Trained Under An FMS Case?

C10.5.4.1. Military. Military from the host country's defense establishment may receive FMS training.

C10.5.4.2. Civilians. International civilian personnel may receive FMS training if they are MOD employees of eligible purchasers. This includes employees under contract to the MOD in support of an FMS program if approved by the Department of State, which may require a third party transfer approval as a prerequisite. If appropriate under FAA, section 607(a) (reference (b)) international civilians who are not MOD employees of eligible FMS countries, or who are employees of eligible non-military international organizations (e.g., the United Nations) may receive training (see Chapter 11, section C11.6.). Civilians must meet the course requirements, including security clearances. Civilians are generally afforded the same protocol status as their equivalent military counterparts, as stated in the ITO.

C10.5.5. Where Can FMS Case Students Be Trained? Students may be trained at DoD schools, contractor facilities (CONUS or OCONUS), or civilian institutions on an exception basis. Training at civilian institutions should be on a Direct Commercial Sale (DCS) basis between the civilian institution and the purchasing country vice through the FMS process. Requests for exceptions to this policy should be addressed to DSCA (Programs Directorate). International military personnel receiving training negotiated directly between the purchasing country and a contractor (DCS) may not use U.S. military facilities to support the training.

C10.5.6. Travel and Living Allowance (TLA), Medical Care Requirements, and Other Student Support Costs for FMS Case Students. The purchaser is responsible for all student support costs while they are in training. Student support costs for FMS case students include transportation and travel costs, and living allowances (e.g., meals, lodging, custodial fees for quarters, medical care, etc.). The purchaser shall ensure that students receive sufficient allowances (30 days) for advanced start up housing cost and personal expenses in the CONUS. MILDEP field activity web sites provide information on the amount of TLA required. SCOs should know the status of living allowance provisions for their host country's students. Leased housing and rental vehicle costs may not be included on an FMS case.

C10.5.6.1. TLA on FMS Cases. The LOA does not include TLA unless approved in writing by DSCA (Operations Directorate) in coordination with DSCA (Programs Directorate) prior to LOA development. If TLA costs are included on the LOA and the case is financed with FMF, U.S. carriers must be used. MILDEPS are authorized to charge an appropriate management fee to administer payment of TLA to international students under FMS cases. The LOA as well as the ITO should also indicate that the TLA paid to the student is limited to the authorized living allowance rates on Table C10.T3. The ITO may authorize the student to travel by U.S. military aircraft and reimburse the USG by direct bill at the non-Government rate.

C10.5.6.2. Medical Care for FMS Case Students. An FMS case may include funds to cover medical care at DoD and commercial health care facilities for FMS students training under the case. Medical care for authorized accompanying dependents may also be included in the FMS case if specifically requested by the purchaser. An FMS case should not be used for the sole purpose of obtaining medical care for international students or their dependents unless approved in writing by DSCA (Operations, Programs, and Strategy Directorates) prior to LOA development.

C10.5.6.2.1. Each FMS student attending CONUS training (to include accompanying dependents authorized on the student's ITO) must have health care coverage explicitly stated on the ITO. That coverage will be either the FMS case, country pays, reciprocal healthcare agreement, or medical insurance. When covered by medical insurance, the ITO must be annotated with the name, address, and telephone number of the insurance company and the effective dates.

C10.5.6.2.2. Students and bona fide dependents from NATO countries and/or personnel traveling on ITOs authorized by the Implementing Agency, are eligible for medical and dental care in DoD medical/dental facilities, on the same basis and priority as U.S. military personnel and their dependents. Out-patient care will be provided at no cost. In-patient care must be reimbursed at rates established by the Department of Defense. If the training installation does not have a DoD medical facility, care received from civilian healthcare providers must be paid by the FMS case, country, or medical insurance. Dependents are covered by TRICARE Standard for out-patient care provided by civilian healthcare providers. The FMS student will pay the deductible and co-payment required by TRICARE Standard.

C10.5.6.2.3. Charges for medical care in DoD medical facilities do not apply if the international student and/or authorized dependents are covered by a reciprocal healthcare agreement between the United States and the student's country. When such an agreement exists, the SCO checks item 16b(3) in the ITO and adds the following statement in item 13: "Medical care in DoD facilities is provided under [reference the agreement, date, etc]. Reimbursement for services provided is not required." Note that the agreements vary and may not cover certain categories (e.g., FMS students, civilian students, or dependents) and are applicable only for medical and dental care in DoD medical and dental facilities; therefore, if a training installation does not have a DoD medical facility, the terms of the agreement do not apply and medical care received from civilian healthcare facilities must be paid for by the country, FMS case (if medical care is covered under the FMS case), or medical insurance.

C10.5.6.2.4. FMS students and dependents from countries not covered by NATO/Partnership for Peace (PfP) Status of Forces Agreement (SOFA) or a reciprocal healthcare agreement with the United States are provided medical care and emergency dental care on a space-available, reimbursable basis in DoD medical/dental facilities at rates established by the Department of Defense.

C10.5.6.3. Baggage Limitations. A baggage limitation is not established for students receiving training under an FMS case as student travel is usually funded outside the FMS case. If country has requested and DSCA has approved student travel under the LOA, student baggage allowances are limited to the baggage authorizations for IMET-sponsored students. (See paragraph C10.6.10.)

C10.5.6.4. Support for Direct Contractor-Provided Training. Administrative support for direct contractor training is NOT provided through an FMS case. Room, board, medical care, and related support arrangements for students undergoing commercial contractor training must be arranged between the contractor and the purchaser.

C10.5.7. Privileges for FMS Case Students. International students and authorized dependents on ITOs are extended commissary, exchange, and similar privileges ordinarily available to U.S. military personnel of similar rank when approved by the Implementing Agency. Equivalent rank assigned in the ITO must be based on the U.S. grade structure rather than rank title of the foreign country. Privileges extended to FMS students are not extended to students under DCS-provided training.

C10.6. INTERNATIONAL MILITARY EDUCATION AND TRAINING (IMET) PROGRAM

The United States may provide IMET funds to foreign Governments to train and professionalize their militaries. The DoS has overall responsibility for the IMET program. Congress appropriates IMET funds each year and country allocations are documented in the Congressional Budget Justification (CBJ) Foreign Operations. Based on Congressional guidance and DoS approved country allocations, DSCA (Business Operations and Programs Directorates) manages and issues the IMET funds to the MILDEPs who disperse the funds to individual countries and/or courses.

C10.6.1. IMET-Sponsored Training Process. DSCA (Programs Directorate) authorizes IMET program implementation and the movement of students to training facilities and activities. Authority is required prior to issuing ITOs or obligating funds for programmed training. (LOAs are not used to document IMET program training.)

C10.6.1.1. Defining Requirements- Training Requests. Combatant Commanders include foreign country recommendations for U.S.-conducted training in the Theater Security Cooperation Plan (TSCP) provided to the Chairman, Joint Chiefs of Staff. U.S. Embassies provide like requirements to the DoS through the Mission Performance Plan (MPP). The requirements in the MPP and the TSCP should be consistent. Each Combatant Command programs anticipated IMET requirements for the budget year (next fiscal year) at the TPMR. See paragraph C10.4.2. for information on TPMRs. DSCA, MILDEPs, and the SCOs review proposed recommendations to ensure appropriateness of IMET funding. DSCA approves the resulting country budget year IMET training programs with the concurrence of the DoS (PM).

C10.6.1.2. Allocation Process. The DoS reviews the MPP requests with DoD-recommended IMET levels (coordinated through DSCA) as submitted through the FMF/IMET Budget Formulation and Submission Tool (see Chapter 1, paragraph C1.3.4.), and determines a proposed funding level for each eligible country for inclusion in the annual CBJ.

C10.6.1.3. Apportionment. Once Congress appropriates dollars in the Foreign Operations Budget (150 account), DoS (PM) and DSCA (Business Operations Directorate) request an apportionment from Office of Management and Budget (OMB) by country. As soon as OMB provides the funds, DSCA (Business Operations Directorate) initiates IMET account management and passes the funds to the Implementing Agencies. If the amounts change from those in the CBJ, the DoS is required to notify Congress.

C10.6.1.4. Execution. Funds must be obligated by the end of the fiscal year with the exception of a legislatively specified amount, which may be reallocated and reapportioned. MILDEPs coordinate with major commands to confirm student quotas and schedule report and/or start dates. Implementing Agencies fund priority code “A” training lines within the apportioned allocation level. SCOs ensure that priority codes are appropriately adjusted so that the total of all priority “A” training lines equals the allocation level. Adjustment of priorities is required if the apportionment level is different than the budget request level. If subsequent changes cause the funded program to exceed the country allocation level, the SCO should simultaneously submit deletions of funded lines sufficient to offset requested funding and/or forward programming to change the priority codes of selected funded lines to “D.” In the latter case, the MILDEP withdraws funding of those lines but retains the requirements in the program in an unfunded status.

C10.6.1.5. Out-of-Cycle IMET Reallocations. Unique circumstances may arise within a given fiscal year requiring an out-of-cycle regional IMET reallocation. Such a requirement is handled as an exception to the above process.

C10.6.1.6. End-of-Year IMET Reallocations. Table C10.T6. shows the steps in the end-of-year IMET reallocation process. All end-of-year IMET funding requirements must have a priority code of “B” in the STL and be for training with a start date between 1 Oct and 30 Dec. All “B” priority training codes are changed to “A” after they are funded.

Table C10.T6. End-of-Year IMET Reallocation Process

Date	Action
March - May	The Combatant Commands provide comments and recommendations concerning the status of individual country IMET allocation levels to DSCA (Business Operations and Programs Directorates) at the annual TPMRs. SCOs use the TPMRs to validate requirements for additional funds with the Implementing Agencies before presentation to the Combatant Commands.
June 15 th	Input is submitted by the SCOs to the Combatant Commands prioritizing each country’s requirements for end-of-year funds.

Date	Action
June 30 th	Combatant Commands submit input to DSCA (Business Operations and Programs Directorates) identifying the following: Programs that do not require a change in allocation levels Programs that cannot use all of their currently allocated IMET funds Programs that have valid training requirements above current allocated IMET levels Recommendations for revised country allocation levels. Recommendations for increases are prioritized within each Combatant Command and include a narrative identifying the type of training and number of students associated with the dollars requested and the specific WCNs.
July 15 th	Combatant Commands ensure that SCOs submit appropriate program additions or other changes reflecting priority code "B" and confirmation of quota availability. Any courses that an SCO adds to their STL after submitting requirements to their Combatant Command, must be coordinated with the Combatant Command or it cannot be considered for end-of-year funds. All courses that do not have confirmed dates are deleted by the MILDEPs in preparation for the IMET "scrub" meeting.
August	The IMET "scrub" meeting takes place. A list of all country requirements for end-of-year funds is prepared including the Combatant Command priority for each course. DSCA (Business Operations and Programs Directorates) meets with DoS (PM) to determine which countries and courses receive end-of-year funds. DoS confirms its final decision on allocations.
End of August	The 15 day Notification is sent to Congress.
September 30 th	All approved end-of-year requirements are obligated by MILDEPs.

C10.6.2. Pricing for the IMET Program. DoD 7000.14-R (reference (o)), Volume 15, Chapter 7 provides detailed information on pricing training provided under the IMET program.

C10.6.3. What Types of Training MAY Be Provided Under the IMET Program?

C10.6.3.1. IMET. IMET program training emphasizes: the proper role of the military in a civilian-led democratic Government; effective military justice systems and an understanding of internationally recognized human rights; effective defense resources management; and military professionalism. Within these areas, the objectives of IMET-funded training are to: develop rapport, understanding, and communication links; develop host country training self-sufficiency; improve host country ability to manage its defense establishment; and develop skills to operate and maintain U.S.-origin equipment.

C10.6.3.2. Expanded IMET (E-IMET). The E-IMET Program is part of the IMET Program. Under E-IMET, personnel are trained in managing and administering military establishments and budgets, in promoting civilian control of the military, and in creating and maintaining effective military justice systems and military codes of conduct, in accordance with internationally recognized human rights. E-IMET objectives include: contribute to responsible defense resource management; foster respect for and understanding of democracy and civilian rule of law, including the principle of civilian control of the military; contribute to cooperation between military and law enforcement personnel with respect to counternarcotics law enforcement efforts; and improve military justice system and promote an awareness and understanding of internationally recognized human rights.

C10.6.3.3. Mobile Training Teams (MTTs) and Extended Training Services Specialists (ETSS). The IMET program may provide training that requires U.S. personnel to travel to another country. Training services may be provided in country on a temporary duty (TDY) basis by an MTT or on a permanent change of station (PCS) basis by ETSS. To include such training under the IMET program, the Combatant Command and DSCA (Operations and Programs Directorates) must approve a waiver prior to programming or making any offer or commitment to the foreign Government (see paragraph C10.6.4.). MTT requests under IMET should clearly demonstrate that the MTT is the best training option and that IMET is the only funding option. This includes USN refresher training conducted outside the United States and its territorial waters. E-IMET funded Mobile Education Teams, including USCG Maritime Law Enforcement Teams, do not require a policy waiver. DLIELC may conduct in-country English language surveys without a policy waiver if the objective is to develop recommendations on where and how an in-country ELT program can be developed or improved.

C10.6.3.4. Postgraduate Education. IMET may be used for students to obtain a postgraduate (Master's) degree at the U.S. Naval Postgraduate School or the Air Force Institute of Technology. SCOs are authorized to program the cost of the Graduate Record Examination (GRE) when it is required.

C10.6.3.5. Orientation Tours. The IMET program may fund orientation tours if the Combatant Command and DSCA have approved a policy waiver. Orientation tours are limited to new country programs unless extraordinary circumstances exist. When requesting approval for orientation tours or visits to U.S. military installations and activities, approval of the SCO Chief must be cited. Certification of the importance of the tour to the country's training effort with supporting rationale, to include proposed itinerary and areas of interest, must also be provided.

C10.6.3.6. Short Duration Courses. The minimum duration of student training in the United States under the IMET program is 5 weeks if all or part of the overseas travel is paid by IMET. If an IMET recipient country pays 100 percent of the overseas travel to and from CONUS training, there is no minimum duration. Mandatory student in-processing and/or ELT is not considered part of the 5-week requirement. This limitation does not apply to the courses listed in Table C10.T7. Training less than 5 weeks in total duration requires DSCA (Operations and Program Directorates) and the Combatant Command policy waiver before being programmed.

Table C10.T7. Exempt Short Duration Courses

Courses/Schools	Implementing Agency
E-IMET Courses	All Services
Orientation Tours	All Services
Flag Ranked Courses	All Services
Western Hemisphere Institute for Security Cooperation (WHINSEC)	Army
Inter-American Air Forces Academy (IAAFA)	Air Force
Naval Small Craft Instruction and Technical Training School (NAVSCIATTS)	Navy
Air Force physiological and physiological refresher training	Air Force
Defense Institute for Security Assistance Management (DISAM)	DISAM
English Language Instructor courses	Air Force

Courses/Schools	Implementing Agency
Combined Strategic Intelligence Training Program	Air Force
International Intelligence Fellows Program	Air Force

C10.6.3.7. High-Cost Training. With the exception of postgraduate education, IMET funds are not used for high-cost training (defined as any training or any single course of training with a tuition cost of \$50,000 or higher). However, DSCA (Programs Directorate) and the Combatant Command may consider a policy waiver for selected high-cost training on a case-by-case basis. Training previously priced at less than the \$50,000 high-cost threshold which subsequently exceeds the threshold due to a price increase of not more than ten percent does not require a waiver to the high-cost restriction.

C10.6.3.8. Training Provided by Contractors. IMET funds are primarily intended to provide DoD training. Training by U.S. contractors can be considered when the required training is not available within DoD resources. Such training requires a waiver from DSCA (Programs and Strategy Directorates). Before the waiver is presented to DSCA, the Implementing Agency seeking the waiver should coordinate with the other Implementing Agencies and include as part of the waiver justification that training is not available through any DoD sources.

C10.6.3.9. English Language Training Aids. English language training aids and equipment may be purchased with IMET funds. Combatant Command approval is required to purchase Level III labs using IMET funds. Level IV labs do not require Combatant Command approval for IMET funding. Combatant Commands may approve use of IMET funds to purchase language labs for non-MOD agencies when labs are to be used for training of civilians to attend E-IMET programs or the non-MOD agency has a close relationship with the host-country military in the time of national emergency or natural disaster.

C10.6.3.10. Technical Training. Although technical training can be accomplished under IMET, it should be a small component of the overall program. IMET can be used for technical training necessary to support significant host-country military deficiencies, programs that promote in-country sufficiency of training instructors, and to enable foreign students to acquire skills necessary for nation building or peace support operations. Contact DSCA (Programs Directorate) for questions regarding technical training using IMET funds.

C10.6.3.11. Potentially Sensitive Training. New or first time requests for potentially sensitive or lethal training under IMET must be staffed through the SCO the Combatant Command, and the MILDEP to DSCA (Operations Directorate) for coordination and approval by USD(P) and the DoS.

C10.6.4. Requests for IMET Policy Waivers. SCOs submit policy waiver requests at the Combatant Command's TPMR. Requests include complete justification and a written statement of SCO Chief concurrence. Requests submitted outside the TPMR are addressed by the SCO to the Combatant Command with an information copy to DSCA (Programs and Operations Directorates) and appropriate Implementing Agency. DSCA and the Combatant Command jointly respond to the SCO request with information copy to appropriate Implementing Agency. The format in Figure C10.F2. is used to submit requests for waivers.

C10.6.5. What Types of Training MAY NOT Be Provided Under the IMET Program? Table C10.T8. illustrates the types of training that cannot be provided under the IMET program.

Table C10.T8. Types of Training NOT Provided Under IMET

Types of Training Not Provided Under IMET	
1	Training not related to accomplishment of the objectives of the IMET program.
2	Initial or technical training in support of FMS-purchased equipment (should be provided under an FMS case).
3	Training of non-career military personnel.
4	Training in skills normally available in-country, exclusive of PME.
5	Training already provided in a quantity which, taking into account reasonable attrition, is sufficient to meet requirements of the requesting country.
6	Training where it appears unlikely that the skills produced will be properly used by the requesting country.
7	Repetitive training in the same courses.
8	Training at U.S. civilian schools not qualifying for inclusion in accordance with FAA, section 541.
9	Sniper training.
10	ELT not in support of the in-country ELT program or in support of specific U.S. training.
11	Foreign language training.
12	Purchase of training aids other than English language equipment or materials.
13	Advanced Distributed Learning (ADL), correspondence courses, or other form of OCONUS distance/distributed learning courses or satellite/remote courses unless approved by DSCA (Programs Directorate) or part of a training pipeline.
14	Doctoral level training.
15	Training to support national intelligence programs. The scope of military intelligence training available to international students is limited to that directly related to combat or operational intelligence. Tactical intelligence training programs are not extended to include training in support of national intelligence programs of foreign countries. Requests for intelligence training are reviewed by the Implementing Agency to ensure compliance with this paragraph. Other potentially sensitive training requests should be addressed to DSCA (Programs and Strategy Directorates).

C10.6.6. Who Can Be Trained Under IMET?

C10.6.6.1. Career Personnel. Personnel trained under the IMET program are selected from career personnel likely to occupy key positions in the foreign country's defense establishment. The policy requirement for selection of career personnel is mandatory for attendance at professional level schools, (e.g., command and staff or equivalent and higher, and college level) except when authorized by DSCA (Programs and Strategy Directorates).

C10.6.6.2. Use of IMET Graduates. SCOs must obtain appropriate assurances that personnel trained under IMET are properly and effectively used (i.e., employed in the skill for which trained for a period of time sufficient to warrant the expense to the United States). As a guide, optimum assignment periods are 3 years for flight instruction and highly technical training such as missile training, and 2 years for other training, particularly instructor training.

Figure C10.F2. International Military Education and Training (IMET) Waiver Request Format

IMET Waiver Request Format		
MEMORANDUM FOR DEFENSE SECURITY COOPERATION AGENCY [Insert Regional Directorate]		
SUBJECT: Request for IMET Training Waiver		
THROUGH: [Insert Combatant Command]		
In accordance with Chapter 10, DoD 5105.38-M, request approval for the use of IMET funds for the following training:		
Country: _____	MILDEP Program: _____	
Type of Waiver: [Insert the specific waiver being requested; such as, Mobile Training Team, High Cost Flight Training, etc.]		
Requested Training: [Insert a precise description of the training; such as, a mobile training team to instruct on requisition preparation and receipt, storage, and issue of supplies; 2 weeks duration; one enlisted member, grade E-7 or E-8.]		
Title of Course: _____		
MASL ID: _____		
Quantity: _____	Program Year: _____	Unit Cost: _____
Duration: _____	WCN: _____	TLA: _____
Avail Qtr: _____	Priority Code: _____	Other Costs*: _____
		Total Cost: _____
*Other authorized costs associated with MTTs. [Insert details and justification of the costs.]		
Justification: [Insert a detailed justification, to show why IMET funds must be used. Justification should answer the following questions --]		
1. Requirements: [Why is training needed? What capability does it develop? What is the urgency in providing this training?]		
2. Objective: [What IMET objective(s) does this training achieve (see Combined Education and Training Program Plan)? What alternatives to this training have been examined to include cost and availability?]		
3. Capability: [Does this training capability exist in country? If not, what steps are being taken to develop this capability?]		
4. Quantity: [Total number of personnel requiring training in this field? How many have been trained? Considering attrition factor, how long does it take to meet host country objectives?]		
5. Impact: [What is the impact if training is not approved?]		
6. Funding Rationale: [Rationale for IMET funding? Why should FMS funds not be used? Why should any allocated FMF funds not be used?]		
7. Political/Military: [What political or military significance, if any, is attached to this training?]		
8. Benefits to the United States: [What benefits, tangible or intangible, are accrued to the United States by providing this training?]		
SCO Chief's Approval: _____	Date: _____	
Combatant Command Approval: _____	Date: _____	
DSCA Approval: _____	Date: _____	

C10.6.6.3. Monitoring Use of IMET Graduates. SCOs monitor use of U.S.-trained personnel, with emphasis on the more critical and higher level skills. Periodic reports by appropriate host country authorities satisfy this requirement.

C10.6.6.4. Military. IMET-funded training may be provided to military personnel from the host country's defense establishment.

C10.6.6.5. Civilians

C10.6.6.5.1. IMET. Civilian personnel who are not members of the requesting country's defense establishment or armed forces are not eligible for training using traditional IMET funds.

C10.6.6.5.2. E-IMET. Civilians who work in the country's MOD, civilian personnel of ministries other than the MOD, legislators, and individuals who are not members of the Government may be trained under the E-IMET program if the military education and training would contribute to the E-IMET objectives stated in subparagraph C10.6.3.2. Training of defense civilians for the express purpose of teaching, developing, or managing in-country English language training programs is also authorized. Defense civilians in counternarcotics-related areas may also be trained under the E-IMET program. Maritime law enforcement and other maritime skills training for agencies which are non-defense, or agencies which perform a maritime law enforcement mission, and other maritime skills training provided to a country which does not have a standing armed forces is authorized.

C10.6.6.6. Training of Police Forces. FAA, section 660 (reference (b)) does not permit training of police forces although some exceptions may apply. Police, as defined in this prohibition, includes military as well as civilian police if the military police perform civilian law enforcement functions. Neither the name given to a unit by the foreign Government nor the ministerial authority under which it operates is sufficient in and of itself to determine whether a particular force is a "police unit." The determining factor is the nature of the function performed by that unit.

C10.6.6.7. Military Police Training. Military police training of non-police personnel is permitted but requires a certification that the individual shall not be involved in any civilian law enforcement activities for a period of 2 years following return from U.S. training. SCOs may forward programming requests for military police training to the Implementing Agency and must retain a copy of a signed certification prior to sending the student to training. Certifications must: be accompanied by an English translation if in a language other than English; include student name and rank, course title, MASL identification number, host country service, and WCN; be signed by appropriate host country official; and be maintained on file by the SCO for a minimum of three years. The following is a sample certification statement:

"The Government of [insert country] certifies that [insert student rank and name], who is scheduled to attend [insert course title and/or MASL ID] under WCN [insert number], is a member of [insert host country service] and shall not be involved with or assigned to a unit performing in any civilian law enforcement functions for a period of at least 2 years following completion of training listed above."

C10.6.7. Where Can IMET Students Be Trained? Under FAA, section 541 (reference (b)) IMET-funded training may be provided through: attendance at military educational and training facilities in the United States (other than Service academies) and abroad; attendance in special courses of instruction at schools and institutions of learning or research in the United States and abroad; and observation and orientation visits to military facilities and related activities in the United States and abroad.

C10.6.8. Travel for IMET Students. IMET funds may be used to pay travel for students as specified in this paragraph. It is DoD policy to encourage foreign countries to assume the cost of transportation for their students to the maximum extent possible so that IMET funds are used to permit higher numbers of students to enroll in training.

C10.6.8.1. Travel within Student's Country. The IMET program DOES NOT pay travel costs of students traveling within their own country. Destination for return travel is the same as the debarkation point on the ITO unless deviation is specifically authorized by the SCO and indicated on the ITO.

C10.6.8.2. Travel of IMET Students to Non-Resident SCO. SCOs responsible for managing an IMET program for a country in which he or she is not resident may program IMET student transportation to or from that SCO for briefing or debriefing. This assumes: there is no U.S. representation in the IMET student's country that could provide the service and the Ambassador supports the request. This does not apply for cost sharing countries.

C10.6.8.3. Use of Foreign Flag Carriers. Whenever possible, SCOs assigned to countries which have national flag carriers with routes to or part way to the United States obtain agreement from the host countries to transport their respective students on such carriers at no cost to the United States.

C10.6.8.4. Modes of Transportation. When travel between the student's home country and the training facility is being paid for using IMET funds, transportation uses the most direct route, except as specified below.

C10.6.8.4.1. Travel to and from CONUS by U.S. Military Aircraft. International students are authorized to travel by U.S. military aircraft. Transportation of international students, including those whose country elects to pay the cost of the transportation, are at common user rates.

C10.6.8.4.2. Travel to and from CONUS by U.S. Commercial Sources. Travel to or from the United States shall be via USG transportation to the fullest extent feasible. When the use of USG transportation for the entire trip does not permit the student to meet course or class convening dates, combinations of U.S. commercial air or surface common carrier (tourist class) and Government transport is used. Where this combination is used, USG transportation for the return travel to the home country is used to the fullest extent possible. If a U.S. flag carrier is not available, a certificate of non-availability is required.

C10.6.8.4.3. Travel within CONUS. Transportation to and from training installations within the United States is by surface common carrier or commercial aircraft. Travel by privately-owned vehicle may be authorized when it is in the interest of the USG.

C10.6.8.5. Travel with Dependents. Transportation for dependents of international students is NOT at USG expense. If the student chooses to bring dependents to the United States (or to an overseas training installation) for those courses identified in Table C10.T3., Note (7), the student may make arrangements to travel with the dependents at his or her expense. The student may be reimbursed for the cost of transportation if U.S. flag carriers were used to the extent available and the ITO authorizes student travel at IMET expense. Reimbursement is at the U.S. military airlift tariff rate if U.S. military airlift transportation would have been the mode used through USG arrangements or the actual cost of travel whichever is lower, or Category Z rate or the actual cost of travel whichever is lower.

C10.6.8.6. Travel for Emergency Leave. The student or the student's Government must pay the round trip transportation cost to return home on emergency leave if the student is to return to the United States to continue training.

C10.6.8.7. Deviations From Planned Travel Routes. When a student is permitted by his or her Government to deviate from the most direct route, U.S. sponsorship terminates at the point and time of such deviation. If a student chooses to remain at a point enroute home beyond the time required to make travel connections, IMET funds shall not be used to pay for allowances during that excess time. The student or his or her Government is responsible for any additional financial charges incurred due to changes in travel routes. Students who do not adhere to scheduled return flights are not the responsibility of the USG.

C10.6.8.8. Enroute Accommodations. Accommodations on U.S. installations provided to foreign students enroute are commensurate with those provided U.S. personnel of equivalent grade.

C10.6.9. Living Allowances for IMET Students. The IMET living allowance is intended to cover an average cost differential for the student living away from his or her home station. It is not a substitute for the student's normal method of compensation and/or pay. Responsibility for timely payment of sufficient overall compensation and/or pay rests with the student's country.

C10.6.9.1. Living Allowance for IMET Students in Travel Status

C10.6.9.1.1. When IMET Is Paying for Travel. When IMET pays for travel, students are entitled to living allowances during travel status, to include the day of departure from home country, through the day of arrival at their first training location. After training, living allowance in a travel status resumes the day of departure for home country, excluding any leave period authorized by student's Government following termination of training or any unauthorized delay enroute. Students are not authorized IMET-funded travel allowance for any portion of travel paid by their Government. Living allowances are computed incrementally in accordance with the Joint Federal Travel Regulation (JFTR) (references (as) and (at)) on the day of departure from home country and the day of arrival in home country.

C10.6.9.1.2. When Student's Country Is Paying for Transoceanic Travel. International students whose travel to the United States is paid by their own Government are entitled to IMET-funded living allowances in a travel status to include the day of departure from the U.S. entry port enroute to the training location, through the day of arrival at the training location. Living allowance in a travel status resumes the day of departure from the last training location and includes the day of arrival at the U.S. departure point.

C10.6.9.2. Living Allowance for IMET Students in Training Status. Living allowance in training status commences the day after arrival at the training location. A living allowance is programmed for all students in a training status, unless otherwise directed. For enlisted personnel, the full entitlement is not paid directly to the student. Enlisted personnel are paid a reduced stipend per week for the purchase of personal items of health and comfort, with the remainder programmed for reimbursement to the appropriate Implementing Agency for laundry, maid fees, and subsistence. See Table C10.T3. for applicable TLA rates.

C10.6.9.3. When Are Living Allowances Not Authorized For IMET Students? Living allowances are not authorized for reasons shown in Table C10.T9.

Table C10.T9. Situations Where Living Allowances Are Not Authorized

Situations Where Living Allowances Are Not Authorized	
1	Periods of unauthorized absence from duty.
2	Excess travel time not authorized by the administrative authority of the Implementing Agency concerned when proceeding by other than USG transportation.
3	Periods of delay not in connection with training (except hospitalization or outpatient care).
4	Students whose country assumes the payment of all living costs.
5	Periods of training conducted in the home country of the student and for students attending MET seminars in their own country unless approved by DSCA.
6	Periods of leave for individuals on Orientation Tours.
7	Periods of leave authorized by student's Government following termination of training courses.

C10.6.9.4. Living Allowances For IMET Students In Leave Status. IMET students who receive living allowances while in training status may be granted leave with living allowances within CONUS during authorized holidays and periods between consecutive courses. The SCO and the MILDEPs are jointly responsible for reviewing scheduled sequences of training for individual student to determine whether additional training courses could be programmed to fill gaps between courses prior to preparation of the ITO.

C10.6.9.5. Advance Payment of Living Allowances For IMET Students. Advance payment of living allowances not to exceed \$250 may be made to students prior to departure from home country, at the point of entry or the first training location for students in the United States, and at the first training activity for overseas students. When the advance is made in-country, the SCO indicates the amount of the allowance paid on the ITO. Implementing Agencies may authorize advance payment of allowances, which may accrue during the remaining authorized periods following the termination of training.

C10.6.9.6. Settlement of Claims For IMET Students. Vouchers for settlement of outstanding entitlements for IMET students are submitted via the SCO to the nearest U.S. paying agent for payment to the students in local currency at the authorized exchange rate no later than 15 calendar days after return to country. If it is determined that an IMET student who has departed the CONUS or overseas training activity was overpaid in CONUS or at the overseas activity by an amount in excess of any amount otherwise owed to the student upon submission of the final travel voucher by the SCO in country, no attempt is made to collect the overpayment from the student. The Implementing Agency concerned determines whether a funding adjustment is necessary.

C10.6.10. Baggage. Table C10.T10. provides information regarding authorized and unauthorized baggage.

Table C10.T10. Authorized and Unauthorized Baggage

Authorized Baggage	Unauthorized Baggage
<p>Allowances outlined below are totals, with excess baggage being the difference between that permitted by the transportation carrier and the total allowance. These allowances apply for the portion of the travel costs payable from U.S. funds. Baggage sizes and dimensions are to conform to carrier stipulations.</p> <p>(1) Two pieces of checked baggage, not to exceed 50 pounds each, are authorized for IMS when education/training is 12 weeks or less. No excess baggage is authorized.</p> <p>(2) Three total pieces of checked baggage, not to exceed 50 pounds each, are authorized for IMS when education/training is 13 through 23 weeks. (one piece of excess baggage is authorized.)</p> <p>(3) Four total pieces of checked baggage, not to exceed 50 pounds each, are authorized for IMS when education/training is 24 through 35 weeks. (two pieces of excess baggage are authorized.)</p> <p>(4) Five total pieces of checked baggage, not to exceed 50 pounds each, are authorized for IMS when education/training is 36 weeks and Longer. (three pieces of excess baggage is authorized.)</p> <p>(5) In addition to the allowance in paragraphs (1) through (4) above, one additional piece of excess baggage (not to exceed 50 pounds) is authorized for the following IMS receiving us funded travel:</p> <ul style="list-style-type: none"> ▪ Authorized accompanied dependents when IMS is attending education/training programs listed in table c10.t3 of the SAMM. ▪ IMS attending flight training. 	<p>Shipment of baggage in excess of the weight allowance is not authorized. Disposition of unauthorized baggage is made at the expense of the student or the student's Government. Commanding officers of the training or administrative installation should ensure that unauthorized baggage is shipped at the student's expense prior to his or her departure from the installation. Students reporting to ports of departure with unauthorized baggage are requested to forward the unauthorized baggage by commercial means at their expense. If lack of time prohibits this, the traffic representative takes unauthorized baggage into custody, and the student is given a receipt for the baggage. The student remains on the scheduled flight or carrier. After departure of the carrier, the traffic representative delivers the unauthorized baggage to the nearest appropriate foreign consulate.</p>

C10.6.11. Privileges for IMET Students. International students and authorized dependents on ITOs, are extended commissary, exchange, and similar privileges ordinarily available to U.S. military personnel of similar rank when approved by the Implementing Agency. Equivalent rank assigned in the ITO must be based on the U.S. grade structure rather than rank title of the foreign country.

C10.6.12. Medical Care for IMET Students. Medical care for IMET students will be paid by the IMET program. A factor of \$35 per student training line (exclusive of orientation) is authorized for programming purposes under generic code N7E (MASL IIN 365003/365004) for payment of medical care.

C10.6.12.1. Charges for medical care in DoD medical facilities do not apply if the international student is covered by a reciprocal health care agreement between the United States and the student's country. When such an agreement exists, the SCO checks item 16b(3) in the ITO and adds the following statement in item 13: "Medical care in DoD facilities is provided under [reference the agreement, date, etc]. Reimbursement for services provided is not required." Note that agreements vary and may not cover certain categories (such as IMET students, civilian students, or dependents) and are applicable only for medical and dental care in DoD medical and dental facilities; therefore, if a training installation does not have a DoD medical facility, the terms of the agreement do not apply. The IMET program will pay for student's medical care received from civilian healthcare facilities and the country or medical insurance will be required to pay for medical and dental care of accompanying dependents.

C10.6.12.2. In the event of death of an IMET student, funds for preparation of remains and repatriation are programmed under generic code N7F on a case-by-case basis after DSCA (Programs Directorate) approval.

C10.6.12.3. If the IMET student is authorized accompanying dependents, they must have health care coverage for the length of stay. Medical coverage for dependents will either be paid by the country or the IMET student. Proof of medical insurance for each authorized accompanying dependents must be provided prior to issuance of the ITO. The ITO must be annotated with the name, address, and telephone number of the insurance company and the effective dates.

C10.6.12.4. Students and bona fide dependents from NATO countries and/or personnel traveling on ITOs authorized by the Implementing Agency are eligible for medical and dental care in DoD medical/dental facilities on the same basis and priority as U.S. military personnel and their dependents. Outpatient care will be provided at no cost. In-patient care must be reimbursed as rates established by the Department of Defense. If the training installation does not have DoD medical facilities, care received from civilian healthcare providers must be paid by the IMET program (student only). Dependents are covered by TRICARE Standard for outpatient care provided by civilian healthcare providers. The IMET student will pay the deductible and co-payment required by TRICARE Standard.

C10.6.13. Continuing Resolution Authority (CRA) Procedures. DSCA (Business Operations Directorate) issues guidance when it is necessary to proceed under a CRA.

C10.6.14. IMET General Costs and Infrastructure Funds -Authorized Uses. The following policy guidelines apply to the authorized use of IMET general costs and infrastructure funds, DSCA accounting fund codes 66 and 77. Waivers from this policy require DSCA approval.

C10.6.14.1. General Costs (Fund Code 66). General costs include both program development and course development. These funds are managed by DSCA (Programs Directorate). Requests, to include justification, for these funds should be provided to both DSCA (Programs Directorate) and DSCA (Business Operations Directorate) for coordination. All work on new programs and courses must be approved by DSCA (Programs Directorate) prior to starting work.

C10.6.14.1.1. Program Development. Program development includes work such as the creation of, or major changes to, a program. For example, work done to determine which courses need to be included and developed to start a new Masters program is classified as program development. Any work performed short of developing the detail courses is classified as program development.

C10.6.14.1.2. Course Development. After a program course(s) is identified and justified as needed, funding to develop the course(s) should be requested as course development. Course development should not be country specific. Course development work includes additions to or updating of courses.

C10.6.14.2. Infrastructure Costs (Fund Code 77). The cost of operating the school and the Mobile Education Training (MET) program are classified as infrastructure costs. Infrastructure fund requests from each E-IMET school should be developed based on the cost incurred if all training were IMET funded. These costs are then reduced where other sources of funds (e.g., Counterterrorism Fellowship Program, FMS case funds) pay for costs of program development, course development, and actual course offerings. Infrastructure costs include:

C10.6.14.2.1. Salaries. Include the estimated percent of civilian personnel costs devoted to managing the IMET school and MET program. This should initially include all civilian personnel costs at the beginning of the year, which may be subsequently reimbursed by Counterterrorism Fellowship Program, FMS or other programs. As training is confirmed for other funding sources, the infrastructure salary requirement is reduced and reimbursed by the other funding source. Civilian personnel costs directly related to a course or MET are charged directly to the country receiving the training and are not included in the infrastructure costs.

C10.6.14.2.2. Travel and Per Diem. Include the travel costs to attend meetings directed by DSCA, such as annual Training Program Management Reviews (TPMRs). Infrastructure travel costs do not include the cost of site surveys or other trips related to a course or MET.

C10.6.14.2.3. Equipment, Supplies, Books, and Miscellaneous. Include costs for materials used by personnel providing infrastructure support. It does not include items specific to a particular MET or course, which are included in course costs. The miscellaneous expenses include such things as cell phone bills and faxes.

C10.6.14.2.4. General Admin and Facilities. Include hosts organizations' costs for providing and managing the facility. This is usually calculated as a percentage of staff and or space used. Include costs associated with providing the following support: procurement, comptroller, legal, information technology (IT), library, building upkeep, and utilities. Such costs will be incremental costs incurred to support the IMET school programs.

C10.6.14.3. Funding Request. Requests for General Cost Funds are periodically submitted to DSCA (Programs Directorate) and DSCA (Business Operations Directorate) for approval. Requests for Infrastructure Funds are submitted annually to DSCA (Business Operations Directorate) for approval. Infrastructure fund requests must identify the funding categories listed above.

C10.7. OTHER TRAINING PROGRAMS

C10.7.1. African Contingency Operations Training and Assistance (ACOTA). The ACOTA program provides training of African troops in peacekeeping and humanitarian crisis response. The U.S. European Command is the coordinating agent for the Combatant Commands.

C10.7.2. Aviation Leadership Program (ALP). ALP provides undergraduate pilot training (UPT) to a small number of selected international students from friendly, less-developed countries. ALP is a U.S. Air Force-funded program authorized under 10 U.S.C. 9381-9383 (reference (bx)). ALP consists of English language training, UPT and necessary related training as well as programs to promote better awareness and understanding of the democratic institutions and social framework of the United States. ALP funds may be used to pay TLA to foreign students on the same basis as IMET.

C10.7.3. Bilateral or Regional Cooperation Programs. Under 10 U.S.C. 1051 (reference (bt)), the Secretary of Defense may pay travel, subsistence, and similar personal expenses of defense personnel of developing countries in connection with attendance at bilateral or regional conferences, seminars or similar meetings if the Secretary of Defense deems attendance in the U.S. national security interest. See also 10 U.S.C. 1050 (reference (bt)) for payment of personnel expenses in connection with Latin American cooperation.

C10.7.4. Combatant Commander Initiative Funds. Under 10 U.S.C. 166a (reference (br)), the Chairman of the Joint Chiefs of Staff may provide funds to Combatant Commanders for military education and training of military and related civilian personnel of foreign countries (to include transportation, translation, and administrative expenses). This authority provides funding for activities such as force training, contingencies, selected operations, Command and Control, joint exercises (including activities of foreign countries), Humanitarian and Civil Assistance, military education and training, bilateral or regional cooperation programs, and force protection. An annual dollar limitation is legislated each year.

C10.7.5. Disaster Response (Humanitarian Assistance (HA)). HA, including training in disaster response and/or disaster preparedness, is authorized by 10 U.S.C. 2561 (reference (bw)). Normally, HA and training conducted under 10 U.S.C. 2561 (reference (bw)) is not provided to foreign militaries. However, selected military members of the host nation are occasionally included in the training so that the military understands the role in supporting the civilian Government during emergencies. The ultimate goal of disaster response training is to improve host nation capability to effectively respond to disasters, thereby reducing or eliminating the need for U.S. Military response. The training is conducted in the foreign country at no charge. The foreign country pays foreign student TLA expenses.

C10.7.6. Drawdowns of Training. Under FAA, section 506(a)(1) (reference (b)), the President may direct the drawdown of defense services education and training from the Department of Defense if he or she determines and reports to Congress that an unforeseen emergency exists which requires immediate military assistance to a foreign country or international organization; and that such emergency requirement cannot be met under the AECA or any other law except this section. Under FAA, section 506(a)(2) (reference (b)), the President must determine and report to Congress in accordance with FAA, section 652 (reference (b)) that it is in the national interest of the United States to drawdown articles and services from the inventory of any USG agency and military education and training from the Department of Defense. FAA, section 552 (reference (b)) provides for drawdown of commodities and services from the inventory and resources of any agency of the USG of an aggregate value not to exceed \$25M in any fiscal year. Under FAA, sections 506(a)(1) and (2) (reference (b)), tuition for military education and training is provided at no cost to the foreign Government. Student travel may be funded from the MILDEPs' O&M funds if foreign recipient is not able to assume the cost. Students may stay in a Bachelor Officers' Quarters (BOQ) or a Bachelor Enlisted Quarters (BEQ) and use dining facilities if operated by DoD funds, and living allowance is not provided to the student. See Chapter 11 for additional information on Drawdowns.

C10.7.7. Enhanced International Peacekeeping Capabilities (EIPC). EIPC promotes burden sharing and enhances national and regional capability to support PKO using core curriculum for PKO education and training and procurement of non-lethal defense-related training equipment. An FMS case is used to purchase this type of training with the EIPC funding identified.

C10.7.8. Exchanges. Detailed implementing instructions for exchange programs are provided in Implementing Agency instructions.

C10.7.8.1. FAA, Section 544 - Exchange Training. FAA, section 544 (reference (b)) authorizes reciprocal PME exchanges. The President may provide for the attendance of foreign military personnel at PME institutions in the United States (other than Service Academies) without charge, if such attendance is part of an international agreement. These international agreements provide for the exchange of students on a one-for-one reciprocal basis each fiscal year between the two military Services participating in the exchange. Each country is responsible for paying their own students' TLA. Institutions specifically included are the U.S. military service Command and Staff Colleges, Joint Forces Staff College, U.S. MILDEP War Colleges, Navy Postgraduate School, and the Air Force Institute of Technology. MILDEPs are authorized to designate schools as PME institutions for Security Assistance training. Requests for new PME exchanges should be sent to DSCA (Operations Directorate) in coordination with DSCA (Programs Directorate) so that an umbrella (DoD and/or MOD) level exchange agreement is negotiated and completed. Specific Service-level requests are sent to the Implementing Agency after the DoD-level agreement is in place. The JSAT provides the prescribed Memorandum of Agreement (MOA) format for this purpose.

C10.7.8.2. AECA, Section 30A - Exchange of Training and Related Support. AECA, section 30A (reference (c)) authorizes the President to provide training and related support (e.g., transportation, food services, health services, logistics, and the use of facilities and equipment) to military and civilian defense personnel of a friendly foreign country or international organization. Such training and related support are provided through the MILDEPs (as opposed to the Combatant Commands). Unit exchanges conducted under this authority are arranged under international agreements negotiated for such purposes, and are integrated into the TSCP of the relevant Combatant Commander. Recipient countries provide, on a reciprocal basis, comparable training and related support; however, each country is responsible for paying their students' TLA. The related reciprocal training and support must be provided within one year. Should the foreign country or international organization not provide comparable training and support, the United States must be reimbursed for the full costs of training and support provided by the United States. The JSAT Regulation provides detailed implementing instructions, to include the prescribed international MOA used for this purpose. Requests for unit exchanges are forwarded to the appropriate MILDEP for action with an information copy to DSCA (Programs Directorate). Pricing guidelines and conversion to reimbursable training when reciprocal training or related support is not provided or not received, is included in DoD 7000.14-R (reference (o)), Volume 11A, Chapter 10.

C10.7.8.3. Flight Training Exchanges (FTE). FAA, section 544 (reference (b)) authorizes the exchange of comparable flight training. FTEs must be pursuant to an international agreement, which provides for the exchange of students on a one-for-one basis during the same U.S. fiscal year. The JSAT Regulation provides the prescribed MOA used for this purpose. FTE requests are forwarded to the Implementing Agency for action with an information copy to DSCA (Programs Directorate). FTEs with the United Arab Emirates (UAE) Air Warfare Center are separately authorized.

C10.7.9. International Narcotics Control And Law Enforcement (INCLE). INCLE has two strategic goals: minimize the impact of international crime on the United States; and reduce the entry of illegal drugs into the United States. The INCLE training programs strengthen foreign criminal justice sectors and promote international cooperation. Training provided through the FMS system using INCLE funds is governed by the same laws and policies as those outlined for FMF.

C10.7.10. Joint Combined Exchange Training (JCET). The JCET program permits U.S. Special Operations Forces (SOF) to train in a foreign country through interaction with foreign military forces and is authorized by 10 U.S.C. 2011 (reference (bv)). It enhances SOF skills, such as instructor skills, language proficiency, and cultural immersion, critical to required missions generated by either existing plans or unforeseen contingencies. The primary purpose of JCET activities is the training of U.S. SOF personnel, although incidental-training benefits may accrue to the foreign friendly forces at no cost. The foreign Government pays foreign student TLA expenses. The United States may pay the incremental expenses incurred by a foreign country as the direct result of this training. Incremental expenses include the reasonable and proper cost of rations, fuel, training, ammunition, transportation, and other goods and services consumed by the country. Pay, allowances, and other personnel costs are excluded.

C10.7.11. Mine Action. Mine Action programs provide training to foreign nations in mine clearance operations, mine awareness education and information campaigns, assistance in the establishment of mine action centers, emergency medical care, and leadership and management skills needed to successfully conduct a national level mine action program (10 U.S.C. 401 (reference (bs))). The Combatant Commanders execute the Mine Action programs. The training is conducted in the foreign country at no charge. The foreign country pays foreign student TLA expenses.

C10.7.12. Regional Centers for Security Studies. The Regional Centers provide a forum for bilateral and multilateral communication and military and civilian exchanges within a region. Each Center has a different set of legal authorities based on when and how it was established. Some Centers have authorities that allow cost waivers with no limits on course length; other Centers' authorities are more limited. Some Centers can accept foreign gifts to defray operating costs; other Centers cannot accept such gifts. The payment of foreign student travel and supplemental living allowance varies by Center and circumstance. In general, students from developing countries may have these expenses funded whereas developed countries may be expected to pay these expenses. Each Center determines the exceptions. The centers are: Africa Center for Strategic Studies (ACSS); Asia-Pacific Center for Security Studies (APCSS); Center for Hemispheric Defense Studies (CHDS); Marshall Center; and Near East South Asia Center for Strategic Studies (NESA).

C10.7.13. Regional Defense Counter-Terrorism Fellowship Program. This program enables the Department of Defense to assist key countries in the war on terrorism by providing training and education on counter-terrorism activities.

C10.7.14. Section 1004 – Counter-Drug Training Support (CDTS). CDTS includes deployments for training of foreign forces at the request of an appropriate law enforcement agency official as defined in Section 1004 of Public Law 101-510 (reference (bq)) (the National Defense Authorization Act for FY 1991). The purpose of the CDTS is to conduct counternarcotics-related training of foreign military and law enforcement personnel. DoD schools are reimbursed for the additional costs incurred in providing training. CDTS funds may be used to pay travel and supplemental living allowance to foreign students based on the established IMET rate.

C10.7.15. Service Academy Programs. DoD's three Service Academies conduct traditional academic exchange programs of varying length and content. Up to 40 foreign students may attend each Service Academy at any one time as actual members of an Academy class. Countries reimburse all or a portion of the program cost (to include the living allowance) to the Service Academy.

C10.7.15.1. In the Cadet Semester Exchange Abroad Program (C-SEAP), the parent (sending) Service is responsible for the basic pay and living allowance for their cadets and all travel costs associated with transporting their cadets to and from the host (receiving) Air Force Academy. The host Air Force Academy provides the exchange cadets with billeting and subsistence and the cost of travel during training. Up to 60 foreign students may attend each Service Academy at any one time as actual members of an Academy class.

C10.7.15.2. Under the Military Services Academies International Student Program, the international cadets come to the U.S. Service academies but there are no U.S. cadets going abroad. Foreign cadets are provided transportation from and to country. Also, the international cadets receive the same pay and/or allowances as U.S. cadets. Countries are required to reimburse the USG the cost of providing instruction, including pay, allowances, etc., unless a "full" or "partial (50%)" waiver of costs is granted by USD(P), Assistant Secretary of Defense - International Security Affairs (ADS/ISA), and International Negotiations and Regional Affairs (INRA).

C10.7.16. U.S. Coast Guard (USCG) Academy Foreign Cadet Program. 14 U.S.C. 195 (reference (by)) authorizes a limited number of foreign national appointments (maximum of 36) to the USCG Academy. Cadets can earn a Bachelor of Science degree in: marine engineering and naval architecture; electrical engineering; civil engineering; mechanical engineering; marine and environmental sciences; management; or Government. The foreign Government must agree in advance to reimburse the USCG for all costs incurred for a cadet's training at the Coast Guard Academy, except when a waiver is granted by the Commandant, USCG. Countries must agree that upon graduation, the cadet shall serve in the comparable maritime Service of his or her country for an appropriate period of time.

C10.7.17. U.S. Coast Guard (USCG) Caribbean Support Tender (CST). This program provides a 180' ex-buoy tender that operates in the Caribbean, with onboard training capability in maritime law enforcement, search and rescue, marine safety, environmental protection and disaster relief. The concept for the CST was developed in response to Presidential commitments in Bridgetown, Barbados in 1997, was authorized under Public Law 105-277 (reference (bz)), Chapter 4 and subsequently commissioned in September 1999. Quotas are made available to all eligible countries and tuition may be paid from IMET, FMF, or FMS. The respective grant aid programs provide travel and supplemental living allowance or the foreign Government provides all TLA under FMS.

C10.7.18. National Geospatial-Intelligence Agency (NGA) International Program. NGA conducts specialized training in geospatial intelligence at the National Geospatial-Intelligence College (NGC). NGC accepts foreign students through FMS and IMET. Eligible foreign governments may receive tuition-free training through NGA's bilateral agreements. In the bilateral program, sponsor governments must cover per diem and travel expenses for their students. Security Assistance Offices abroad should process bilateral students in the same manner as FMS and IMET students using the Travel Management System, except for annotating on the International Travel Orders that the training is tuition-free in accordance with the bilateral agreement.

C10.8. SPECIALIZED TRAINING

C10.8.1. Field Training Services. See Chapter 11 for information regarding these teams.

C10.8.2. Mobile Training Teams (MTTs). See Chapter 11 for information regarding these teams.

C10.8.3. Observer Training. During Observer Training, the student observes methods of operation, techniques, and procedures. Observer Training is not part of a formal course of instruction although it sometimes supplements or follows a student's formal training. Observer Training is authorized only if a course covering the desired training is NOT available. This includes specialist-type training. Certain Observer Training explicitly excludes "hands on" training. For example, foreign personnel enrolled under Medical Observer Training are prohibited from hands-on patient care.

C10.8.4. On-the-Job Training (OJT) or Familiarization Training. OJT is follow-on technical training devoted to practical application conducted after attendance at a formal course of instruction. This training is planned in advance as part of the country's training program. OJT conducted independently and not in conjunction with formal courses of instruction is authorized in the United States only if a course covering the desired training is NOT available (IMET-funded programs only). OJT in overseas schools and installations is provided in accordance with Combatant Command policies.

C10.8.5. Orientation Tours. Orientation Tours familiarize selected mid and senior-level foreign military personnel with U.S. military training and doctrine. These tours may be designated as Distinguished Visitor Orientation Tours (DVOTs) if there are general officers or equivalent MOD civilian personnel in the delegation. These tours are hand-tailored, short, intensive education programs that meet the specific needs of the country. NDU is responsible for conducting Orientation Tours and DVOTs sponsored by the Security Assistance training program. These tours are limited to countries with lesser-developed defense relationships with the United States, (e.g., new IMET recipient countries) unless extraordinary circumstances exist. In addition to the military objectives, Orientation Tours serve to enhance U.S. and participating nation mutual understanding, cooperation, and friendship.

C10.8.5.1. Orientation Tour Requirements. Some Orientation Tours are eligible for IMET funding. When submitting orientation tour requirements, the positions held by the visiting officers are indicated. DVOTs are authorized for senior country officials holding positions of major importance and high authority below the equivalent U.S. position of Chief of Staff or Chief of Naval Operations. Requests for Orientation Tours at the Chief of Staff and higher levels are not funded under IMET and should be referred to the corresponding U.S. element for funding and other action. DVOTs should not exceed 14 calendar days plus overseas travel time and should be limited to not more than five visitors per tour. Travel arrangements (mode of transportation for overseas and domestic travel) and accommodations should be comparable to those provided U.S. personnel under similar circumstances. Orientation Tours (not DVOTs) are authorized for selected officers who may become future leaders and policy makers. Tours should be restricted in number (not more than seven visitors per tour) and limited primarily to international military participants. Visits by international military cadets to U.S. service academies are not authorized under IMET. FAA, section 636(g) (reference (b)) provides the

authority to reimburse the expenses of U.S. military officers detailed in connection with orientation visits of foreign military and related civilian personnel.

C10.8.5.2. Country Team Evaluation of Orientation Tours. Prior to any proposal to country officials, which could be construed as an agreement to provide a tour, the SCO forwards Orientation Tour requests to the Combatant Command, DSCA, NDU, and the Implementing Agency with supporting rationale and justification for approval. IMET-funded Orientation Tours are programmed only after the SCO Chief attests to their importance to the country's efforts and the SCO forwards the request for approval. Orientation Tours should not comprise a major portion of an established program nor be a routine use of country program funds.

C10.8.5.3. Student Selection for Orientation Tours. Student selection and itinerary design should be based on maximum accomplishment of objectives. Where tour objectives are specific in terms of exposure to specialized techniques, procedures, and facility operation, the schedule should be designed accordingly, as opposed to tours in which the objective is broad exposure to concepts, higher-level decision-making, management, and staff operation. Itineraries should never reflect a tourist orientation in which the objectives are obscure. Visits to large metropolitan centers, which do not directly relate to objectives are not permitted.

C10.8.5.4. Official Entertainment for Orientation Tours. Official entertainment in connection with Orientation Tours (luncheons, dinners, receptions) should be in keeping with the grade and position of tour participants.

C10.8.5.5. Assignment of Escort Officers for Orientation Tours. When lack of English fluency of the participants makes a language qualified escort essential to tour objectives, every effort is made to provide them. SCO representatives should not be used as escort officers for IMET-sponsored Orientation Tours. However, in exceptional cases and with prior approval of DSCA, an SCO representative may serve as an escort officer. This is justified when special qualifications, workload, unusual rapport with key host country personnel, and associated projects or contacts may be useful. The SCO representative selected as an escort officer is under the complete jurisdiction of the executive agency (NDU) and remains with the tour at all times until the tour participants return to host country. Temporary Duty (TDY) travel and per diem costs for the escort officer for the duration of the tour are chargeable to IMET funds, and are programmed as a separate line in the country program under budget project N70. U.S. personnel other than bona fide escort officers designated or agreed to by NDU for tour implementation are not authorized to accompany tour groups. The dollar value of escort officer expenses is programmed in the TLA data field.

C10.8.5.6. Responsibilities for Orientation Tours. While every effort is made to meet SCO recommendations, the tour agenda is the responsibility of NDU and DSCA (Operations and Programs Directorates). NDU must clear all itineraries with DSCA (Operations and Programs Directorates) prior to releasing the proposed agenda to the country team.

C10.8.5.7. Leave for Participants in Orientation Tours. When authorized in the ITO, leave may be taken by tour participants at the conclusion of an Orientation Tours at no additional expense to IMET.

C10.8.6. Technical Assistance Teams (TATs). See Chapter 11 for information regarding these teams.

C10.8.7. Technical Assistance Field Teams (TAFTs). See Chapter 11 for information regarding these teams.

C10.9. SUSPENSIONS AND CANCELLATION OF TRAINING PROGRAMS

C10.9.1. Suspensions and Cancellation of Training Programs. See Chapter 6 for information on suspensions and cancellation of Security Assistance programs, including training.

C10.9.2. Charges For Course Cancellations or Withdrawals. For certain dedicated (all international) and contract courses, a 100 percent penalty is charged for cancellation unless filled by another international student (see annual Service messages listing these courses). For all other courses if the country requests cancellation or rescheduling less than 60 days prior to the course start date, the country's IMET program or FMS case is charged 50 percent unless filled by another international student (see exceptions below).

C10.9.2.1. A country whose student does not complete a course of instruction is also charged a proportionate share of the tuition rate. Implementing Agencies assess late cancellation charges for all DLIELC training lines that are canceled within the 60-day period and determines all other applicable penalty charges. The training line funding status has no bearing on whether the cancellation charge applies.

C10.9.2.2. The cancellation penalty is not applied when: the cancellation is due to decisions by the United States, such as deletion or rescheduling of classes; the cancellation is due to unavoidable circumstances within country, such as national disaster; or the quota is used by the United States or another country. These charges are reflected for each cancelled course assessed a cancellation penalty and the respective WCN is marked with a suffix (typically "S") to indicate that a penalty fee was charged.

C10.9.3. Sanctions. FAA, section 620(q) (reference (b)) sanctions are triggered by arrearages of more than six calendar months on Economic Support Fund (ESF) or other Agency for International Development (AID)-financed loans when the DoS advises DSCA that no waiver of sanctions is being considered. FAA, section 620(q) (reference (b)) does not impact use of FMF appropriations (FMS credit funds). The Brooke Amendment does impact the use of FMS credit funds. Brooke Amendment sanctions are triggered by arrearages of more than one calendar year on FMS credit (direct or guaranteed) funds, AID-financed loans, and Ex-Im bank loans. The impacts on use of IMET funds under both FAA, section 620(q) (reference (b)) and Brooke Amendment sanctions are identical.

C10.9.3.1. For the purposes of the Brooke Amendment, an IMET-funded course begins on the report date specified in the STL. Sequential training (proceeding to the next scheduled course) is reviewed by DSCA (Operations, Programs, and Strategy Directorates) on a case-by-case basis. If the IMET-funded course costs have been obligated before the effective date of the Brooke sanction, the student is permitted to begin training. If course costs have not been obligated before the effective date of the Brooke sanction, the student is not permitted to begin the course. If sanctions are lifted, these students can be considered for late admittance or admittance to the next available course of study or training program.

C10.9.3.2. IMET-funded MTTs and LTDs may not be dispatched or extended beyond their scheduled termination date.

C10.9.3.3. IMET-funded training aids may not be issued from supply nor placed on contract by the supplying agency.

C10.10. STUDENT ADMINISTRATION

C10.10.1. Invitational Travel Order (ITO). The ITO is the controlling document for training provided to international students under Security Cooperation training programs. No student enters a Security Cooperation-sponsored training program without a properly executed ITO. The only authorized documents that are used to enter students into training are the letter format ITO (Figure C10.F3.) generated by the Training Management System (TMS) and the DD Form 2285 ITO (Figure C10.F4.). See Chapter 13 for more information on TMS. The DD Form 2285 ITO can be used only if the Combatant Commander provides a policy waiver. The ITO is used for accounting purposes and provides guidance for determining which support is payable and which is not, status, and privileges. The SCO is responsible for preparation of the ITO in accordance with instructions in the JSAT Regulation. The SCO issues an individual ITO for each student. If the country desires, a language translation may be attached to the ITO. ITOs are issued only after in-country student screening is completed (see paragraph C10.3.4.).

Figure C10.F3. Sample Letter Format Invitational Travel Order

INVITATIONAL TRAVEL ORDER (ITO) FOR INTERNATIONAL MILITARY STUDENT (IMS)

1. ITO Number: BN03B11004 2. Country: Bandaria 3. Date: 2-Nov-02

The U.S. Government hereby issues this ITO for the IMS herein named to attend the course(s) of instruction herein listed, subject to the terms and conditions contained herein, and as may be amended by competent authority. This ITO is the only document that will be used and is valid only for the IMS entering U.S. training under the Foreign Assistance Act of 1961, as amended, or the Arms Export Control Act.

Definitions of acronyms and abbreviations contained in this document, and instructions for completing this form are provided in the Joint Security Assistance Training Regulation, JSATR (SECNAVINST 4950.4A/AR 12-15/AFR 50-29). This computer generated, letter format ITO is authorized in accordance with the Security Assistance Management Manual (SAMM), DoD 5105.38-M.

4. Issuing Security Cooperation Organization (SCO):

- a. Name of Organization: Office of Defense Cooperation (ODC)
 b. Mailing Address: Unit 4095-PSC 80
 APO AE 09765-1005

5. Funding: IMET 03

6. IMS Information:

- a. Name: Harbeth, J ún c. Country Service Rank: MAJ
 b. Sex: Male e. Country Service: Army
 d. U.S. Equivalent Rank/Pay: MAJ g. Date of Birth: 3 Aug 1965
 f. Country Service No.: OF100096 i. Passport No: 123456789
 h. Place of Birth: Bandaria

Data are included for illustration purposes only.

7. Invitation: The Secretary of the Department of the Army invites the IMS listed in item 6, this order, to proceed on or about 17 Nov 02 from Bandaria to FT LEAVENWORTH KS 66027-1352 for the purpose of commencing training listed in item 8, below.

8. Authorized Training: No additional training to that specified in this order will be provided.

- A WCN: 1004A RCN: KC33 MASL: B171766 TITLE: INTERNATIONAL OFFICER PRE P
 Military Service Course No.: 2G-F67X School: USA COMMAND AND GENERAL STAFF COL
 Location: FT LEAVENWORTH KS 66027-1352 Report Date: End Date:
- C WCN: 1004B RCN: KC34 MASL: B171782 TITLE: USA C&GSC OFF PREPARATORY
 Military Service Course No.: 2G-F68 School: USA COMMAND AND GENERAL STAFF COL
 Location: FT LEAVENWORTH KS 66027-1352 Report Date: End Date:
- C WCN: 1004C RCN: KC35 MASL: B171768 TITLE: COMMAND & GEN STAFF OFF
 Military Service Course No.: 1-250-C2 School: USA COMMAND AND GENERAL STAFF COL
 Location: FT LEAVENWORTH KS 66027-1352 Report Date: End Date:

****Last line of training****

9. Fund Cite: 4563-45UY-36300226 564 000 346ER 4567

10. Language Prerequisites: IMS completed the in-country DLI English language proficiency exam as follows:
 Exam No.: 36B Date Completed: 21Oct02 Score: 82
 Highest ECL: 80SA

11. Security: U.S. security/political screening has been accomplished. All training will be conducted on an unclassified basis.

TMS Generated Invitational Travel Order

Page 1 of 3

Figure C10.F3. Sample Letter Format Invitational Travel Order (continued)

1. ITO Number: BN03B11004 2. Country: Bandaria 3. Date: 2-Nov-02

12. Conditions:

a. Dependents: No dependents are authorized to accompany or join the IMS. Dependents will not be issued ID cards or provided attendant privileges.

b. Medical Services:

IMSs/IMET IMSs: Charges for inpatient and outpatient care, immunizations, and medical examinations are chargeable to the IMETP.

Dependents: Not Applicable

Singular Conditions: See item 15, "Special Conditions."

c. Participation in Hazardous Duty: IMS is authorized to participate in hazardous duty training.

d. Physical Fitness Training: Participation in physical fitness training is required.

e. Leave: Upon completion of training, IMS is authorized 15 days leave at no cost to the U.S. Government or IMETP. Upon completion of leave, IMS will proceed immediately to home country or as directed by competent authority.

f. Living Allowance: Living allowance is authorized.

Singular Conditions:

g. Travel: Travel covered by this order, in the field and in the U.S., is chargeable to the fund cite indicated in item 9, this order.

Singular Conditions: Not Applicable

h. Travel by POV: IMS is authorized to travel by POV.

i. Baggage: Baggage allowances outlined below are total allowances; excess being the difference between the baggage permitted by the transportation carrier and that stipulated below. Baggage sizes and dimensions will conform to carrier stipulations. These allowances apply for that portion of travel whose costs are paid from U.S. funds (see para g., above) and cost of authorized excess baggage is chargeable to the fund cite indicated in item 9, this order.

Training at least 22 weeks, but less than 40 weeks in total duration: IMS authorized 3 pieces, not to exceed 70 pounds (32 Kilograms) each.

13. Terms:

a. Prior to departure from home country, the IMS listed herein is required to be medically examined and found to be physically acceptable in accordance with the health provisions of the Immigration and Nationality Act (8 U.S.C. 1182(a)(1)-(7)); Foreign Quarantine Regulations of Public Health Service, Department of Health, Education and Welfare, 42 CFR, Part 71; McCarran Act Sec. 212A, 1-7 Public Law 414, 82nd Cong.; applicable U.S. MILDEP regulations; and other U.S. laws or DoD directives and regulations which may be enacted from time to time.

b. The home country will ensure that the IMS has sufficient funds in United States dollar instruments to meet all expenses while enroute to, and for the first 30 days of training pending receipt of applicable pay and allowances by the IMS.

c. IMS will be responsible for custodial fees and personal debts incurred by self or family members. IMS unable to meet these financial obligations may be withdrawn from training and returned to home country.

Figure C10.F3. Sample Letter Format Invitational Travel Order (continued)

1. ITO Number: BN03B11004	2. Country: Bandaria	3. Date: 2-Nov-02
<p>d. The IMS will bring adequate uniforms and work clothing for field duty or technical work. U.S. fatigue uniforms and footwear will be purchased by the IMS in the event that the country work uniforms are inadequate. When flying training is involved, required special flight clothing and individual equipment will accompany the IMS, or provisions will be made by the home country or the IMS to obtain the use of all necessary equipment prior to start of training. The IMS will also possess adequate civilian clothing for off-duty wear.</p> <p>e. The Government of the United States is responsible for IMS travel which is part of the training program and for which costs are part of the course tuition.</p> <p>f. The IMS will comply with all applicable U.S. MILDEP regulations.</p> <p>g. The United States may cancel training and return to country IMSs who violate U.S. law or MILDEP regulations or who are found otherwise unsatisfactory. The IMS's government will be alerted to such action in accordance with U.S. MILDEP regulations</p> <p>h. The Government of the United States disclaims any liability or financial responsibility for injuries received by the IMS listed herein while in transit to and from the training installation, while undergoing training or while in leave status, and any liability or financial responsibility for personal injury claims or property damage claims resulting from the IMS's action.</p> <p>i. The IMS will participate in flights of U.S. military aircraft as authorized by applicable laws or as specified in U.S. MILDEP regulations.</p>		
14. Implementing Authority:		
a. U.S. MILDEP Document: SATFA STL Report	b. Date: 6-Nov-02	
15. Special Conditions/Remarks:		
<p>a. IMS must report 3 days in advance of normal report date due to limited transportation availability.</p> <p>b. IMS has been provided one-way ticket to first training activity; request provides return transportation.</p> <p>c. IMS is free from communicable diseases, HIV, and other medical defects that could require treatment or hospitalization while in training.</p> <p>d. The Defense Attaché, Embassy of Bandaria, Washington DC has administrative control over all personnel of the Armed Forces of Bandaria.</p> <p>e. Leave in excess of 15 days from graduation date is not authorized and training activity is not authorized to modify this ITO without written authorization of OMC-Bandaria.</p> <p>f. The acceptance of this order by the host country constitutes agreement that upon return to the country, the IMET student will be used in the skills for which he or she was trained for a period of time sufficient to warrant the expense to the USG, IAW SAMM, Chapter 10.</p> <p>g. Upon return from training, IMS will report to OMC-Bandaria when notified, for debriefing, processing of travel voucher, and issuance of instructional materials.</p>		
16. Distribution:		
5-International Student		
2-SATFA		
1-Health Services Command		
1-Bandarian Embassy		
1-Training Activity IMSO		
USA COMMAND AND GENERAL STAFF COL		
FT LEAVENWORTH KS 66027-1352		
17. Command Line:		
a. Signature of U.S. Authority Authenticating Orders:	_____	
b. Title:	John C. Smith, MAJOR, US Army Training Officer	
TMS Generated Invitational Travel Order		Page 3 of 3

Figure C10.F4. DD Form 2285, Invitational Travel Order (ITO)

INVITATIONAL TRAVEL ORDER (ITO) FOR INTERNATIONAL MILITARY STUDENT (IMS)		CC/WCN:			
		1. ITO NUMBER	2. COUNTRY	3. DATE (YYMMDD)	
The U.S. Government hereby issues this ITO for the IMS herein named to attend the course(s) of instruction herein listed, subject to the terms and conditions contained herein, and as may be amended by competent authority. This ITO is the only document that will be used and is valid only for IMS entering U.S. training under the Foreign Assistance Act of 1961, as amended, or the Arms Export Control Act.					
Definitions of acronyms and abbreviations contained in this form, and instructions for completing this form are provided in the Joint Security Assistance Training Regulation, JSATR (SECNAVINST 4950.4/AR 12-15/AFJI-105).					
4. ISSUING SECURITY ASSISTANCE ORGANIZATION (SAO)					
a. NAME OF ORGANIZATION		b. MAILING ADDRESS			
5. FUNDING (X one and complete statement)					
a. IMET FISCAL YEAR		b. FMS CASE IDENTIFIER		c. OTHER (INL, etc.) (Specify)	
6. IMS INFORMATION					
a. NAME (Surname (ALL CAPS), First, Middle)				b. SEX (X one)	
				<input type="checkbox"/> MALE <input type="checkbox"/> FEMALE	
c. COUNTRY SERVICE RANK	d. U.S. EQUIVALENT RANK/PAY GRADE	e. COUNTRY SERVICE	f. COUNTRY SERVICE NO.		
g. DATE OF BIRTH (YYMMDD)	h. PLACE OF BIRTH (City, province/district, country)				
7. INVITATION					
THE SECRETARY OF (List U.S. MILDEP) _____ INVITES THE IMS LISTED IN ITEM 6, THIS ORDER, TO PROCEED ON OR ABOUT (List date - YYMMDD) _____ FROM (List debarkation point - home country) _____ TO (List training installation) _____ FOR PURPOSE OF COMMERCIAL TRAINING AS SET FORTH IN ITEM 8 BELOW.					
8. AUTHORIZED TRAINING (List in sequence of attendance) (DO NOT LIST TRAINING COURSES THAT WILL BE PROVIDED)					
a. (1) RCN		(2) WCN	(3) MASL IIN	(4) MASL DESCRIPTION	(5) MILITARY SERVICE COURSE ID NUMBER
(6) TRAINING INSTALLATION		(7) LOCATION		(8) REPORT DATE (YYMMDD)	(9) END DATE (YYMMDD)
b. (1) RCN		(2) WCN	(3) MASL IIN	(4) MASL DESCRIPTION	(5) MILITARY SERVICE COURSE ID NUMBER
(6) TRAINING INSTALLATION		(7) LOCATION		(8) REPORT DATE (YYMMDD)	(9) END DATE (YYMMDD)
c. (1) RCN		(2) WCN	(3) MASL IIN	(4) MASL DESCRIPTION	(5) MILITARY SERVICE COURSE ID NUMBER
(6) TRAINING INSTALLATION		(7) LOCATION		(8) REPORT DATE (YYMMDD)	(9) END DATE (YYMMDD)
d. (1) RCN		(2) WCN	(3) MASL IIN	(4) MASL DESCRIPTION	(5) MILITARY SERVICE COURSE ID NUMBER
(6) TRAINING INSTALLATION		(7) LOCATION		(8) REPORT DATE (YYMMDD)	(9) END DATE (YYMMDD)
e. (1) RCN		(2) WCN	(3) MASL IIN	(4) MASL DESCRIPTION	(5) MILITARY SERVICE COURSE ID NUMBER
(6) TRAINING INSTALLATION		(7) LOCATION		(8) REPORT DATE (YYMMDD)	(9) END DATE (YYMMDD)
f. (1) RCN		(2) WCN	(3) MASL IIN	(4) MASL DESCRIPTION	(5) MILITARY SERVICE COURSE ID NUMBER
(6) TRAINING INSTALLATION		(7) LOCATION		(8) REPORT DATE (YYMMDD)	(9) END DATE (YYMMDD)
9. FUND CITE (Use only when IMET or other specific authority for funding living allowance and/or travel has been received.)					
The finance officer effecting disbursement of funds under this authority will forward one copy of the executed voucher to the accounting station cited in the appropriation and other activities as required by appropriate U.S. MILDEP regulations.					

For illustration purposes only.

Figure C10.F4. DD Form 2285, Invitational Travel Order (ITO) (continued)

CC/WCN		ITO NO.		DATE
10. LANGUAGE PREREQUISITES (X a., b., or c. and complete as applicable. Complete block d.)				
a. IMS COMPLETED THE IN-COUNTRY DLI ENGLISH LANGUAGE PROFICIENCY EXAMINATION AS FOLLOWS.				
(1) EXAM NO.	(2) DATE COMPLETED (YYMMDD)	(3) ENGLISH COMPREHENSION LEVEL (ECL) SCORE (IMS will take the CONUS course entry ECL test at the first training installation.)		
b. WAIVER OF IN-COUNTRY ECL TEST GRANTED BY AUTHORITY OF: (Documentation) (IMS will take the CONUS course entry ECL test at the first training installation.)				
c. IMS IS EXEMPT FROM ALL ECL TESTING BY AUTHORITY OF: (Documentation)				
<input checked="" type="checkbox"/> d. HIGHEST REQUIRED ECL (of training listed in Item 8)				
11. SECURITY (X one and complete as applicable)				
a. U.S. SECURITY/POLITICAL SCREENING HAS BEEN ACCOMPLISHED. ALL TRAINING WILL BE CONDUCTED ON AN UNCLASSIFIED BASIS.				
b. U.S. SECURITY REQUIREMENTS HAVE BEEN COMPLIED WITH. THE HOME GOVERNMENT HAS GRANTED THE IMS A SECURITY CLEARANCE. THIS OF ITSELF DOES NOT PERMIT THE DISCLOSURE OF CLASSIFIED U.S. INFORMATION. SUCH DISCLOSURE MUST BE SPECIFICALLY AUTHORIZED BY AN OFFICIAL DELEGATED AUTHORITY AND U.S. FOREIGN DISCLOSURE REGULATIONS OR DIRECTIVES.				
(1) HOME COUNTRY		(2) EQUIVALENT U.S. CLASSIFICATION LEVEL		
12. CONDITIONS (X appropriate block(s) for each condition listed.)				
a. DEPENDENTS (Identify authorized dependents in Item 15, including names and ages.)				
(1) NO DEPENDENTS ARE AUTHORIZED TO ACCOMPANY OR JOIN IMS. DEPENDENTS WILL NOT BE ISSUED ID CARDS OR PROVIDED ATTENDANT PRIVILEGES.				
(2) DEPENDENTS ARE AUTHORIZED BY THE IMS'S HOME COUNTRY AND THE DOD SECURITY ASSISTANCE ORGANIZATION IN-COUNTRY TO ACCOMPANY IMS OR JOIN IMS WHILE IN TRAINING, BUT WILL NOT BE TRANSPORTED NOR SUBSISTED AT U.S. GOVERNMENT EXPENSE. IMET IMS IS NOT AUTHORIZED AN INCREASE IN LIVING ALLOWANCE DUE TO PRESENCE OF DEPENDENTS.				
(3) IN ACCORDANCE WITH SECURITY ASSISTANCE MANAGEMENT MANUAL (SAMM), DOD 5105-38M, CHAPTER 10, IMS WILL RECEIVE THE INCREASED "DEPENDENTS AUTHORIZED" LIVING ALLOWANCE. DEPENDENTS WILL NOT BE TRANSPORTED NOR SUBSISTED AT U.S. GOVERNMENT EXPENSE.				
b. MEDICAL SERVICES				
(1) IMSs				
(a) NATO IMSs UNDER IMET: CHARGES FOR INPATIENT CARE IN THE U.S. ARE CHARGEABLE TO THE IMETP.				
(b) IMET IMSs: CHARGES FOR OUTPATIENT AND INPATIENT CARE, IMMUNIZATIONS, AND MEDICAL EXAMINATIONS ARE CHARGEABLE TO THE IMETP.				
(c) NATO IMSs UNDER FMS: CHARGES FOR ONLY INPATIENT CARE IN THE U.S. WILL BE COLLECTED FROM: (X one)				
(i) FMS CASE		(ii) IMS		(iii) FOREIGN GOVERNMENT
(d) FMS IMSs: CHARGES FOR OUTPATIENT AND INPATIENT CARE, IMMUNIZATIONS, AND MEDICAL EXAMINATIONS WILL BE COLLECTED FROM (X one)				
(i) FMS CASE		(ii) IMS		(iii) FOREIGN GOVERNMENT
(e) INL IMSs: CHARGES FOR OUTPATIENT AND INPATIENT CARE, IMMUNIZATIONS AND MEDICAL EXAMINATIONS WILL BE FORWARDED TO APPROPRIATE MILDEP FOR PROCESSING WITH DEPARTMENT OF STATE, INL.				
(2) DEPENDENTS				
(a) AUTHORIZED ACCOMPANYING DEPENDENTS OF NATO IMSs: CHARGES FOR ONLY INPATIENT CARE IN THE U.S. WILL BE COLLECTED FROM (X one)				
(i) IMS		(ii) FOREIGN GOVERNMENT		
(b) AUTHORIZED ACCOMPANYING DEPENDENTS OF IMET AND FMS IMSs: CHARGES FOR OUTPATIENT AND INPATIENT CARE, IMMUNIZATIONS, AND MEDICAL EXAMINATIONS WILL BE COLLECTED FROM (X one)				
(i) IMS		(ii) FOREIGN GOVERNMENT		
(3) SINGULAR CONDITIONS				
(a) SEE ITEM 15, "SPECIAL CONDITIONS".				
c. PARTICIPATION IN HAZARDOUS DUTY				
(1) IMS IS AUTHORIZED TO PARTICIPATE IN HAZARDOUS DUTY TRAINING.				
(2) IMS IS PARACHUTE QUALIFIED AND AUTHORIZED TO PARTICIPATE IN JUMPS FROM U.S. AIRCRAFT.				
(3) QUALIFIED IMSs ARE AUTHORIZED TO PARTICIPATE IN FLIGHTS AS CREW MEMBERS. THE GOVERNMENT OF (List home country) CERTIFIES THAT IMS IS PHYSICALLY, PROFESSIONALLY, AND ADMINISTRATIVELY QUALIFIED TO PARTICIPATE IN FLIGHTS IN HIS COUNTRY'S MILITARY AIRCRAFT AS (List flight crew position). IMS MEETS MEDICAL CLEARANCE REQUIREMENT AS SPECIFIED BY THE APPROPRIATE U.S. MILDEP FLIGHT QUALIFICATION RECORDS ACCOMPANYING IMS.				
d. PHYSICAL FITNESS TRAINING				
(1) PARTICIPATING IN PHYSICAL FITNESS TRAINING IS REQUIRED.				

Figure C10.F4. DD Form 2285, Invitational Travel Order (ITO) (continued)

CC/WCN	ITO NO.	DATE
e. LEAVE		
(1) UPON COMPLETION OF TRAINING, IMS IS NOT AUTHORIZED LEAVE, AND WILL PROCEED IMMEDIATELY AS DIRECTED TO HOME COUNTRY.		
(2) UPON COMPLETION OF TRAINING, IMS IS AUTHORIZED (<i>List number</i>) _____ DAYS LEAVE AT NO COST THE U.S. GOVERNMENT OR IMETP. UPON COMPLETION OF LEAVE, IMS WILL PROCEED IMMEDIATELY TO HOME COUNTRY OR AS DIRECTED BY COMPETENT AUTHORITY.		
f. LIVING ALLOWANCES		
(1) LIVING ALLOWANCE IS RESPONSIBILITY OF THE FOREIGN GOVERNMENT.		
(2) LIVING ALLOWANCE IS AUTHORIZED DURING PERIOD COVERED BY THIS ORDER, FROM DAY OF DEPARTURE FROM, TO DAY OF RETURN ARRIVAL IN, HOME COUNTRY, EXCLUDING PERIOD COVERED BY LEAVE, IN ACCORDANCE WITH SAMM, CHAPTER 10, AND IS CHARGEABLE TO THE FUND CITE IN ITEM 9, THIS ORDER.		
(3) LIVING ALLOWANCE IS AUTHORIZED FROM DAY OF DEPARTURE FROM TO DAY OF RETURN ARRIVAL IN (<i>List country - other than home country</i>) _____ EXCLUDING PERIODS COVERED BY LEAVE, IN ACCORDANCE WITH SAMM, CHAPTER 10, AND IS CHARGEABLE TO THE FUND CITE INDICATED IN ITEM 9, THIS ORDER.		
(4) LIVING ALLOWANCE IS AUTHORIZED FROM DAY OF DEPARTURE FROM THE CONUS ENTRY PORT TO DAY OF RETURN ARRIVAL AT THE CONUS DEPARTURE POINT, EXCLUDING PERIODS COVERED BY LEAVE, IN ACCORDANCE WITH SAMM, CHAPTER 10, AND IS CHARGEABLE TO THE FUND CITE INDICATED IN ITEM 9, THIS ORDER.		
(5) LIVING ALLOWANCE IS AUTHORIZED WHILE IN TRAINING STATUS ONLY IN ACCORDANCE WITH SAMM, CHAPTER 10, AND IS CHARGEABLE TO THE FUND CITE INDICATED IN ITEM 9, THIS ORDER.		
(6) SEE ITEM 15, "SPECIAL CONDITIONS".		
g. TRAVEL		
(1) TRAVEL IS RESPONSIBILITY OF THE FOREIGN GOVERNMENT.		
(2) TRAVEL COVERED BY THIS ORDER, OVERSEAS AND CONUS, IS CHARGEABLE TO THE FUND CITE INDICATED IN ITEM 9, THIS ORDER.		
(3) TRAVEL TO AND RETURN FROM (<i>List country - other than home country</i>) _____ IS THE RESPONSIBILITY OF THE FOREIGN GOVERNMENT. TRAVEL FROM (<i>List country - other than home country</i>) _____ TO CONUS AND RETURN IS CHARGEABLE TO THE FUND CITE INDICATED IN ITEM 9, THIS ORDER.		
(4) TRAVEL TO CONUS AND RETURN IS RESPONSIBILITY OF THE FOREIGN GOVERNMENT. TRAVEL TO CONUS IS CHARGEABLE TO THE FUND CITE INDICATED IN ITEM 9, THIS ORDER.		
(5) (a) IMS HAS BEEN ISSUED A ONE WAY TICKET TO (<i>List country - other than home country</i>) _____ COST OF ECONOMIC TRAVEL CHARGEABLE TO FUND CITE IN ITEM 9, THIS ORDER, IS \$ _____; GOV TRANS REQ (GTR) # _____. LAST TRAINING INSTALLATION WILL ARRANGE RETURN TRANSPORTATION TO HOME COUNTRY.		
(b) IMS HAS BEEN ISSUED A ROUND TRIP TICKET. IF IMET FUNDED, EXCEPTION TO ONE WAY TICKET RULE GRANTED PER _____ COST OF ROUND TRIP TICKET IS \$ _____. GOV TRANS REQ (GTR) # _____.		
(6) SEE ITEM 15, "SPECIAL CONDITIONS".		
h. TRAVEL BY POV		
IMS IS AUTHORIZED	IS NOT AUTHORIZED TO TRAVEL BY POV.	
i. BAGGAGE		
(1) NO BAGGAGE WILL BE TRANSPORTED AT U.S. GOVERNMENT EXPENSE.		
Baggage allowances outlined below are total allowances: excess baggage being the difference between the baggage permitted by the transportation carrier and that stipulated below. Baggage sizes and dimensions will conform to carrier stipulations. These allowances apply for that portion of travel whose costs are paid from U.S. funds (See Para. g., above) and cost of authorized excess baggage is chargeable to the Fund Cite indicated in Item 9, this order.		
(2) TRAINING LESS THAN 22 WEEKS IN TOTAL DURATION: IMS AUTHORIZED 2 PIECES, NOT TO EXCEED 70 POUNDS (32 KILOGRAMS) EACH.		
(3) TRAINING AT LEAST 22 WEEKS BUT LESS THAN 40 WEEKS IN TOTAL DURATION: IMS AUTHORIZED 3 PIECES NOT TO EXCEED 70 POUNDS (32 KILOGRAMS) EACH.		
(4) ALL TRAINING 40 WEEKS OR LONGER IN TOTAL DURATION: IMS AUTHORIZED 4 PIECES, NOT TO EXCEED 70 POUNDS (32 KILOGRAMS) EACH.		
(5) IN ADDITION TO ABOVE ALLOWANCES, IMS ATTENDING PME, GRADUATE, OR POSTGRADUATE PROGRAMS LISTED IN SAMM, TABLE 1001-2, NOTE (4), AND JSATR, TABLE 9-1, NOTE 4, WITH AUTHORIZED ACCOMPANYING DEPENDENTS (Item 12.a.(2) or (3)) OR IMS ATTENDING FLIGHT TRAINING ARE AUTHORIZED ONE ADDITIONAL PIECE OF BAGGAGE.		

Figure C10.F4. DD Form 2285, Invitational Travel Order (ITO) (continued)

CC/WCN	ITO NO.	DATE
<p>13. TERMS</p> <p>a. Prior to departure from home country, the IMS listed herein is required to be medically examined and found physically acceptable in accordance with the health provisions of the Immigration and Nationality Act (8 U.S.C. 1182(a)(1)-(7)); Foreign Quarantine Regulations of Public Health Service, Department of Health, Education and Welfare, 42 CFR, Part 71; McCarran Act Sec 212A, 1-7, Public Law 414, 82d Cong.; applicable U.S. MILDEP regulations; and other U.S. laws or DoD directives and regulations which may be enacted from time to time.</p> <p>b. The home country will ensure that the IMS has sufficient funds in United States dollar instruments to meet all expenses while enroute to, and for the first 30 days of training pending receipt of applicable pay and allowances by the IMS.</p> <p>c. IMS will be responsible for custodial fees and personal debts incurred by self or family members. IMSs unable to meet these financial obligations may be withdrawn from training and returned to home country.</p> <p>d. The IMS will bring adequate uniforms and work clothing for field duty or technical work. U.S. fatigue uniforms and foot wear will be purchased by the IMS in the event that the country work uniforms are inadequate. When flying training is involved, required special flight clothing and individual equipment will accompany the IMS, or provisions will be made by the home country or the IMS to obtain the use of all necessary equipment prior to start of training. The IMS will also possess adequate civilian clothing for off-duty wear.</p> <p>e. The Government of the United States is responsible for IMS travel which is part of the training program and for which costs are part of the course tuition.</p> <p>f. The IMS will comply with all applicable U.S. MILDEP regulations.</p> <p>g. The United States may cancel training and return to country IMSs who violate U.S. law or MILDEP regulations or who are found otherwise unsatisfactory. The IMS's government will be alerted to such action in accordance with U.S. MILDEP regulations.</p> <p>h. The Government of the United States disclaims any liability or financial responsibility for injuries received by the IMS listed herein while in transit to and from the training installation, while undergoing training or while in leave status, and any liability or financial responsibility for personal injury claims or property damage claims resulting from the IMS's action.</p> <p>i. The IMS will participate in flights of U.S. military aircraft as required for scheduled course(s) or as specified in U.S. MILDEP regulations.</p> <p>j. The acceptance of this order by the host country constitutes agreement that the IMET student will be utilized, upon return to the host country, in the skills for which he was trained for a period of time sufficient to warrant the expense of the U.S. Government, in accordance with the SAMM.</p>		
<p>14. IMPLEMENTING AUTHORITY</p>		
<p>a. U.S. MILDEP DOCUMENT</p>	<p>b. DATE (YYMMDD)</p>	
<p>15. SPECIAL CONDITIONS/REMARKS (If applicable)</p> <p style="text-align: center; font-size: 2em; opacity: 0.5; transform: rotate(-10deg);">For illustration purposes only.</p>		
<p>16. DISTRIBUTION</p>		
<p>17. COMMAND LINE</p>		
<p>a. SIGNATURE OF U.S. AUTHORITY AUTHENTICATING ORDERS</p>	<p>b. TITLE</p>	

C10.10.2. International Military Student Officer (IMSO). Commanders of U.S. installations with international students scheduled for training designate an IMSO for administrative support of international students and the DoD Field Studies Program.

C10.10.3. Uniforms and Personal Clothing. Uniforms or items of personal clothing, other than special items of training clothing or equipment (such as flying training gear when included in course cost) may not be provided on a grant basis. Students and/or countries may purchase such items under an FMS case funded with national funds.

C10.10.4. Visits to Canada and Mexico. International students attending instruction in CONUS may be authorized visits to Canada and Mexico if the visit does not exceed 72 hours. Students must comply with all immigration and customs regulations. Such visits do not affect the living allowances. Students should be aware that they need multiple entry visas to visit Canada or Mexico and to return to the United States - not all visas meet this criterion.

C10.10.5. Dependents of Students. Dependents are discouraged from joining students except where the Implementing Agency determines that housing and other amenities are available and the presence of dependents makes an important contribution to the learning experience. When the Implementing Agency encourages authorized-dependents for officers and NCOs attending selected courses, as indicated in Table C10.T3, Note (7), a living allowance may be paid in accordance with rates established in that table. Dependent transportation and/or medical treatment are never at U.S. expense.

C10.10.6. Student and Dependent Employment. International students and their alien dependents are not permitted to hold employment during their stay in the United States. U.S. Embassy or Security Assistance personnel should explain this to students at pre-departure briefings. U.S. country team personnel should ensure passports with A-2 Visas or related documents concerning students and their alien dependents are not annotated with "Employment Authorized."

C10.10.7. Disposition of Students in the Event of Emergency. In the event of a national emergency, DSCA provides procedures and policy for the disposition of students and other international military visitors in the United States and at U.S. installations abroad.

C10.10.8. Political Asylum and Temporary Refuge. Student requests for political asylum and temporary refuge are handled promptly and with careful attention to the procedures established by DoD Directive 2000.11 (reference (cc)) and the implementing instructions of the MILDEPs (AR 550-1, SECNAVINST 5710.22, and AFI 51-704). The instructions cover policy and procedures concerning political asylum and temporary refuge requests from foreign nationals while in territories under exclusive U.S. jurisdiction, territories under U.S. administration and on the high seas, and in territories under foreign jurisdiction.

C10.10.9. Retainable Instructional Materials (RIM). The shipment cost of student RIM is included in the tuition rates for all formal courses (based on standard rates set by DoD 7000.14-R (reference (o)), Volume 15, Chapter 7). Students sending their instructional materials via international mail, or sending instructional materials in excess of the total maximum allowance, do so at personal expense.

C10.10.9.1. Weight Allowances. Weight allowance is 200 pounds for select courses, (e.g., PME, postgraduate education, language instructor training, etc.) and 50 pounds for all other courses.

C10.10.9.2. Packaging and Labeling Requirements. Materials are packaged and labeled at the training installation and shipped via fourth-class mail to the country SCO for delivery to the student, or to the official address for classified material. A copy of the student's ITO is placed inside the package. Use of the Army and Air Force Post Office or Fleet Post Office address of the sponsoring SCO is authorized. Packages must be addressed to the SCO (student's name must not be entered on address label) and include (on the side of the package) the WCN and Program Year for IMET students and the WCN and FMS case for FMS students.

C10.10.9.3. Shipment of Personal Property. The training installation ensures that no personal effects or other unauthorized matter is shipped with the instructional material.

C10.10.10. Maintenance of Student Records. DoD schools that train international students under Security Assistance programs must maintain student records for the same length of time as they are required to maintain records for other students. Country teams and/or SCOs retain student records for a minimum of 10 years.

C10.10.11. Country Liaison Personnel. Use of foreign liaison personnel to assist U.S. training activities with student administration is authorized only after the Implementing Agency has acknowledged the need for assistance and can provide the logistics support. Liaison personnel are authorized only when a country is scheduled to train a large number of students or where student background warrants liaison personnel assistance. Programming procedures for liaison personnel TLA are the same as for the student, if funded under IMET. Liaison personnel are programmed under generic code N10. Liaison personnel are NOT authorized to pursue a course of instruction concurrent with liaison duties. An FMS case is required for non-IMET sponsored liaison personnel to cover associated support expenses (e.g. leased office space, phone, etc.).

C10.10.12. Leave or Leave Extensions (IMET-Only). Leave or leave extensions are granted to IMET students only when authorized in the original ITO or if the SCO amends the ITO by written communication with the training installation. The written communication must be completed no later than 15 days prior to completion of scheduled training.

C10.10.13. Use of the Security Assistance Network (SAN). The SAN provides the primary interface for the input of data from all SCO and IMSO offices. All SCOs and IMSOs must use the SAN and its components to perform their assigned security assistance training management functions. See Chapter 13 for more information on the SAN and its components.

C10.10.13.1. SCO Use of the SAN. SCOs and SCO Training Managers must use the SAN and its components to perform the following functions: perform regular uploads of data from TMS to the SAN; enter international military student (IMS) arrival information in TMS and upload the information to the SAN; enter the training manager's contact information in TMS and upload the information to the SAN; use TMS to manage the country training program and generate invitational travel orders; use the SCO Web to access training data on-line, view remarks entered by IMSOs and MILDEPs, view current status of IMS, and access training manager information; and, use the SCO Web to submit the Counter Terrorism Fellowship Program (CTFP) Nomination Form.

C10.10.13.2. IMSO Use of the SAN. IMSOs must use the SAN and its components to perform the following functions: use the IMSO Web to retrieve IMS arrival information; provide IMSO point of contact information and detailed location information in the IMSO Web (for downloading by SCOs and viewing in the TMS system); input arrival, convening, and completion reports via the IMSO Web; input Foreign Identification Number (FIN) and other required data entries in the IMSO Web; and, input Field Studies Program information in the IMSO Web.28.

C10.11. FIELD STUDIES PROGRAM

In accordance with DoD Instruction 5410.17 (reference (cd)) each student attending a formal course in the United States under the Security Assistance and other related programs is given the opportunity to participate in the DoD Field Studies Program. The Field Studies Program objective is to provide a "real life" view of U.S. society, institutions, and goals, outside the classroom. The Field Studies Program should include discussion with the students about our Government structure, judicial system, the political party system, the role of a free press and other communications media, cultural issues associated with minorities, the purpose and scope of labor unions, our economic system, educational institutions, and the way in which all of these elements reflect the U.S. commitment to the basic principles of internationally recognized human rights. Implementing Agencies are responsible for Field Studies Program implementation. Cost factors for implementing the Field Studies Program are included in course tuition costs.

C10.11.1. FSP Participation. The Field Studies Program applies to students and military-sponsored visitors in the United States under the Security Assistance training program. As appropriate to the surrounding environment, the Field Studies Program also applies to DoD training installations overseas performing Security Assistance military training functions. While students are given the opportunity to participate in the Field Studies Program, it is not mandatory unless it is part of a course Program of Instruction.

C10.11.2. Scope of Funded FSP Activities. Implementing Agencies are responsible for reviewing all proposed Field Studies Program to ensure they are valid and meet the objectives of the Field Studies Program. Any questionable activities should be referred to DSCA (Programs and Strategy Directorates) for approval prior to implementation. Field Studies Program activities include transportation, meals, lodging, admissions, programs, and related incidental expenses. The student is required to pay for personal shopping and services such as laundry and telephone and other costs not directly associated with the programmed tour. Field Studies Program funds may be used to finance the cost of distinctive medallions, plaques, ornaments, or mementos, which serve to commemorate the student's experience in participating in a particular Field Studies Program activity.

C10.11.2.1. Use of Local Civic Groups. Field Studies Program activities should involve local civic groups, organizations, agencies, facilities, and historical sites. The majority of Field Studies Program activities should take place in the civilian community so that students gain an understanding of the United States outside of their classroom experience.

C10.11.2.2. Visits to Washington, DC. Under the Field Studies Program, officer students, DSCA-approved senior enlisted students, and DSCA-approved students enrolled in other specific courses are encouraged to visit Washington, DC. A maximum of four days plus travel time is authorized for this event. Washington, D.C. trips are limited to one per student. If the student changes training locations, IMSOs should verify the student has not previously attended the Washington, D.C. trip.

C10.11.2.3. Entertainment and Social Activities. Entertainment and social events are not a major element of the program. Social activities arranged for international students should include a proportional number of U.S. military, civilian guests, and students whenever possible.

C10.11.3. Duty Status of Students. Students participating in Field Studies Program tours are considered to be in a duty status. The living allowances authorized for IMET students at their training centers (see Table C10.T3) are continued throughout the tour.

C10.11.4. Dependent Participation. Dependents who accompany students in the United States are allowed to participate in Field Studies Program activities, but at no additional cost to the program.

C10.11.5. Extraordinary Expenses. Extraordinary expenses are used to finance costs of commandant's welcome, receptions, banquets for civilian and military sponsors, class or seminar dine-ins, faculty-student luncheons, graduations, and similar activities which bridge cultural differences and enhance the relationship between school officials, local community supporting participants, and the international students. These are budget project N60 expenses incident to representational activities for students under the IMET program and are limited by FAA, section 636(g) (reference (b)) and related appropriation acts. N60 funds may be used only for IMET-funded students. However, joint activities with FMS or non-IMET funded students are often cost effective. In those cases, IMET N60 (including IMET Field Studies Program) costs are pro-rated on the basis of the respective numbers of IMET and FMS or non-IMET funded students. N60 funds may also be used in connection with Field Studies Program orientation tours.

C10.12. ANNUAL INTERNATIONAL TRAINING REPORTS

C10.12.1. Positions of Prominence Report (PPR). Each Combatant Command provides guidance to SCOs on the collection of PPR data and ensures reports are updated annually. SCOs include updated data in the annual Combined Education and Training Program Plan presented at the Combatant Command TPMR. The Combatant Command should submit consolidated information to DSCA within 30 days after the TPMR. The data are used to assess the effectiveness of the programs.

C10.12.1.1. Description of Military Ranks for Reporting Purposes. For purposes of this report, prominent military positions include all general and flag rank officers and lesser ranks such as chief of a military service, senior cabinet aide, senior position on the joint or general staff, commander of a training installation which would be held by a general or flag officer in the United States, military attaché to a major world capital, or commanders of elite or singular units with special tasks such as guarding the nation’s capital.

C10.12.1.2. Description of Civilian Ranks for Reporting Purposes. Civilian graduates under Security Assistance training programs achieving positions of prominence include heads of state (including royalty), cabinet and deputy cabinet ministers, ambassadors, members of parliament, chiefs of leading business enterprises, and other leaders of the civilian community. Because of the rank structures used around the world, SCOs must use best judgment in assigning a “U.S. Equivalent Grade.”

C10.12.1.3. Data Format. Data are composed of updates on individuals previously reported if his or her position or status has changed, and former students who have achieved positions of prominence since the last report. Data should be formatted in the following order: country; name (last, first, middle initial); grade; U.S. equivalent grade; prominent positions held (to include all previous positions of prominence); current position; academic degree (if appropriate); specific training completed (course, place of training, rank, year(s) attended, and source of funding); and how the position was obtained (election, appointment, or other).

C10.12.2. Foreign Military Training Report. FAA, section 656 (reference (b)) and the annual Foreign Operations Act require the Secretary of Defense and Secretary of State to jointly prepare and submit to the appropriate Congressional committees a report on all military training provided to foreign military personnel by the Department of Defense and the DoS during the previous fiscal year and all such training proposed for the current fiscal year. For the purpose of this report, “training” is defined as any activity where a significant objective is the transfer of knowledge or skills (related to the performance of tasks of a military or defense nature) to units or individuals of the foreign armed forces or foreign MOD civilians. This definition includes both education and training. The following timeline (Table C10.T11.) ensures this report is compiled and submitted to Congress to meet the legislated deadline.

Table C10.T11. Foreign Military Training Report Preparation Timeline

Date*	Action
August 15 th	DSCA (Programs Directorate) prepares and sends tasking message to all training activities, MILDEPs, Combatant Commands, Chairman of the Joint Chiefs of Staff, SCOs, etc.
August 30 th	DSCA (Programs Directorate) prepares and sends message outlining detailed reporting procedures and administrative guidance for the report.
September 1 st	DSCA (Programs and Information Technology Directorate) provides the Congressional Report on International Military Training (Non-Security Assistance-CRMIT) database to

Date*	Action
	DoD Commands/Centers who provide reportable non-Security Assistance training and engagement activities funded from DoD resources.
September 30 th	End of the fiscal year. STL input is frozen.
October 1 st	DSCA (Information Technology Directorate) creates Security Assistance training data portion of the report (Security Assistance-CRMIT) and forwards the database to the Combatant Commands. Combatant Commands begin coordinating SCO input and updates.
October 15 th	DoD Commands/Centers submit DoD-funded non-Security Assistance, training, and education activities (Non-Security Assistance-CRMIT) to respective DoD sponsor for review and approval.
October 28 th	DoD sponsors submit approved (Non-Security Assistance-CRMIT) database with non-Security Assistance sponsored program data to DSCA (Information Technology Directorate) for insertion into the Foreign Military Training Report database.
October 31 st	Combatant Commands return updated (Security Assistance-CRMIT) database with Security Assistance-sponsored program data to DSCA (Information Technology Directorate).
November 1 st	DoS prepares country justification narratives.
November 6 th	DSCA (Information Technology Directorate) generates draft consolidated Foreign Military Training Report and DoD engagement activities of interest database (CRMIT) and passes the database to DoS (PM) and DSCA (Programs Directorate) for initial review and corrections.
December 15 th	Final revisions and joint signatures of Deputy Secretary of Defense and Deputy Secretary of State (who have been delegated signature authority for this report).
January 21 st	Final approved report forwarded for printing by the DoS.
January 31 st	Final report delivered to Congress by the DoS.
* Note: Dates may vary depending on the work week each year	

C11. CHAPTER 11

SPECIAL PROGRAMS AND SERVICES

C11.1. ACQUISITION AND CROSS-SERVICING AGREEMENTS (ACSAS)

ACSAs are Department of Defense (DoD) agreements negotiated on a bilateral basis with nations designated by the Secretary of Defense as ACSA-eligible. To be designated as ACSA-eligible, a country must either be a member of the North Atlantic Treaty Organization (NATO) or have a defense alliance with the United States (U.S.); permit stationing of U.S. troops; allow pre-positioning of U.S. assets; or host U.S. Forces' exercises. Support is generally provided on a reciprocal basis. Payments may be made in cash, replacement in kind or equal value exchange – countries pay the DoD rate (not the Foreign Military Sales (FMS) rate). Except for contingencies, humanitarian, and foreign disaster efforts, annual (fiscal year) ceilings apply. 10 U.S.C. 2341-2350 (reference (ce)) authorizes the use of ACSAs. DoD Directive 2010.9 (reference (cf)) contains the policy for these agreements. The Chairman of the Joint Chiefs of Staff has primary responsibility for these agreements

C11.1.1. Standard Provision of Logistics Support, Supplies, and Services Under an ACSA.

C11.1.1.1. What MAY Be Provided Under an ACSA? ACSAs permit the United States to provide logistics support, supplies, and services to include food, billeting, transportation (including airlift), petroleum, oils, lubricants, clothing, communication services, medical services, ammunition, base operations support (and construction incident to base operations support), storage services, use of facilities, training services, spare parts and component, repair and maintenance services, calibration services, and port services. Also permitted are the temporary use of general purpose vehicles and other non-lethal items of military equipment that are not designated as significant military equipment (SME) on the U.S. Munitions List in the International Traffic in Arms Regulations (ITAR) (reference (n)).

C11.1.1.2. What MAY NOT Be Provided Under an ACSA? ACSAs do not permit transfer of weapons systems; initial quantities of replacement and spare parts for major end items of equipment covered by tables of organization and equipment, tables of allowances and distribution, or equivalent documents; major end items of equipment; guided missiles; naval mines and torpedoes; nuclear ammunition and included items such as warheads, warhead sections, and projectiles; guidance kits for bombs or other ammunition; and chemical ammunition (other than riot control).

C11.1.2. Temporary Authority to Use ACSA to Lend Certain Military Equipment to Foreign Forces in Iraq and Afghanistan for Personnel Protection and Survivability or Participating in Combined Operations with the United States as part of a Peacekeeping Operation under the Charter of the United Nations or Another International Agreement. Notwithstanding paragraph C11.1.1 above, special authority was enacted in Section 1202 of the National Defense Authorization Act (NDAA) for Fiscal Year 2007 (P.L. 109-364) , as amended by Section 1252 of the FY 2008 NDAA, to permit the Secretary of Defense to treat “covered military equipment” (defined in Section 1202 as SME in USML categories I, II, III, VII, XI, and XIII) as logistics support, supplies, and services under ACSA agreements for the purposes of providing such equipment to military forces of a nation while participating in combined operations with the United States in Iraq or Afghanistan, or in other approved combined operations, when the equipment is required for personnel protection or to aid in the personnel survivability of those forces. Use of this authority requires a determination by the Secretary of Defense, with concurrence of the Secretary of State that it is in the national security interest to provide the equipment. Equipment may not be provided for a period longer than one year. This authority expires on September 30, 2009.

C11.1.3. ACSA Process

C11.1.3.1. Eligibility. The Combatant Commander forwards a request to the Joint Staff, J4, to have a foreign country designated as ACSA-eligible. The request is staffed, forwarded to the Office of the Secretary of Defense (OSD), and sent to the Department of State (DoS) for coordination. When approved by all parties, there is a 30-day Congressional Notification period before negotiations begin. If Congress takes no action, the nation is eligible and the Combatant Commander is notified that negotiations may commence.

C11.1.3.2. Negotiations. A team from the Combatant Commander meets with the eligible nation to reach an agreement on the exact wording of the ACSA. The Department of Defense and DoS have developed an approved ACSA template.

C11.1.3.3. Conclusion. The negotiated ACSA is forwarded from the Combatant Commander to the Joint Staff, J4, for staffing. It is then coordinated with OSD and sent to the DoS requesting authority to conclude the agreement. If the language of the ACSA template is agreed to by the foreign nation, there is an expedited approval process. Once authority is granted, the Combatant Commander is notified that the ACSA may be signed.

C11.1.3.4. Execution. In order to execute the ACSA, an Implementing Arrangement must outline the billing procedures and identify points of contact. The ACSA template includes the Implementing Arrangement language, so there is no need to negotiate a separate arrangement. An Order or Support Request must be processed for each ACSA transaction to financially bind the acquiring nations.

C11.2. C-12 AIRCRAFT MANAGEMENT

The Defense Security Cooperation Agency (DSCA), Defense Intelligence Agency (DIA), and U.S. Air Force (USAF) Memorandum of Understanding (MOU), dated August 6, 1996, provides four C-12 aircraft to DSCA for use in implementing Security Assistance. In consultation with the appropriate Combatant Command, DSCA assigns the C-12s to overseas Security Cooperation Organizations (SCOs) on a priority basis. The Combatant Commands provide additional guidance to SCOs on C-12 program management.

C11.2.1. C-12 Aircraft Missions

C11.2.1.1. Security Assistance C-12 Aircraft Missions. The primary mission of the DSCA dedicated C-12 aircraft is to support SCO Security Assistance program management as outlined in Foreign Assistance Act (FAA), section 515 (reference (b)). Included in this category are local in-country training, evaluation, and maintenance flights. These missions are financed by Security Assistance Administrative funds.

C11.2.1.2. Non-Security Assistance C-12 Aircraft Missions. Other missions may be flown only when they do not impair Security Assistance missions, when they are reimbursed, and only when in compliance with the laws and regulations governing the use of DoD transportation assets. Examples include: disaster relief, Combatant Command exercises, visitors who are on non-Security Assistance management business, flights flown in support of the U.S. Embassy, U.S. Defense Representative responsibilities, or flights flown in support of an FMS case which specifically includes a transportation line. C-12 flights that support Congressional or Congressional Staff Delegations (CODELs) are also included in this category. DSCA Form 78-001 (Figure C11.F1.) should be completed and submitted with a certified statement of actual flying time to DSCA (Business Operations Directorate) within 2 workdays after the airlift has been completed.

C11.2.2. C-12 Aircraft Policies. The policies in Table C11.T1. govern the use of the DSCA C-12 aircraft.

C11.2.3. Flight Approval Authority for DSCA C-12 Aircraft. The SCO Chief has approval authority for flights within his or her area of accreditation in support of Security Assistance management functions. The SCO Chief retains responsibility for the proper use of the C-12 regardless of the agency using or funding the use of the C-12. For DIA dedicated C-12 aircraft, jointly used by the SCO, the SCO Chief retains responsibility for proper C-12 uses for SCO missions. For other non-Security Assistance missions, established Combatant Command approval procedures are followed and fund cites obtained prior to flight.

Figure C11.F1. DSCA Form 78-001, Request for Revenue Traffic Airlift

DEFENSE SECURITY COOPERATION AGENCY
Washington, D.C. 20301

REQUEST FOR REVENUE TRAFFIC AIRLIFT

Date:
Request No:
From: _____
To: Chief SCO

Revenue traffic airlift services as described are requested for the following activity:

Purpose, date, estimated flying times, and route of non-Security Assistance flight mission:

Billing address:

Fund citation to be shown on billing:

CERTIFICATION BY REQUESTING OFFICIAL: Pursuant to requirements of DoD Regulation 4515.13-R (subparagraph C8.2.2.1.), I certify that commercial transportation is neither available, readily obtainable, nor satisfactorily capable of meeting the requirements. I certify that the requesting office will accept liability for the reimbursement billing for airlift service provided in response to this request.

Signature
[Name and Title of Requesting Official]

For use by Chief SCO:

Signature
[Name and Title of SCO Approving Official]

Table C11.T1. DSCA C-12 Aircraft Policies

DSCA C-12 Aircraft Policies	
1	When SCOs share or jointly use C-12 aircraft, Security Assistance missions take precedence over any other SCO requirements.
2	All C-12 missions flown out of the SCO area of accreditation require prior justification to, and approval by, the Combatant Command.
3	The C-12 aircraft shall be used only when such use is more economical than commercial aircraft or airline services are not available, readily obtainable, or for reasons which must be specified, incapable of satisfying the transportation requirements. The C-12 should not be used if travel requirements can be met with other safe, more cost effective modes of transportation e.g., rail, automobile, etc. The SCO Chief has the authority to make these decisions.
4	Passenger travel and reimbursement shall be in accordance with DoD 4515.13-R (reference (cg)) or by specific Combatant Command approval before flight, except in case of emergency.

C11.2.4. Passenger Approval and Eligibility for DSCA C-12 Aircraft. Passenger eligibility for all DoD aircraft is set out in DoD 4515.13-R (reference (cg)). Normal categories of military travel are permitted to include temporary duty and space-available travel of military members and dependents, provided that such travel does not interfere with the primary Security Assistance mission. Special categories of passengers may be eligible for C-12 travel if approved by the appropriate authority as set out in DoD 4515.13-R (reference (cg)). DSCA dedicated C-12 missions may not be scheduled solely for rest and recuperation purposes. The SCO Chief is responsible to determine if movement of travelers interferes with the Security Assistance mission and is therefore the final authority for passenger movement. This includes authorization of Security Assistance travel as well as determination that non-Security Assistance travel does not interfere with the Security Assistance mission. The SCO may also approve space-available travel. In addition, the SCO Chief has special authority as outlined in DoD 4515.13-R (reference (cg)), section C10.9., for specified American Embassy personnel, distinguished foreign nationals, key foreign military, and spouses of certain officials under certain conditions as indicated in Table C11.T2.

Table C11.T2. Passenger Eligibility for DSCA C-12 Aircraft

Passenger Type	Eligibility for DSCA C-12 Aircraft
Spouses of DoD personnel, other than authorized by DoD 4515.13-R, section C10.9., must have Invitational Travel Orders (ITOs).	Due to unique funding of DSCA C-12 operations, these procedures may differ from other DoD aircraft transportation requirements. The spouse travel must clearly be in the national interest and there must be an unquestionable official requirement in which the spouse is to participate.
Congressional Delegations (CODELs)	CODELs warrant special consideration. The Assistant Secretary of Defense for Legislative Affairs (ASD(LA)) has approval authority for non-sponsored, non-reimbursable flights in support of CODELs. In addition, sponsored, non-reimbursable CODEL flights outside of the United States must be submitted to the Secretary of Defense (DoD Directive 4515.12 (reference (ch))). In the process of determining the availability of DSCA dedicated C-12 aircraft to support a CODEL mission, the DSCA verifies to ASD/LA that the aircraft does not have a higher priority Security Assistance requirement. The DSCA requests the appropriate Combatant Command to obtain C-12 availability from the SCO. Once a decision has been made to use the DSCA dedicated C-12, the Military Department (MILDEP) (which has been assigned by ASD(LA) to support the CODEL) should immediately provide the SCO, the Combatant Command, and DSCA (Business Operations Directorate) with a fund cite to support the missions, as well as list of names of official members of the CODEL, identified by the Chairman of the Committee which is sponsoring the CODEL, to ensure that all concerned clearly understand who are the authorized passengers. Pursuant to 10 U.S.C. 2341-2350 (reference (ce), and the rules promulgated there under; such as DoD Directive 4515.12 (reference (ch))), official members of CODELs may be authorized passengers on DSCA dedicated C-12 aircraft. On short notice requests, SCOs should telephone DSCA (Business Operations Directorate) to resolve questions on CODEL travel. SCOs keep the Combatant Command and DSCA (Business Operations Directorate) informed.

C11.2.5. Reimbursement for C-12 Aircraft Flights. The reimbursement requirement for passenger travel is addressed in DoD 4515.13-R (reference (cg)). If the passenger is on official duty in support of SCO management functions, he or she is authorized travel and no reimbursement is required. Approval authority for space-available, non-reimbursable travel for designated individuals is granted to SCO Chiefs by DoD 4515.13-R, section C10.9. (reference (cg)). Embassy requests for permission to transport non-DoD individuals (outside the authority of DoD 4515.13-R (reference (cg))) shall be in accordance with DoS Foreign Affairs Manual, Volume 6, Section 129.5 (reference (ci)), as amended, to ensure proper inter-agency coordination. All other passengers must fall under the purview of DoD 4515.13-R (reference (cg)) as non-reimbursable, or they must reimburse DSCA for their travel. While some CODEL missions may be considered by DSCA and SCOs to be Security Assistance missions, there is no authority for the use of Security Assistance administrative funds to support non-Security Assistance CODEL missions on DSCA dedicated C-12 aircraft. CODEL mission funding is the responsibility of the MILDEP tasked by ASD(LA) to support the CODEL. The cost for the CODEL mission is reported by the SCO via DSCA Form 78-001 (Figure C11.F1.) to DSCA (Business Operations Directorate) for reimbursement action. For reimbursable travel, there is no seat mile rate for DSCA dedicated C 12 aircraft. Flying hour rates shall be used. Questions may be directed to DSCA (Business Operations Directorate).

C11.2.6. DSCA C-12 Aircraft Program Management Responsibilities. Table C11.T3. shows the C-12 Aircraft program management responsibilities for the SCO, the Combatant Command, and DSCA (Business Operations Directorate).

Table C11.T3. DSCA C-12 Aircraft Program Management Responsibilities

DSCA C-12 Aircraft Program Management Responsibilities	
SCO	<p>Provide to the Combatant Command the flying hour programs for the yearly budget in accordance with criteria established by this manual and DSCA (Business Operations Directorate) annual budget call.</p> <p>Provide to the Combatant Command copies of all Memoranda of Understanding (MOUs) between the SCO and other organizations where a shared or joint use agreement is in effect.</p> <p>Submit monthly activity reports to the C-12 Program Manager in accordance with the Oklahoma Air Logistics Center (OC-ALC/LKO), Oklahoma City, Oklahoma, and DSCA C-12 Support Agreement T-607, Attachment 3, January 1991.</p> <p>Complete DSCA Form 78-001, "Request for Revenue Traffic Aircraft", and a memorandum certifying actual flying time, for each reimbursable flight and mail these forms to DSCA (Business Operations Directorate), 201 12th Street South, Suite 203, Arlington VA 22202, as soon as practical (not later than 10 working days after the date of the flight).</p> <p>Keep the appropriate Combatant Command and DSCA (Business Operations Directorate) informed on all CODEL missions, as appropriate.</p> <p>Provide to the Combatant Command information pertaining to changes in overall flying hour program requirements as soon as possible. Changes to flying hour programs, or movement of aircraft, can require a lead-time of six months to become effective.</p> <p>The SCO Chief ensures that the SCO complies with this section as well as guidance that may be provided by the Combatant Command. Questions regarding this section should be directed to DSCA (Business Operations Directorate) through the appropriate Combatant Command C-12 Point of Contact.</p>
Combatant Command	<p>Review and forward recommended flying hour requirements.</p> <p>Administrative oversight of DSCA dedicated C-12 aircraft in their area of accreditation consistent with applicable guidelines and directives to ensure safe and efficient use of these resources.</p> <p>Keep the Director, DSCA informed of problems or issues resulting from reviews of SCO monthly reports, or other sources, to include corrective action(s) underway.</p> <p>Assist SCOs in obtaining fund cites for non-Security Assistance missions, as necessary, prior to the mission.</p> <p>Maintain copies of all MOUs between SCOs and other organizations for joint or shared use of DSCA dedicated C-12 aircraft.</p>
DSCA (Business Operations Directorate)	<p>Responsible for the DIA/DSCA/USAF C-12 MOU. Provides policy and program guidance on management of DSCA dedicated C-12 aircraft.</p> <p>Obtains funding and establishes approved flying hour budgets for SCOs; processes DSCA Form 78-001 submitted by SCOs; and administers reimbursement to the USAF for the total cost of the SCO flying hour program to include the maintenance contract costs, engine overhaul, and fuel.</p> <p>Establishes annual flying hour program reporting requirements, provides annual flying hour requirements to the C-12 Program Manager at Oklahoma City Air Logistics Center, and Internal Management Control (ICM) reporting on the C-12 aircraft to higher authority.</p>

C11.3. COUNTER-NARCOTICS ASSISTANCE-NATIONAL DEFENSE AUTHORIZATION ACTS, SECTIONS 1004 AND 1033

C11.3.1. Counter-Narcotics Assistance Legal Provisions. Under Section 1004 of Public Law 101-510 (reference (bq)) (the National Defense Authorization Act for Fiscal Year 1991) and Section 1033 of Public Law 105-85 (reference (cj)) (the National Defense Authorization Act for Fiscal Year 1998), the Office of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict - Counter-Narcotics (OASD(SOLIC-CN)) is authorized to obtain defense articles and services via direct arrangements with the MILDEPs or other DoD agencies. Table C11.T4. lists the types of support authorized under these sections.

Table C11.T4. Types of Support Authorized by Section 1004 and Section 1033

Section 1004 Support for Counter-Narcotics Purposes	Section 1033 Authority restricted to Counter-Narcotics Support to Columbia and Peru
(1) Maintenance, repair and upgrade of loaned DoD equipment.	(1) Riverine patrol boats.
(2) Maintenance, repair and upgrade of other equipment.	(2) Non-lethal protective and utility personnel equipment.
(3) Transportation of personnel, including personnel of foreign countries, supplies, and equipment.	(3) Non-lethal specialized equipment such as night vision systems, navigation, communications, photo, and radar equipment.
(4) Establishment (included unspecified minor military construction projects) and operation of bases of operations or training facilities.	(4) Non-lethal components, accessories, attachments, parts, hardware, and software for aircraft or patrol boats, and related repair equipment.
(5) Counter-Drug related training of law enforcement personnel of the Federal, State, and local Governments and of foreign countries, including associated support expenses for trainees and the provision of materiel necessary to carry out such training.	(5) Maintenance and repair of equipment that is used for counter-drug activities.
(6) Detection, Monitoring and Communication.	
(7) Construction of Roads, Fences and Installation of Lighting.	
(8) Establishment of Command, Control and Computer Networks.	
(9) Provision of Linguists and Intelligence Analysis Services.	
(10) Aerial and Ground Reconnaissance.	

C11.3.2. Requests for Section 1004 or 1033 Agreements. OASD(SOLIC-CN) may request defense articles and services from DSCA using the existing FMS infrastructure. OASD(SOLIC-CN) submits a written request (Figure C11.F2.) to the DSCA (Operations Directorate) for the desired items and services and the Director, DSCA, signs the document signifying acceptance. The written request, the DSCA acceptance, and the provision of funding authority to DSCA serve as the framework for the DoD FMS community to provide support.

Figure C11.F2. Section 1004 or 1033 Request From OASD(SO/LIC-CN)

National Defense Authorization Acts, Sections 1004 or 1033 Request

Pursuant to Section 1004 of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510) and/or Section 1033 of the National Defense Authorization Act for Fiscal Year 1998 (Public Law 105-85), OASD(SO/LIC-CN) requests DSCA to procure the following defense articles or services in accordance with the terms and conditions set out below.

1. Description of the defense article or service (general description of the article or service including the scope of work and schedule):
2. Funding arrangements:
 - a. Funds will be transferred by the Undersecretary of Defense (Comptroller) (USD(C)) to DSCA's appropriated account by [insert date].
 - b. Fiscal Year, type and expiration date of funds: _____
 - c. In the amount of: [insert the dollar amount]
 - d. Time Period: Funds must be obligated on or before [insert date] . DSCA shall direct the Implementing Agency to execute a Pseudo Letter of Offer and Acceptance no later than: [insert date]_ to ensure that funds are obligated by the date specified above. If the Implementing Agency fails to execute the case in whole or in part by this date, DSCA shall return unobligated funds to USD(C).

(DSCA will issue a Military Interdepartmental Purchase Request (MIPR) providing funds to the FMS Trust Fund.)
3. OASD(SOLIC-CN) is responsible for payment of all costs arising out of or related to this agreement, including but not limited to cost increases, claims, and termination costs.
4. Delivery Terms: [insert the name of the representative of a U.S. agency designated by OASD(SO/LIC-CN)] will take delivery and provide a written record of receipt to the Implementing Agency. OASD(SO/LIC-CN) assumes responsibility for the security, accountability, and tracking of items and services provided.
5. 5. Administrative Surcharge: DSCA will assess an administrative surcharge of 3.8 percent on all items and services provided pursuant to this request.
6. Reporting: DSCA in conjunction with the Implementing Agency and the Defense Finance and Accounting Service shall keep complete funding records/accounts on OASD(SO/LIC-CN) provided funds. DSCA shall provide OASD(SO/LIC-CN) quarterly reports of program activities, as well as additional information or documentation that OASD(SO/LIC-CN) may request, including accounting or audit records for OASD(SO/LIC-CN) funds. Each submission shall refer to this document.
7. At the conclusion of this arrangement, DSCA shall report to OASD(SO/LIC-CN) that the funds were obligated and expended for the authorized purposes and return unexpended funds to OASD(SO/LIC-CN).
8. DSCA shall submit reports required by this arrangement to [insert address].
9. Other Terms and Conditions: OASD(SO/LIC-CN) may submit this request by memo, fax, email, or any electronic format that contains an authorized form of electronic signature.
10. Point of Contact/Procedures for Coordination with OASD(SO/LIC-CN): [Insert name, phone number, fax number and e-mail address].

Requesting Agency's Representative: _____
(OASD(SO/LIC-CN)) _____(insert date)

Accepting Agency's Representative: _____
(Director, DSCA) _____(insert date)

C11.3.3. Section 1004 or 1033 Pseudo Letters of Offer and Acceptance (LOAs). A Pseudo LOA is used by the United States Government (USG) to track the sale of defense articles and/or services (to include training, and design and construction services) to OASD(SOLIC-CN) under the authority of Sections 1004 and 1033. The Pseudo LOA itemizes the defense articles and/or services included in OASD(SOLIC-CN) request. It is NOT signed by the country and/or organization receiving the articles and/or services. The request, acceptance, and funding of Section 1004 or 1033 Pseudo LOAs is via the written request (Figure C11.F2.) and associated Military Interdepartmental Purchase Request (MIPR) issued by DSCA (Business Operations Directorate) or the Implementing Agencies. DSCA (Operations Directorate) provides a copy of the written request to the Implementing Agency with the memorandum requesting the Implementing Agency prepare the Pseudo LOA.

C11.3.3.1. Section 1004 or 1033 Pseudo LOA Preparation Timeframe. As with FMS LOAs, the maximum processing time between Implementing Agency receipt of the written request and release of the Pseudo LOA is 120 days, with no adjustments for hold times, additional work needed to clarify requirements, or any other consideration. However, all parties must be aware of the time, purpose, and amount of funds available under Section 1004 or 1033 authorities.

C11.3.3.2. Section 1004 or 1033 Pseudo LOA Preparation Process. The Implementing Agency develops a Section 1004 or 1033 Pseudo LOA in the Defense Security Assistance Management System (DSAMS) to allow program execution through existing security assistance automated systems. Pseudo LOAs follow the same LOA preparation guidelines as FMS cases. (See Chapter 5, paragraph C5.4.6.).

C11.3.3.3. Section 1004 or 1033 Pseudo LOA Format. Pseudo LOAs follow LOA format guidance for FMS cases (see Chapter 5, Figure C5.F5.) except as identified in Figure C11.F3.

Figure C11.F3. Unique Instructions for Preparing Section 1004 or 1033 Pseudo LOAs

Unique Instructions for Preparing a Pseudo Letter of Offer and Acceptance for Section 1004 or Section 1033 Cases
1. Case Identifier. <ol style="list-style-type: none"> a. For Section 1004 Pseudo LOAs, the case identifier is composed of country code "S8" (Section 1004 Transactions), Implementing Agency code of the DoD Component providing support, and a case designator assigned by DSCA (Strategy Directorate). b. For Section 1033 Pseudo LOAs, the case identifier is composed of country code "S7" (Section 1033 Transactions), Implementing Agency code of the DoD Component providing support, and a case designator assigned by DSCA (Strategy Directorate).
2. Nickname Field. The country/organization receiving the support and the type of support (e.g., Section 1004, or Section 1033) is identified in the "nickname" field on the Pseudo LOA.
3. Purchaser's Reference. The written request between OASD(SOLIC-CN) and DSCA is entered in the "Based on" field.
4. Terms of Sale. The Term of Sale for all Section 1004/1033 Pseudo LOAs is Cash with Acceptance.

C11.3.3.4. Pricing Section 1004 or 1033 Pseudo LOAs. Pricing of articles and services for Section 1004 or 1033 Pseudo LOAs is in accordance with DoD 7000.14-R (reference (o)), Volume 11A, Chapter 1 as outlined below.

C11.3.3.4.1. Pricing Section 1004 or 1033 Pseudo LOAs – Non-DoD Working Capital Funded (DWCF) Materiel. Non-DWCF assets are transferred under this authority at no charge. These transfers are considered to be to another DoD Component and are made on a non-reimbursable basis.

C11.3.3.4.2. Pricing Section 1004 or 1033 Pseudo LOAs – Contracts. Full contract costs incurred for awarded contracts are charged to the Section 1004 or 1033 Pseudo LOA.

C11.3.3.4.3. Pricing Section 1004 or 1033 Pseudo LOAs – DWCF Items. Reimbursement is made at the DWCF standard price. The reimbursement is credited to the DWCF.

C11.3.3.4.4. Pricing Section 1004 or 1033 Pseudo LOAs – Services. Reimbursement is for the additional cost incurred by the Department of Defense to provide such services. Civilian pay and funded benefits are included in additional costs but unfunded civilian retirement and benefits and military pay are not included. The reimbursement is credited to the applicable appropriation incurring the cost.

C11.3.3.4.5. Pricing Section 1004 or 1033 Pseudo LOAs – Surcharges and Accessorials. FMS surcharges and accessorial rates apply. DoD FMS resources support this effort and are reimbursed through the normal FMS surcharge and accessorial accounts. Any request to deviate from the application of these surcharges must be sent to DSCA (Business Operations Directorate) for approval.

C11.3.3.5. Additional Section 1004 or 1033 Pseudo LOA Information. The LOA Standard Terms and Conditions DO NOT apply to Section 1004 or 1033 Pseudo LOAs. Other notes that are mandatory for FMS cases (e.g., Offsets, Unauthorized Use of Defense Articles) DO NOT apply to Section 1004 or 1033 Pseudo LOAs. Notes regarding inclusion of charges on the document (e.g., Administrative Surcharge and Contract Administrative Surcharge notes) DO apply to these Pseudo LOAs. Unique notes should be included on each Pseudo LOA to ensure readers can understand the program. In addition to these customized notes, there are mandatory standard notes that must be included on each Pseudo LOA: Authority for Sale – Section 1004 or 1033 of the cited National Defense Authorizations Acts; Limit of Support under Section 1004 or 1033 authorities; and Funds Availability, Purpose, and Expiration. See Chapter 5, Table C5.T5. for wording of these notes.

C11.3.3.6. DSCA Coordination and Countersignature of Section 1004 or 1033 Pseudo LOAs. All Section 1004 or 1033 Pseudo LOA documents require DSCA countersignature (see Chapter 5, paragraph C5.4.14.). The Implementing Agency posts the country acceptance milestone in DSAMS after DSCA countersignature.

C11.3.4. Transfer of Funds for Section 1004 or 1033 Activities. OASD(SOLIC-CN) processes all Section 1004 or 1033 Congressional Notifications and provides copies of the notifications to DSCA (Operations Directorate) along with certification that notification requirements have been met. USD(C) then transfers funds from the DoD Counter-Drug Central Transfer Account to the DSCA (Business Operations Directorate) appropriated account. DSCA (Business Operations Directorate) issues a MIPR to transfer the funds into the FMS Trust Fund only upon notification from OASD(SOLIC-CN) that the Congressional Notification has been completed. The DSCA (Business Operations Directorate) sends a copy of the accepted MIPR to the Defense Finance and Accounting Service (DFAS) Indianapolis along with instructions to collect the funds and establish a separate holding account associated with the Section 1004 or 1033 Pseudo LOA. DSCA monitors the obligation of funds by the date set in the written request, directs the return of unobligated funds not required for the provision of items or services, and notifies OASD(SOLIC-CN) of potential cost increases or decreases.

C11.3.5. Section 1004 or 1033 Pseudo LOA Reporting. The DSCA 1200 system is NOT used to record Section 1004 and 1033 Pseudo LOAs. The Defense Integrated Financial System (DIFS) distinguishes Section 1004 and 1033 agreements from other FMS agreements using the Pseudo LOA case identifier. The Implementing Agency does delivery reporting for these cases. DFAS Indianapolis applies surcharges and accessorial charges to the DoD delivery transactions, as done for FMS transactions. DSCA in conjunction with the Implementing Agency and DFAS Indianapolis provides the OASD(SOLIC-CN) with quarterly reports of program activities and any additional information or documentation that OASD(SOLIC-CN) may request regarding expenditures and activities. This includes any accounting or audit records concerning funds transferred under this agreement.

C11.3.6. Section 1004 or 1033 Pseudo LOA Billing. DFAS Indianapolis submits the quarterly DD 645 bill or for these purposes a report of costs incurred, to DSCA (Business Operations Directorate). Upon completion of the Section 1004 or 1033 Pseudo LOAs, the DSCA (Business Operations Directorate) directs DFAS Indianapolis to return excess funds to DSCA or other funding source. DSCA (Business Operations Directorate) returns unprogrammed funds to the originating OASD(SOLIC-CN) account.

C11.4. DRAWDOWNS

C11.4.1. Definition and Purpose. The FAA (reference (b)) authorizes the President to direct transfers of on-hand DoD-stock defense articles and services (as well as articles and services from the inventory and resources of any agency of the USG) and military education and training to foreign countries and international organizations in response to unforeseen military emergencies, humanitarian catastrophes, peacekeeping needs, or counternarcotics requirements. Except for transportation and related services where new contracts would cost less than providing such services with DoD assets, no new procurement is authorized and no new funds may be placed on existing contracts unless otherwise provided by law. Table C11.T5. summarizes the legal references of the different types of drawdowns.

Table C11.T5. Drawdown Legislation Summary

Legislation	Subject
FAA, Section 506(a)(1) [22 U.S.C. 2318(a)(1)] (reference (b))	DoD Drawdown for unforeseen emergencies: Authorizes the President to direct DoD drawdowns for unforeseen emergencies requiring immediate military assistance that cannot be addressed under the AECA or any other law. Only defense articles already on hand in DoD stocks, DoD services, and military education and training may be provided. Congress must be notified before the President signs the Presidential Determination (PD). The aggregate value of all drawdowns directed in any fiscal year under FAA, section 506(a)(1) (reference (b)) may not exceed \$100M.
FAA, Section 506(a)(2) [22 U.S.C. 2318(a)(2)] (reference (b))	International narcotics control, international disaster assistance, antiterrorism assistance, nonproliferation assistance, migration and refugee assistance, Prisoner of War/Missing in Action (POW/MIA) efforts in Cambodia, Laos and Vietnam: Inventory and resources of any USG agency may be provided. Congress must be notified before the President signs the PD for international disaster relief and POW/MIA efforts in Vietnam, Cambodia, and Laos. Congress must be notified 15 days before the President signs the PD for international narcotics control and efforts under the Migration and Refugee Assistance Act of 1962. The aggregate value of all drawdowns directed in any fiscal year under FAA, section 506(a)(2) (reference (b)) may not exceed \$200M of which: No more than \$75M may come from the Department of Defense. No more than \$75M may be used for international narcotics control. No more than \$15M may be used for POW/MIA drawdowns.
FAA, Section 552(c)(2) [22 U.S.C. 2348a(c)(2)] (reference (b))	Peacekeeping Operations: Authorizes drawdown if the President determines that an unforeseen emergency requires the immediate provision of commodities and services of any USG agency to countries and international organizations to support peacekeeping operations. Congress must be notified before the President signs the PD. The aggregate value of drawdowns directed under FAA, section 552(c)(2) (reference (b)) may not exceed \$25M per fiscal year. United Nations support may be limited to \$3 million per fiscal year per operation; Public Law 106-113, section 724 (22 U.S.C. 287b and 287c(2)) (reference (ck)).
FAA, Section 503 (reference (b))	General authority to furnish Military Assistance under the FAA.

Legislation	Subject
FAA, Section 505 (reference (b))	Conditions of eligibility for Military Assistance under the FAA.
FAA, Section 652 [22 U.S.C. 2411] reference (b)	Congressional Notification required before the President can direct drawdowns or exercise other specified special authorities under the FAA.
Public Law No. 106-113 [22 U.S.C. 287b] [22 U.S.C. 287e(2)] (reference (ck))	Support to the United Nations.
Special Legislative Authorities	Congress may create special legislation for specific programs or purposes. There is no annual limit on the amount of special authorities that Congress may authorize. Special authorities give the President the legislative authority to provide assistance, but it is a Presidential decision whether to use that authority. Legislation for special authorities may provide for broader drawdown assistance, including authorization to contract for articles, services, and education and training that are NOT on hand.
Cargo Preference Act of 1954 (reference (bd))	All drawdowns items transferred by ocean carriers must follow U.S. cargo preference requirements. Recipient countries must use U.S. flag vessels unless the Maritime Administration (MARAD) has issued a non-availability waiver. MARAD assists in monitoring these statutes. The MILDEPs must consider cargo preference requirements when considering transportations options for drawdowns. The responsible office at MARAD is: U.S. Department of Transportation Maritime Administration Office of Cargo Preference 400 Seventh St. SW Washington, DC 20590

C11.4.2. Who Is Eligible to Receive a Drawdown? Defense articles and/or services may be drawdown and transferred to a foreign country only if the President issues a PD in accordance with the FAA. FAA, section 503 (reference (b)) eligibility determination must be completed and the FAA, section 505 (reference (b)) assurances must be signed by the proposed recipient before the drawdown can be executed.

C11.4.3. Types of Drawdowns

C11.4.3.1. Emergency Drawdowns. Drawdowns are usually precipitated by an emergency in a foreign country or region. In emergency drawdowns, the Department of Defense, DoS, and the National Security Council (NSC) coordinate the USG response. This interagency process determines which existing statutory authority applies and identifies which articles and services should be provided. Potential contributing agencies (e.g. Department of Defense, Department of Treasury, Department of Justice, etc.) and the military services furnish valuation and availability (V&A) data to the DoS indicating the estimated value of the articles and services proposed for the drawdown. The V&A data and the scope of support form the basis for the PD that authorizes a specific maximum dollar value authority for the drawdown. Emergency drawdowns may begin execution within 24-48 hours, but more commonly within 1-2 weeks.

C11.4.3.2. Non-Emergency Drawdowns. Drawdowns may be authorized in non-emergency situations to support mid- to long-term foreign policy initiatives. Non-emergency drawdown procedures are similar to emergency drawdown procedures. In non-emergency situations, the PD provides the value of the drawdown that cannot exceed the existing or special legislative authority. The time-line to determine requirements is often 1 to 6 months before an Execute Order is issued. Delivery of articles and services may take an extended period of time. Non-emergency drawdowns end when the PD authority has been exhausted.

C11.4.4. Types of Articles, Services, and Training Provided Under Drawdowns

C11.4.4.1. Articles and Services. Equipment must be physically on hand (excess or non-excess). Except for transportation, no new contracts (including placing orders against existing contracts) are authorized without special legislative authority. Equipment, spares, and other items must already be in DoD stocks. DoD employees normally perform services under drawdowns, but contractors may also provide services on a case-by-case basis as approved by DSCA. Supplies or services under existing DoD contracts may be used for drawdown purposes if the use is within the scope and funds that have been previously obligated. Inventory Control Points (ICPs) must process requisitions with "Fill or Kill" advice codes (i.e., 2J, 31, 32 etc. as appropriate). Where possible, complete support packages are provided for major end items to include training for operation and maintenance of the major end item. Spare parts requisitions are processed on a "Fill or Kill" basis. Unless otherwise authorized, materiel must be provided in condition code "B," or Full Mission Capable (FMC) condition, or -10/-20 standards or better. MILDEPs cannot place a hold, reserve, or fence equipment or spares prior to the release of DSCA's Execute Order.

C11.4.4.2. Transportation. New commercial contracts for transportation and related services may be used if the cost is less than the cost to use USG assets. Normally, the MILDEP providing the equipment must fund the transportation of that equipment to its final destination. The MILDEP reimburses the U.S. Transportation Command (TRANSCOM) for air and/or sealift of the equipment. Existing contracts or resources may be used for airlift and sealift if their scope covers the proposed use (such as time-charter or multiple air mission agreements).

C11.4.4.3. Defense Working Capital Fund (DWCF) Items. DWCF items may be used to fulfill drawdown requirements. In accordance with USD(C) policy, the MILDEPs must reimburse the DWCF for all materiel and services provided. These costs must be charged and accounted for under the current year Operations and Maintenance (O&M) funds.

C11.4.4.4. Fuel. Fuel drawdowns are handled in the same way as DWCF materiel. The Defense Energy Support Center (DESC), under the Defense Logistics Agency (DLA) manages fuel contracts for all MILDEPs. As with any other commodity, MILDEPs can utilize O&M or Working Capital Funds (WCF) obligational authority to fund, via MIPR, fuel drawdowns supplied from DESC existing contracts. Use of this funding can impact both cash and obligational authority for normal MILDEP operations, therefore such issues should be carefully coordinated with the MILDEPs and reported to USD(C) for inclusion in subsequent MILDEP budget requests. As with any other type of drawdown commodity, new contracts are not permitted without special legislative authority. Therefore, the type of fuel available for drawdowns is limited to those available through DESC's existing bulk fuels contracts at the time of drawdown. Special coordination is required for the transportation, delivery, storage and

distribution of fuel. A signed Memorandum of Understanding (MOU) between the receiving nation and U.S. Embassy outlining the necessary details is preferable.

C11.4.5. Value of Drawdowns. Due to the often-abbreviated timelines available to develop V&A data for drawdowns, it is critical to ensure that projected values are as accurate as possible. Close coordination between DSCA and the MILDEPs during drawdown execution is critical to reconcile values as early as possible. Actual value of drawdowns is normally available 30-90 days after actual delivery of the equipment. The value of the drawdown does not include FMS surcharges. Value of articles, services, and training is determined using the following guidance:

C11.4.5.1. Value of Articles. The value of drawdown articles is calculated in accordance with DoD 7000.14-R (reference (o)), Volume 15, Chapter 7.

C11.4.5.2. Value of Training. The value of drawdown military education and training is based on the additional costs that are incurred by the USG in providing the training (i.e., Foreign Military Financing (FMF) Grant or incremental rate as specified in DoD 7000.14-R (reference (o)), Volume 15, Chapter 7).

C11.4.5.3. Value of Services. The value of services provided under drawdowns is based on actual costs to the USG for providing the service. Funded civilian pay and travel and per diem costs of military and civilian personnel performing an approved “tasked” support role that is exclusively devoted to the drawdown effort may be included when computing the value of drawdown services. Value does not include salaries of the members of the U.S. Armed Forces and unfunded civilian retirement and other benefits.

C11.4.6. Drawdown Process. Table C11.T6. summarizes the drawdown planning and development process. Additional information may be found in the DSCA Action Officer (AO) Handbook for Foreign Assistance Act (FAA) Drawdown of Defense Articles and Services at <http://www.dscamilitary.com/home/drawdowns.htm>.

Table C11.T6. Drawdown Process

Steps	Actions
1	Crisis occurs or policy situation develops
2	Interagency determines “Drawdown” is the preferred option
3	Drawdown package is developed (DSCA has the DoD lead). Interagency Staffing (Department of Defense, the DoS, the NSC, etc.). Package considers requirements, costs, and execution plan. The DoS obtains FAA, section 505 (reference (b)) end-use agreements from proposed recipient country. The DoS considers human rights issues. The DoS develops a Congressional Notification package on the proposed drawdown. Internal DoD Processing The MILDEPs prepare V&A data based on interagency-proposed requirements. The MILDEPs review impact of the drawdown on operational readiness and O&M budgets. The DSCA coordinates readiness impacts with the Chairman of the Joint Chiefs of Staff. The DSCA refers questions regarding readiness impact to Secretary of Defense or the Deputy Secretary of Defense (if required). Impacts are balanced among MILDEPs as much as possible.
4	Congressional Notification package is staffed and coordinated by the DoS.
5	Congress is formally notified – 15 day notification.

Steps	Actions
6	PD and memorandum of justification are prepared by the DoS and signed by the President after Congressional Notification is complete. During the interagency process to finalize a PD, the drawdown package is continually reviewed and updated. The interagency determines which articles/services should be provided depending on availability (either physically available or with acceptable operational readiness impact). The final PD should reflect what the Department of Defense can provide and becomes the base reference for execution of the drawdown.
7	The DSCA issues an Execute Order identifying the articles, services, and training to be provided under the drawdown. Before issuing the Execute Order, the DSCA must have: A signed PD, DoS obtained FAA, section 503 (reference (b)) eligibility, DoS obtained FAA, section 505 (reference (b)) assurances, DoS assurance that human rights issues do not preclude delivery.
8	The MILDEPs (or others as appropriate) receive the Execute Order and provide funding to the agency/organization responsible for executing the drawdown. The executing agency/organization provides the articles, services, and training to the recipient(s).
9	The DSCA/OSD/Chairman of the Joint Chiefs of Staff/Combatant Command monitor the execution and make adjustments (revised Execute Orders) as required.
10	The DSCA and the MILDEPs reconcile the drawdown to ensure all cost elements are reported. The Department of Defense cannot exceed the drawdown authority provided in the legislation and the PD.
11	The MILDEPs submit delivery data on drawdowns to DSCA for entry into DSCA 1000 System drawdown tracking database. Tracking data includes: Item/Service, Quantity, Unit Cost (drawdown value), Equipment (Total Quantity Cost), Services/Repair, Training (if applicable), Spare Parts, Support Equipment, Packing, Crating and Handling (PC&H), Transport, and Total Item/Service Cost (sum of all other categories for each items). Salaries for civilian services should be separately identified.
12	The DSCA provides formal reports to Congress on the articles, services, and training provided.

C11.4.7. Congressional Reporting for Drawdowns. U.S. laws require several reports to Congress on drawdowns. DSCA (Business Operations Directorate) prepares these reports.

C11.4.7.1. FAA, Section 506 Report. FAA, section 506 (reference (b)) requires the Department of Defense (DSCA) to report to Congress details on all the defense articles, defense services, and military education and training delivered to the recipient country or international organization upon delivery or completion of such articles, services, or education and training. The report must also include whether any savings were realized by utilizing commercial transportation services rather than acquiring those services from USG transport assets.

C11.4.7.2. FAA, Section 655 Report. FAA, section 655 (reference (b)) requires an annual military assistance report. The report covers defense articles, defense services, and military training and education furnished by grant under any authority of law (including drawdowns), except under title V of the National Security Act of 1947.

C11.4.7.3. Reporting for Drawdowns Under Special Authorities. For special drawdown authorities, there may be additional reporting requirements authorized by legislation in any fiscal year.

C11.5. EXCESS DEFENSE ARTICLES (EDA)

C11.5.1. Definition and Purpose. Excess Defense Articles (EDA) are DoD and United States Coast Guard (USCG)-owned defense articles no longer needed and declared excess by the U.S. Armed Forces. This excess equipment is offered at reduced or no cost to eligible foreign recipients on an "as is, where is" basis. The EDA program works best in assisting friends and allies to augment current inventories of like items with a support structure already in place. Table C11.T7. is a summary of the EDA program legal references.

Table C11.T7. EDA Legislation Summary

Legislation	Subject
AECA, Section 21 (reference (c))	Sales from stock, including the sale of defense articles that are excess to DoD stocks.
AECA, Section 25(a) (reference (c))	Requires an annual report to Congress listing weapons systems that are SME and numbers thereof, forecasted to be available for transfer as EDA during the next calendar year.
AECA, Section 47 (reference (c)) Security Assistance Act of 2000, Section 706 of Public Law 106-280	Pricing (value) of EDA.
Security Assistance Act of 2000, Section 707 of Public Law 106-280	EDA for Mongolia.
AECA, Section 4 (reference (c))and FAA, Section 502 (reference (b))	Use of Defense Articles and Services. Defense articles and defense services are furnished solely for the following purposes: - for internal security (including antiterrorism & nonproliferation) - for legitimate self-defense for preventing or hindering the proliferation of weapons of mass destruction and of the means of delivering such weapons - to permit participation in arrangements consistent with the Charter of the United Nations (UN) - to permit participation in collective measures requested by the UN to maintain/restore international peace and security - to assist foreign military forces in less developed friendly countries (or the voluntary efforts of personnel of the Armed Forces of the United States in such countries) to construct public works or engage in other activities helpful to the economic and social development of such friendly countries
FAA, Section 505 (reference (b))	Conditions of eligibility, transfers, use and security of grant EDA transfers.
FAA, Section 516 (reference (b))	Authority, limitations, terms of grant EDA transfers.
FAA, Section 516(b)(1)(e) (reference (b)) AECA, Section 21(k) (reference (c))	EDA transfers shall not adversely impact the U.S. national technology and industrial base nor reduce the opportunities of U.S. industry to sell new or used equipment to the proposed country. The Director, DSCA determines the impact to industry with input from the Department of Commerce (DoC).
FAA, Section 516(b)(2) (reference (b))	Grant transfers to Greece and Turkey (7:10 Ratio).
FAA, Section 516(c)(2) (reference (b))	Grant priority to NATO members, major non-NATO allies on the south and southeastern flank of NATO, and to the Philippines.

Legislation	Subject
FAA, Section 516(e) (reference (b))	EDA recipients are responsible for Packaging, Crating, Handling and Transportation (PCH&T) costs, as well as refurbishment work and follow-on support. These services may be purchased from the Department of Defense through the FMS program. DoD funds may be expended for the transportation of grant EDA if it is in the U.S. national interest, the transportation is on a Space Available basis, the total weight of the transfer does not exceed 50,000 lbs., and the recipient country receives less than \$10M in International Military Education and Training (IMET) or FMF in the fiscal year the transportation is provided. MILDEPs must request Space Available authorization with the EDA request. Requests must include the total weight, proposed method and route of Space Available, and timeframes or constraints. DSCA (Programs Directorate) seeks the required national interest determination (delegated to the Director, DSCA under Executive Order) and where appropriate approve Space Available transportation in the EDA transfer authorization message.
FAA, Section 516(f) (reference (b))	Congressional Notification
FAA, Section 516(g) (reference (b))	The aggregate current market value of grant EDA may not exceed \$425,000,000 in any fiscal year. This may exclude the value of naval vessel transfers depending on the authorization language. DSCA (Programs Directorate) assures the ceiling limit is not exceeded.
FAA, Section 516(h) (reference (b))	Requirement to provide an annual report to Congress identifying the EDA offers and actual delivery for the preceding year.
FAA, Section 516(i) (reference (b))	USCG considered within the Department of Defense for EDA
FAA, Section 620(q) (reference (b))	Limitation on assistance to countries in default on U.S. Loans in excess of six months. When this sanction is enacted, all grant EDA transactions for the affected country are put on hold until the sanction is lifted.
FAA, Section 620C (reference (b))	Eastern Mediterranean policy (re: Cyprus).
FAA, Section 644(g) (reference (b))	The statutory definition of EDA excludes construction equipment (tractors, scrapers, loaders, graders, bulldozers, dump trucks, generators and compressors); therefore these items CANNOT be transferred under the EDA program.
Federal Property and Administrative Services Act of 1949 (reference (cl))	Fire fighting equipment (pumpers, fuel and water tankers, crash trucks, utility vans, rescue trucks, ambulances, hook and ladder units, and other miscellaneous fire fighting equipment) can be transferred only if the President declares an emergency or if no other Federal Agency, State Government, person or entity eligible to receive the items submits a request for these items to the Defense Reutilization and Marketing Service (DRMS). DRMS performs the appropriate screening.
Foreign Operations, Export Financing and Related Program Appropriations Act (enacted annually)	Congressional Notifications for EDA sales. Limitation on assistance to countries in default on U.S. Loans in excess of 1 year. When this sanction is enacted, all grant EDA transactions for the affected country are cancelled.
Foreign Relations Authorizations Acts (enacted periodically)	Authorizes the use of funds appropriated to the Department of Defense to pay PCH&T for EDA transfers for certain countries
NATO Participation Act of 1994, [Public Law No. 104-208], Section 606 and Section 609 (reference (cm))	Grant priority
10 U.S.C. 2581 (reference (cn))	Requirements for transfer of excess UH-1 Huey and AH-1 Cobra helicopters to foreign countries.

Legislation	Subject
10 U.S.C. 7307 (reference (co))	Transfer of naval vessels less than 20 years old or more than 3,000 tons (light load displacement) requires enactment of authorizing legislation. The value of these transfers is not normally included in the EDA ceiling limit (dependent upon current authorization language). This legislation prescribes the criteria and congressional oversight provisions for these transfers.
Cargo Preference Act of 1954 (reference (bd))	All grant EDA items transferred by ocean carriers must follow U.S. cargo preference requirements. Recipient countries must use U.S. flag vessels unless the MARAD has issued a non-availability waiver. MARAD assists in monitoring these statutes. The MILDEPs must consider cargo preference requirements when drafting LOAs. The responsible office at MARAD is: U.S. Department of Transportation Maritime Administration Office of Cargo Preference 400 Seventh St. SW Washington, DC 20590
Annual Special Legislation for PCH&T	Annual legislation may specify certain countries for which DoD funds for EDA PCH&T may be expended. Security Cooperation Officers (SCOs) and/or MILDEPs must request funding of such transfers. Requests should identify the proposed source of DoD funds and the estimated PCH&T cost. DSCA is required to notify Congress of the use of this authority and of the estimated funds to be spent for each transfer that meets congressional notification requirements under FAA, section 516(f) (reference (b)). Requests for such funding should accompany the EDA approval request. DSCA determines which transfers are funded based on budget constraints and priorities associated with the source of DoD funds. As these exceptions are authorized for a limited time period, they must be renewed.

C11.5.2. Who Can Obtain EDA?

C11.5.2.1. Eligibility for EDA Sales. All FMS eligible countries can purchase EDA. (See Chapter 4, Table C4.T2.)

C11.5.2.2. Eligibility for EDA Grants. To receive grant EDA, a country must be justified to Congress. Grant EDA eligibility is justified to Congress via the annual Congressional Budget Justification (CBJ) for Foreign Operations or by a separate DSCA letter to Congress for the fiscal year in which the transfer is proposed. The DSCA letter is used only in exceptional circumstances with DoS concurrence. Eligibility does not guarantee that all EDA offers are made on a grant basis - each EDA transfer is considered on a case-by-case basis.

C11.5.2.2.1. FAA, Section 505 Assurances for Grant EDA. Prior to receiving grant EDA items, foreign countries and international organizations must sign blanket end-use, security, and retransfer assurances. The text of these assurances is established by law and is not negotiable. The DoS obtains these FAA, section 505 (reference (b)) assurances via diplomatic notes. EDA offers are not authorized until the assurances are received.

C11.5.2.2.2. Grant EDA Transfers to the Eastern Mediterranean – 7:10 Ratio. Grant EDA transfers to the Eastern Mediterranean (Greece and Turkey) must meet FAA, section 620C requirements for a just and lasting Cyprus settlement. Defense articles offered to either country cannot be transferred to Cyprus or used to further the severance or division of Cyprus. The ratio of grant EDA offered to Greece to grant EDA offered to Turkey over a 4-year period must be on a 7 (Greece) to 10 (Turkey) basis (FAA, section 516(b)(2) (reference (b))). At the end of the 4-year period the ratio must not be less than 7:10. DSCA monitors the ratio, which is calculated on the current value of actual EDA offers vice notifications.

C11.5.2.3. Country Priority for EDA. Priority is given to NATO countries on the southern and southeastern flank of NATO, to major non-NATO allies on such southern and southeastern flank, and to the Philippines (FAA, section 516(c)(2) (reference (b))). Countries currently eligible for priority delivery are Egypt, Greece, Israel, Jordan, Portugal, and Turkey. Next priority is to countries eligible for assistance authorized by the NATO Participation Act of 1994 (Section 609 of Public Law No. 104-208 (reference (cm))). As of January 1, 1997 these countries include Poland, Hungary, the Czech Republic, and Slovenia (Section 606 of Public Law 104-208 (reference (cm))).

C11.5.3. Congressional Notification Requirements. Proposed EDA grants or sales that contain SME or whose original acquisition value is \$7M or more require a 30-calendar day Congressional Notification (FAA, section 516(f) (reference (b))), Foreign Operations, Export Financing and Related Programs Appropriations Act). Notifications shall include:

C11.5.3.1. The purposes for which the article(s) is provided to the country, including whether the article(s) was previously provided to the country;

C11.5.3.2. The impact on the U.S. Forces military readiness;

C11.5.3.3. The impact on the national technology and industrial base and the impact on opportunities of this base to sell new or used equipment to the country;

C11.5.3.4. The current value and original acquisition value of the article(s); and

C11.5.3.5. As required, an estimate of PCH&T funds needed for transfers.

C11.5.4. EDA Pricing. EDA items are priced in accordance with DoD 7000.14-R (reference (o)), Volume 15, Chapter 7. EDA items are priced between 5 percent to 50 percent of the original acquisition value depending on age and condition. Section 706 of Public Law 106-280 (reference (cp)) (the Security Assistance Act of 2000) states that it is the sense of Congress that the President should make expanded use of the authority to sell EDA by using the flexibility to ascertain the market value of the EDA. USD(C) is responsible for approving pricing exceptions. Storage charges are not automatically applied to EDA transfers; however, reasonable charges can be assessed against items stored beyond 60 days past LOA acceptance. These charges must be stated in an LOA note. See Chapter 5, Table C5.T5. for the exact note wording.

C11.5.5. Joint Visual Inspection (JVI) of EDA. Transfer approval for EDA items is granted by DSCA upon either a determination by the Director, DSCA to transfer the EDA materiel, or upon completion of the Congressional Notification, if required. Recipient countries are then encouraged to perform a JVI of the EDA materiel condition before accepting it. Under the EDA program, JVIs of materiel cannot occur prior to transfer approval from DSCA unless DSCA (Programs and Strategy Directorates) has granted an exception. DSCA grants an exception to allow a JVI of EDA materiel to take place prior to transfer approval only if it is advantageous to U.S. interests and every effort is made on the part of the Implementing Agency to prevent false impressions. A blanket exception is granted when the EDA is owned by DRMS. To request a waiver to existing policy on the JVI of EDA materiel, Implementing Agencies shall use the sample letter and worksheet in Figure C11.F4.

Figure C11.F4. Letter and Worksheet for Exception to Joint Visual Inspection Policy

Command Letterhead	
From:	Director, [insert Command]
To:	Director, Defense Security Cooperation Agency Attn: Strategy Directorate
Subject: Request For Waiver To Perform Joint Visual Inspection (JVI) of Excess Defense Articles (EDA) Prior to Transfer Approval	
Enclosure: JVI Waiver Worksheet – [insert proposed item and country]	
<p>This memorandum requests that a waiver be granted by DSCA allowing a JVI to be performed on [insert item] in support of the proposed EDA transfer to [insert country]. Transfer approval has not yet been granted by DSCA for this proposed transfer. The enclosed is forwarded for your consideration.</p> <p>If a waiver is approved, [insert Command] will make every effort to prevent the false impression, on the part of the recipient country, that a transfer will take place once a JVI has been completed. [Insert Command] will ensure that the U.S. [insert MILDEP], to include any individual representing the U.S. [insert MILDEP], will not make commitments, expressed or implied, to furnish funds, goods or services in relation to this proposed EDA transfer to [insert country] until transfer approval has been granted.</p> <p>The point of contact for this action is [insert name, telephone number, and e-mail address].</p>	

JOINT VISUAL INSPECTION (JVI) WAIVER WORKSHEET
Proposed Recipient: [insert country name and armed forces branch]
Equipment/Materiel: [insert name and nomenclature]
Excess Quantity: [insert quantity]
Date EDA Request was submitted to DSCA: [insert month, date and year]
Proposed Transfer Date of EDA: [insert month, date and year]
Proposed Date of JVI: [insert month, date and year]
Detailed Justification for the JVI: (include special circumstances why this JVI must be performed prior to transfer approval being granted; why it is advantageous to U.S. interests to perform JVI early, adverse consequences to materiel or schedule if JVI is not performed early, etc.)
Cost of JVI: [insert dollar value] (It must be explained to the customer that if transfer approval is not granted, they will still be responsible for these costs.)
Case Designator for the JVI: (include Letter of Offer and Acceptance [LOA] designator and Amendment or Modification number if applicable):
Enclosure (1)

C11.5.6. **Blanket Order Excess Defense Article (EDA) Transfers.** Blanket order EDA cases and/or lines may be established only for non-SME consisting of spare parts and/or components, clothing, basic field equipment, and office equipment, supplies, furniture, or other non-SME items as approved by DSCA (Programs Directorate). Blanket order cases and/or lines for packing, crating, handling, and transportation (PCH&T) may also be written in conjunction with EDA transfers of similar, non-SME items when the purchaser requests these services. These LOAs must identify the end-item application. Items on blanket order EDA FMS cases/lines are transferred in accordance with the purposes of FAA, section 502 (reference (b)); AECA, section 4 (reference (c)), and the requirements of FAA, section 516 (reference (b)).

C11.5.7. **Title Transfer of EDA Items.** Title to EDA items transfers at the point of origin except for items located in Germany. EDA items in Germany transfer title at the nearest point of debarkation outside of Germany. When using Space Available transportation or paying for transportation with DoD funds, title transfer at the destination should be considered on a case-by-case basis.

C11.5.8. **Offer Termination.** An unforeseen urgent U.S. Forces' requirement for an excess item may arise after it is offered to a country. Withdrawal of the offer should occur only after U.S. requirements have been weighed against the potential damage to foreign policy goals. When items previously offered are no longer available, the MILDEPs must notify DSCA (Programs Directorate).

C11.5.9. **Limitation on Assistance to Countries in Default.** Per FAA, section 620(q) (reference (b)) and annual legislation in the Foreign Operations, Export Financing and Related Program Appropriations Act, no assistance to include grant transfers of EDA shall be furnished to any country that is in default in payment to the United States of principal or interest on any loan made to such country under either of these Acts. For countries that are in default of payment in excess of 6 calendar months, all grant EDA transactions for the affected country are put on hold until the sanction is lifted. For countries that are in default of payment in excess of 1 calendar year, all grant EDA transactions for the affected country are cancelled. Sales of EDA continue to be permitted under these sanctions.

C11.5.10. **EDA Process.** Table C11.T8. summarizes the EDA process.

Table C11.T8. EDA Process Flow

Step	Action
1 Determine Materiel Availability	Prior to the fiscal year end, the MILDEPs forward a list of available EDA assets (type and quantity, not to include secondary items) to DSCA and a list of assets that are forecasted to become EDA during the next calendar year in accordance with AECA, section 25(a) (reference (c)). DSCA submits this information to the DoS during the annual JAVITS reporting cycle.
2 MILDEP Issues Survey Message	The MILDEPs use survey messages to evaluate country requirements. (This does not apply to SME when allocation has already been coordinated between the MILDEPs and DSCA.). Copies of survey messages SHOULD NOT be forwarded to SCO offices that are not included as an action or information addressee. Inappropriate release could provide a false impression of DoD intent to offer materiel to a country not approved by the Department of Defense, DoS, and DoC. The following conditions apply to the survey. Survey messages, for other than SME, are drafted by the MILDEPs and addressed to the SCOs for action, with DSCA, DoS, DoC, the Chairman of the Joint Chiefs of Staff (J-5) and the Combatant Commanders as information addressees. Surveys normally include item(s) description, condition,

Step	Action
	<p>rough order of magnitude cost/value of end items, costs and lead-times for support items, supportability dates and other information as appropriate. Survey messages should allow, to the maximum extent feasible, a 45-day response time.</p> <p>Survey messages for SME are forwarded to DSCA for coordination and approval with the Chairman of the Joint Chiefs of Staff (J-5), the DoC, and the DoS before release to the SCOs for action. The issued survey message is sent only to the SCOs approved to receive copies by the coordination process with information copies to DSCA, the DoS, the DoC, the Chairman of the Joint Chiefs of Staff (J-5), and the Combatant Commanders.</p> <p>Survey messages may be initiated only by the owning MILDEPs/Agencies and the USCG. The DSCA must approve surveys conducted by other than the owning MILDEPs.</p>
3 Purchaser Requests for EDA	<p>A foreign country or international organization identifies a requirement for EDA by: Responding to a survey message. SCO responses to these surveys should include a transfer justification as well as an assessment of the proposed recipient's capabilities to fund follow-on operational, maintenance, and training requirements. The SCO responses are provided to the MILDEPs with a copy to the Combatant Commander, the Chairman of the Joint Chiefs of Staff, and the DSCA.</p> <p>Submitting a Letter of Request (LOR).</p> <p>Visiting the Defense Reutilization and Marketing Office (DRMO) or locating items via the DRMS web site.</p>
4 Responses to EDA Requests	<p>MILDEPs must respond to an EDA request within 20 days. Responses should state which items are available and which items are currently not available as EDA. They should also indicate, if known, the fiscal year when such items may become available. An information copy of this response is sent to DSCA (Programs Directorate). No offer may be made at this time unless the appropriate approvals/notifications are completed. The MILDEPs must screen all EDA for Missile Technology Control Regime (MTCR) (see Chapter 3). If the item is not available, the MILDEP shall keep the request on-hand until the items become available or the request is withdrawn.</p> <p>If enough assets are available, the MILDEP submits the required information within 30 days to DSCA for coordination, approval and notification (if required) prior to offer. Figure C11.F5. illustrates the standard memorandum and attachment that must be completed for each proposed EDA transfer. A detailed justification, based on country requirements, must be included in each memorandum. Additionally, the national stock number and the MASL of the item(s) proposed as EDA must be included in the information provided to DSCA to facilitate acceptance and delivery reporting by the MILDEPs at the end of each fiscal year. Go to Step #9.</p> <p>If enough assets are not available, go to Step #5.</p>
5 MILDEP Requests EDA Allocation	<p>If requests exceed available assets, the MILDEP submits a proposed allocation plan to DSCA (Programs Directorate) within 30 days. The MILDEP should consider the Combatant Commander's regional EDA allocation priorities when developing their recommendations. Figure C11.F6. illustrates the standard format for requests for allocation plans.</p>
6 DSCA Develops DoD Position	<p>DSCA (Programs Directorate) works with OSD regional offices and the Chairman of the Joint Chiefs of Staff to develop a DoD position on which country(ies) should receive the asset(s). Concurrently, the DoS works with its offices to determine a DoS position on allocation of the assets. When possible, interested parties are notified 30 days in advance to prepare papers and justify their proposed allocation plans.</p>
7 EDA Coordinating Committee (CORCOM) Convened	<p>DSCA (Programs Directorate) and the DoS co-chair an EDA CORCOM meeting to develop a coordinated plan to allocate EDA assets to potential recipients when requirements exceed assets. The EDA CORCOM also consists of members from the Chairman of the Joint Chiefs of Staff (J-5) and the DoC. DSCA consolidates and represents the input of each of the regional offices within OSD. The EDA CORCOM considers the following criteria:</p> <ul style="list-style-type: none"> Arms transfer criteria specified by the President's Conventional Arms Transfer Policy Security Cooperation Guidance Regional balancing as dictated in legislation or to achieve maximum benefit for the United States Potential impact on the ability of U.S. Industry to sell new or used equipment Matches of country requirements with items available Ability of the country to effectively use the items

Step	Action
	Item location and transportation requirements Ability of the country to afford refurbishment/support of items
8 Staffing Recommended Allocation Plan	If the EDA CORCOM finalizes an allocation plan, the Director, DSCA signs and sends the allocation plan to the relevant MILDEP for action. If the EDA CORCOM cannot finalize an allocation plan, a recommended allocation plan is staffed for approval within OSD Policy before submission to the DoS for final approval. This coordination process takes approximately 30 to 45 days. After DoS approval, the Director, DSCA signs and sends the allocation plan to the relevant MILDEP for action. The Congressional Notification/final approval steps are still required on individual transfers identified in the approved allocation plan.
9 Congressional Notification	If the proposed transfer does not meet Congressional Notification requirements, go to Step #10. If the proposed transfer requires Congressional Notification, DSCA assembles a Congressional Notification package. DSCA (Programs Directorate) coordinates the package with the Under Secretary of Defense for Policy (USD(P)) regional office, DSCA (Operations and Strategy Directorates, Office of the General Counsel, and Legislative and Public Affairs), the DoC and DoS Bureau of Political/Military Affairs/Regional Security and Arms Transfer Directorate (DoS (PM/RSAT)). The Congressional Notification period is 30 days. Go to Step #11.
10 EDA Determination	For transfers that do not require Congressional Notification, a DSCA Determination is required before items can be authorized for transfer. DSCA prepares this Determination and coordinates it with the USD(P) regional office, DSCA (Operations Directorate and the Office of the General Counsel), the DoC and the DoS (PM/RSAT).
11 Authorization to Offer EDA	For grant transfers, DSCA sends a message to the MILDEP authorizing them to offer and transfer the items to the proposed country. An information copy is sent to the SCO, DoS, the Combatant Commander, the Chairman of the Joint Chiefs of Staff (J-5), and MARAD. Each message contains a Record Control Number (RCN) associated with the grant transfer that is used for requisitions. If no services are being provided and an LOA is not required, go to Step #13. For EDA sales, a message is sent to the MILDEP authorizing them to prepare an LOA for DSCA countersignature. LOAs for EDA sales or services associated with EDA grant transfers should not be submitted to DSCA prior to receipt of DSCA's authorization message.
12 LOA Preparation and Processing	The MILDEPs prepare an LOA for either: (1) EDA item if it is a sale or (2) an associated services for a grant transfer. Source of Supply Code "E" should appear in column (5) of the LOA for the EDA line(s). Special EDA notes must be included on the LOA. See Chapter 5, Table C5.T5. for exact note wording. LOAs associated with grant transfers must include either an LOA note or an attachment identifying the equipment being transferred. As a minimum, this attachment includes: Item Nomenclature, Quantity, Acquisition Cost, Current Value, and Location. After countersignature, the LOA is sent to the purchaser. More details on the LOA process are found in Chapter 5. Go to Step #14.
13 DD Form 250 Preparation	Since LOAs are not used to transfer grant EDA, the Implementing Agency is required to complete a Material Inspection and Receiving Report (DD 250) or other equivalent form as official documentation of delivery.
14 Tracking EDA Offers and Deliveries	MILDEPs notify DSCA (Programs Directorate) when offers have been accepted/rejected and items have been delivered. Not later than 45 days following the end of the fiscal year, the MILDEPs provide DSCA a year-end report of accepted/delivered offers from each MILDEP. The MILDEPs provide this data in the format required by DSCA (Programs Directorate)

Figure C11.F5. Sample EDA Transfer Memorandum and Enclosure

Command Letterhead	
From:	Director, [insert Command]
To:	Director, Defense Security Cooperation Agency
Subject:	Recommendation To Transfer Excess Defense Articles [insert as grant or sale]
Encl:	Excess Defense Article (EDA) Worksheet – [Insert item being transferred]
<p>This memorandum provides information on the proposed transfer of excess [insert item description] to [insert country]. The enclosed is forwarded for your consideration.</p> <p>The Command knows of no U.S. industry initiative to market similar [insert item description] to [insert country].</p> <p>There will be no adverse impact upon U.S. military readiness as a result of this transfer. Further, the items are excess to Department of Defense requirements, including those of the National Guard and Reserve Components.</p> <p>The proposed transfer [does or does not] contain equipment that includes Missile Technology Control Regime (MTCR) controlled items. (If it does contain MTCR controlled items add the following: A list of possible MTCR controlled items was sent to DSCA on [insert date] and a copy is attached.) The equipment has been checked by a qualified reviewer and is MTCR compliant.</p> <p>Recommend that the U.S. Government offer [insert item description] to [insert country] as a [indicate whether it is for grant or sale].</p> <p>The point of contact for this action is [insert name, telephone number, and e-mail address].</p>	

EXCESS DEFENSE ARTICLE WORKSHEET	
Proposed Recipient: [insert country and armed forces branch]	
Applicable Section of FAA/AECA: [insert transfer authority]	
Equipment/Materiel:	Nomenclature:
National Stock Number:	MASL:
Excess Quantity:	Serial Number: (if applicable):
Detailed Justification for the Transfer (include equipment application, mission, capability, supportability, suitability, quantity of similar equipment previously transferred, and quantity of equipment based on force requirements):	
Other foreign requirements and why this requirement should be satisfied (if EDA Coordinating Committee has not reviewed these allocations):	
Unit Original Acquisition Value (in case of multiple spares, include method used to assess total value of lot(s)): [insert dollar figure]	
Materiel Condition and Current Unit Value (include method used to assess value in accordance with DoD 7000.14-R, Volume 15, Chapter 7, paragraph 070304).	
Materiel condition as defined by paragraph 070304 is	[insert Condition Code].
Unit current value is	[insert dollar figure].
Estimated Total Package Cost:	[insert dollar value]
(to include item(s) if a sale, refurbishment, training and PCH&T)	
Estimated Total Acquisition Value:	[insert dollar value]
Estimated Total Current Value:	[insert dollar value]
(Reference DoD 7000.14-R, "DoD Financial Management Regulation," Volume 15, Chapter 7, paragraph 070304)	

Figure C11.F6. Sample EDA Allocation Plan Request

Command Letterhead	
From:	Director, [insert Command]
To:	Director, Defense Security Cooperation Agency
Subject:	Recommendation For Allocation Of Excess Defense Articles
Enclosure:	Excess Defense Article (EDA) Allocation Worksheet – [insert item being transferred]
This memorandum provides information on the proposed allocation plan for excess [insert item description]. The enclosed is forwarded for your consideration.	
The Command knows of no U.S. industry initiative to market similar [insert item description] to [insert country names].	
There will be no adverse impact upon U.S. military readiness as a result of these transfers. Further, the items are excess to Department of Defense requirements, including those of the National Guard and Reserve Components.	
The proposed transfer [insert does or does not] contain equipment that includes Missile Technology Control Regime (MTCR) controlled items. (If it does contain MTCR controlled items add the following: A list of possible MTCR controlled items was sent to DSCA on [insert date] and a copy is attached.) The equipment has been checked by a qualified reviewer and is MTCR compliant.	
Recommend that you convene the EDA Coordinating Committee as soon as possible to establish an approved allocation plan.	
The point of contact for this action is [insert name, telephone number, and e-mail address].	

EXCESS DEFENSE ARTICLE ALLOCATION WORKSHEET	
Equipment/Materiel:	[insert nomenclature]
Excess Quantity:	[insert quantity]
Detailed Information on the EDA Item(s) (include equipment capabilities, supportability, and suitability; minimum number required for operations; and Rough Order of Magnitude Cost for refurbishment and support).	
Valid Letters of Request Received From:	[insert country and quantities]
Proposed Recipient(s):	[insert country and armed forces branch]
Proposed Method of Transfer:	[insert Grant or Sale per proposed recipient]
Detailed Justification for Each Proposed Transfer: [include equipment application/ mission, quantity of similar equipment previously transferred, and quantity of equipment needed based on force requirements]	

C11.5.11. EDA for Naval Vessels. Navy International Programs Office (IPO) is responsible for transfers of U.S. Navy vessels and for the administration of transfers of USCG vessels in accordance with the March 10, 2004 Memorandum of Agreement (MOA) between Navy IPO and the USCG. Ship Transfer Allocation Plans and accompanying legislation must be approved at the Chief of Naval Operations or Secretary of the Navy level before forwarding to USD(P) for DSCA action. DSCA coordinates all EDA ship transfers with USD(P), the Chairman of the Joint Chiefs of Staff (J-5), the DoC, and the DoS. DSCA ensures compliance with statutory notification and authorizing legislation requirements.

C11.5.12. EDA of USCG Items. LOAs for the sale or services associated with excess USCG equipment are developed and written by Navy IPO in accordance with the March 10, 2004 MOA between the USCG and Navy IPO.

C11.5.13. Defense Reutilization and Marketing Service (DRMS) Transfers. Matches of country needs and MILDEP-held excesses are usually limited to significant end items. Other EDA, including most secondary items, are transferred to a DRMO when it becomes excess. DRMO-held EDA are listed on the DLA DRMS Web Page (<http://www.drms.dla.mil>), a computerized inventory searching service designed to provide information on all stock-numbered items in the DRMS inventory.

C11.6. FOREIGN ASSISTANCE ACT (FAA), SECTION 607 TRANSFERS

C11.6.1. FAA, Section 607 Sales Definition and Purpose. FAA, section 607 (reference (b)) provides the authority to sell defense commodities and services to friendly countries, international organizations, the American Red Cross, and voluntary nonprofit relief agencies approved by the Agency for International Development (AID). Most FAA, section 607 assistance is provided for the United Nations peacekeeping operations (PKO), which may also be supported under the AECA. FAA, section 607 sales require a DoS or AID determination that furnishing the proposed defense articles or services is consistent with and within the limitations of the FAA.

C11.6.2. Requests for FAA, Section 607 Sales. Agencies may request defense articles and services from DSCA by submitting an LOR. Prior to development of a Pseudo LOA, the Implementing Agency furnishes Pricing and Availability (P&A) data to DSCA (Operations Directorate) for coordination within OSD.

C11.6.3. FAA, Section 607 Pseudo LOA. The USG uses a Pseudo LOA to track the sale of defense articles and/or services (to include training, and design and construction services) under the authority of FAA, section 607 (reference (b)). The Pseudo LOA itemizes the defense articles and/or services included in the LOR. Unlike other Pseudo LOAs, Pseudo LOAs under FAA, section 607 (reference (b)) authority ARE signed by the country and/or organization receiving the articles and/or services.

C11.6.3.1. FAA, Section 607 Pseudo LOA Preparation Timeframe. As with FMS LOAs, the maximum processing time between Implementing Agency receipt of the written request and release of the Pseudo LOA is 120 days, with no adjustments for hold times, additional work needed to clarify requirements, or any other consideration.

C11.6.3.2. FAA, Section 607 Pseudo LOA Preparation. The Implementing Agency develops an FAA, section 607 Pseudo LOA in DSAMS to allow execution of these programs through existing Security Assistance automation systems. Pseudo LOAs follow the same LOA preparation guidelines as FMS cases (see Chapter 5, paragraph C5.4.6.).

C11.6.3.3. FAA, Section 607 Pseudo LOA Format. LOA format guidance provided for FMS cases in Chapter 5, Figure C5.F5. applies to FAA, section 607 Pseudo LOAs except as identified in Figure C11.F7.

Figure C11.F7. Unique Instructions for Preparing FAA, Section 607 Pseudo LOAs

Unique Instructions for Preparing a Pseudo Letter of Offer and Acceptance for FAA, Section 607 Cases	
1.	Case Identifier. For FAA, section 607 Pseudo LOAs, the case identifier is composed of country code “S5” (FAA, section 607 Transactions – Reimbursable Support) or “S6” (FAA, section 607 Transactions – Payment in Advance), the Implementing Agency code of the DoD Component providing support, and a case designator assigned by DSCA (Strategy Directorate).
2.	Nickname Field. The country/organization receiving the support and the type of support (e.g., FAA, section 607) is identified in the “nickname” field on the Pseudo LOA.
3.	Purchaser’s Reference. The DoS Determination that covers the region or country being supported is entered in the “Based on” field.
4.	Terms of Sale. The Term of Sale for all FAA, section 607 Pseudo LOAs is “Cash with Acceptance.”

C11.6.3.4. Pricing of FAA, Section 607 Pseudo LOAs

C11.6.3.4.1. Pricing FAA, Section 607 Pseudo LOAs - Articles. The price of articles sold under this authority is the acquisition cost, adjusted as appropriate for condition and age; or the DWCF standard price.

C11.6.3.4.2. Pricing FAA, Section 607 Pseudo LOAs – Services and/or Training. The price of services and/or training sold under this authority is the amount of additional costs incurred by the Department of Defense to provide such services. For DoD airlift services, the rate is that specified for Joint Chiefs of Staff exercises in the Catalog of U.S. Government and Non-U.S. Government Airlift Rates published annually by TRANSCOM.

C11.6.3.4.3. Pricing FAA, Section 607 Pseudo LOAs – Surcharges and Accessorials. FMS surcharges and accessorial rates apply. DoD FMS resources support this effort and are reimbursed through the normal FMS surcharges and accessorial accounts. Any request to deviate from the application of these surcharges must be sent to DSCA (Business Operations Directorate) for approval.

C11.6.3.4.4. Pricing FAA, Section 607 Pseudo LOAs – Nonrecurring Cost (NC). NC does not apply to FAA, Section 607 pseudo LOAs.

C11.6.3.5. Additional FAA, Section 607 Pseudo LOA Information. Each FAA, section 607 Pseudo LOA must include a copy of the Determination authorizing the FAA sale as an attachment. The LOA Standard Terms and Conditions apply to FAA, section 607 Pseudo LOAs. Other notes that are mandatory for FMS cases (e.g., Offsets, Unauthorized Use of Defense Articles) also apply to FAA, section 607 Pseudo LOAs. Notes regarding inclusion of charges on the document (e.g., Administrative Surcharge and Contract Administration Services (CAS) notes) apply to these Pseudo LOAs. Unique notes should be included on each FAA, section 607 Pseudo LOA to ensure readers can understand the program. In addition to these notes, there are mandatory standard notes that must be included on each FAA, section 607 Pseudo LOA: Authority for Sale – FAA, section 607 and End Use – FAA, section 607. See Chapter 5, Table C5.T5. for exact wording of these notes.

C11.6.3.6. DSCA Coordination and Countersignature of FAA, Section 607 Pseudo LOAs. All FAA, section 607 Pseudo LOA documents require DSCA countersignature (see paragraph C5.4.14.). The Implementing Agency posts the country acceptance milestone in DSAMS after purchaser signature.

C11.6.3.7. FAA, Section 607 Support to the United Nations. Rather than sign Pseudo LOAs, the United Nations incorporates the documents into United Nations Letters of Assist (UNLOAs). UNLOAs are considered by the United Nations to be firm fixed-price contracting documents. They are submitted, with a copy to DSCA, to the Implementing Agency for review of prices, delivery dates, and other data. After coordination with the Implementing Agency and appropriate OSD and DoS activities, DSCA provides approval to the Implementing Agency to provide the commodities or services. Multiple UNLOAs should not be executed on a single Pseudo LOA. However, multiple Pseudo LOAs may be prepared to support a single UNLOA.

C11.6.4. Management of FAA, Section 607 Funds. FAA sales may be cash in advance (the preferred method) or reimbursable. When advance funds are not available, DoD direct appropriations may be used and MIPRs are prepared. The amount on the MIPR should equal the above-the-line value reflected in the Pseudo LOA. FAA, section 607 (reference (b)) provides contract authority but does not increase obligation authority, as would a dependable undertaking. DFAS Indianapolis establishes a sub-account within the FMS Trust Fund for these transactions. If advance payments are deposited into this account, standard procedures, including direct citing of the FMS Trust Fund on the DoD contract, apply. If the recipient of the support does not provide funds in advance, the Implementing Agency may be required to use applicable direct appropriations to fund the support and seek reimbursement from the FMS Trust Fund upon receipt of payment from the purchaser. The Implementing Agency must advance funds to the FMS Trust Fund in order to use direct cite or self-reimbursement procedures. If reimbursement does not occur within 180 days after the close of the fiscal year in which items were delivered or services performed, funds received must be deposited as U.S. Treasury Miscellaneous Receipts.

C11.6.5. FAA, Section 607 Pseudo LOA Reporting. The DSCA 1200 system is not used to record FAA, section 607 Pseudo LOAs. DIFS distinguishes FAA, section 607 agreements from other FMS agreements using the Pseudo LOA case designator. The Implementing Agency does delivery reporting for these cases. Transportation costs for FAA, section 607 Pseudo LOAs are reported as actual costs on above-the-line delivery reports. All delivery reports must contain Delivery Term Code (DTC) “4” and Transportation Bill Code (TBC) “D.” Government Bills of Lading do not direct cite the FMS Trust Fund Transportation Clearing Account.

C11.6.6. FAA, Section 607 Pseudo LOA Billing. For non-United Nations support, standard billing procedures are used for FAA, section 607 pseudo LOAs. For United Nations support, the following guidelines apply:

C11.6.6.1. FAA, Section 607 Billing – “S6” Pseudo LOAs. The Implementing Agency provides DFAS Indianapolis a monthly forecast using a payment schedule. DFAS Indianapolis prepares a special monthly bill on or about the 15th of each month. The bill shows the Pseudo LOA and the UNLOA designators and forecasted payment amount for the current month. It is based on delivery reports received from the Implementing Agency. Monthly delivery listings are also provided to the United Nations. DFAS Indianapolis coordinates the bill with DSCA and forwards it to the United Nations through the U.S. United Nations Mission.

C11.6.6.2. FAA, Section 607 Billing – “S5” Pseudo LOAs. DFAS Indianapolis prepares a special monthly bill on or about the 15th of each month. The bill shows the Pseudo LOA and the UNLOA designators and forecasted payment amount for the current month. It is based on delivery reports received from the Implementing Agency. Monthly delivery listings are also provided to the United Nations. DFAS Indianapolis coordinates the bill with DSCA and forwards it to the United Nations through the U.S. United Nations Mission.

C11.7. FOREIGN ASSISTANCE ACT (FAA), SECTION 632 TRANSFERS

C11.7.1. Definition and Purpose. FAA, section 632 (reference (b)) sales and transfers provide USG agencies (Purchaser Agencies) access to defense articles and services for carrying out other FAA functions.

C11.7.1.1. FAA, Section 632(a) - Transfer of Obligation Authority. FAA, section 632(a) (reference (b)) authorizes the allocation or transfer of funds (available for carrying out the purpose of the FAA) to any USG agency. Such funds are available for obligation and expenditure in accordance with the authority granted by the FAA or under the authority governing the activities of the USG agency to which the funds are allocated or transferred. An FAA, section 632(a) transfer is not a purchase. Receipt of FAA, section 632(a) transfer funding authority does not constitute an obligation. The receiving agency must obligate the funds within the appropriation's original period of availability. Under an FAA, section 632(a) transfer, the transferring agency has no further responsibility for the project costs including no responsibility to provide additional funding for cost overruns and changes. FAA, section 632(a) transfers are subject to the statutory limitations placed on the use of the appropriations from which they are drawn.

C11.7.1.2. FAA, Section 632(b) - Inter-Agency Purchase Authority. FAA, section 632(b) (reference (b)) authorizes any officer of the USG carrying out functions under the FAA to use the services and facilities of or procure commodities, defense articles, or military education and training from any USG agency, as the President shall direct, or with the consent of the head of such agency. Unlike FAA, section 632(a) transfers, interagency purchase agreements issued under authority of FAA, section 632(b) constitute an obligation of appropriated funds. Responsibility for funding cost overruns in excess of the funded amount should be clearly stated in the interagency agreement between the parties and should be the responsibility of the Purchaser Agency.

C11.7.2. Requests for FAA, Section 632 Agreements. The Purchaser Agency submits an MOA to DSCA for the desired items and services. The MOA, the acceptance by DSCA, and the transfer of obligation authority or purchase authority to DSCA serve as the framework for the DoD FMS community to provide support. The MOA may be modified or canceled upon mutual agreement of the Purchaser Agency and the Department of Defense in writing. Figures C11.F8. and C11.F9. are examples of an MOA and MOA Amendment. The DoS is responsible for obtaining FAA, section 505 assurances from proposed receiving countries.

Figure C11.F8. Memorandum of Agreement (MOA) Template

MEMORANDUM OF AGREEMENT (MOA)
BETWEEN
(NAME OF FEDERAL AGENCY)
AND THE
UNITED STATES DEPARTMENT OF DEFENSE

Pursuant to Section 632(b) and Chapter [insert chapter number] of Part [insert part number] of the Foreign Assistance Act of 1961, as amended (“FAA”), [insert agency requesting support] hereby agrees to provide funds to the Defense Security Cooperation Agency (“DSCA”) of the United States Department of Defense (“DoD”) in accordance with this Memorandum of Agreement (“Agreement”).

I. AUTHORITY

This Agreement is entered into as the means to provide funding to DSCA pursuant to FAA, section 632(b) in the amount of [state the amount in both numbers and words] in FY [insert the year and title of the appropriated funds] funds. Funds provided under this Agreement are available for obligation for the purpose for which such funds were authorized, in accordance with authority granted in the FAA until [insert the last date the funds are available for obligation].

II. PURPOSE

Funds provided under this Agreement will be used by DSCA to fund the provision of [insert the defense article or service] to [insert the requesting agency] to support [insert the name of the program being supported]. The articles and services shall include the following: [insert description of the articles and services].

Defense articles or services provided are subject to the statutory limitations and requirements placed on the appropriation. Further, this Agreement does not provide any export or other authorization to commercial entities or persons for the export of the defense articles or defense services. Licenses or other approvals, as required by the Arms Export Control Act and its implementing regulations, must be approved by the DoS and other federal agencies. Applicable statutory or regulatory requirements must be met.

III. FISCAL TERMS

A. Execution of this agreement shall constitute an obligation of funds in the amount of \$ [insert the amount of the obligations]. [Insert requesting agency] remains liable for all costs arising out of this Agreement, and DSCA will return all excess funds to [insert requesting agency]. Disbursement will be made as described below.

B. Paragraph II of this Agreement contains a description of the items/services to be provided and the associated estimated cost (including administrative costs).

C. Billing and payment will be effected through [insert the billing and collection tracking system to be used] using the information contained in this Agreement. Notice of the billing and the accompanying documentation should be sent to the following office:

[Insert the address for the billing information]

D. The following fiscal data shall be noted on all bills (some or all of these may apply):

Appropriation:	Budget Plan:	Bureau Code:
Activity:	APC:	Object Class:
Project Code:	Fund:	
Agreement Number:	Mod. #:	

When payment is processed, DSCA will include in the remarks section the Agreement Number, the Modification Number, and [insert any information specifically required by the requesting agency].

E. Funds will be provided by the [insert requesting agency] to DSCA FMS Trust Fund upon signature by the last signing party of this MOA.

Figure C11.F8. Memorandum of Agreement (MOA) Template (continued)

IV. PERIOD OF AGREEMENT

This Agreement shall take effect as of the date of the last signature below and shall continue in effect until [insert a date that allows sufficient time to complete all actions under this agreement].

V. REPORTING

- A. DoD will keep full and complete records and accounts with respect to the use of funds provided under this Agreement in accordance with generally accepted accounting principles. DoD shall maintain relevant documentation to reflect procurement and other related costs. DSCA shall also provide [insert requesting agency] with quarterly reports of program activities, as well as any additional information or documentation that they may request from time to time regarding expenditures and activities, including any accounting or audit records concerning the funds provided under this Agreement. Each submission shall refer to this Agreement.
- B. DSCA shall submit reports required by this Agreement to [insert address of the submittal office of the requesting agency]. If the Servicing Agency is authorized to receive advance funding, then periodic reports showing the status of amounts advanced and amounts expended during the reporting period should be provided to the purchaser agency's technical officer and disbursing office. A due date for the reports should be specified (e.g., the number of days following the reporting period).
- C. Upon conclusion of its responsibilities under this Agreement, DSCA shall
 - 1. Report to [insert requesting agency] that the funds provided by [insert requesting agency] to DSCA were spent for the purposes for which the funds were provided; and
 - 2. Return excess funds to [insert requesting agency].

VI. SUPPORT TO TERRORISM

The Servicing Agency is reminded that U.S. Executive Orders and laws prohibit transactions with and the provisions of resources and support to individuals and organizations associated with terrorism. It is the legal responsibility of the Servicing Agency to ensure that all subagreements, contracts, and grants issued under this Agreement comply with these Executive Orders and laws.

VII. OTHER TERMS AND CONDITIONS

- A. Delivery Terms: [Insert person or agency that will take delivery for the requesting agency] will take delivery of the articles in [insert delivery location] and provide a written record of receipt to the DoD Implementing Agency for this project. [Insert requesting agency] assumes responsibility for the security, accountability, and tracking of items and services provided.
- B. Administrative Surcharge: DSCA will assess an administrative surcharge of 3.8 percent on all items and services provided pursuant to this request.
- C. Other: [Either party may insert additional terms that are specific to the purpose of the agreement.]
- D. Two copies of this Agreement with original signatures have been provided, one for DSCA and one for [insert requesting agency]. One copy of this Agreement must be returned with original signatures. Duplicated signatures are not acceptable.
- E. Upon execution of this Agreement by DSCA, DSCA shall return one signed copy of this Agreement to: [Insert the address for receipt in the receiving agency]
- F. This Agreement may be modified or canceled upon written mutual agreement of [insert requesting agency] and DSCA.

 [Name]
 [Title]
 [Agency]
 Date: _____
 Attachment
 Funding Transfer Document

 [Name]
 Director
 Defense Security Cooperation Agency
 U.S. Department of Defense
 Date: _____

Figure C11.F9. Memorandum of Agreement (MOA) Amendment Template

<p>MEMORANDUM OF AGREEMENT BETWEEN (NAME OF FEDERAL AGENCY) AND THE UNITED STATES DEPARTMENT OF DEFENSE AMENDMENT [___]</p>	
<p>Pursuant to the Memorandum of Agreement of [insert date] between the [insert organization name] of the United States Department of Purchaser Agency (“Purchaser Agency”) and the Defense Security Cooperation Agency (“DSCA”) of the United States Department of Defense (“DoD”) regarding the transfer of [insert name of funds (acronym)] pursuant to Section 632(b) and Chapter [___] of Part [___] of the Foreign Assistance Act of 1961, as amended (“FAA”), the Purchaser Agency and DSCA hereby agree to amend said Agreement.</p>	
<p>This amendment increases the agreement by [\$X,XXX,XXX (Spell out dollar amount)] for a total of [\$X,XXX,XXX (Spell out dollar amount)] to fund [List requirements, e.g., Helicopter Training]</p>	
<p>Funds expire on: [DDMMYYYY]</p>	
<p>_____ (Requesting Officer’s Signature Block)</p>	<p>_____ [Name] Director Defense Security Cooperation Agency U.S. Department of Defense</p>
<p>Date: _____</p>	<p>Date: _____</p>
<p>Attachment: Funding Transfer Document</p>	

C11.7.3. FAA, Section 632 Pseudo LOA. The USG uses a Pseudo LOA to track the sale of defense articles and/or services (to include training and design and construction services) to a Purchaser Agency under the authority of FAA, section 632. The Pseudo LOA itemizes the defense articles and/or services included in the Purchaser Agency’s MOA. It is NOT signed by the country and/or organization receiving the articles and/or services. The request, acceptance, and funding of FAA, section 632 Pseudo LOAs is via the MOA (Figure C11.F8.). DSCA (Operations Directorate) provides a copy of the MOA to the Implementing Agency with the memorandum requesting the Implementing Agency prepare the Pseudo LOA.

C11.7.3.1. FAA, Section 632 Pseudo LOA Preparation Timeframe. As with FMS LOAs, the maximum processing time between Implementing Agency receipt of the written request and release of the Pseudo LOA is 120 days, with no adjustments for hold times, additional work needed to clarify requirements, or any other consideration. However, all parties must be aware of the time, purpose, and availability of funds associated with the FAA, section 632 sale.

C11.7.3.2. FAA, Section 632 Pseudo LOA Preparation. The Implementing Agency develops an FAA, section 632 Pseudo LOA in DSAMS to allow execution of these programs through existing Security Assistance automated systems. Pseudo LOAs follow the same LOA preparation guidelines as FMS cases (see Chapter 5, paragraph C5.4.6.).

C11.7.3.3. FAA, Section 632 Pseudo LOA Format. LOA format guidance provided for FMS cases in Chapter 5, Figure C5.F5. applies to FAA, section 632 Pseudo LOAs except as identified in Figure C11.F10.

Figure C11.F10. Unique Instructions for Preparing FAA, Section 632 Pseudo LOAs

Unique Instructions for Preparing a Pseudo Letter of Offer and Acceptance for FAA, Section 632 Cases	
1.	Case Identifier. For FAA, section 632 Pseudo LOAs the case identifier is composed of country code "S4" (FAA, section 632 Transactions), Implementing Agency code of the DoD Component providing the support, and a case designator assigned by DSCA (Strategy Directorate).
2.	Nickname Field. The country/organization receiving the support and the type of support (e.g., FAA, section 632) are identified in the "nickname" field on the Pseudo LOA.
3.	Purchaser's Reference. The MOA between the Purchaser Agency and DSCA is entered in the "Based on" field.
4.	Terms of Sale. The Term of Sale for all FAA, section 632 Pseudo LOAs is "Cash with Acceptance."

C11.7.3.4. Pricing of FAA, Section 632 Pseudo LOAs

C11.7.3.4.1. Pricing FAA, Section 632 Pseudo LOAs – Non-Excess Procurement Assets NOT To Be Replaced. Price equates to the sum of the most recent actual procurement cost and modifications or improvements incorporated after production, adjusted for age or condition, plus prorated overhaul cost. Payments are deposited into the Treasury Miscellaneous Receipts Account.

C11.7.3.4.2. Pricing FAA, Section 632 Pseudo LOAs – Non-Excess Procurement Assets To Be Replaced. DoD budget and/or Future Years Defense Program (FYDP) must reflect intent to acquire asset. Reimbursement is made at the estimated replacement cost, including the contract or production costs of the article less an adjustment for age and condition of the item being sold. See DoD 7000.14-R (reference (o)), Volume 11A, Chapter 1.

C11.7.3.4.3. Pricing FAA, Section 632 Pseudo LOAs – Defense Working Capital Funds (DWCF) Items. Payment is made at the DWCF standard price. The reimbursement is credited to the DWCF.

C11.7.3.4.4. Pricing FAA, Section 632 Pseudo LOAs – Services. Payment is for the full costs incurred by the Department of Defense to provide such services including training. Included in additional costs are civilian pay and funded benefits, but excluded are unfunded civilian retirement and benefits and military pay. The payment is credited to the applicable appropriation incurring the cost.

C11.7.3.4.5. Pricing FAA, Section 632 Pseudo LOAs – Surcharges and Accessorials. FMS surcharges and accessorial rates apply. DoD FMS resources support this effort and are reimbursed through the normal FMS surcharges and accessorial accounts. Requests to deviate from the application of these surcharges are sent to DSCA (Business Operations Directorate) for approval.

C11.7.3.4.6. Pricing FAA, Section 632 Pseudo LOAs – Contracts. Full contract costs incurred for awarded contracts are charged to the FAA, section 632 Pseudo LOA.

C11.7.3.4.7. Pricing FAA, Section 632 Pseudo LOAs – Nonrecurring Costs (NC). NC does not apply to FAA, Section 632 Pseudo LOAs. See DoD 7000.14-R (reference (o)), Volume 11A, Chapter 1.

C11.7.3.5. Additional FAA, Section 632 Pseudo LOA Information. The LOA Standard Terms and Conditions DO NOT apply to FAA, section 632 Pseudo LOAs. Other notes that are mandatory for FMS cases (e.g., Offsets, Unauthorized Use of Defense Articles) DO NOT apply to FAA, section 632 Pseudo LOAs. Notes regarding inclusion of charges on the document (e.g., Administrative Surcharge and CAS notes) DO apply to these Pseudo LOAs. Unique notes should be included on each Pseudo LOA to ensure readers can understand the program. In addition to these customized notes, there are mandatory standard notes that must be included on each FAA, section 632 Pseudo LOA: Authority for Sale – FAA, section 632 and Funds Expiration, Purpose, and Availability. See Chapter 5, Table C5.T5. for exact note wording.

C11.7.3.6. DSCA Coordination and Countersignature of FAA, Section 632 Pseudo LOAs. All FAA, section 632 Pseudo LOA documents require DSCA countersignature (see Chapter 5, paragraph C5.4.14.). The Implementing Agency posts the country acceptance milestone in DSAMS after DSCA countersignature.

C11.7.4. Transfer of FAA, Section 632 Funds. The signed MOA serves as the authority to transfer funds from the purchaser agency to the FMS Trust Fund. DSCA (Business Operations Directorate) sends a copy of the signed MOA to DFAS Indianapolis along with instructions to collect the funds from the Purchaser Agency and to establish a separate holding account associated with the FAA, section 632 Pseudo LOA. DSCA (Business Operations Directorate) directs DFAS Indianapolis when to implement the case. DSCA monitors the obligation of funds by the date set in the written request, directs the return of unobligated funds not required for the provision of items or services, and notifies the Purchaser Agency of potential cost increases or decreases.

C11.7.5. FAA, Section 632 Pseudo LOA Reporting. The DSCA 1200 system is not used to record FAA, section 632 Pseudo LOAs. DIFS distinguishes FAA, section 632 agreements from other FMS agreements using the Pseudo LOA case designator. The Implementing Agency does delivery reporting for these cases. DFAS Indianapolis applies the normal surcharges and accessorial charges to the DoD delivery transactions, as done for FMS transactions. DSCA in conjunction with the Implementing Agency and DFAS Indianapolis provides the Purchaser Agency quarterly reports of program activities and any additional information or documentation that the Purchaser Agency may request regarding expenditures and activities. This includes any accounting or audit records concerning funds transferred under the agreement.

C11.7.6. FAA, Section 632 Pseudo LOA Billing. DFAS Indianapolis submits the quarterly DD 645 Bill or a report of costs incurred to DSCA (Business Operations Directorate). Upon completion of the FAA, section 632 Pseudo LOA including termination of all contingent liabilities (e.g., warranties, equitable adjustments, and claims), DSCA (Business Operations Directorate) directs DFAS Indianapolis to return excess funds to the originating Purchaser Agency account.

C11.8. GOVERNMENT FURNISHED EQUIPMENT AND MATERIEL (GFE/GFM) SALES

AECA, section 30 (reference (c)) authorizes the USG to sell defense articles and defense services to U.S. companies in connection with proposed direct commercial exports pursuant to the ITAR (reference (n)). The Implementing Agency executes the functions conferred by AECA, section 30 (reference (c)) and may delegate the authority to the commanding officer or head of a contracting activity of the Implementing Agency responsible for acquisition of the end item.

C11.8.1. Who May Purchase Under AECA, Section 30? AECA, section 30 (reference (c)) sales may be made to a company incorporated in the United States who has an approved license under the ITAR (reference (n)) if the contractor's license is for final assembly or manufacture of an end item or in the case of ammunition components, the contractor is using commercial practices that restrict actual delivery directly to a friendly foreign country or international organization. To be eligible, the U.S. company must intend to incorporate the item(s) or service(s) into end items (or concurrent or follow-on support) to be sold to a friendly foreign country or international organization.

C11.8.2. What May Be Purchased Under AECA, Section 30? AECA, section 30 (reference (c)) sales must meet the following criteria: any services provided must be performed in the United States; the end item being procured must be for the armed forces of a friendly country or international organization; the articles would be supplied to the prime contractor as GFE/GFM if the end item were being procured for the use of the U.S. Armed Forces; and the articles and services are available only from the USG sources or are not available to the prime contractor directly from the U.S. sources at such times as may be required to meet the prime contractor's delivery schedule. Services may include transportation, installation, testing, or certification that are directly associated with the sale. Services alone may not be provided.

C11.8.2.1. AECA, Section 30 Sales from Stock. Unless approved by USD(P) in coordination with the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)), sales are not authorized if they result in stocks dropping below the reorder point.

C11.8.2.2. AECA, Section 30 Sales from Procurement. When procurement or manufacture in Government-owned facilities is required, the Implementing Agency determines if a sale shall be concluded. In determining production priorities, the Implementing Agency considers existing requirements and schedules manufacture, allocation, and delivery on a first-in first-out basis guided by DoD 4140.1-R (reference (cq)) and related assignments of Force Activity Designators (FADs) by the Chairman of the Joint Chiefs of Staff. The Director, DSCA resolves questions of priority between two or more competing foreign requirements.

C11.8.3. AECA, Section 30 Sales Format. A unique sales agreement is used by the USG for the sale of defense articles and/or services to U.S. companies under the authority of AECA, section 30 (reference (c)). The sales agreement includes the information outlined in Table C11.T9.

Table C11.T9. AECA, Section 30 Sales Agreement Requirements

Basic Descriptive Information	General Provisions and/or Notes Required
Company Identity	1. The USG retains the right to cancel in whole or in part or to suspend performance at any time under unusual or compelling circumstances if the national interest so requires.
Items/Quantity	2. The USG provides no warranty or guarantee, either expressed or implied, regarding the item being sold.
Estimated Availability	3. The USG shall provide best efforts to comply with the delivery lead time cited, but incurs no liability for failure to meet an indicated delivery schedule.
Source of Supply	4. The USG shall use its best efforts to deliver at the estimated price, but that the purchaser is obligated to reimburse the USG for the total cost if it is greater than that price.
Estimated Price	5. The item sold may be used only for incorporation into end items (or as concurrent or follow-on support in conjunction with a sale of the end item) for export under an approved export license and may not be used for other purposes.
End Item Application (if applicable)	6. The purchaser renounces all claims against the USG, its officers, agents, and employees arising out of or incident to this agreement, whether concerning injury to or death of personnel, damage to or destruction of property, or other matters, and shall indemnify and hold harmless the USG, its officers, agents, and employees against any such claims of third parties and any loss or damage to USG property.
End Item Purchaser (country or international organization)	7. The U.S. company agrees to provide protection of classified information and requires that the agreement with the foreign Government provides protection of U.S. classified information.
Number and date of the munitions export license or other DoS approval	8. The purchaser is responsible for any insurance desired and, when applicable, export customs clearance.
	9. The purchaser is required to reimburse the USG for all costs incurred by the USG if the purchaser cancels the purchase agreement before item delivery.
	10. Delivery is Free On Board (FOB) point of origin. The purchaser must arrange for continental U.S. (CONUS) transportation (except for sensitive or hazardous cargo that is normally shipped via the Defense Transportation System (DTS)).
	11. Payment terms.
	a. Sales of Articles from Stock. Total payment is required in advance for the full cost of any USG shipment.
	b. Sales of Articles or Services from Procurement, or Sales of Services from Resources on Hand. Payment is normally cash payable in full at the time the agreement is signed. Based on purchaser request, a payment schedule may be considered when full funding is not immediately required. When requested by the purchaser, the Implementing Agency, in coordination with the contracting officer, may negotiate a payment schedule that complies with the Security Assistance Management Manual (SAMM). Funds must be available prior to USG entering into a contract, submitting a MIPR, or making other obligations. Payment is equal to the full cost of the obligations plus reasonable uncertainties, such as costs which could be incurred should it become necessary to prematurely terminate the Sales Agreement.

C11.8.3.1. Pricing of AECA, Section 30 Sales. Prices, accountability, and disposition of collections shall be in accordance with DoD 7000.14-R (reference (o)), Volume 15, Chapter 7. Administrative surcharges and accessorial charges are charged at the same rate as corresponding FMS charges. Sales shall be in cash, with payment upon signature of the sales agreement by the USG and U.S. company representatives. Payment in U.S. dollars shall precede procurement or production action or, in cases of stock sales, delivery. Funds obligated for a reimbursable procurement, internal production of articles, or provision of services may not exceed the cash received from an authorized purchaser. If there is an increase in the cost, the purchaser is required to make additional cash payments to fund the costs plus applicable surcharges. The cash received must be sufficient to fund the replacement cost of articles shipped from DoD stocks.

C11.8.3.2. Planning Data. To allow planning and marketing, Implementing Agencies are authorized to provide cost and delivery data to authorized potential purchasers in advance of execution of a sales agreement. Such data are identified as estimates that are not binding on the USG.

C11.8.4. Records and Reporting. A central Implementing Agency record is maintained showing the purchaser, item being sold, source (stock, DoD production, or procurement), cost estimate or (if delivered) billed price, end item (if applicable), ultimate recipient (country or international organization), and export license number and date or other DoS approval. Information from this record is provided to DSCA upon request.

C11.9. INTERNATIONAL AGREEMENTS

The Department of Defense may enter into agreements with friendly and allied countries on the basis of common goals to achieve mutual national security objectives. DoD Directive 5530.3 (reference (aa)) defines an international agreement as: “any agreement concluded with one or more foreign Governments (including their agencies, instrumentalities, or political subdivisions) or with an international organization, that is signed or agreed to by personnel of any DoD Component, or by representatives of the DoS or any other department or agency of the USG; signifies the intention of its parties to be bound in international law; and is denominated as an international agreement or as a MOU, MOA, memorandum of arrangements, exchange of notes, exchange of letters, technical arrangement, protocol, note verbale, aide memoire, agreed minute, contract, arrangement, statement of intent, letter of intent, statement of understanding, etc. Table C11.T10. is a summary of legal references that cover international agreements.

Table C11.T10. International Agreements Legislation Summary

Legislation	Subject
AECA, Section 27 (reference (c)) 10 U.S.C. 2341 - 2350b (reference (ce))	Provides the authority to enter into cooperative projects with friendly foreign countries
AECA, Section 36(a) (reference (c))	Congressional Reporting of all coproduction agreements
AECA, Section 42(b) (reference (c))	DoS to advise Congress of use of FMF to finance coproduction or licensed production in a foreign country
1 U.S.C. 112b, (Case Act) (reference (cr))	Transmissions to Congress
22 CFR 181 (reference (cs))	Coordination and Reporting of International Agreements
FAA, Section 517 (reference (b))	Designation of major non-NATO allies

C11.9.1. When is a DoD Directive 5530.3 Agreement Required? In some instances, it is in the U.S. interest to establish an international agreement before initiation of a commercial or USG Security Assistance program. DSCA is responsible for determining whether a DoD Directive 5530.3 agreement for Security Assistance is necessary. The following are examples of scenarios that may require a DoD Directive 5530.3 agreement:

C11.9.1.1. The program is complex, it involves licensed production, or it is considered sensitive (for example, classified data is released) by the USG or U.S. industry.

C11.9.1.2. Delineation of responsibilities and authorities of the parties is required.

C11.9.1.3. The country has requested, and provided rationale for, a separate agreement.

C11.9.1.4. The Congress has mandated an international agreement be used.

C11.9.2. International Agreement Format. DoD Directive 5530.3 agreements for Security Assistance include standard provisions, some of which reflect the requirements of law or regulation. These agreements may also include unique provisions reflecting the interests of the involved parties. Therefore, the final content of each agreement is determined during negotiations. A typical agreement for Security Assistance contains provisions on at least the topics included in Table C11.T11.

Table C11.T11. Sample Provisions Contained in DoD Directive 5530.3 Agreements

Sample Provisions Contained on DoD Directive 5530.3 Agreements	
1	The participants in the program and their obligations must be clearly stated.
2	Scope of agreement, including any items and quantities to be produced in the United States and authorized for production by the participating country.
3	Terms and, when required, their definition.
4	Export of items (see Chapter 3), including anticipated use of commercial or FMS transportation channels (see Chapter 7). Any DoD assistance in obtaining commercial export licenses or technical data belonging to U.S. companies may be defined.
5	Authorization for use of technical data, usage limits, and restrictions on its transfer to third parties.
6	Any use of USG facilities shall be incorporated.
7	Flowback, including provisions relative to the return to the United States of any technical improvements

Sample Provisions Contained on DoD Directive 5530.3 Agreements	
	to transferred equipment or manufacturing processes. The USG must have the right to use the improvements without payment of any fees.
8	Management, such as establishment of a joint project office to serve as the channel for exchange of information.
9	Configuration management, to ensure systems are produced to specifications (normally U.S. standard). The agreement provides for incorporation of engineering changes and modifications, and the procedures to manage the changes.
10	Existing security arrangements.
11	Customs, duties, and taxes. (This may show new or existing reciprocal arrangements.)
12	Audit access and production validation.
13	Third party transfer and end-use. This includes any production incorporating U.S. equipment or based on U.S. information obtained under the program from any source.
14	Reimbursement for applicable costs. The agreement should note that USG costs to support purchaser program management, FMS administrative fees, transportation, or other costs must be financed under FMS procedures.
15	LOA/DoD Directive 5530.3 agreement precedence. The agreement should note that if a conflict exists between the DoD Directive 5530.3 agreement and the LOA, the terms of the LOA takes precedence.
16	Logistics Support. This may include items such as USG responsibilities for support or any authorization for foreign production of spares, and any other pertinent requirements.
17	Supplemental Compensation. A participant cannot impose a requirement for compensation that is not in accordance with the agreement.
18	Administrative provisions such as procedures to amend or change the agreement, identification of the effective national language, procedures for resolution of conflicts, specific duration (such as 10 years) before the agreement expires or must be renewed, procedures for early termination by either party, provisions for certain elements of the MOU/MOA to remain in effect after termination (third party transfer, security, flowback, and limitations on any further weapon system production), and consideration of authorization to produce spare parts following termination.

C11.9.3. Types of DoD Directive 5530.3 Agreements

C11.9.3.1. DoD Directive 5530.3 Coproduction Agreements. Coproduction policy is provided in DoD Directive 2000.9 (reference (ct)). Per DoD Directive 5530.3 (reference (aa)), the Director, DSCA must provide written approval to enter into negotiations for coproduction programs involving Security Assistance. Requests for DSCA authority must include a description of the project as well as fiscal and legal memoranda. Discussions on coproduction programs may be initiated by the Implementing Agency or by authorized representatives of foreign Governments or international organizations. When partially or fully implemented through DoD Directive 5530.3 agreements, the Implementing Agency recommendation is forwarded to DSCA for authorization to proceed and includes the information shown in Table C11.T12.

Table C11.T12. Information Required for DSCA Authorization of Coproduction Agreements

Information Required for DSCA Authorization of Coproduction Agreements	
1	The program origin, nature, scope, and supporting rationale
2	Implications of proposed technology transfer, including the scope and limitations of any needed NDP-1 exceptions
3	Impact on U.S. industry prime and subcontractors, and the views of these producers
4	Impact on any other authorized foreign production of the same article
5	Impact on the U.S. production base for the article

C11.9.3.1.1. Classification of DoD Directive 5530.3 Coproduction Agreements. DoD Directive 5530.3 agreements for coproduction of major defense equipment (MDE) are classified “Confidential,” as a minimum, until the agreement is concluded. Programs implemented via LOAs are subject to normal LOA classification guidance. (See Chapter 5.)

C11.9.3.1.2. FMF-Financed Coproduction Program. AECA, section 42(b) (reference (c)) requires the DoS to advise Congress prior to use of Foreign Military Financing (FMF) to finance coproduction or licensed production in a foreign country. DSCA (Operations Directorate) memoranda to the DoS advises of the country, type of proposed transaction (FMS LOA or direct commercial sale), description of program, the extent of foreign production, and impact on employment and production within the United States. Normally approval is staffed concurrently with the related AECA, section 36(b) (reference (c)) notification. DSCA (Operations Directorate) shall not approve release of an FMS LOA or FMF funding until the DoS has advised Congress.

C11.9.3.1.3. Monitoring Coproduction Agreements. USG monitoring requirements are determined on a case-by-case basis. USG audits of production facilities may not be required when there is clear evidence of commercial arrangements that are satisfactory to the Department of Defense, such as when there is a direct agreement between a U.S. firm and the foreign Government or firm that provides access to facilities and records. The need for direct USG involvement in oversight may also be reduced when the U.S. firm has technical representatives in the foreign plant or the U.S. retains control over critical technology or components essential to the item being produced. Industry technical representatives are requested to provide information to the Implementing Agency on foreign production including items and quantities, third party transfers, and any non-compliance with provisions of the LOA or DoD Directive 5530.3 agreement. When USG monitoring is reduced based on industry arrangements, agreements are structured to provide for USG monitoring once industry technical representatives are no longer required. Whether or not USG monitoring and validation provisions exist, does not change the Implementing Agency requirement to maintain program oversight and to assure required reports are submitted. These factors must be considered in the initial DoD-industry program discussions relative to program monitoring and access requirements. LOAs or DoD Directive 5530.3 agreements are structured to assure there are acceptable monitoring provisions for each program and the Implementing Agency receives adequate data to prepare status reports. When USG responsibilities can be satisfied only with access by USG personnel, a note must be included in the LOA and the DoD Directive 5530.3 agreement. See Chapter 5, Table C5.T5. Coproduction Reporting and/or Validation for the exact note wording.

C11.9.3.2. Cooperative Projects Under AECA, Section 27. AECA, section 27 (reference (c)) permits partnership agreements in which the United States and one or more eligible countries equitably share the costs and the results of jointly managed research, development, testing, evaluation, or joint production (including follow-on support) projects, or of projects for concurrent production in the United States and another eligible country of a jointly developed defense article. In accordance with AECA, section 27(c), no USG military assistance and financing may be used by any non-USG participant to provide its share of the cost of any such project.

C11.9.3.2.1. NATO Cooperative Projects. A NATO cooperative project is a jointly managed arrangement, described in a written agreement among the parties, undertaken to further the Rationalization, Standardization, and Interoperability (RSI) objectives of the armed forces of NATO member countries. For NATO member country cooperative projects, AECA, section 36(b) (reference (c)) shall not apply to sales made under AECA, sections 21 and 22 (reference (c)) and to production and exports made pursuant to cooperative projects under AECA, section 27 (reference (c)). AECA, section 36(c) (reference (c)) shall not apply to the issuance of licenses or other approvals under AECA, section 38 (reference (c)) if such sales are made, such production and exports ensue, or such licenses or approvals are issued as part of a cooperative project.

C11.9.3.2.1.1. Non-NATO Cooperative Projects. A non-NATO cooperative project under AECA, section 27(j) (reference (c)) is authorized under the same general terms and conditions as agreements with NATO countries. The foreign parties in such projects are friendly foreign countries that are not members of NATO. The project provides for one or more of the participants to equitably share with the United States the full costs of the cooperative project and receive an equitable share of the results of the project to include research, development, testing, evaluation, or joint production (with follow-on support) of certain defense articles; concurrent production in the United States and in the country of another participant of a defense article jointly developed; and U.S. procurement of a defense article or service from another member country. For FMS that are made as a part of non-NATO cooperative projects and for licenses issued under the authority of AECA, section 38 (reference (c)) as part of such cooperative projects, the requirements of AECA, section 36(b) and (e) (reference (c)) apply.

C11.9.3.2.2. Waiver of Charges for Cooperative Projects. AECA, section 27(e)(1) (reference (c)) provides authorization to reduce or waive certain charges associated with cooperative projects. Waiver or reduction of appropriate charges must be approved by the Director, DSCA prior to conclusion of the cooperative project agreement, whether or not the agreement commits to the waivers. Security Assistance funds may not finance the cost of any AECA, section 27 (reference (c)) cooperative project. Proposals for AECA, section 27 (reference (c)) programs that rely in any manner on the FMS system are not offered to participants unless the Director, DSCA has made an exception in writing. Proposals submitted to DSCA shall include information on MOU terms regarding collection or waiver of surcharges or levies.

C11.9.3.2.2.1. Waiver of Nonrecurring Costs (NC) for Cooperative Projects.

Participating countries in newly initiated cooperative projects for development with no use of items previously developed with USG funds, do NOT incur NC charges since each participant contributes its equitable share of the full cost of the project. DoD agreements for coproduction and/or licensed production entered into after October 7, 1992 shall have no DoD NC charges included unless international agreements exist to the contrary.

C11.9.3.2.2.2. Waiver of FMS Administrative Charges for Cooperative Projects.

Normally, AECA, section 27 (reference (c)) programs are not implemented through the FMS system and administrative surcharges are not applicable. When the FMS system (an LOA) is used, the administrative surcharges are assessed. For sales pursuant to AECA, section 27(e)(1) (reference (c)), if the FMS administrative surcharges are reduced or waived, AECA, section 27(e)(2) (reference (c)) prohibits using administrative surcharge funds from other AECA sales to reimburse cost incurred by the USG for which the reduction or waiver was approved.

C11.9.3.2.3. Implementation of Cooperative Projects. Authority to negotiate and conclude cooperative agreements was delegated to USD(AT&L), with authority to re-delegate to the MILDEPs.

C11.9.4. Release of DoD Directive 5530.3 Security Cooperation Agreements. Since international agreements involve matters that must be resolved on a governmental basis as part of a broad program of cooperation, copies of DoD Directive 5530.3 agreements for Security Assistance are not released to third parties unless required by the Freedom of Information Act, other U.S. law, or as authorized by the parties to the agreement. They may be discussed with representatives of appropriate U.S. industry to the degree necessary to obtain Congressional reporting or other information. With the consent of the foreign party, these agreements may be released to specific U.S. firms for implementation.

C11.9.5. Monitoring of DoD Directive 5530.3 Security Cooperation Agreements. The Implementing Agency monitors the terms and conditions of DoD Directive 5530.3 agreements for Security Assistance (including those negotiated at OSD level and assigned to the Implementing Agency) to ensure compliance by all parties. This is accomplished with the assistance of other involved USG organizations as well as U.S. industry.

C11.9.6. Responsibilities for International Agreements for Security Assistance. Responsibilities for negotiating, managing, monitoring, etc. for international agreements for Security Assistance is summarized in Table C11.T13.

Table C11.T13. Responsibility Matrix for International Agreements for Security Assistance

Organization	Responsibility
Implementing Agency	Commitments are not made until OSD-level approval is obtained. Export license approvals that could impact the Agreement shall not be provided prior to completion of negotiations. Agreements are drafted consistent with DoD policy and negotiation and conclusion authorities are obtained and provisions are included to assure USG and foreign rights and obligations are defined. Implementing Agency coordination is conducted and any required Congressional notification data is provided to DSCA. Copies of the concluded Agreement are provided to DSCA, the SCO, Defense Intelligence Agency (DIA), DoD General Counsel (original), State Department Legal Advisor/Treaty

Organization	Responsibility
	<p>Affairs, and other involved organizations.</p> <p>Overall responsibility rests with the Implementing Agency program manager. For complex programs, monitoring and implementation of individual aspects of the Agreement is the responsibility of the cognizant functional area. Implementing arrangements shall identify individual responsibilities.</p> <p>Procedures are established to assure compliance with all elements of the Agreement.</p> <p>Production facilities are visited, consistent with the provisions of the Agreement. During the visits, U.S. personnel shall, as a minimum, review production records and validate production and retransfer reports. Findings are recorded in a trip report and distributed to involved agencies. Knowledgeable personnel may conduct the visits in conjunction with other regularly scheduled visits. The DSCA is provided an information copy of any correspondence issued or received relative to Agreement compliance.</p> <p>Maintain data and report to DSCA information regarding coproduction and licensed production programs.</p> <p>For coproduction programs involving FMS, the Implementing Agency ensures appropriate coordination with DSCA, furnishes technical and negotiating assistance, and performs managerial and reporting functions.</p>
DSCA	<p>Establish a point of contact within the regional directorates for specific Agreements (normally the country director).</p> <p>Receive, and staff within OSD, the DoC, and the DoS, draft Security Assistance Agreements and Implementing Agency requests for authority to negotiate and conclude the Agreements.</p> <p>Provide guidance on coproduction and other Security Assistance Agreements following any necessary staffing within OSD and with DoS.</p> <p>Staff and provide to Congress notifications required by legislation.</p> <p>Initiate appropriate action within DoD and with DoS when issues of Agreement non-compliance are identified.</p>
Security Cooperation Organizations (SCOs)	<p>Identify the individual to maintain contact with the Implementing Agency, be familiar with the Agreement, and be responsible for monitoring status in country. Provisions shall be made for continuity of the requirement after departure of the individual identified.</p> <p>Be responsive to requests for information from the program manager or DSCA.</p> <p>Provide information on problems, including possible non-compliance.</p> <p>Serve as the conduit for production status information from the country to the Implementing Agency.</p>
Department of Commerce	<p>Reviews proposed agreements to assess their commercial implications and possible effects on the international competitive position of U.S. Industry.</p>

C11.9.7. Quarterly Report of Security Assistance Coproduction Agreements. Each Implementing Agency maintains appropriate data and reports to DSCA (using Reports Control Symbol (RCS): DSCA 1226) information regarding coproduction and licensed production programs under its purview. Portions of the information are consolidated by DSCA and included in the quarterly AECA, section 36(a) (reference (c)) report through the DoS to Congress. Information for active and inactive coproduction programs, for which Agreements are concluded but are not closed, are reported. Programs for which Agreements are not concluded and closed programs are not reported. Negative reports are required.

C11.9.7.1. Report Schedule. Each report is titled “Quarterly Report of Security Assistance Coproduction Agreements” and is submitted according to the schedule shown in Table C11.T14.

Table C11.T14. Quarterly Report of Security Assistance Coproduction Agreements
Submission Dates

Fiscal Year Quarter	Period Covered	Submission Date
First Quarter	October 1 through December 31	January 31
Second Quarter	January 1 through March 31	April 30
Third Quarter	April 1 through June 30	July 31
Fourth Quarter	July 1 through September 30	October 31

C11.9.7.2. Report Content – Active Programs. Active program reports include the title of the agreement or name of the weapon system centered at the top, and the information shown in Table C11.T15.

Table C11.T15. Quarterly Report of Active Security Assistance Coproduction Agreements

Description of Data Required for Active Security Assistance Coproduction Agreements	
1	Country, international organization, or foreign firm if the agreement is bilateral and the partner heads up an approved production group or consortium, identify the other members.
2	Description of articles authorized for production.
3	Estimated value of articles authorized to be produced.
4	Estimated quantity of articles authorized to be produced.
5	Authorized third country sales and description of third party transfer restrictions. Specify item and quantity for each third country, date of U.S. authorization, and status of deliveries. Identify source of information.
6	Alternate measures to ensure compliance with third party transfer and production quantity restrictions (if applicable).
7	Date of LOA and, if applicable, DoD Directive 5530.3 Agreement.
8	Agreement expiration date. If the agreement has no expiration date, the projected termination date, not simply an event such as "completion of production", should be furnished and identified as such.
Items 9 -- 13 begin on a separate page and are for internal use.	
9	Quantity produced during the reporting period, quantity produced to date.
10	Incidents of agreement noncompliance during the reporting period. If incidents have occurred, provide a full accounting and identify source of information. If none, so state.
11	Technology flowback and monetary return. Provide a summary of flowback requested or received during the reporting period and the status of its value. If none, state why and provide a statement of previously received or projected flowback, if appropriate. Include the total monetary return to the United States as a result of the agreement and actual expenditures in the United States to date.
12	Summary of actions. Provide narrative summary of significant events for the period, such as meetings or program reviews, monitoring actions, support provided, significant problems, and the outlook for the coming year.
13	Points of contact names, organizations, and telephones number of U.S. and foreign project officers who can provide additional information and interim updates.

C11.9.7.3. Report Content – Inactive Programs. Inactive program reports include the title of the program or name of the weapon system centered at the top, and the information shown in Table C11.T16.

Table C11.T16. Quarterly Report of Inactive Security Assistance Coproduction Agreements

Description of Data Required for Inactive Security Assistance Coproduction Agreements	
1	Country, international organization, or foreign firm. If the agreement is bilateral and the partner heads up an approved production group or consortium, identify the other members.
2	Date of LOA and, if applicable, DoD Directive 5530.3 Agreement.
3	Reason program is inactive, vice closed.
4	Estimated closure or termination date of the agreement.
5	Summary of action for the reporting period. Briefly explain agreement close-out actions, including monitoring actions that continue beyond agreement expiration. Provide narrative summary of significant events for the period, if applicable.
6	Points of contact. Include the names, organizations, and telephone numbers of U.S. and foreign project officers.

C11.10. LEASES OF DEFENSE ARTICLES UNDER THE ARMS EXPORT CONTROL ACT

C11.10.1. Definition and Purpose. Under AECA, chapter 6 (reference (c)), the President may lease DoD defense articles to eligible foreign countries or international organizations for a period not to exceed 5 years and a specified period of time required to complete major refurbishment work prior to delivery. The President has delegated this authority to the Department of Defense. There must be compelling foreign policy and national security reasons for providing such articles on a lease basis and the articles must not be needed for public use at the time. Leases may provide defense articles for testing purposes, assist countries in determining whether to procure the article, allow the USG to respond to an urgent foreign requirement, or provide for other purposes as approved by DSCA (Programs and Strategy Directorates). Table C11.T17. summarizes the lease program legal references.

Table C11.T17. Lease Legislation Summary

Legislation	Subject
AECA, Chapter 6 (reference (c))	Lease authority, limitations, and terms
AECA, Section 62 (reference (c))	Congressional Notification
AECA, Section 63(a) (reference (c))	Legislative Review
International Narcotics Control Act of 1990, Section 3(g) (Public Law No. 101-623) (reference (cw))	Leases of aircraft to Andean countries for counternarcotics purposes
10 U.S.C.7307 (reference (co))	Ship leases (unique requirements)

C11.10.2. Who Can Lease Defense Articles? Defense articles may be leased to a country or international organization if that country and/or organization is eligible for FMS purchases. See Chapter 4, Table C4.T2. for a list of eligible countries and/or organizations.

C11.10.3. What Can Be Leased? The President may lease defense articles from DoD stock to eligible foreign countries or international organizations if: there are compelling foreign policy and national security reasons for providing such articles on a lease basis rather than a sale; the articles are not needed for public use (for the time); and the effects of the lease on the national technology and industrial base are considered; particularly the extent, if any, to which the lease reduces the opportunity of the national technology and industrial base to sell new equipment to the lessee.

C11.10.3.1. Ship Leases. Ship leases are authorized under separate, specific legislation as required by 10 U.S.C. 7307 reference (co). AECA, Chapter 6 (reference (c)) requirements also apply to ship leases unless the separate legislation expressly provides otherwise.

C11.10.3.2. Counternarcotics Aircraft to Andean Countries. The International Narcotics Control Act of 1990 (Section 3(g) of Public Law No. 101-623 (reference (cw))) authorizes leases of aircraft to Andean countries for counternarcotics purposes.

C11.10.3.3. Prohibition on Leasing Under 10 U.S.C. 2667. DoD defense articles may not be leased to foreign countries or international organizations under the authority of 10 U.S.C. 2667 (reference (cv)).

C11.10.4. Lease Preparation and Format. All unclassified leases are prepared using DSAMS. Certain organizations are authorized to prepare leases. See Chapter 5, Table C5.T2. for a list of these organizations. These organizations, known as Implementing Agencies are responsible for preparing leases in accordance with this manual. Classified leases are prepared outside of DSAMS using the same format.

C11.10.4.1. Lease Duration. Leases may be written for a maximum of 5 years and a specified period of time required to complete major refurbishment work prior to delivery. Leases may include multiple items with different lease duration periods. The shortest lease period is 1 month and the longest lease period is 60 months. Leases shall provide that, at any time during the lease period, the USG may terminate the lease and require the immediate return of the defense article(s). Leases of less than 5 years may be extended via an Amendment but the total period under a specific lease may not exceed 5 years plus the time needed for refurbishment. Subject to receipt of any initial deposit required, the lease period begins on the date shown at the beginning of the lease, unless the period is otherwise specified within the terms and conditions. If the purchaser signs the lease after the proposed starting date, the lease must be amended to show the actual lease start date and any payment adjustments necessary on the Schedule A.

C11.10.4.2. Lease Format. The lease format including sample data and instruction for preparation are provided in Figures C11.F11. through C11.F15. (at the end of this section). Information that is not part of the basic format is bracketed for emphasis. This format may not be altered unless special circumstances require an exception authorized by DSCA (Programs and Strategy Directorate). Additional provisions may be added to a lease when appropriate and with concurrence of the Implementing Agency's legal office and DSCA. Classified leases are prepared outside of DSAMS using the same format.

C11.10.4.3. Lease Identification. The Implementing Agency, using the Defense Security Assistance Management System (DSAMS), assigns a unique designator to each lease. The lease designator is composed of the Country Code, the Implementing Agency code, and a 3-position code assigned by the Implementing Agency. The lease designator is included on each lease page, including schedules, appendices, and accompanying documents. FMS cases associated with leases must reference the lease designator(s).

C11.10.5. Lease Pricing

C11.10.5.1. Rental Payment. The lessee must agree to pay in U.S. dollars all costs incurred by the USG in leasing articles, including reimbursement for depreciation (rent) of articles while leased. The rental payment is calculated in accordance with DoD 7000.14-R (reference (o)), Volume 15, Chapter 7. Rental payments do not include an administrative charge.

C11.10.5.2. Replacement of Lost and/or Damaged Items. The lessee must agree to pay the costs of restoration or replacement if the articles are lost, damaged, or destroyed while leased. In this case, the customer is charged the replacement cost (less any depreciation) if the United States intends to replace the articles or the actual article value (less any depreciation) if the United States does not intend to replace the articles. These charges are recouped under an FMS transaction via the LOA.

C11.10.5.3. Payment Schedules. Schedule A of each lease identifies the replacement costs of the item(s) being leased and the schedule for rental payment due to the USG. The payment schedule is established on a quarterly billing cycle, compatible with the FMS billing cycle. If the quarterly cycle does not provide for payment prior to the effective date of the lease, an initial deposit is required to assure that payment is received in advance of the month in which rental is incurred. Billings to the foreign lessee are based on this schedule of payments and are included on a separate DD Form 645 with the country's quarterly FMS billing statement. The Implementing Agency assures that payment schedules are updated for any extensions, delivery schedule changes, or other Amendments, that may result in a change to the lease value or schedule of payments. DFAS deposits receipts from lease rental payments in the Miscellaneous Receipts Account 3041 (FMS Recoveries, DoD Lease Costs) in accordance with the Treasury Financial Manual, Supplement to Volume 1.

C11.10.5.4. Use of FMF or Military Assistance Program (MAP) Merger Funds. FMF or MAP funds cannot be used for lease rental payments. FMF or MAP Merger funds may be used, when authorized by DSCA, for LOAs for services associated with a lease. FMF funds may be used for leases of aircraft to Andean countries for counternarcotics purposes under the International Narcotics Control Act of 1990. In such instances, the total lease cost (including any renewals) is an initial, one-time payment of an amount equivalent to the aircraft price as if it were sold on an LOA. Questions regarding proper sources of funding for leases should be directed to DSCA (Business Operations, Programs, and Strategy Directorates).

C11.10.5.5. Exceptions to the Payment of Depreciation Costs. The following types of leases may be considered for no-rent leasing. DSCA must authorize the exception prior to the Implementing Agency notifying a potential lessee that a lease under these terms is available.

C11.10.5.5.1. Leases for purposes of cooperative research or development, military exercises, or communications or electronics interface projects may be written at no-rent.

C11.10.5.5.2. The President may waive reimbursement of depreciation for any defense article(s) that has passed three-quarters of its normal service life if he or she determines that to do so is important to the national security interests of the United States. This waiver authority has been delegated to the Director, DSCA in accordance with the provisions of DoD Directive 5105.65 (reference (a)). When requesting this waiver, the Implementing Agency must include the following information: a certification letter that the items are beyond three-quarters (75 percent) of their service life, a spreadsheet showing how replacement costs were calculated, a spreadsheet showing what the depreciation charges would normally be; if applicable, a spreadsheet showing how partial depreciation charges were calculated, and a copy of any prior or related waivers previously granted.

C11.10.5.5.3. Leases made in exchange with the lessee for a lease on substantially reciprocal terms of defense articles for the Department of Defense may be leased at no-rent. In these cases, the President submits a detailed notification for each lease to the Committee on Foreign Affairs (Committee on International Relations) and the Committee on Appropriations of the House of Representatives; and the Committee on Foreign Relations and the Committee on Appropriations of the Senate. This waiver authority is exercised only during the current fiscal year and only with respect to one country, unless Congress provides otherwise. (The preceding sentence does not constitute authorization of appropriations for payments by the United States for leased articles.)

C11.10.6. Congressional Notification Requirements. AECA, section 62 (reference (c)) requires written certification from the President to the Speaker of the House of Representatives, the Chairman of the Committee on Foreign Relations of the Senate, and the Chairman of the Committee on Armed Services of the Senate before entering into or renewing a lease agreement for a period of 1 year or longer. The certification must be transmitted not less than 15-calendar days before agreements with NATO, NATO member countries, Australia, Japan, the Republic of Korea, or New Zealand and not less than 30-calendar days before agreements with all other countries or organizations. The certification includes: the country or international organization to which the defense article is to be leased; the type, quantity, and value (in terms of replacement cost) of the defense article to be leased; the terms and duration of the lease; and the justification for the lease, including an explanation of why the defense article is being leased rather than sold. AECA, section 62(b) (reference (c)) authorizes waiver of the Congressional Notification for leases if the President states in his or her certification that an emergency exists that requires the lease be entered into immediately in the interest of U.S. national security. The certification must include a detailed justification with a description of the emergency circumstances and a discussion of the national security interests involved. This authority is reserved to the President for his or her exercise only. In the event of such an emergency, DSCA provides instructions to the Implementing Agency.

C11.10.7. Title of Leased Items. Title does not transfer for leased items.

C11.10.8. Lease Process. Table C11.T18. summarizes the lease process.

Table C11.T18. Lease Process

Step	Action
1 Purchaser Request for Leases	An eligible foreign country or international organization identifies a requirement and submits an LOR.
2 Responses to Lease Requests	<p>The Implementing Agency determines if a lease is a viable option. The Implementing Agency determines if the items are needed for public use during the proposed lease period. DSCA (Operations Directorate) should be consulted at this time.</p> <p>With DSCA approval, the Implementing Agency responds to the country/organization stating whether or not the equipment is available and if a lease is an available option. No actual offer may be made until the appropriate approvals/notifications are complete.</p> <p>If the Implementing Agency recommends application of an exception to a customer reimbursing depreciation costs, the Implementing Agency must provide justification and receive authorization from DSCA before advising the customer of the exception.</p>
3 Implementing Agency Prepares Lease	The Implementing Agency prepares lease documents in DSAMS in accordance with Figures C11.F11. through C11.F15. The lease package consists of: the lease agreement with all terms/conditions and payment schedule (Schedule A), the determination of compelling foreign policy and national security interests and public use need, a forwarding memorandum, and, if required, Congressional Notification certification.
4 Implementing Agency Coordinates the Lease	The Implementing Agency coordinates the lease package within its Agency. The Implementing Agency must screen all lease items for MTCR (see Chapter 3). Once the Implementing Agency has reviewed/coordinated on the lease package, the "MILSGN" milestone is entered into DSAMS by the Implementing Agency. This milestone automatically sets the lease status to "Proposed."
5 Implementing Agency Submits Lease Package to DSCA	<p>For leases that are less than 1 year in duration, the Implementing Agency submits the lease determination and forwarding cover memorandum to DSCA (Programs Directorate) electronically for countersignature. E-mails submitting packages for countersignature must be sent to policy-dsca@dsca.mil.</p> <p>For leases that are 1 year or longer in duration, the Implementing Agency submits the lease, determination, Congressional Notification certification, and forwarding cover memorandum to DSCA (Programs Directorate) electronically for countersignature. E-mails submitting packages for countersignature must be sent to policy-dsca@dsca.mil.</p>
6 DSCA Coordinates Lease Package	<p>DSCA (Programs Directorate) coordinates the lease package within DSCA, OSD (Regional Offices) and with the DoS.</p> <p>If the lease is for less than 1 year in duration, Go to Step #8.</p>
7 DSCA Prepares Congressional Notification	DSCA (Programs Directorate) prepares the AECA, section 62(a) report to Congress. All documents are coordinated with OSD (Regional Offices), DoS, and DSCA before the Director, DSCA signs the notifications. For leases that require Congressional Notification, an advance copy of the unsigned lease may be provided to the customer.
8 DSCA Signs the Lease Determination and Countersigns the Lease	Upon completion of coordination and the Congressional Notification period (if required), DSCA (Programs Directorate) submits the lease determination to the Director, DSCA for signature. After signature, DSCA enters the "DCSGN" milestone in DSAMS. This milestone automatically sets the lease status to "Offered" and posts "DSCA Approved" and the date of the DCSGN milestone in the countersignature block. DSCA provides a copy of the signed Determination to the Implementing Agency.
9 Implementing Agency Sends	Upon receipt of the "DCSGN" milestone, the Implementing Agency signs the lease document and sends it to the country for review/signature.

Step	Action
Lease to Country	
10 Customer Acceptance	The customer signs the lease and sends any required Initial Deposit to DFAS Indianapolis. If the purchaser signs the lease after the proposed starting date, the lease must be amended to show the actual lease start date and any payment adjustments necessary on the Schedule A.
11 Lease Implementation	The Implementing Agency assures that the initial deposit (if required) has been received by DFAS. After receipt of the deposit the lease is implemented. DFAS receives DSAMS Management Flags when a lease moves to "Offered" status and "Implemented" status.
12 Lease Execution	<p>The Implementing Agency or DSCA may require a certificate of delivery (Figure C11.F16.) when a leased item(s) is provided to the lessee. The Implementing Agency is responsible for tracking and monitoring the lease to ensure conditions of the lease agreement are followed. These responsibilities include (but are not limited to):</p> <ul style="list-style-type: none"> ▪ Maintain a record of all items including associated tools, ground support equipment and other materiel to be recovered at the end of the lease ▪ Ensure monitoring of the defense articles during the period of the lease ▪ Advise DSCA of non-compliance by the lessee ▪ Ensure that the lease is properly terminated, extended, or revised ▪ Ensure that the appropriate rental payment schedule is maintained ▪ Ensure that all related costs are recovered under FMS procedures ▪ Report the status of each lease on a quarterly basis ▪ Ensure that the leased materiel is returned by the lessee ▪ Ensure proper disposition of the defense article(s) upon expiration or termination of the lease and restoration to its original condition, in accordance with the terms of the lease <p>DFAS Denver is responsible for collecting rental fees and delivery reporting.</p>
13 Lease Closure	Leases must be closed, extended via Amendment, or renewed via a new lease prior to lease expiration. Each Implementing Agency provides confirmation to DFAS Denver that a lease, under its cognizance, can be closed. DFAS Denver uses the format in Figure C11.F17. to query the Implementing Agency to determine whether lease closure is possible.

C11.10.9. Lease Renewal. Leases may be renewed. The same procedures as those outlined in paragraph C11.10.8. for new leases apply.

C11.10.10. Lease Terminations. Any proposals to terminate a lease before its expiration date must be coordinated with DSCA.

C11.10.11. Lease Amendments. Lease Amendments (Figure C11.F18.) may be used to extend or change existing leases. Such changes may include variations or updates to payment schedules, Schedule A items, or periods of performance; however, a Lease Amendment may not be used to add new or additional items to the Schedule A with an effective date different from the effective date of the lease. An increase in scope in this way requires a new lease. Each Amendment includes the original lease designator and undergoes the same staffing process as the original lease. As with original leases, a cover memorandum is included when the draft lease Amendment is electronically provided to DSCA for coordination and countersignature. If a lease for less than 1 year is amended so that the total period of the original lease and the Amendment(s) equals or exceeds 1 year, the Amendment must be notified to the Congress before it can be offered.

C11.10.12. Lease Reporting Requirements. Each Implementing Agency is responsible for updating the status of each lease under its cognizance via DSAMS. The update is made by posting the “Action Taken on Lease” (comment code ACT) in the “Lease Text/Comments” field of the “Lease” tab of the “Lease Detail.” Additionally, the Implementing Agency must verify the accuracy of payments and notify DFAS of any financial issues when updating their leases in DSAMS. The Implementing Agency electronically notifies DSCA (Programs Directorate) that their leases have been updated not later than 30 days after the end of each quarter. DSCA then generates a report for each Implementing Agency in DSAMS.

C11.10.13. LOAs for Services Associated With a Lease. LOAs are not used for the lease of defense articles. However, an LOA can be used for costs incurred by the USG incident to the lease including but not limited to: restoration and/or replacement as a result of damage, loss or destruction; packing, crating, handling, and transportation (PCH&T); and the sale of associated articles and services, including refurbishment of the defense article(s) required prior to, during, or after the lease period. These costs are not to be included in the lease and the lease shall not remain open (valid) past the associated LOA expiration date. The associated LOA designator is included in General Provision 12 and Schedule A of the lease. Also, a note on the LOA (Chapter 5, Table C5.T5.) identifies the associated lease designator.

Figure C11.F11. Lease Forwarding Memorandum

MEMORANDUM FOR: DIRECTOR, DEFENSE SECURITY COOPERATION AGENCY
(ATTN: PROGRAMS DIRECTORATE)

SUBJECT: Lease to [insert Country or International Organization] Under the Authority of the AECA,
Chapter 6; [insert Lease Designator]

Attached is a draft lease agreement (Attachment 1) for your approval and countersignature; and a Determination (Attachment 2) for your signature. These enclosures provide for the lease of [insert article(s)] to the [insert country or international organization].

The [insert DoD Component] considers these defense articles are not needed for public use for the duration of the lease.

This lease contains support equipment that includes MTCR controlled items:

Yes ___ No ___

If yes, a list of possible MTCR controlled items has been sent to DSCA (Programs Directorate/Weapons Division) on [insert date] and a copy is attached. The equipment has been checked by a qualified reviewer and is MTCR compliant:

Yes ___ No ___

Lease rather than sale of the identified defense article(s) is required for the following reason(s):

- 1.
- 2.
- 3.

Recommend you approve the draft lease agreement and sign the Determination.

Attachments

As stated

Figure C11.F12. Sample Lease

Lines and data are included for illustration purposes only.

**LEASE OF MAVERICK SUPPORT EQUIPMENT
BETWEEN
THE UNITED STATES GOVERNMENT
AND
THE GOVERNMENT OF BANDARIA
BN-Q-ZAA**

This LEASE, made as of 01 Oct 2003, between the United States Government (hereinafter called the "Lessor Government") represented by its DSCA and the Government of Bandaria, (hereinafter called the "Lessee Government") represented by its LTC Morgan, Embassy of Bandaria.

WITNESSETH

WHEREAS, The Lessor Government has determined that the twenty four month lease of AGM-65-G Missile Navigational System Test Set and, if applicable, all associated nonexpendable support equipment as listed in Schedule A of this lease (including but not limited to tools, ground support equipment, test equipment, and publications) (hereinafter referred to as the "Defense Articles") are not for the time needed for public use, and

WHEREAS, The Lessor Government has determined that there are compelling foreign policy and national security reasons for providing such Defense Articles on a lease basis rather than on a sales basis under the Arms Export Control Act, and

WHEREAS, The Lessor Government has considered the effects of the lease of the articles on the technology and industry base, particularly the extent, if any, to which the lease reduces the opportunity of entities in the national technology and industrial base to sell new equipment, and

WHEREAS, This lease is made under the authority of Chapter 6 of the Arms Export Control Act,

NOW THEREFORE, The parties do mutually agree as follows:

1. In consideration of a rental charge as indicated in Schedule A, and the maintenance and other obligations assumed by the Lessee Government, the Lessor Government hereby leases to the Lessee Government and the Lessee Government hereby leases from the Lessor Government the Defense Articles for the period of twenty four (24) months commencing on the date first above written (unless otherwise agreed under terms of this lease) and under the terms and conditions set forth in the General Provisions hereto annexed.

2. The Lessor Government shall deliver the Defense Articles to the Lessee Government at such time and place as may be mutually agreed upon. Such delivery may be evidenced by a certificate of delivery.

IN WITNESS WHEREOF, Each of the parties has executed this lease as of the day and year first above written, unless otherwise agreed under terms of this lease.

Figure C11.F12. Sample Lease (continued)

THE GOVERNMENT OF BANDARIA	THE UNITED STATES GOVERNMENT
BY: _____	BY: _____
_____	_____
(Typed Name)	(Typed Name)
_____	_____
(Title)	(Title)
_____	_____
(Date)	(Date)
	COUNTERSIGNATURE
	BY: _____

	(Typed Name)

	(Title)

	(Date)

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Figure C11.F12. Sample Lease (continued)

GENERAL PROVISIONS

1. Operations and Use.

a. Except as may be otherwise authorized by the Lessor Government and except for the purposes of transfer from and return to the Lessor Government, the Lessee Government shall keep the Defense Article in its own possession, custody, and control. The Lessee Government shall not transfer title to or possession of the Defense Articles to anyone not an officer, employee, or agent of the Lessee Government and shall not permit any encumbrance or other third party interest in the defense articles.

b. The Lessee Government shall, except as may be otherwise mutually agreed in writing, use the items leased hereunder only:

(1) For the purposes specified in the Mutual Defense Assistance Agreement, if any, between the Lessor Government and the Lessee Government;

(2) For the purposes specified in any bilateral or regional defense treaty to which the Lessor Government and Lessee Government are both parties, if subparagraph (1) of this paragraph is inapplicable.

(3) For internal security, individual self-defense, and/or civic action, if subparagraphs (1) and (2) of this paragraph are inapplicable.

c. To the extent that any Defense Articles may be classified by the Lessor Government for security purposes, the Lessee Government shall maintain a similar classification and employ all measures necessary to preserve such security, equivalent to those employed by the Lessor Government, throughout the period during which the Lessor Government may maintain such classification. The Lessor Government will use its best efforts to notify the Lessee Government if the classification is changed.

2. Initial Condition. The Defense Articles are leased to the Lessee Government on an "as is, where is" basis without warranty or representation concerning the condition or state of repair of the Defense Articles or any part thereof or concerning other matters and without any agreement by the Lessor Government to alter, improve, adapt, or repair the Defense Articles or any part thereof

3. Conditioning and Transfer Cost. The Lessee Government shall bear the cost of rendering the Defense Articles operable and transferable and of transferring the Defense Articles from the United States or other point of origin and back to the place of redelivery. In the event the Defense Articles are transported by vessel, only U.S. flag vessels may be used, unless waived by the Lessor Government.

4. Inspection and Inventory. Immediately prior to the delivery of the Defense Articles to the Lessee Government, an inspection of the physical condition of the Defense Articles and an inventory of all related items may be made by the Lessor Government and the Lessee Government. A report of the findings shall be made which shall be conclusive evidence as to the physical condition of said Defense Articles and as to such items as of the time of delivery. A similar inspection, inventory, and a report may be made by the Lessor Government upon the termination or expiration of this Lease. The findings of that report shall be conclusive evidence as to the physical condition of the Defense Articles and as to such items as of the date of termination or expiration of this Lease. At the election of the Lessor Government, the Lessee Government at its own cost shall either promptly correct any deficiency or rebuild, replace, or repair any loss of or damage to the Defense Articles or compensate the Lessor Government for the restoration or replacement value (less any depreciation in the value as determined by the Lessor Government) of such correction, rebuilding, replacement, or repair. At the Lessor Government's choice, the Lessee Government at its own cost will remove any alterations or additions to the Defense Articles or pay the Lessor Government the cost of such removal, as determined by the Lessor Government. In the absence of removal by the Lessee Government, title to any such alterations or additions shall vest in the Lessor Government.

Figure C11.F12. Sample Lease (continued)

5. Maintenance. The Lessee Government shall maintain the Defense Articles in good order, repair, and operable condition and except as provided in paragraph four, shall upon expiration or termination of this Lease return the Defense Articles in operable condition and in as good condition as when received, normal wear and tear excepted.

6. Risk or Loss. All risk or loss of or damage to the Defense Articles during the term of this Lease and until their return to the place of redelivery shall be borne by the Lessee Government.

7. Indemnification. The Lessee Government renounces all claims against the Lessor Government, its officers, agents, and employees arising out of or incidental to transfer, possession, maintenance, use, or operation of the Defense Articles or facilities and will indemnify and hold harmless the Lessor Government, its officers, agents, and employees or any such claims of third parties and will pay for any loss or damage to Lessor Government property.

8. Alterations. The Lessee Government shall not make any alterations or additions to the Defense Articles without prior consent of the Lessor Government. All such alterations or additions shall become the property of the Lessor Government except items paid for by the Lessee Government, which can be readily removed without injury to the Defense Articles and are removed by the Lessee Government prior to redelivery of the Defense Articles. As a condition of its approval of any alteration or addition, the Lessor Government may require the Lessee Government to restore the Defense Articles to their prior condition.

9. Termination. This Lease may be terminated without cost to the Lessor Government:

- a. By mutual agreement of the parties;
- b. By the Lessee Government on 30-days written notice; or
- c. By the Lessor Government at any time.

The Lessee Government shall immediately return the leased Defense Articles at the direction of the Lessor Government. Termination will be subject to the Lessee Government's residual responsibilities hereunder (such as, duty to return leased Defense Articles promptly, to pay costs required hereunder, and to indemnify and hold harmless the Lessor Government).

10. Place of Redelivery. Upon expiration or termination of this lease, the Defense Articles shall be returned to the Lessor Government at Kryst-Mallett Air Force Station, Harris, Pennsylvania, or as mutually agreed.

11. Title. Title to the Defense Articles shall remain in the Lessor Government. The Lessee Government may, however, place the Defense Articles under its Flag, or display its national insignia when appropriate.

12. Reimbursement for Support. The Lessee Government will pay the Lessor Government for any services, packing, crating, handling, transportation, spare parts, materiel, or other support furnished for the Defense Articles by the Lessor Government pursuant to a Letter of Offer and Acceptance under the Arms Export Control Act. (FMS Case BN-Q-BMB applies).

13. Covenant Against Contingent Fees. The Lessee Government warrants that no person or selling agency has been employed or retained to solicit or secure this Lease upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee.

14. Officials Not to Benefit. No members of or Delegate to Congress of the United States, or Resident Commissioner of the United States shall be admitted to any share or part of this Lease or to any benefit that may arise there from.

15. Proprietary Rights. The Lessee Government will ensure, by all means available to it, protection of proprietary rights in any Defense Article and any plans, specifications, or information furnished, whether patented or not.

Figure C11.F12. Sample Lease (continued)

16. Reports. (Note: Any testing of articles and/or services provided under this lease must be specifically authorized by the lease. Lessee testing is subject to limitations stated in the lease. Authority to test does not excuse the Lessee from compliance with all terms and conditions of the lease.) When the Lessee Government performs tests and evaluations on the leased Defense Articles and prepares a final report of the resulting data to be released to a third party, the Lessee Government will allow the Lessor Government to observe the test and evaluation and to review the report. The Lessee Government will obtain Lessor Government approval of any release to a third party.

17. Cost of Lessor Government. The Lessee Government agrees to pay in United States dollars all costs incurred by the Lessor Government in leasing the Defense Articles covered by this Lease including, without limitation, reimbursement for depreciation of such Defense Articles while leased. The Lessee Government also agrees to pay the costs of restoration or replacement, less any depreciation in the value during the term of the lease, to the Lessor Government under the Lessor Government's foreign military sales procedures. The rental charge shown in Schedule A is based on costs identified at the time of signature of this Lease and does not relieve the Lessee Government from liability for other costs in accordance with the provisions of this Lease.

18. Distribution. Copies of the accepted Lease will be distributed by the Lessee Government as follows:

- a. Original DSCA (Operations Directorate)
- b. Copy DSCA (Strategy Directorate)
- c. Copy DSCA (Business Operations Directorate)
- c. Copy DFAS Denver
- d. Copy SCO Bandaria

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Figure C11.F12. Sample Lease (continued)

Lines and data are included for illustration purposes only.

**SCHEDULE A
TO LEASE AGREEMENT BETWEEN
THE UNITED STATES GOVERNMENT, DSCA (LESSOR)
AND THE GOVERNMENT OF BANDARIA (LESSEE)**

I. This Lease Agreement authorizes the use of U.S. Government property identified herein:

Item Nbr	Description	Qty	Line Duration	Replacement Costs		Rental Charge (Including Depreciation)
				Unit Value	Total	Per Month
001	AGM-65-G Missile Navigational System Test Set 1234-01-567-9810	1	24	\$1,500,000.00	\$1,500,000.00	\$9,469.70
Total Value					\$1,500,000.00	\$9,469.70

II. Rental Payment

<u>Payment Period</u>	<u>Date Due</u>	<u>Amount Due</u>
Initial Payment	Due upon signature	\$56,820
3rd Qtr FY 2004	15 Mar 2004	\$28,410
4th Qtr FY 2004	15 Jun 2004	\$28,410
1st Qtr FY 2005	15 Sep 2004	\$28,410
2nd Qtr FY 2005	15 Dec 2004	\$28,410
3rd Qtr FY 2005	15 Mar 2005	\$28,410
4th Qtr FY 2005	15 Jun 2005	\$28,403
Total Rental		\$227,273

Signed Copy Distribution:

- Upon acceptance, the Lessee Government should return one signed copy of this lease to Defense Finance and Accounting Service - Denver, ATTN: DFAS-JY/DE, 6760 E. Irvington Place, Denver, CO 80279-2000. Simultaneously, wire transfer of the initial deposit or amount due with acceptance of this lease document (if required) should be made to ABA# 021030004, U.S. Treasury NYC, Agency Location Code: 00003801, Beneficiary: DFAS-JY/DE Agency, showing "Payment from Bandaria for BN-Q-ZAA", or check for the initial deposit, made payable to the US Treasury, mailed to DFAS-JDT/DE, P.O. Box 173659, Denver, CO 80217-3659, showing "Payment from Bandaria for BN-Q-ZAA. Wire transfer is preferred.
- One signed copy should be returned to the Defense Security Cooperation Agency, ATTN: DBO/CFM. 201 12th Street, Suite 303, Arlington, VA 22202-4306.

III. Related FMS Case Designator: BN-Q-BMB

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Figure C11.F13. Lease Determination

DETERMINATION	
Regarding the Lease of [insert Defense Articles]	
To the Government of Bandaria	
Pursuant to Chapter 6 of the Arms Export Control Act	
[Lease Designator]	
I hereby determine that [insert defense article] (and if applicable -- all associated nonexpendable support equipment, including, but not limited to, tools, ground support equipment, test equipment and publications) are not for the time needed for public use.	
I further determine that there are compelling foreign policy and national security reasons for providing such Defense Articles to [insert Country or International Organization] on a lease basis rather than on a sales basis under the Arms Export Control Act.	
_____ Date	_____ Director Defense Security Cooperation Agency
Concur: _____	
DoS (PM)	

Figure C11.F14. Congressional Notification Information Memorandum

MEMORANDUM FOR: PRINCIPAL DIRECTOR, PROGRAMS DIRECTORATE, DSCA SUBJECT: Certification to Congress of a Lease Under the Authority of the AECA, Chapter 6; Lease [insert Lease Designator]
The following information is provided in connection with the reporting requirement of the AECA, section 62(a).
a. Country or International Organization: [insert proposed Lessee]
b. Implementing Agency: [insert proposed Lessor]
c. Total Value Replacement Costs (must be same as Schedule A of the Lease Agreement):
d. Type and Quantity of Equipment (segregate the MDE, indicating value):
e. Security Classification of the Lease: (if the lease is classified, attach justification. Mark each paragraph with the appropriate security classification level in accordance with classification guidelines and identify the classifying authority and declassification date.)
f. Security Classification of Equipment to be Leased:
g. This lease contains support equipment that includes MTCR controlled items. Yes ___ No ___
If yes, a list of possible MTCR controlled items was sent to DSCA on [insert date] and a copy is attached. The equipment has been checked by a qualified reviewer and is MTCR compliant. Yes ___ No ___
h. Duration of Lease:
i. Summary of Lease Terms (to include any special conditions):
j. Total Rental Value (must be same as Schedule A of the Lease Agreement):
k. Activity of the DoD Component Responsible for Administering Lease:
l. Estimated Date Lease and Determination will be provided to DSCA:
m. Justification (to include reason(s) why defense article(s) is/are being leased rather than sold under FMS):
(1)
(2)
n. Action Officer's name, office, and complete telephone number.

Figure C11.F15. AECA, Section 62(a) Report to Congress

Transmittal No. [insert number] -- [insert year]	
Notice of Proposed Lease Pursuant to Section 62(a) of the Arms Export Control Act	
(i)	- Prospective Lessee:
(ii)	Description of Articles Provided: [insert type and quantity] Total Estimated Value: [insert replacement cost] Terms and Duration of Lease: [insert period of Lease/Total Rental/Special Conditions]
(iii)	Justification: [insert explanation/reasons why defense article is being leased rather than sold]

Figure C11.F16. Certificate of Delivery

Certificate of Delivery		
Pursuant to the provisions of the Lease Agreement executed [insert date] between our respective Governments, the undersigned as the authorized representative of the		
<u>Government of [insert purchaser]</u>		
accepts the below described [insert defense articles] together with its on board equipment from		
_____ [insert authorized representative] _____		
authorized representative of the United States [insert DoD Component]		
Item	Nomenclature	Quantity

Date		
_____	_____	
U.S. Representative	Government of _____ [insert purchaser] _____	
	Representative	
Recommended distribution:	Original to:	MILDEP JAG
	Copies to:	DSCA
		MILDEP SA Activity
		SCO
		DFAS Denver

Figure C11.F17. Lease Closure Information

FROM:

TO: [insert Implementing Agency]

SUBJECT: Lease for Case Closure

REFERENCE: Lease [insert Designator]

1. Prior to certifying case closure, the Defense Financial and Accounting Service (DFAS) requests the following information:

Property returned to USG custody	_____	_____
or	Location	Date
Property transferred to foreign Government	_____	_____
	LOA Designator	Date
	Or Other Authority	
Lease extended (renewed)	_____	
	Date	
If lease renewed, provide lease designator:	_____	

2. Action, as required above, for lease closure has been completed:

Signed _____

Title _____

Agency _____

3. Please complete above data and return to DFAS Denver, Denver CO 80279 no later than _____.
Point of contact is: _____.

Figure C11.F18. Sample Lease Amendment

Lines and data are included for illustration purposes only.

**AMENDMENT NUMBER 1 TO
LEASE OF MAVERICK SUPPORT EQUIPMENT
BETWEEN
THE UNITED STATES GOVERNMENT
AND
THE GOVERNMENT OF BANDARIA
BN-Q-ZAA**

WHEREAS, the United States Government and the Government of Bandaria signed a lease agreement dated 16 May 2004 for twenty four (24) months for the lease of AGM-65-G Missile Navigational System Test Set.

WHEREAS, extends the lease period from twenty four months to thirty six months.

NOW THEREFORE, The parties do mutually agree as follows:

- 1. Other provisions, terms, and conditions of the original lease remain unchanged

IN WITNESS WHEREOF, Each of the parties has executed this lease as of the day and year first above written, unless otherwise agreed under terms of this lease.

THE GOVERNMENT OF BANDARIA
BY: _____

(Typed Name)

(Title)

(Date)

THE UNITED STATES GOVERNMENT
BY: _____

(Typed Name)

(Title)

(Date)

COUNTERSIGNATURE
BY: _____

(Typed Name)

(Title)

(Date)

Figure C11.F18. Sample Lease Amendment (continued)

Lines and data are included for illustration purposes only.

SCHEDULE A
TO LEASE AGREEMENT BETWEEN
THE UNITED STATES GOVERNMENT, DSCA (LESSOR)
AND THE GOVERNMENT OF BANDARIA (LESSEE)

I. This Lease Agreement authorizes the use of U.S. Government property identified herein:

Item Nbr	Description	Qty	Line Duration	Replacement Costs		Rental Charge (Including Depreciation) Per Month
				Unit Value	Total	
001	AGM-65-G Missile Navigational System Test Set 1234-01-567-9810	1	36	\$1,500,000.00	\$1,500,000.00	\$8,680.56
	Total Value			\$1,500,000.00	\$1,500,000.00	\$8,680.56/month

II. Rental Payment

Payment Period	Date Due	Amount Due
Lease Payments to Date		\$56,820
Amount Received from Purchaser	\$56,820	
Initial Payment	<i>Due upon signature</i>	\$52,640
4th Qtr FY 2004	15 Jun 2004	\$22,560
1st Qtr FY 2005	15 Sep 2004	\$22,560
2nd Qtr FY 2005	15 Dec 2004	\$22,560
3rd Qtr FY 2005	15 Mar 2005	\$22,560
4th Qtr FY 2005	15 Jun 2005	\$22,560
1st Qtr FY 2006	15 Sep 2005	\$22,560
2nd Qtr FY 2006	15 Dec 2005	\$22,560
3rd Qtr FY 2006	15 Mar 2006	\$22,560
4th Qtr FY 2006	15 Jun 2006	\$22,560
Total Rental		\$312,501

Signed Copy Distribution:

1. Upon acceptance, the Lessee Government should return one signed copy of this lease to Defense Finance and Accounting Service - Denver, ATTN: DFAS-JY/DE, 6760 E. Irvington Place, Denver, CO 80279-2000. Simultaneously, wire transfer of the initial deposit or amount due with acceptance of this lease document (if required) should be made to ABA# 021030004, U.S. Treasury NYC, Agency Location Code: 00003801, Beneficiary: DFAS-JY/DE Agency, showing "Payment from Bandaria for BN-Q-ZAA", or check for the initial deposit, made payable to the US Treasury, mailed to DFAS-JDT/DE, P.O. Box 173659, Denver, CO 80217-3659, showing "Payment from Bandaria for BN-Q-ZAA". Wire transfer is preferred.

2. One signed copy should be returned to the Defense Security Cooperation Agency, ATTN: DBO/CFM. 201 12th Street, Suite 303, Arlington, VA 22202-4306.

III. Related FMS Case Designator: BN-Q-BMB

BN-Q-ZAA A1
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C11.11. LOANS OF DEFENSE ARTICLES

Under AECA, section 65 (reference (c)), the Department of Defense may lend materiel, supplies, and equipment to NATO and major non-NATO allies for research and development purposes. Loans that support cooperative research, development, test, and evaluation (RDT&E) programs, strengthen the security of the United States and its allies by promoting standardization, interchangeability, and interoperability of allied defense equipment. Table C11.T19. summarizes the loan program legal references.

Table C11.T19. Loan Legislation Summary

Legislation	Subject
AECA, Section 65 (reference (c))	Authority, limitations, and terms of loans
FAA, Part II, Chapter 2, Section 503 (reference (b))	General authority for the President to furnish military assistance Authority to make loans under FAA, section 503 does not exist at this time. See FAA, Section 503 for information on the general authority, terms and conditions for making loans under this section.

C11.11.1. Who May Receive Loans? Under AECA, section 65 (reference (c)), the Secretary of Defense may loan materiel, supplies, or equipment to NATO or major non-NATO allies only to carry out cooperative RDT&E programs.

C11.11.2. What May Be Loaned? The materiel, supplies, or equipment loaned may be expended or consumed without reimbursement if the Secretary of Defense determines that the success of the effort depends on expenditure or consumption and approves of it. Secretary of Defense may not loan strategic and critical materiel if, at the time the loan is to be made, the quantity of the materiel in the National Defense Stockpile is less than the quantity of such materiel to be stockpiled, as determined by the President under 50 U.S.C. 98b (reference (cw)) (section 3 of the Strategic and Critical Materials Stock Piling Act).

C11.11.3. Loan Agreements Conditions. AECA, section 65 (reference (c)) loans must comply with the Deputy Secretary of Defense memo of November 27, 1990, which delegates the authority to make, accept, and administer such loans (or gifts) to the DoD Components (MILDEPs and/or Defense Agencies) in coordination with the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)). Each loan or gift transaction under this section shall be recorded in a written agreement between the Secretary of Defense and the country. Table C11.T20. summarizes conditions governing these agreements.

Table C11.T20. Loan Agreement Conditions

Loan Agreement Conditions	
1	The Assistant Secretary/Deputy Agency Director level or higher must sign the written agreement.
2	Mutual benefits of the loan (or gift) must be shown in supporting documentation.
3	Each Implementing Agency shall maintain a single repository for agreements and documents and provide a signed copy of each agreement to USD(AT&L).
4	Implementing Agencies are responsible for any funding required for loans.
5	Implementing Agencies must provide appropriate legal, fiscal, and industrial base factors analysis and security plans for each agreement, as specified in DoD Directive 5530.3.
6	Implementing Agencies must provide 15 days advance notification to the Office of the Secretary of Defense (OSD), through USD(AT&L), before the loan agreement is executed. Advance notification must include the appropriate legal, fiscal, and industrial base factors analysis and security plans.
7	Implementing Agencies must obtain appropriate security and technology transfer clearances for each loan (if offices responsible for those clearance so require).
8	Transfers of materiel, supplies, and equipment under this authority are based on the principle of reciprocity, although item-for-item exchanges are not expected or required.
9	The existence of this authority in no way affects the ability to use AECA, section 61 (reference (c)) leases for cooperative research and development purposes.
10	AECA, section 65 (reference (c)) does not provide authority for the exchange of information beyond basic operational and simple maintenance for test purposes. Accordingly, any exchange of additional information related to an AECA, section 65 loan or gift may only take place pursuant to an approved test and evaluation or Data Exchange Agreement, Information Exchange Project, a cooperative research and development agreement, or coproduction agreement approved in accordance with DoD Directive 5530.3 (reference (aa)).
11	If required, USD(AT&L) (after coordination with USD(P) and DoD General Counsel) consults with the DoC for an assessment of U.S. industrial base impact and U.S. industry's international trade position.
12	The loan agreement shall not require either party to provide materiel, supplies, or equipment that would impair its own priorities, requirements, or commitments, or would otherwise be inconsistent with its national laws or regulations or other international agreements.
13	The loan agreement describes how the type and quantity of materiel, supplies, or equipment meets the objectives of the cooperative RDT&E program.
14	The loan agreement sets out the intellectual property rights applicable to the transfer and use of materiel, supplies, and equipment and the results of the research, development, test, and evaluation conducted with the materiel, supplies, and equipment.
15	<p>Loan agreements shall include the following terms/conditions:</p> <p>The materiel, supplies, and equipment shall remain the property of the providing party.</p> <p>Classified information or materiel shall be protected in accordance with applicable security agreements in force.</p> <p>The receiving party shall use the items only to meet the RDT&E objectives specified in the agreement.</p> <p>The receiving party shall maintain materiel, supplies, and equipment in good order, repair, and operable condition and return the items in operable condition and in as good condition as when received, normal wear and tear excepted, unless the providing party agrees that the loaned materiel, supplies, or equipment may be expended or otherwise consumed in connection with the RDT&E programs without reimbursement to the providing party.</p> <p>The receiving party shall not transfer materiel, supplies, equipment, or information to a third party without the prior consent of the providing party.</p> <p>Subject to the limitations of national disclosure policies, the receiving party shall submit (without charge) a report of its use of the materiel, supplies, and equipment to the providing party.</p> <p>Each party agrees not to assert a claim against the other for injury, loss, or damage resulting from the use of the materiel, supplies, or equipment loaned by the other party.</p>

C11.11.4. Loan Agreement Process. Table C11.T21. summarizes the Loan Agreement process.

Table C11.T21. Loan Agreement Process

Step	Action
1 Request for Loan	NATO or a major non-NATO ally requests or makes a loan (or gift) of materiel, supplies, or equipment for RDT&E purposes from/to a DoD Component.
2 Implementing Agency Prepares Agreement	The DoD Component develops the agreement and supporting documentation in accordance with the legal and policy provisions.
3 Advance Notification	The DoD Component provides 15 days advance notification to OSD, through USD(AT&L) before loan execution.
4 Loan Agreement Coordination	USD(AT&L) coordinates each loan with USD(P) and DoD General Counsel. If required, USD(AT&L) consults with the DoC for the U.S. industrial base impact assessment and the international trade position of U.S. industry. Such consultation is conducted by USD(AT&L) after coordination with USD(P), USD(C), DoD General Counsel, DSCA and the other MILDEPs/Defense Agencies (as required).
5 Signature of the Loan Agreement	Upon OSD notification completion and barring non-concurrence, the Assistant Secretary/Deputy Agency Director level (or higher) signs the loan agreement. The receiving party signs the loan agreement and the Implementing Agency distributes copies to USD(AT&L) and the loan repository.
6 Loan Agreement Execution	The loan is executed and monitored by the Implementing Agency.

C11.12. MILITARY ASSISTANCE PROGRAM (MAP)

C11.12.1. Definition and Purpose. Prior to FY 1982, defense articles and services provided to allied Governments or international organizations by grant aid were administered through MAP. MAP procedures are different from those used for sales of defense articles and services. Since FY 1982, grant funds are part of the Foreign Military Financing (FMF) program and are not provided under MAP. There are still open FMS cases that use “MAP” or “MAP Merger” funds. The policy and/or procedures in this section apply to those cases. Table C11.T22. lists the legal references for MAP.

Table C11.T22. Military Assistance Program (MAP) Legislation Summary

Legislation	Subject
AECA, Section 42(c) (reference (c))	Restricts off shore procurement under FMS cases funded with merged MAP funds.
FAA, Section 503(a)(3) (reference (b))	Authorizes the transfer of MAP funds to the FMS Trust Fund for merger with country trust fund deposits. Requires funds may be used only for payment on obligations of the recipient country for purchases from the USG under AECA, sections 21 and 22 (reference (c)).
FAA, Section 505(a) (reference (b))	Places restrictions on recipients use. Executive Order No. 12163 delegates some responsibilities.
FAA, Section 505(f) (reference (b))	Requires net proceeds of sales received by a country in disposing of articles provided under this program to be paid to the USG. Authority to grant waivers of return of net proceeds for articles delivered prior to 1985 has been delegated to the Secretary of State.
FAA Section 620(q) (reference (b))	Sanctions
Brooke Amendment	Limitations on assistance to countries in default

C11.12.2. What CAN Be Purchased Using MAP Funds? MAP funds are to be used solely for purchases from the USG made under the AECA (reference (c)). The funds are used to: finance portions of Letters of Offer and Acceptance (LOAs) that specify MAP funding; liquidate arrearages of 90 days or more on purchaser DD Form 645 FMS Billing Statements (only at the specific direction of Defense Security Cooperation Agency (DSCA) (Business Operations Directorate)); or pay for amounts due on DD Form 645 FMS Billing Statements (only at the specific direction of DSCA (Business Operations Directorate)).

C11.12.3. What CANNOT Be Purchased Using MAP Funds? MAP funds may not be used for funding direct commercial purchases, or financing interest or repayments of principal or guaranty fees with respect to Federal Financing Bank (FFB) loans.

C11.12.4. MAP Financing. MAP funds must be obligated within the period of availability prescribed in the annual appropriations act or the Continuing Resolution Authority.

C11.12.5. MAP Pricing. Chapter 9 provides detailed guidance on pricing LOAs. FAA, section 503(a) (reference (c)) was amended to eliminate the cost of military pay and entitlements if the case is totally financed by MAP. Effective October 1, 1985, services provided under AECA, sections 21, 22, or 29 (reference (c)) are priced to exclude military pay and entitlements (including retired pay accrual) for those cases citing MAP funds as the exclusive method of funding on the LOA. This pricing applies when services are performed regardless of the date of the LOA. Any subsequent Amendment or Modification to reduce the MAP method of funding below 100 percent of the case value must be re-priced to add military pay and entitlements to the entire case. This guidance does not apply to FY 1981 and prior MAP programs, to those general costs funds programmed in FY 1982 and subsequent years which are intended for the close-out of those programs, or to emergency drawdowns authorized by FAA, section 506(a) (reference (b)). FAA, section 506 (reference (b)) special authority implementing procedures are provided in the Drawdown section of this chapter (section C11.4).

C11.12.6. Title Transfer of MAP Items. Title transfer for items transferred under the FAA is the same as for items transferred under the AECA (reference (c)). See LOA Standard Terms and Conditions (Chapter 5, Figure C5.F3.). Reversionary title rights do not accrue to the United States on any defense article sold under FMS procedures even when merger funds have been used to finance the purchase in whole or in part. Accordingly, recipient countries are not required (as they may be under FY 1981 and prior year MAP as well as FAA, section 516 (reference (b)) (or its predecessor sections)) to return the article to the United States when the article is no longer needed.

C11.12.7. Third Party Transfers of MAP Items. The same restrictions on transfers to a third party apply as apply for defense articles and services sold under FMS. See Chapter 8 for more information.

C11.12.8. Sanctions on MAP Recipients. See Chapter 6 for information on the impact of suspensions and sanctions on MAP recipients.

C11.12.9. Use and Disposal of MAP Materiel. This section applies to materiel furnished under: the FAA of 1961, as amended, (reference (b)) (including materiel furnished under MAP orders prior to FY 1982); FAA, section 506(a) (reference (b)) emergency drawdown authority and similar grant DoD drawdown authorities; and FAA, sections 516, 517, 518, or 519 (reference (b)). It does not apply to materiel purchased as a result of transfer of MAP funds to the FMS trust fund.

C11.12.9.1. End Use of MAP-Provided Articles and/or Services. MAP recipients must use articles and/or services provided under this program only for the purposes for which they were furnished as identified in FAA, section 502 (reference (b)); agree to return the materiel to the USG without charge when no longer needed for the purposes for which furnished; and agree not to transfer such materiel to anyone not an officer, employee, or agent of the recipient's Government. DSCA, the Combatant Command, or the SCO do NOT have the authority to consent on behalf of the President to waive these requirements. The authority to approve retransfer, change the end-use, or otherwise dispose of MAP items has been delegated to the DoS. Controlled use of components (cannibalization) is an authorized use for these items.

C11.12.9.2. Definition of Disposal. Disposal constitutes a change in end-use altering disposition so the foreign holder is no longer responsible for the item. This can occur through demilitarization or, for items not requiring demilitarization, through fair wear and tear or other destruction and qualified technical inspection that verifies the item is unserviceable and non-repairable. It can also include transfer, with military capabilities retained, to other authorized recipients.

C11.12.9.3. Proceeds from Disposal of MAP Items. FAA, section 505(f) (reference (b)) requires net proceeds from MAP disposal to be paid to the USG. In the case of items that were delivered prior to 1985, the President may waive the requirement that such net proceeds be paid to the USG if he or she determines that to do so is in the national interest of the United States. This waiver authority has been delegated to the Secretary of State. FAA, section 505(f) (reference (b)) applies to disposals of MAP origin defense articles by countries that were the recipients of grant aid materiel after July 1, 1974. An agreement under FAA, section 505(f) that constitutes a condition of eligibility for recipients of grant defense articles programmed in FY 1975 and subsequently, was concluded with those countries. A FAA, section 505(f) agreement is not legally required for countries where no grant defense articles were programmed after June 30, 1974. U.S. policy requires (unless contrary to an agreement in force on June 30, 1974) a recipient country commitment to return to USG the net proceeds of sale whenever country disposal of MAP property is requested. In accordance with FAA, section 605(d) (reference (b)), these funds shall be credited to the respective appropriation, fund or account used to procure such defense articles or to the appropriation, fund, or account currently available for the same general purposes. Any net proceeds from disposal shall be reimbursed in U.S. dollars except where Government-to-Government arrangements, with the DoS representing the USG, specify otherwise. See Chapter 8, Table C8.T6., for an explanation of the calculation of net proceeds.

C11.12.10. MAP Accountability and Disposal Process. Chapters 5 and 6 provide information on LOAs and deliveries of articles and/or services to purchasers. Those procedures also apply to MAP articles and/or services. Table C11.T23. summarizes the unique MAP accountability and disposal processes that occur after MAP items have been delivered.

Table C11.T23. MAP Accountability and Disposal Processes

Step	Action
1 Establish Accountability Processes In- Country	Each SCO works with the country to ensure that a process exists for accountability, including technical inspection and disposal, of U.S.-origin defense articles. The SCO ensures these processes specifically identify aircraft, ships, radars, armored vehicles, general purpose vehicles, artillery, mortars, and missiles, including non-consumable and/or reparable components of those items, that were acquired under the FAA of 1961, as amended.
2 End-Use Monitoring	SCOs monitor the presence and use of U.S.-origin equipment as a matter of routine while performing other duties. Any suspected unauthorized end-use must be reported to DSCA (Operations and Programs Directorates) and the DoS with an information copy to the Combatant Command.
3 Excess Determinations	SCOs should encourage the country to declare MAP materiel excess when it is no longer needed and before items deteriorate. Items that are redistributed to defense forces within the country are not excess under this section.
4 Determine Condition of Excess Items	When MAP materiel is excess, the SCO determines its condition based on total or sample inspection, as appropriate, by qualified U.S. personnel. When this is not feasible, classification by foreign Government authorities may be accepted. Disposal condition codes in DoD 4160.21-M (reference (cx)) shall be used.

Step	Action
<p style="text-align: center;">5</p> <p>Preparation of Screening Reports</p>	<p>SCOs report excess MAP items to the managing Implementing Agency (with an information copy to the Combatant Command and DSCA (Programs Directorate)). Items must meet the following criteria to be included on the report:</p> <ul style="list-style-type: none"> Have a line item acquisition value of \$50,000 or more. In disposal Condition Codes 1 and 2 (unused-good and fair), 4 and 5 (used-good and fair), and 7 and 8 (repairs required-good and fair). Are not obsolete. Unless it is believed that markets exist in other countries, “obsolete” may be assumed if items are no longer in DoD inventories and are at least 30 years old or, if this cannot be determined, have been in-country for at least 20 years. <p>These screening reports should show:</p> <ul style="list-style-type: none"> Item origin (e.g., “Transferred to country under MAP, January 1981”) Item description NSN or part number Quantity Condition Acquisition and current value (estimated if not available) SCO recommendations for disposition <p>Items not meeting the screening criteria above and those not redistributed as a result of MILDEP/defense agency screening should be disposed of through Department of Defense or DoS.</p>
<p style="text-align: center;">6</p> <p>Implementing Agency Review of Screening</p>	<p>Implementing Agencies review SCO-prepared screening results and advise whether the items should be re-distributed or disposed of. Implementing Agencies provide any additional guidance required for reporting or redistributing excess MAP, including non-standard, items under their cognizance.</p>
<p style="text-align: center;">7</p> <p>Disposal Determination</p>	<p>MAP-provided items may be disposed of or retransferred through a DRMO, under the AECA (reference (c)) (via an FMS LOA) or the Federal Property and Administrative Services Act of 1949. MAP-provided equipment is not eligible for redistribution as EDA. Disposal, via sale, of undemilitarized Category I USML items may be made subject to proper demilitarization or through an LOA.</p> <p>If item disposal is through non-DoD channels or transfer to third parties, go to Step #8.</p> <p>If item disposal is through a DRMO or DoD channels (e.g., AECA FMS procedures), go to Step #10.</p>
<p style="text-align: center;">8</p> <p>Request DoS Approval for Disposal or Third Party Transfer</p>	<p>Chapter 8, section C8.7. provides guidance on Third Party Transfer requirements. MAP recipients request Third Party Transfers from the DoS. The request shall include the following information:</p> <ul style="list-style-type: none"> The foreign designation or description of the item, including the name, class, identification number, or other pertinent descriptive information if a vessel. Former U.S. designation of equipment, including the name, class, identification number, or other pertinent descriptive information if a vessel. Date of acquisition by the United States and original acquisition cost. Date and means of acquisition of equipment by the host nation and value of equipment at that time. This should be based on records if possible. If records are unavailable, best estimates should be provided and described as such. Item condition, using disposal condition codes as the guide; e.g., “Code S (scrap)-has no value except basic materiel content (destroyed in crash)” or “Code 5 (used, fair)-usable without repairs but somewhat worn or deteriorated and may soon require repairs.” Current estimated value, normally based on expected disposal method; e.g., scrap value or third party sale with capability retained. Proposed means of disposal (e.g., sale as scrap; sale or donation, following demilitarization if applicable, to third party; sale to third country). <p>If the items were granted, whether retention of funds by the host nation is requested and whether the request is supported by the SCO.</p>

Step	Action
9 DoS Review/ Approval of Transfer Requests	The DoS reviews all Third Party Transfer requests and determines whether they will be approved. The DoS also determines whether a waiver can be granted to allow net proceeds to be retained by the recipient country. If the DoS approves the Third Party Transfer request and items are being transferred to another country or other third party, go to Step #11. If the DoS does not approve the Third Party Transfer request, recipient country must find other means to dispose of the items.
10 Disposal through DRMS or Other DoD Channels	When items are disposed of through DoD channels, DoS clearance is not required. This applies to items turned over to DRMOs for disposal or to in-country DRMO-supervised disposal. DRMO does NOT have authority to authorize countries to dispose of articles themselves. Speed and assurance that proper disposal procedures are followed are principal reasons to emphasize disposal through a DRMO. This includes instances where the holding country disposes of items based on arrangements with DRMS, DRMS regional offices, DRMOs, or representatives of those entities such as disposal assistance teams, in conformity with DoD disposal standards and under AECA (reference (c)) or DoDD 2030.8 (reference (cy)). Condition Code S (scrap) consumable items not requiring demilitarization or other special controls are no longer defense articles and may be disposed of through DoD facilities without further U.S. approval. LOAs selling MAP items through DRMS (i.e., not returned to U.S. inventory) must include the unique notes. See Chapter 5, Table C5.T5. for exact note wording. Any LOA sale of MAP-provided items shows Source of Supply Code "E." PCH&T and/or rehabilitation costs may be included on the LOA as appropriate. DoD may use items not taken to fill Security Assistance requirements. Go to Step #12.
11 Disposal to a Third Party	Upon approval by the DoS, the MAP recipient may transfer the items to the third party in accordance with instructions provided by the USG. Go to Step #12
12 Net Proceeds Returned to USG	Net proceeds resulting from the item disposal must be returned to the USG unless a waiver has been granted by the DoS. See Chapter 8, Table C8.T6. for an explanation of the calculation of net proceeds.
13 Update MAP Records	SCOs in countries receiving or redistributing MAP property advise the appropriate MILDEP or agency when transfer of articles has been completed, ensure that due-ins for items received are cancelled, and submit appropriate program change data to DSCA.

C11.13. SECURITY ASSISTANCE TEAMS

C11.13.1. Definition and Purpose. A Security Assistance Team (SAT) consists of U.S. Military, DoD civilian or contractor personnel deployed to a foreign country on temporary duty (TDY) or permanent change of station (PCS) status under security cooperation programs. SATs provide advice, training, technical assistance, or support.

C11.13.2. Types of Security Assistance Teams

C11.13.2.1. Extended Training Service Specialist (ETSS). ETSSs are DoD military and civilian personnel normally deployed in a PCS status who are technically qualified to provide advice, instruction, and training in the installation, operation, and maintenance of weapons, equipment, and systems. ETSSs are attached to the SCO for operational control and administrative and logistical support. They do not perform SCO staff duties. They are not used for follow-on retraining or advisory roles, except in rare instances when the recipient country cannot provide qualified personnel from its own resources or hire qualified personnel from non-indigenous sources and the SCO recommends it is in the interest of the United States. ETSS

provided as English language instructors, supervisors, or advisors on detached duty status from Defense Language Institute English Language Center (DLIELC) are also attached to the SCO. The English language technical service provided by DLIELC is referred to as a Language Training Detachment (LTD). ETSSs may be provided for periods up to 1 year under International Military Education and Training (IMET); only DSCA (Operations, Programs, and Strategy Directorates) can approve longer periods. ETSSs are programmed under budget generic code N30 on the basis of person-month requirements. The program cost includes Overseas Allowance (military or civilian).

C11.13.2.2. Contract Field Services (CFS). CFS are civilian personnel under contract from private industry who perform the same functions as ETSSs. CFS personnel are used only when the Implementing Agency determines that services by DoD personnel are not practical. Only DSCA (Programs Directorate) can approve use of CFS personnel under IMET. CFS requirements are programmed on the basis of person-month requirements. Estimated contract cost covers the total training service costs, including salary, transportation, and baggage, etc. Budget generic code N30 funds CFS personnel.

C11.13.2.3. Technical Assistance Field Team (TAFT). TAFTs are DoD personnel deployed in a PCS status for the purpose of providing in-country technical or maintenance support to foreign personnel on specific equipment, technology, weapons, and supporting systems when Mobile Training Teams (MTTs) and ETSSs are not appropriate for the purpose. TAFTs are not Security Assistance training and are not provided under IMET.

C11.13.2.4. Technical Assistance Team (TAT). TATs are DoD or contractor personnel deployed in a TDY status to place into operation, maintain, or repair equipment provided under FAA or AECA (references (b) and (c)) programs. TATs are Security Assistance services, but are not Security Assistance training and are not provided under IMET, except in the case of the installation of English language laboratories.

C11.13.2.5. Mobile Training Team (MTT) and/or Mobile Education Teams (METs). MTTs are DoD or contract personnel on temporary duty for the purpose of training foreign personnel in the operation, maintenance, or support of weapon systems and support equipment or for specific training requirements that are beyond in-country U.S. resources. MTTs may be authorized for CONUS or overseas deployment when it is more practical to bring the training capability to country personnel. This includes in-country training surveys to determine specific country training needs; quantity requirements that are beyond the country capability to assess, and that are associated with equipment deliveries; and assistance leading to self-sufficiency. MTTs should be considered when: training must be accomplished quickly in response to a threat or adverse condition affecting the security of the country; training is of relatively short duration, must reach a large number of trainees, and entails extensive use of interpreters or language-qualified team members; or training can be conducted only on equipment or in facilities located in the foreign country. MTTs are not intended to provide technical assistance. MTTs are funded under budget generic code N20. METs provide training developed primarily in response to the Expanded-IMET program in a seminar and/or educational forum. By definition MET training is unclassified.

C11.13.2.5.1. IMET-Funded MTTs. A fundamental IMET objective is to reach foreign military personnel who are likely to be influential in their services and/or countries. By attending professional level CONUS training, the students are exposed to the American people, their way of life, institutions, beliefs, and aspirations. This must be considered when proposing an MTT versus CONUS training. MTTs may not be used solely for their cost benefits. Every attempt should be made to provide MTTs through FMS rather than IMET. MTT requests under IMET must demonstrate that an MTT is the best approach and IMET is the only available funding option. Subsistence expenses, or per diem allowance in lieu thereof, obligated in one fiscal year for IMET MTTs cannot be extended into the succeeding fiscal year. Therefore, personnel on MTT duty must terminate temporary duty and return to home station prior to September 30th unless action has been taken to reprogram the team in the new fiscal year, subject to the 179 day restriction discussed below, receipt of Continuing Resolution Authority (CRA) or other budget authority in the new fiscal year, and DSCA approval. Transportation costs for round trip team travel are chargeable to the fiscal year of the start of the TDY.

C11.13.2.5.2. MTT and/or MET Duration. MTTs and/or METs are authorized on a temporary duty basis for up to 179 days. Requirements for assistance in excess of 179 days are met by CONUS training of country personnel leading to an in-country capability or programming of U.S. ETSSs.

C11.13.2.5.3. Coordination of MTTs and METs. MTTs and METs require special coordination and preparation with country personnel prior to team arrival. The country and SCO must establish the team mission; availability of training equipment by type; student availability, capability, and English Comprehension Level (ECL); training facilities; transportation; communications; medical care; and team living arrangements.

C11.13.2.5.4. Programming MTTs and METs. MTT and MET programming must include duration in weeks; number of team members; costs for overseas travel (round trip); in-country travel; travel and living allowances; CONUS travel; baggage; and DoD civilian salaries. Per diem allowance costs during temporary duty travel outside CONUS is computed according to Joint Federal Travel Regulations (JFTR) (reference (as)) rates for U.S. military personnel, and rates shown in the "Standard Regulations, Government Civilians, Foreign Areas" (published by the DoS) for USG civilians. MTT CONUS travel costs are programmed at an estimated rate to include commercial air transportation, baggage, and per diem. Only the Implementing Agency can approve excess baggage. Costs of team members traveling from overseas locations are computed using commercial air (tourist rate) transportation, per diem, and excess baggage. Additional travel costs should be based on the JFTR and Joint Travel Regulations (JTR) (reference (at)) and other applicable directives and regulations. When more than one MILDEP is involved, a joint MTT is programmed using the MASL line of the MILDEP providing the most team members. If each MILDEP provides an equal number of team members, the MTT is programmed using the MASL line of the MILDEP counterpart to the requesting foreign country service. All team member costs, including pre-deployment orientation or training costs, are programmed as "unit costs" of the country program. No entries are made in the TLA data field. Training aids (including PCH&T) are programmed separately under budget generic code N2, description: MTT-TRNG AIDS (MASL Item-ID 309000-CONUS, 319000-O and/or S). This program line shows the next sequential suffix of the WCN. Only training aids that cannot be requisitioned under FMS are included under this procedure and must be approved by DSCA (Operations and Programs Directorates).

C11.13.2.6. Quality Assurance Team (QAT). QATs are DoD technical personnel deployed in a TDY status to perform technical inspection, servicing, and inventory of FMS and MAP equipment at recipient country's port of debarkation.

C11.13.2.7. Weapons System Logistics Officers (WSLO). WSLOs are DoD personnel normally employed in a PCS status who are technically qualified to provide advice and address logistics management issues on a specific weapon system.

C11.13.3. Prohibited Security Assistance Team Activities. SATs shall not engage in or provide assistance or advice to foreign forces in a combat situation. Additionally, SATs are prohibited from performing operational duties of any kind except as may be required in the conduct of on-the-job training in the operation and maintenance of equipment, weapons, or supporting systems. SATs shall not perform SCO functions or be used to augment the SCO, except where specifically authorized by the host country in the LOA.

C11.13.4. Security Assistance Team Command Relationships. The Chief of the U.S. Diplomatic Mission exercises general supervision over the in-country operations and activities of SATs through the SCO chief. The regional Combatant Commander provides necessary technical assistance and administrative support to SCOs to facilitate the efficient and effective oversight of SAT activities, including quality of life for personnel. The level of support provided to team members under an FMS case shall not exceed that authorized for other in-country DoD personnel of equivalent grade who are funded by U.S. appropriations or FMS. Oversight of SATs by regional Combatant Commander through SCOs shall not usurp MILDEP authority in issues of case management, contract administration, or the technical execution of the SAT mission as described in the individual terms of reference (i.e., Letter of Offer and Acceptance).

C11.13.4.1. Security Cooperation Organization (SCO) Chief. The SCO chief exercises operational oversight and administrative support over in-country SATs and is responsible for coordinating the team's activities to ensure compatibility with other DoD elements in or directly related to the U.S. diplomatic mission. The SCO chief ensures compliance with directives and keeps the Combatant Commander informed of SAT activities and progress.

C11.13.4.2. Security Cooperation Team Chief. The SAT team chief is the senior team member and assigns duties and responsibilities to team personnel. The SAT team chief is under the administrative and operational control of the SCO while in-country and is an integral part of the SCO in support of the overall Security Assistance mission. The team chief is responsible to the Implementing Agency for the accomplishment of the SAT technical and/or training mission. SAT team chief responsibilities include, but are not limited to, the duties shown in Table C11.T24.

Table C11.T24. Security Assistance Team Chief Functions

Security Assistance Team Chief Functions (not inclusive)	
1	Assign duties to team members to ensure the team mission is accomplished within the prescribed time frame.
2	Submit request and justification of all TDYs required in support of team mission to SCO for review. Requests for out-of country TDYs must be approved by the SCO.
3	Coordinate annual request for Security Assistance team funding with SCO prior to submission to MILDEP line manager.
4	Submit requests and/or justification for Quality of Life (QOL) and/or Mission Sustainment (MS) items, and items required to execute the team mission, to the SCO prior to purchase.
5	Establish and maintain supply and/or equipment accountability records for all QOL, MS and mission essential property in accordance with MILDEP directives and procedures. Provide SCO with a copy of property records listing all non-expendable, durable equipment valued at \$50.00 or more.
6	Provide SCO with access to team property for the purpose of conducting a physical inventory (at least annually and/or prior to team chief departure from country).
7	Identify problems that may impact team personnel and/or mission to the SCO and Implementing Agency line and/or team manager.
8	Send copies of receipts and vouchers to line manager organization and hold copies on open action files until cleared through accounting and finance channels.

C11.13.4.3. Security Cooperation Organization. The SCO has responsibility for oversight of SAT personnel and activities and identifies problems to the Implementing Agency Case Manager for resolution. The SCO ensures fair and equitable treatment in the level and quality of support provided to all DoD personnel in-country. SCO support of Implementing Agency line and/or team manager includes, but is not limited to, the duties shown in Table C11.T25.

Table C11.T25. SCO Functions in Support of Security Assistance Teams

SCO Functions in Support of Security Assistance Teams (not inclusive)	
1	Review residential leases to ensure quarters are appropriate for rank and dependent status of team members and comply with DoD and DoS standards. The SCO ensures each lease request is submitted to the Embassy Interagency Housing Board for approval prior to signature by the appropriate contracting officer. If higher headquarters approval is required, ensure Embassy Interagency Housing Board reviews request before forwarding lease to the Implementing Agency case manager.
2	Establish procedures to review all team TDYs and approve requests for out-of-country travel.
3	Review SAT team chief's request for annual funding prior to submission to the Implementing Agency line and/or team manager.
4	Review SAT request for purchase of Quality of Life (QOL) and/or Mission Sustainment (MS) items and items required to execute the team training and/or technical assistance mission. The SCO provides Implementing Agency, SAT management agency, and the Combatant Commander with an itemized listing of recommended QOL and MS articles to be included in the LOA. SCOs ensure the requested items are authorized in the LOA under which the team operates and that vendor discussions and actual purchases are made through a USG contracting office.
5	Ensure team chief establishes supply and/or equipment accountability records that provide a complete audit trail from item acquisition to disposal. All non-expendable, durable property costing \$50.00 or more is recorded on a property record.
6	Periodically review team property and inventory records for accuracy. Ensure continuous in-country accountability is maintained by conducting a physical inventory prior to team and/or team chief departure from country. As a minimum, physical inventories for PCS teams are conducted annually.
7	Perform periodic reviews of team petty cash funds to ensure funds are adequately protected and cash management is in accordance with Embassy budget and fiscal office procedures.
8	Assist SAT chief to establish procedures with the Embassy for payroll support of any foreign service employees hired to support the SAT.
9	Assist Implementing Agency line manager to identify country and/or case unique management and administrative duties in the implementing program directive.

C11.13.5. Military Justice Jurisdiction. The Combatant Commander has general courts-martial convening authority over all military personnel under his or her command. However, since disciplinary action is normally administered by a commander of the same Service as the offender, the Combatant Commander normally requests the component commander of the member's Service, or that commander's designee, to take courts-martial jurisdiction over PCS team personnel. The Combatant Commander reserves the right to exercise military justice jurisdiction in those cases impacting the mission, or affecting external relations. Uniform Code of Military Justice (UCMJ) jurisdiction over TDY team members is concurrent with their parent organization commander and the Combatant Commander. Article 15 jurisdiction for all personnel (both TDY and PCS) shall be exercised in accordance with Service directives.

C11.13.6. Quality of Life (QOL) and Mission Sustainment (MS) Items. QOL items are any articles or services that, in the judgment of the SCO Chief and Combatant Commander, have a positive effect on the living and and/or or working environment of the deployed SAT. MS items are those articles and services that are essential for the successful accomplishment of the team's mission. Factors to be considered in determining specific QOL and/or MS item requirements should include availability of suitable entertainment, climate and/or geography, security, local language, and recreational facilities. The SCO chief is the ultimate authority in-country for approving expenditures for these items within published guidance and LOA limitations. QOL and/or MS items are procured for team rather than individual use.

C11.13.6.1. Examples of QOL Items. Examples of QOL items include, but are not limited to: magazines (non-security assistance), athletic equipment (e.g., bats, gloves, balls, etc.), fishing equipment, camping equipment, scuba gear, equipment repair, etc. Not included are charges for consumables, memberships, lessons, etc. Additionally, personal entertainment equipment, such as TVs and/or VCRs and/or DVD players and/or stereos, should only be provided for use in dayroom-type situations when justified by unusual circumstances or when individual team members cannot reasonably be expected to bring or acquire their own (e.g., extreme isolation or harsh environmental conditions, and limitations on baggage and/or personal belongings that SAT members may bring). High cost QOL items over \$500 must be approved by the Combatant Commander and justified in the budget submission. Due to storage and repair problems, it may be more economical to rent and/or lease authorized high-cost equipment on an occasional basis to reduce the costs involved.

C11.13.6.2. Examples of MS Items. Examples of MS items include, but are not limited to: housing, dependent education, medical support (MEDEVAC), security guards, drivers, physical conditioning equipment (e.g., aerobic equipment, weight lifting equipment, etc.), transformers, environmental and morale leave.

C11.13.6.3. Funding for QOL and/or MS Items. QOL items for Security Assistance-funded teams are provided to the team by the parent MILDEP and not from Security Assistance funds provided to the SCO (T-20) or (T-10). If MILDEP funds are inadequate to meet QOL requirements for FMF-funded FMS SATs, then the FMF-funded FMS SAT case funds may be used if specifically authorized in the LOA. QOL items cannot be funded under IMET but may be provided to IMET-funded teams from in-country SAT stocks or parent MILDEP. MS items identified by the SCO can be purchased in-country using case funds if specifically authorized in the LOA.

C11.13.6.4. Disposition of QOL and/or MS Items. Prior to departure from country, the SCO and SAT chief conduct a physical inventory of QOL and MS property. The MILDEP determines disposition of QOL items furnished by the MILDEP. The SCO determines disposition of QOL items purchased with case funds. The SCO chief is the ultimate authority in-country for disposition of MS items within published guidance and LOA limitations. For continuing SAT missions, the team chief assigns the property to the follow-on team chief or temporarily to the SCO. When the SAT mission is complete, the property is transferred to an authorized representative of the host country or returned to the MILDEP as appropriate. Items purchased with case funds ultimately become the property of the host country and the SCO assigns the property to an authorized representative of the host country.

C11.14. SPECIAL DEFENSE ACQUISITION FUND (SDAF)

C11.14.1. Definition and Purpose. The SDAF was authorized in 1981 by enactment of AECA, Chapter 5 (reference (c)). The Principal Deputy Assistant Secretary of Defense (Comptroller Directorate) approved the SDAF Charter and Operation Instructions on December 30, 1982. The purpose of the SDAF program was to procure defense articles in anticipation of sale to foreign Governments. SDAF-procured equipment was held in DoD inventory, segregated from other DoD items. The inventory facilitated delivery of selected items of materiel in advance of normal lead-time enabling the USG to satisfy urgent military requirements of allied and friendly nations while avoiding diversions from U.S. Forces. AECA, section 51(a) (22 U.S.C. 2795(a)) (reference (c)) was amended in 1989 and provided that the SDAF could be used for narcotics control purposes. As of September 30, 1995, SDAF no longer procures equipment. All SDAF items have been purchased from inventory. This section shows how these programs are finalized and closed.

C11.14.2. SDAF Delivery Reports. Implementing Agencies use delivery reporting (see the DoD 7000.14-R (reference (o)), Volume 15, Chapter 8) to report assets provided to an FMS purchaser to DFAS Denver. The Logistics Support Charge must be excluded from the reported delivered price. Two categories of items are reported to DFAS Denver.

C11.14.2.1. Major Equipment. Implementing Agencies delivery report major SDAF equipment items to DFAS Denver within 10 days of shipment to FMS purchasers. SDAF sales are at a stabilized price, which is the current contract price or the SDAF price (depending on which is higher).

C11.14.2.2. Support Items. Implementing Agencies delivery report SDAF-owned support items (sold to an FMS purchaser) to DFAS Denver. Reports are submitted to DFAS Denver within 7 days of the inventory drop date and may contain the latest FMS price for the sold items.

C11.14.2.3. Delivery Codes. SDAF uses three delivery source codes as shown in Table C11.T26.

Table C11.T26. SDAF Delivery Source Codes

Delivery Code	Source
SA	Sale of items originally purchased from DoD inventories.
SD	Sale of items procured from contractors by the SDAF. This delivery source code computes packing, crating, and handling (PC&H) cost.
SE	Sale of items procured from contractors and shipped directly from the contractor to the FMS purchaser, providing there is no requirement for any special PC&H. This delivery source code does not compute PC&H cost.

C11.14.3. Supply Discrepancy Reports (SDRs). Chapter 6 provides detailed information on processing SDRs against FMS cases. It is DoD policy that the appropriation credited with the proceeds of a sale pays the SDR costs or replaces the materiel when the USG is deemed to be liable to the FMS purchaser. Therefore, SDAF pays SDR costs on SDAF cases when applicable. When SDAF is considered responsible for a SDR, the SDR, along with a legal opinion (when required), must be submitted to DSCA (Business Operations Directorate) for concurrence.

C11.14.4. SDAF LOA Closure. Chapter 6 provides information on closing FMS cases. SDAF LOA closure involves additional reviews as follows.

C11.14.4.1. Implementing Agency “Q” SDAF Cases. DFAS Denver informs DSCA (Business Operations Directorate) monthly of those LOAs for which all collections have been made, accounts are balanced, and which are ready for closure.

C11.14.4.2. Implementing Agency “B,” “D,” “P,” or “M” Cases With SDAF Lines. DFAS Denver is the financial manager for any FMS LOA lines on Implementing Agency LOAs that sell SDAF assets. Closure responsibilities are accomplished as agreed between DFAS Denver and the appropriate Implementing Agency for each SDAF LOA line. Once an LOA line is balanced, DFAS Denver informs DSCA (Business Operations Directorate) that the line is ready for closure and requests approval. Final closure of an LOA line is not accomplished until DSCA (Business Operations Directorate) approves the amount of SDAF reimbursement.

C11.14.5. Reports. DFAS Denver prepares a number of reports in accordance with DoD accounting requirements. Defense items received from SDAF and taken into property accountability by the Implementing Agencies are reported quarterly to DSCA (Business Operations Directorate).

C11.15. WARSAW INITIATIVE FUND (WIF)

In January 1994, the North Atlantic Treaty Organization (NATO) launched the Partnership for Peace (PfP) program to countries seeking cooperative military and peacekeeping relations with NATO. Table C11.T27. identifies the core objectives for Partner countries to pursue in their cooperation with NATO. To support PfP efforts, the United States established the Warsaw Initiative Fund (WIF). The WIF is jointly managed by the Department of State (DoS) and Department of Defense (DoD). The DoS portion of WIF uses Foreign Military Financing (FMF) grants, provided according to the laws and policy governing foreign assistance. The DoD portion of WIF uses defense-wide Operation and Maintenance (O&M) and Research and Development (R&D) funds, provided according to the laws and policy governing these types of funds. The following guidance applies solely to the DoD portion of WIF.

Table C11.T27. PfP Program Objectives

#	Objectives
1	Implement programs consistent with decisions of NATO leaders at the Istanbul Summit (e.g. defense transformation, Global War On Terrorism (GWOT) support, Weapons of Mass Destruction (WMD) preparedness, & niche capabilities).
2	Facilitate transparency in national defense planning and budgetary processes.
3	Ensure democratic control of the armed forces.
4	Maintain capability and readiness to contribute to operations led by the U.S. or NATO.
5	Develop cooperative military relations with NATO for the purpose of joint planning, training and exercises in order to strengthen the ability of partners to undertake missions in the fields of peacekeeping, search and rescue, humanitarian operations, and others as may subsequently be agreed.
6	Develop interoperability between NATO members and PfP partners.

C11.15.1. WIF Authorities. The Department of Defense implements the WIF program at the direction of Congress using existing statutory authorities under sections 168, 1051, and 2010 of Title 10, United States Code and authorities governing use of Operation and Maintenance funds. Table C11.T28. summarizes the U.S. Code WIF authorities.

Table C11.T28. WIF Legislation Summary

Legislation	Subject
10 U.S.C. 168 (reference (dh))	Authorizes payment of expenses of military-to-military contacts and comparable activities designed to encourage democratic orientation of defense establishments and military forces of other countries. Activities include traveling contact teams, military liaisons, exchanges of personnel, seminars, and conferences.
10 U.S.C. 1051 (reference (bt))	Authorizes the payment of travel, subsistence and similar personal expenses for defense personnel of developing countries in connection with attendance at bilateral or regional conferences, seminars, or similar meetings. Attendance must be in the U.S. national security interests.
10 U.S.C. 2010 (reference (bu))	Authorizes the payment of incremental expenses of a developing country incurred as the direct result of participation in a bilateral or multilateral military exercise if the primary purpose is to enhance U.S. interests and the participation of the developing country is necessary to achieve the fundamental goals of the exercise. Incremental expenses are "reasonable and proper costs of goods and services consumed by a developing country as a direct result of that country participating in the exercise with the United States." It does not include items such as pay and allowances, and normal costs of a country's personnel.

C11.15.2. Eligibility. Developing countries that are PfP members are eligible for WIF. WIF Program Managers should use World Bank lists of developing countries to determine which Partners are developing countries. Current developing country Partners are: Albania, Armenia, Azerbaijan, Belarus, Croatia, Georgia, Kazakhstan, Kyrgyz Republic, Macedonia, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

C11.15.3. WIF-Supported Programs. Under existing statutory authorities, WIF can support military exercises and an array of interoperability programs, conferences, exchanges, seminars, and studies. WIF may be used in conjunction with other types of funding such as Cooperative Threat Reduction (CTR), Combatant Command (COCOM) Initiative Fund (CCIF), Traditional COCOM Activities (TCA), Official Representation Funds (ORF), Emergency, Extraordinary, Expenses (EEE), FMF, IMET, and NATO funds.

C11.15.3.1. Military Exercise Support. WIF can be used to pay incremental expenses for eligible PfP partners' participation in PfP and "in the spirit of PfP" exercises. WIF can support partner participation in an exercise only if U.S. Forces are also participating. High priority is placed on partner participation in exercises that support declared niche capabilities or greater interoperability with U.S. or NATO forces. COCOMs manage exercise programs to meet theater specific security cooperation goals.

C11.15.3.2. Interoperability Programs. WIF can be used to pay eligible PfP Partner costs to participate in interoperability programs such as those identified in Table C11.T29.

Table C11.T29. Interoperability Programs

Interoperability Programs	
C4I Studies	Regional Airspace Studies
Logistics Exchanges	Navigational Aids Studies
Public Affairs Exchanges	Civil Military Planning Seminars
Legislative Affairs Exchanges	Infrastructure Assessments
Environmental Exchanges	Defense Assessments and Studies
Inspector General Exchanges	Defense Planning Seminars
Comptroller Exchanges	Defense Resource Management Seminars
Parliamentary Seminars	Partnership Information Management

C11.15.3.3. Other Programs. WIF can be used to pay for additional outreach programs and initiatives that may emerge to respond to guidance established by the Office of the Secretary of Defense. The Deputy Assistant Secretary of Defense (International Security Policy, Eurasia) will provide policy guidance on new program initiatives. New initiatives must benefit the Department of Defense.

C11.15.3.4. Travel By U.S. Participants. WIF is intended for PfP partners, and generally does not pay for U.S., Allied, or non-partner expenses. U.S. Government (USG) or DoD representatives may be funded according to law and current policy guidance when their expertise is critical to the execution of the event.

C11.15.4. Items Not Supported by WIF. WIF cannot be the primary source of exercise funding and cannot be used to support U.S. participation in exercises, except as noted in paragraph C11.15.3.4. WIF cannot pay for courses, since they are regarded as "training." Other sources of funds (e.g., International Military Education and Training (IMET)) should be used for training or education where coursework is involved. WIF cannot be used to support activities that are defined as "material assistance," such as provision of weapon systems, equipment, courseware, etc.

C11.15.5. WIF Organization Responsibilities. Table C11.T30. identifies the DoD organizations and their responsibilities in support of the PfP Program utilizing WIF.

Table C11.T30. WIF Organization Responsibilities

Organization	Responsibility
ASD (International Security Policy)	DoD lead for WIF and PfP policy Determine WIF planning, prioritization, and funds distribution Primary interface between country desks officers at OSD, Joint Staff, DSCA, and

Organization	Responsibility
	COCOMs Report WIF status and results to Congress via DoS annual report Provide oversight of OSD interoperability programs Assess annual COCOM and Interoperability Program objectives Coordinate and seek DoD Office of the General Counsel review, as necessary Review/approve annual program submissions; ensure appropriations are executed by DSCA Maintain direct link to NATO via U.S. Delegation to NATO
DSCA	Manage WIF program execution Manage cost, schedule, and performance related to WIF program execution Develop programs and activities in response to policy guidance Prepare budget materials Defend budget requests to USD (Comptroller); support Office of Management and Budget (OMB) and Congressional inquiries Determine if costs requested by activities are allocable to WIF Provide funds certification Allocate approved funds to WIF receiving activities Issue funds to field activities Quarterly provide WIF financial management and program accountability (obligations, expenditures, reconciliations) to ISP Eurasia, WIF Policy Managers Provide legal analysis in support of DoD Office of the General Counsel, as necessary
Joint Staff/ COCOM	Provide administrative oversight of COCOM PfP exercise and interoperability programs Plan and prioritize WIF in support of individual COCOM activities Coordinate Secretary of Defense guidance and regional COCOM plans with DSCA and DASD Eurasia WIF policy managers. Coordinate with National Guard Bureau (NGB) as necessary to ensure the best use of National Guard and State partner assets Maintain direct link to NATO via U.S. Mission to NATO and U.S. National Military Representative at Supreme Headquarters Allied Powers Europe (SHAPE)
Program/Activity Managers	Plan, prioritize, and implement PfP activities Coordinate as necessary to ensure priorities are aligned with strategic plans and ASD (ISP) priorities Conform to DoD Financial Management Regulations, guidelines, and standard operating procedures (SOP) addressing fund acceptance, disbursement, reporting, expenditures, and fiscal year closeout. (These are available from DSCA (Business Operations Directorate).) Provide annual and quarterly WIF fiscal summaries to DSCA and DASD Eurasia to satisfy mandated Congressional reporting Ensure monthly obligation and expenditure reporting is accomplished Ensure WIF is implemented in accordance with published DoD and COCOM guidance Influence strategic planning as necessary to achieve regional objectives Identify performance metrics representing program successes and challenges
In-Country PfP Coordinators	Facilitate planning and implementation of WIF within the assigned country, in coordination with COCOMs and lead WIF management activity Implement programs in accordance with guidance provided by the requiring activity Coordinate annual requirements to COCOM and participate in short and long term planning Maintain fiscal transaction capability via a qualified financial tracking system
PfP Recipient Nations	Fulfill the democratic principles as agreed to in the PfP Framework Document Plan, prioritize, and execute PfP objectives as agreed to in the Euro-Atlantic Partner Work Plan (EAPWP), Membership Action Plan (MAP), and Individual Partner Action Plan (IPAP) Ensure ratification of PfP Status of Forces Agreement (SOFA) Collaborate with Partnership Coordination Center (PCC) representatives at SHAPE to

Organization	Responsibility
	coordinate PFP activities and access NATO common funding as required Ensure necessary in-country PFP administration and support is established and maintained
Defense Finance and Accounting Service	Provide accounting support to all WIF activities Maintain official accounting records Distribute monthly accounting reports

C11.15.6. Budgeting and Financial Execution. DSCA (Business Operations Directorate) maintains SOPs for use by the WIF program. In July of each fiscal year, MILDEPs, COCOMs, and Regional Program Directors submit WIF budget proposals to the Deputy Assistant Secretary of Defense (DASD) Eurasia and DSCA for projects proposed for execution in the next fiscal year and estimates of WIF requirements for the budget years. Each proposed activity is coordinated with the OSD desk officer, Joint Staff, and in-country teams before submission. DASD Eurasia, in consultation with DASD Europe and NATO policy, reviews submissions and consolidates initiatives into an annual WIF plan and estimates for the budget years. These annual requirements are forwarded to DSCA for execution and funding on a quarterly basis. The annual WIF plan will be adjusted throughout the year to respond to emerging requirements. The DSCA WIF Program Director will coordinate with DSCA (Business Operations Directorate) on quarterly financial allocations for all WIF activities. Quarterly funding requests to execute the fiscal plan are provided to the DSCA WIF Program Director one month prior to beginning of each quarter. Extensive DoD Planning, Programming, Budget and Execution (PPBE) information is available via the Financial Management Regulation website (<http://www.dod.mil/comptroller/fmr>).

C11.15.7. WIF Funding Guidelines. WIF is demand driven by PFP events that are of the highest priority to U.S. national interests and NATO initiatives. Partner's total funding depends on the number of exercises and interoperability programs in which it is capable of participating. It is imperative that country defense attachés and security cooperation officers participate in the requirements and prioritization process. Recipients of WIF are responsible for the administrative control of funds and record keeping. This requirement is based in law, instructions issued by OMB and the DoD Financial Management Regulations, which contain guidelines on budget execution. DoD WIF are one-year O&M funds that must be obligated in the year for which they are appropriated. Each WIF activity must plan for effective execution of funding on an annual basis. The WIF RDT&E, defense-wide funding for the PFP Information Management System (PIMS) will be centrally managed by the DSCA WIF Program Director.

C11.15.8. WIF Program Planning and Execution. After DASD Eurasia and the COCOMs have approved the fiscal plan, the Program/Activity Manager manages program implementation, maximizing in-country assets as necessary. Each manager is responsible for determining cost, schedule, and performance associated with their program. DASD Eurasia provides policy guidance and DSCA assumes implementation and execution responsibilities. WIF Program Managers should contact DASD Eurasia for questions of policy, and DSCA for questions regarding fund use. DSCA (Business Operations Directorate) provides direction concerning budgetary, financial and contract questions.

C11.15.9. Procurement Requirements Documentation (PRD). Each WIF receiving activity generates and manages its own contracts to ensure timely execution of budgeted and approved plans. DSCA (Business Operations Directorate) manages those actions where DSCA pays directly for contracted services and support. Each activity submits the documentation required to initiate a procurement request for services or supplies. At a minimum, 60 days prior to award date, the contracting office requires: a Performance Work Statement (PWS); an Independent Government Cost Estimate (IGCE); an Administrative Service Request (DD Form 1262); a written request regarding the requirement; and, a Justification and Approval (J&A) in accordance with FAR Part 6.302 (reference (ak)) if circumstances permit other than full and open competition.

C11.15.10. WIF Program Planning and Implementation Process. Table C11.T31. summarizes the annual WIF planning and implementation process.

Table C11.T31. WIF Program Planning Timeframe and Implementation Process

Steps (Date)	Actions
1 (June)	WIF is recognized as a method to fund PfP Partner participation in exercises, and activities, exchanges, conferences, or other interoperability programs that support defense institution building, defense reform, achievement of greater interoperability and development of capabilities that support the GWOT. Details can be found in the ASD(ISP) annual plan or various NATO publications that outline areas of cooperation and Partnership Action Plans.
2 (June)	Partners choose the events they desire participation and list them in their Individual Partner Action Plan (IPAP). Plans are reviewed by the Security Cooperation Organization (SCO), COCOM, and ASD(ISP).
3 (June)	ASD(ISP) solicits WIF activity proposals from COCOMs, Joint Staff, MILDEPs and Program/Activity Managers.
4 (July)	ASD(ISP) consolidates requirements and develops the annual DASD WIF guidance. It is then published for use by WIF activity managers.
5 (August)	DSCA WIF Program Director synopsis approved requirements to the WIF Financial Manager in DSCA (Business Operations Directorate) via memorandum.
6 (Oct)	USD(C) allocates WIF funding in quarterly amounts to DSCA (Business Operations Directorate) who in turn allocates approved amounts to WIF activities in coordination with the WIF Program Director. Execution of exercises, exchanges, and interoperability programs commences.
7 (Jan)	Program Review - normally there is at least one major program review to conduct strategic planning, assess performance of WIF, and communicate initiatives within the DOD and the interagency. Additional program reviews are held as required.
8 (Nov/April)	Financial Reviews convened to assess funds obligations, expenditures, and yearly performance.
9 (Continuous)	Each WIF activity implements planned events and documents performance results for communication to the Security Assistance community. Reporting formats and distribution are managed by DSCA (Business Operations Directorate).
10 (Continuous)	DSCA/ASD(ISP)/Joint Staff/COCOMs monitor execution and make adjustments as required. New or significant revisions to annual requirements are considered "Out of Cycle" requests. The format and worksheet for requesting "Out of Cycle" WIF is provided in Figure C11.F19.
11 (Continuous)	ASD(ISP) will determine the viability of the "Out of Cycle" requested events/activities and their relative priority to overall WIF annual requirements. DSCA and the requesting activity will provide input as necessary to support recommendations.
12 (Continuous)	Approved "Out of Cycle" requests are implemented by the DSCA WIF Program Director via memo to the DSCA Financial Manager to release funding to requiring activity. These requests may require a budget offset when DSCA lacks sufficient Operation and Maintenance Funds.

Steps (Date)	Actions
13 (monthly)	DSCA (Business Operations Directorate) provides monthly reports to OUSD(C) on the financial performance.
14 (annually)	DASD Eurasia drafts a chapter on WIF program accomplishments and provides to DoS for inclusion in the annual PfP Report to Congress. This report is a statutory requirement levied on DoS by Congress.

Figure C11.F19. WIF “Out of Cycle” Request Letter/Worksheet Format

Command Letterhead	
From:	Director, [insert Command]
To:	Office of the Secretary of Defense, Policy
	Attn: Assistant Secretary of Defense (International Security Policy), WIF Program Managers
	Director, Defense Security Cooperation Agency
	Attn: Operations, WIF Program Director
Subject:	Out of Cycle Request for Warsaw Initiative Funds to Support [insert Title]
Enclosure:	WIF Request Worksheet – [insert proposed activity and recipient country]
This memorandum requests WIF to support [insert Title], scheduled to take place on [insert date]. The following is forwarded for your consideration.	
Event/Activity Purpose:	
Funding Required:	
Cost Breakdown and Supporting Detail:	
Explanation how event/activity supports WIF objectives:	
Project and Financial Administration POC’s:	
Proposed Budget Offset:	
The point of contact for this action is [insert name, telephone number, and e-mail address].	
Attachments as required	

WIF “OUT OF CYCLE” WORKSHEET
Proposed Recipient: [insert country name and armed forces branch]
Activity/Event Description/Purpose:
Personnel required: [insert USG and foreign nationals]
Equipment/Materiel Requirements: [insert name and nomenclature]
Travel Requirements:
Proposed Dates of WIF activity/event: [insert month, date and year]
Detailed Justification for the event/activity: (include special circumstances why this WIF requirement must be performed; why it is advantageous to U.S. interests to conduct the activity/event, adverse consequences to strategic interests or schedules if not performed, etc.)
Cost of Event/Activity: [insert dollar value and supporting details]

C12. CHAPTER 12

HUMANITARIAN ASSISTANCE AND MINE ACTION PROGRAMS

C12.1. DEFINITION AND PURPOSE - HUMANITARIAN ASSISTANCE AND MINE ACTION PROGRAMS

The Defense Security Cooperation Agency's (DSCA) Humanitarian Assistance and Mine Action (HA/MA) programs are assistance programs aimed at alleviating economic or infrastructure deficiencies or other endemic conditions including disease, hunger, pain, or privation that threaten human life, damage to or loss of property, or social or political stability in third-world nations. They are designed to supplement or complement the efforts of host nation civil authorities or agencies that have primary responsibility for providing HA/MA. HA/MA programs support United States (U.S.) Forces in their efforts to enhance regional security stability, promote positive public relations and goodwill, improve access and influence with host nation counterparts, bolster indigenous capacity to respond to disasters, provide an example of how a professional military can positively impact the civilian population of the host country and provide training opportunities in operational skills of U.S. forces. HA/MA programs meet these needs by providing the Combatant Commands with a means to carry out peacetime engagement missions, and by augmenting the Combatant Commanders' capabilities to respond to humanitarian crises. The Department of Defense (DoD) must derive some benefit from HA/MA activities. Table C12.T1. summarizes legal references for HA/MA.

Table C12.T1. Humanitarian Assistance and Mine Action (HA/MA) Legislation Summary

Legislation	Subject
10 U.S.C. 401 (reference (bs))	Humanitarian and Civic Assistance (HCA) provided in conjunction with military operations
10 U.S.C. 402 (reference (cz))	Transportation of humanitarian relief supplies to foreign countries
10 U.S.C. 404 (reference (da))	Foreign Disaster Assistance
10 U.S.C. 2557 (reference (db))	Excess non-lethal supplies for humanitarian relief purposes
10 U.S.C. 2561 (reference (bw))	Authorizes use of DoD HA appropriations for transportation of humanitarian relief and for other humanitarian purposes.

C12.2. FUNDING OF HA/MA PROGRAMS

The Overseas Humanitarian, Disaster and Civic Aid (OHDACA) appropriation funds the Humanitarian Assistance Program, the Humanitarian Mine Action Program, and Foreign Disaster Relief and Emergency Response Program. The Military Departments (MILDEPs) fund the Combatant Commanders' Humanitarian and Civic Assistance (HCA) Programs.

C12.3. HA/MA PROGRAM DESCRIPTIONS

C12.3.1. Humanitarian Assistance Program - Excess Property (HAP-EP)

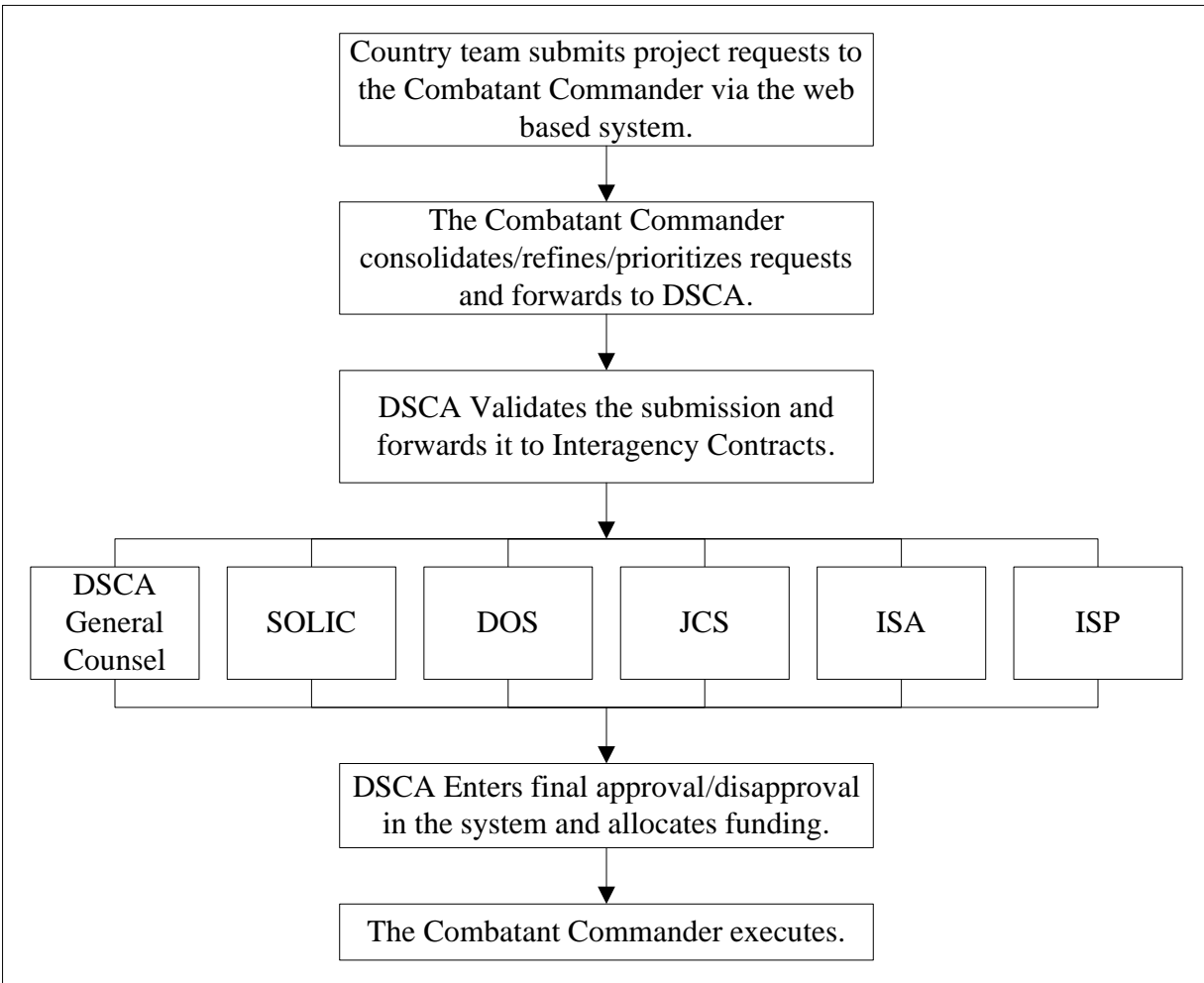
C12.3.1.1. HAP-EP Program Description. 10 U.S.C. 2557 (reference (db)) authorizes the Department of Defense to provide non-lethal, DoD excess supplies to foreign Governments and civilian organizations (orphanages, schools, clinics) for humanitarian relief purposes when requested by the local U.S. Embassy. The Department of Defense processes, refurbishes, stores, and transports the property, and the Department of State (DoS) (U.S. Embassy in host nation) distributes the property to the intended recipients for humanitarian purposes. Examples of property available through this program include medical equipment and supplies, construction equipment, trucks and other vehicles, generators and other electrical equipment, school supplies, tools, furniture, tents, blankets, and clothing. Item availability is not guaranteed and depends on a variety of factors. Property must primarily benefit the recipient country civilians; is donated with no warranties or guarantees and no post donation support; cannot be sold by the recipient Government; and can be donated to the military only if used for civilian purposes.

C12.3.1.2. HAP-EP Program Process. The U.S. Embassy country team submits requests for humanitarian relief to the regional Combatant Commander via the HAP Internet System (HAP-I) (<http://hapep.idss.ida.org>). The Combatant Commander prioritizes the requests and forwards them through HAP-I to the DSCA (Programs Directorate). DSCA (Programs Directorate) coordinates with the Assistant Secretary of Defense for Special Operations/Low-Intensity Conflict/Stability Operations (ASD(SO/LIC/Stability Ops)), which leads the Humanitarian Assistance Policy Committee's (HAPC's) policy review. The Combatant Commanders, the DoS, the Defense Logistics Agency (DLA), DSCA (Office of the General Counsel), the Chairman of the Joint Chiefs of Staff (J4) (Joint Logistics Operations Center), the Assistant Secretary of Defense - International Security Affairs (ASD(ISA)), and the Assistant Secretary of Defense - International Security Programs (ASD(ISP)) as appropriate, facilitate the program review and approval. The DSCA excess property specialists prepare a program approval document for signature by DSCA (Programs Directorate). Funds to cover the cost of transportation, maintenance, and other operating expenses associated with the movement of excess property to the recipient country are provided to the Combatant Commander for approved programs. Approved requests are managed by the Combatant Commands. Figure C12.F1. is a flowchart of the HAP-EP process.

C12.3.1.2.1. Staging Points. There are three staging facilities within the Humanitarian Assistance Program (HAP) system. These staging points provide for or arrange necessary logistics services, technical support, minor repair services and parts, assembly/disassembly, and maintenance services before transporting excess property to ports of embarkation. In the continental U.S. (CONUS), the HAP staging point at the Marine Corps Logistics Base at Albany, Georgia, identifies, screens, and acquires excess property on behalf of the Office of the Secretary of Defense (OSD), the U.S. Southern Command (USSOUTHCOM), the U.S. Central Command (USCENTCOM), and the U.S. Northern Command (NORTHCOM). In the U.S. European Command (USEUCOM), the U.S. Army, Europe (USAREUR) performs these duties at staging points in Germersheim and Wuerzburg, Germany. For the U.S. Pacific Command (USPACOM), the U.S. Army, Pacific (USARPAC) is the agent, with staging points in Sagami and Okinawa, Japan. Personnel at the staging points are responsible for locating required excess property and arranging for shipment. Overall excess property warehouse activity

falls under the purview of the DSCA excess property warehouse manager located at the Marine Corps Logistics Base at Albany, Georgia.

Figure C12.F1. Humanitarian Assistance Program – Excess Property Process Flowchart



C12.3.1.2.2. Item Availability. Constant inventory adjustments make item availability uncertain.

C12.3.1.2.3. Customs Clearances. The U.S. Embassy country team is responsible for clearing customs and distributing excess property for all incoming shipments.

C12.3.1.3. HAP-EP Congressional Report. This annual report lists the excess non-lethal DoD supplies transferred for humanitarian relief purposes under 10 U.S.C. 2557 (reference (db)). The report includes a description and quantity of the items, the date of the transfer, and the receiving entity.

C12.3.2. Humanitarian Assistance – Other (HAO)

C12.3.2.1. HAO Program Description. 10 U.S.C. 2561 (reference (bw)) provides authority to carry out humanitarian projects, other than HA-EP projects, that support the national security and foreign policy goals of the United States. These projects typically include

construction or refurbishment of local infrastructure facilities, disaster preparedness or refugee repatriation training, exercises or seminars, assessment visits, and technical and logistics assistance for foreign recipients. Humanitarian construction projects are generally limited to \$500,000. Proposed projects costing more than \$500,000 require special justification and review by DSCA and DoD Policy. OHDACA funds may occasionally be used to deploy U.S. military teams or DoD-related personnel to carry out diverse humanitarian projects worldwide

C12.3.2.2. HAO Program Process. HAO projects are initiated by foreign country request and/or need through the U.S. Embassy country team and the regional Combatant Commander. Using the HAP-I, DSCA (Programs Directorate) reviews, staffs, and after interagency concurrence, approves the HAO projects. DSCA (Programs Directorate) manages, coordinates, and monitors execution of DoD HAO programs.

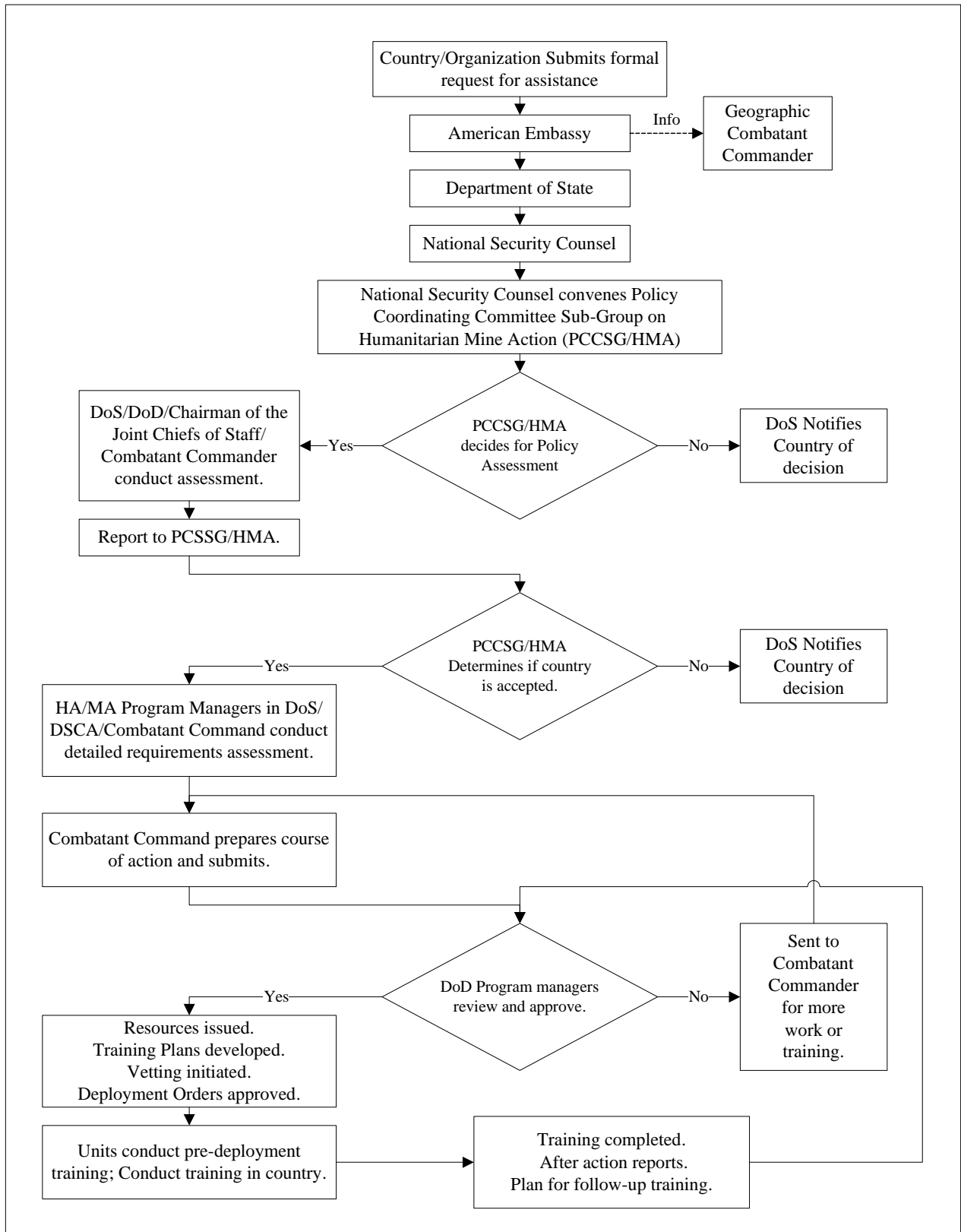
C12.3.2.3. HAO Congressional Report. This annual report lists the HAO provided under 10 U.S.C. 2561 (reference (bw)) for the prior fiscal year and is included with the annual budget submission by the President for the next fiscal year. This report includes the total amount of funds obligated for humanitarian relief and the number of scheduled and completed HA transportation missions under this section.

C12.3.3. Humanitarian Mine Action (HMA)

C12.3.3.1. HMA Program Description. 10 U.S.C. 401 (reference (bs)) authorizes the Department of Defense to carry out humanitarian and civic assistance activities in conjunction with authorized military operations of the U.S. Armed Forces in a country to help foreign Governments in detection and clearance of landmines to include activities relating to the furnishing of education, training, and technical assistance with respect to the detection and clearance of landmines. To a limited degree, supplies, services, and equipment are provided to assist in the conduct of training. By law, U.S. DoD personnel may NOT engage in the physical detection, lifting or destroying of landmines (unless the member does so for the concurrent purpose of supporting U.S. military operations). Total cost of supplies, services, and equipment provided to foreign Governments may not exceed \$5M per fiscal year (all participating countries).

C12.3.3.2. HMA Program Process. Any country experiencing the adverse affects of uncleared landmines may request U.S. assistance. The country must formally request help from the DoS through the U.S. Embassy. (The Country Team provides a copy of the request to the regional Combatant Commander.) The DoS brings the request to the interagency Policy Coordinating Committee Subgroup on Humanitarian Mine Action (PCCSG/HMA) chaired by the National Security Counsel (NSC). The PCCSG/HMA determines if assistance is warranted. DSCA (Programs Directorate) manages, coordinates, and monitors execution of the DoD HMA training operations and related program activities. DSCA (Programs Directorate) assists the Chairman of the Joint Chiefs of Staff, the U.S. Special Operations Command (USSOCOM), geographical Combatant Commanders, host countries, and other organizations in planning for, establishing, and executing mine action programs. DSCA (Programs Directorate) reviews budget proposals for all demining-related activities in coordination with ASD(SO/LIC). Figure C12.F2. is a flowchart of the HMA process.

Figure C12.F2. Humanitarian Mine Action Process Flowchart



C12.3.3.3. HMA and HCA Congressional Report. This annual congressional report on the preceding fiscal year's HMA and HCA (see paragraph C12.3.4.) activities is submitted to the Senate Armed Services Committee (SASC), the Senate Foreign Relations Committee (SFRC), the House Armed Services Committee (HASC), and the House Foreign Affairs Committee (HFAC), no later than March 1st of each year. The report includes a list of countries in which projects and/or activities occurred during the preceding fiscal year and the type, description, and funding expended for each activity.

C12.3.4. Humanitarian and Civic Assistance (HCA)

C12.3.4.1. HCA Program Description. 10 U.S.C. 401 (reference (bs)) permits U.S. military forces to carry out HCA projects and activities in conjunction with military operations overseas. DoD Directive 2205.2 (reference (dc)) establishes policy and assigns responsibilities of the DoD Components. Military deployments for exercises and training are an integral part of maintaining a forward U.S. military presence, ensuring operational readiness to respond to crises, and preparing U.S. Reserve components for wartime missions. By law, activities must be conducted in conjunction with authorized military operations; promote security interests of both the United States and foreign country; promote operational readiness skills of the U.S. Forces; complement but not duplicate any other U.S. assistance; serve the basic economic and social needs of the country's people; not be used by any individual, group, or organization engaged in military or paramilitary activity; be approved by the DoS and be funded with funds specifically provided for such purpose. MILDEP Operations and Maintenance (O&M) funds are authorized for incidental costs of carrying out this assistance by annual Defense Appropriations Acts (see section 8009 of Public Law 107-248, reference (de)).

C12.3.4.2. HCA Program Process. Any developing nation where U.S. Forces are deployed can request HCA. The Combatant Commander decides which HCA projects are warranted. The interagency approves assistance based on U.S. policy. DSCA (Programs Directorate) and ASD(SO/LIC) manage the process of interagency review and approval for the Combatant Commander's annual HCA plans and all subsequent "out-of-cycle" requests. DSCA (Programs Directorate) also monitors the overall program to ensure that nominations comply fully with U.S. foreign policy, national security objectives, and relevant legislation, before formal approval is provided to the Combatant Commands.

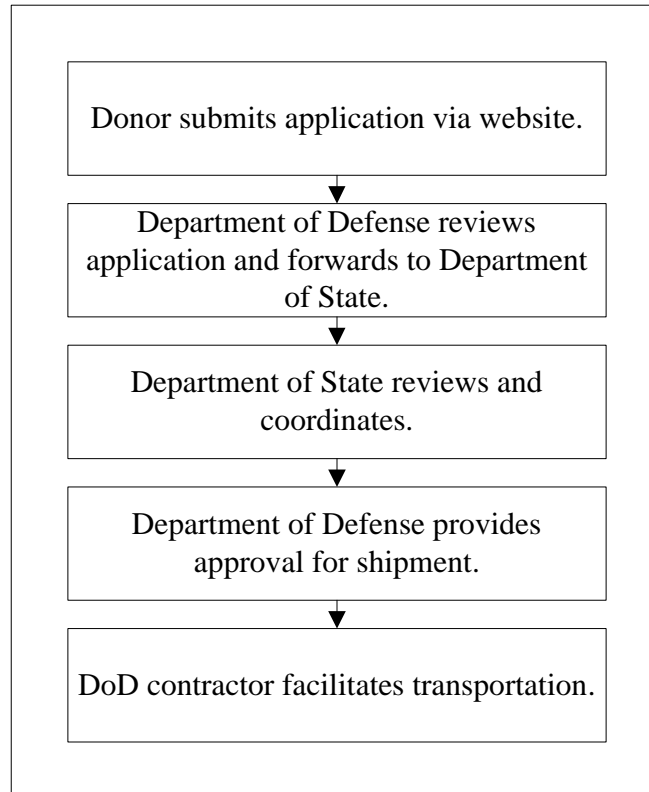
C12.3.4.3. HCA Congressional Report. See subparagraph C12.3.3.3.

C12.3.5. Funded Transportation Program

C12.3.5.1. Funded Transportation Program Description. 10 U.S.C. 2561 (reference (bw)) authorizes the Department of Defense to use DoD funds to pay for transportation of humanitarian relief worldwide for non-profit, non-Government, and private volunteer organizations. The most common types of humanitarian cargo moved in this program are: medical and/or hospital supplies; educational supplies; food items; clothing and/or shoes; household items (bed lines, mattresses, kitchen supplies, etc); tools and machinery; and other quality of life items. Cargo must be humanitarian in nature and may not include any hazardous, political, or religious material. Cargo cannot be sent to military or paramilitary organization (unless the organization provides a specific service to the civilian population). Minimum cargo is required to fill a 20-foot container (~35,000 lbs and 1,200 cubic feet). OHDACA appropriation funds the transportation from the place of origin to the recipient country.

C12.3.5.2. Funded Transportation Program Process. Interested non-Government and international organizations submit requests for transportation of humanitarian supplies via the HAP-I, (www.dentonfunded.ida.org). DSCA (Programs Directorate) works with the donor, the DoS, and a DoD contractor to facilitate the application process. Once the application is approved, the contractor arranges all transportation requirements, tracks the shipment to its final destination, and provides weekly updates on all shipments. DSCA (Programs Directorate) certifies invoices for payment of transportation costs. Figure C12.F3. is a flowchart of the Funded Transportation Program process.

Figure C12.F3. Funded Transportation Process Flowchart

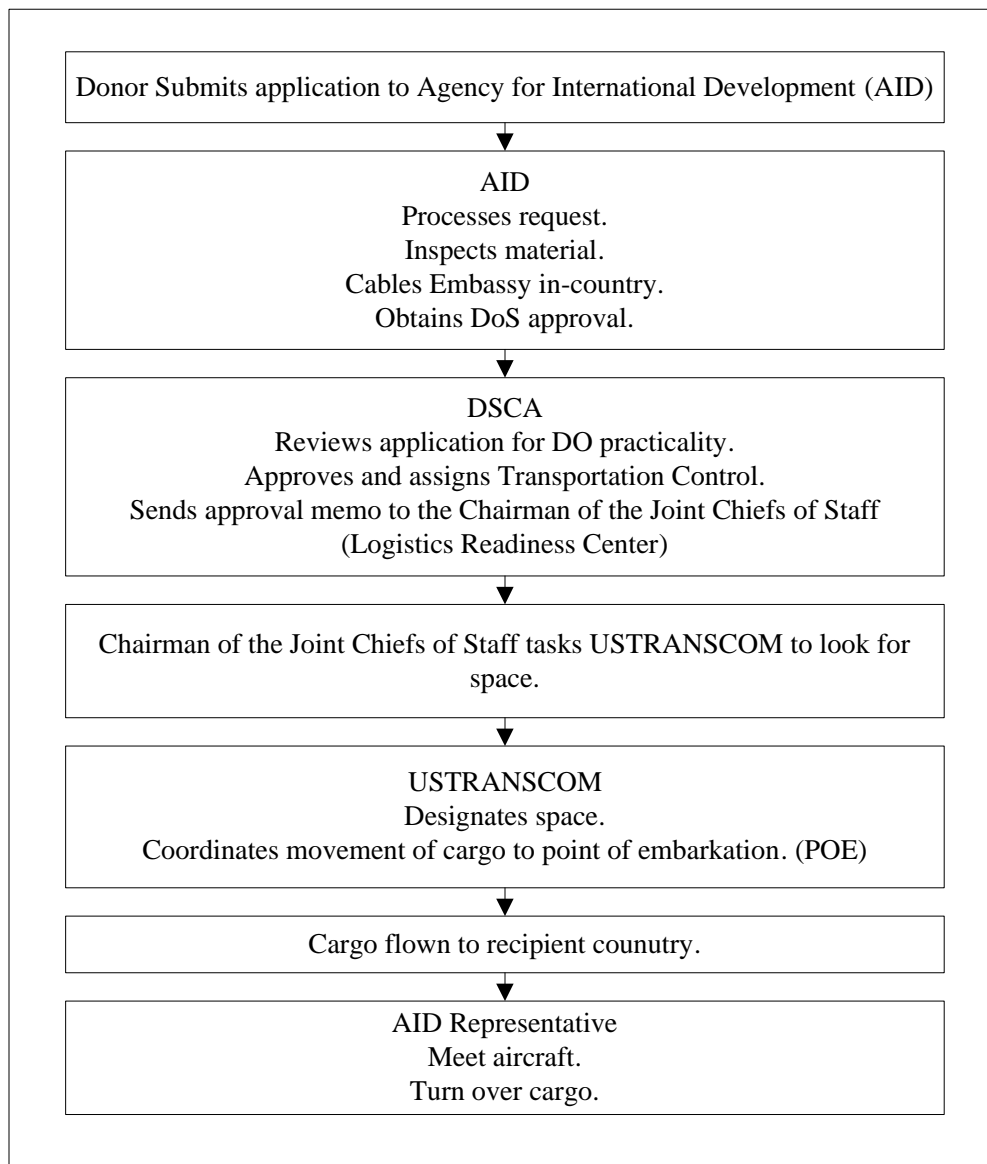


C12.3.6. Denton Program (Space Available Transportation)

C12.3.6.1. Denton Program (Space Available) Description. 10 U.S.C. 402 (reference (cz)) authorizes the transportation, on a space available basis, of humanitarian relief supplies to any country when those supplies have been furnished by a non-Government source. DoD resources provide the space available transportation, primarily by air, on U.S. Air Force aircraft for the same type of cargo and organizations as in the funded transportation program. The Denton Program transportation is from aerial port in CONUS to the aerial port in the recipient country. No costs to the donor or recipient are associated with this program. Cargo must be humanitarian in nature and may not include any hazardous, political, or religious material. Cargo cannot be sent to military or paramilitary organization (unless the organization provides a specific service to the civilian population). Cargo minimum weight is 2,000 lbs and cargo maximum weight is 75,000 lbs.

C12.3.6.2. Denton Program (Space Available) Process. Interested non-Government and international organizations submit requests for transportation of humanitarian supplies via the HAP-I (www.dentonfunded.ida.org). The DoS reviews and submits valid requests to DSCA (Programs Directorate) for action. Applicants must be advised that requests must be formally submitted through the DoS for clearance. DSCA (Programs Directorate) prepares an approval document for the Principal Director, DSCA (Programs Directorate) who has been delegated that authority by the Director, DSCA. This program approval is forwarded to the Director, Joint Staff Logistics Directorate (J4) for action. Joint Staff Logistics Directorate (J4) then tasks U.S. Transportation Command (USTRANSCOM) to conduct the mission. DSCA (Programs Directorate) coordinates with the donor, the DoS, the Agency for International Development (AID), and USTRANSCOM to facilitate the process. Figure C12.F4. is a flowchart of the Denton Program process.

Figure C12.F4. Denton Program Process Flowchart



C12.3.7. Humanitarian Daily Rations (HDRs)

C12.3.7.1. HDR Program Description. Under the humanitarian assistance authority set out in 10 U.S.C. 2561 (reference (bw)) DoD funds are used to procure and provide low cost, nutritional, easily delivered, daily rations for use in foreign countries to alleviate hunger after manmade or natural disasters. HDRs' nutritional content is tailored for people who are near starvation or fleeing from catastrophe to a safer haven and need to eat enroute. HDRs have 2,300 calories, weigh 30 ounces, and are meatless and fortified with vitamins. HDRs were developed to maintain the health of moderately malnourished recipients until conventional relief programs can resume. The DSCA (Programs Directorate) staff manages the purchase, storage, and movement of HDRs. OHDACA funds are used to purchase HDRs. Inventories of HDRs are stored in anticipation of their need in a disaster relief situation. Funds are provided to USTRANSCOM for transporting HDRs.

C12.3.7.2. HDR Program Process. When a foreign country suffers a disaster, it may request assistance in the form of HDRs through the U.S. Embassy. Subparagraph C12.3.8.2. further describes the process.

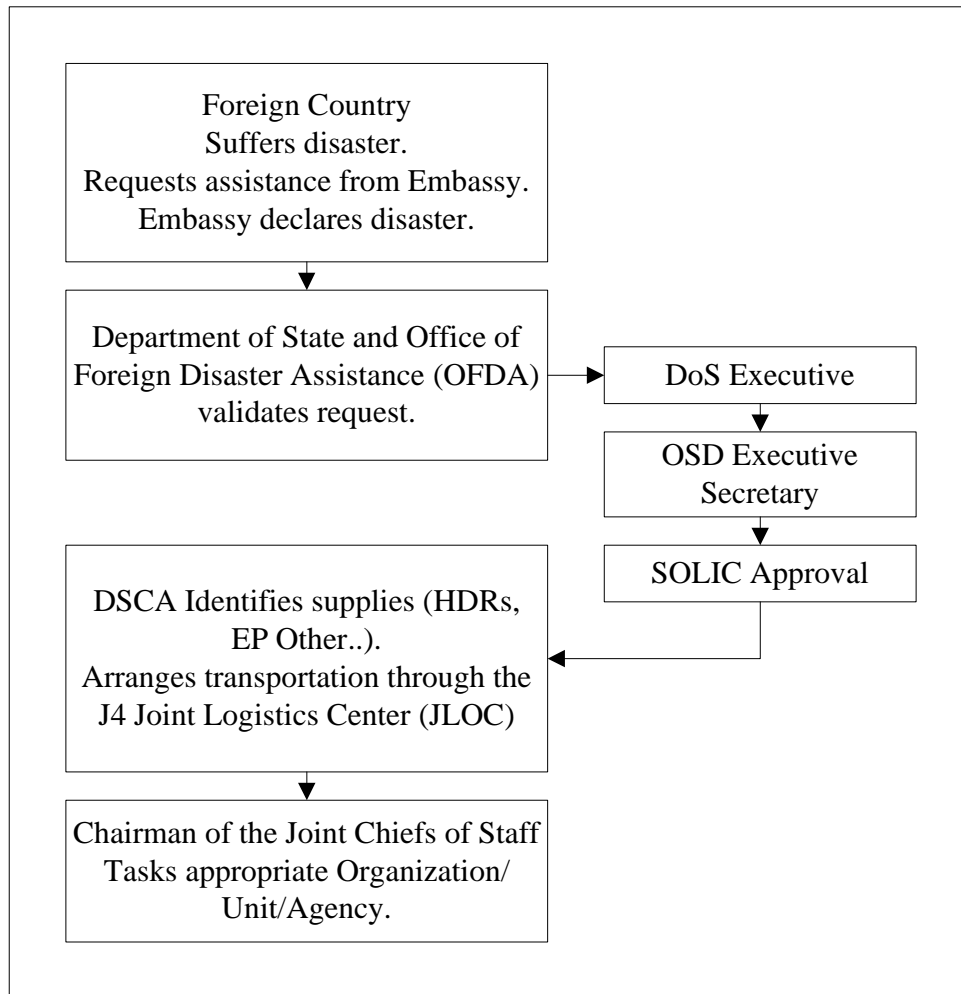
C12.3.8. Foreign Disaster Relief and Emergency Response (FDR/ER)

C12.3.8.1. Disaster Relief Program Description. Pursuant to 10 U.S.C. 404 (reference (da)), the Department of Defense can assist foreign countries to respond to manmade or natural disaster situations when necessary to prevent loss of lives. After the local U.S. Embassy has officially declared a disaster, the Office of Foreign Disaster Assistance (OFDA) assesses the needs and priorities of the country and may request DoD assistance. The assistance may be in the form of transportation, excess property items, HDRs, or some other commodity. The OHDACA appropriation or AID may fund transportation of disaster relief.

C12.3.8.2. Foreign Disaster Relief and Emergency Response Program Process. When a foreign country suffers a disaster, it may request assistance through the U.S. Embassy. The DoS and OFDA validate the request. If deemed necessary, the DoS requests disaster relief assistance from the Department of Defense. ASD(SO/LIC) approves the request and forwards it to DSCA for action. DSCA (Programs Directorate) identifies the required supplies (HDRs, Excess Property, etc.) and works directly with the Joint Staff Logistics Directorate (J4) to provide transportation in support of disaster relief efforts. Figure C12.F5. is a flowchart of the Disaster Relief process.

C12.3.8.3. Congressional Notification for Foreign Disaster Assistance. Not later than 48 hours after the commencement of disaster assistance activities, the President is required by law (10 U.S.C. 404) to transmit a report to Congress containing notification of the assistance (proposed or provided) and a description of the following as is available: the manmade or natural disaster for which disaster assistance is necessary; the threat to human lives presented by the disaster; the U.S. military personnel and material resources involved; the disaster assistance provided by other nations or public or private relief organizations; and the anticipated duration of the disaster assistance activities.

Figure C12.F5. Disaster Relief Process Flowchart



C12.4. CONGRESSIONAL NOTIFICATION-RELIEF FOR UNAUTHORIZED COUNTRIES

When the Department of Defense intends to transport humanitarian relief to a country not specifically authorized by law, 10 U.S.C. 2561 (reference (bw)) requires that Congress be notified not less than 15 days prior to commencing such transportation. Committees requiring notification include the SASC, the SFRC, the HASC, the HFAC, the Senate Appropriations Committee (SAC), and the House Appropriations Committee (HAC).

C13. CHAPTER 13

DSCA MANAGEMENT INFORMATION SYSTEMS AND REPORTS

C13.1. INFORMATION TECHNOLOGY (IT) GOVERNANCE BOARD AND CHANGE REVIEW BOARD (CRB)

The Information Technology (IT) Governance Board and the IT Change Review Board (CRB) review all new IT system enhancements and/or system developments financed by DSCA managed funding (e.g., Foreign Military Sales, Foreign Military Financing, Operation & Maintenance, etc.). These review boards ensure that the integrity of the existing IT systems is maintained and that future system developments are evaluated for tri-service applicability, cost effectiveness, and overall benefit to the security cooperation community. The establishment of the IT Governance Board and the designation of the Pre-Certification Authority (PCA) is consistent with the Under Secretary of Defense (Acquisition, Technology, and Logistics) memorandum, June 02, 2005, subject: "Investment Review Process Overview and Concept for Operation for Investment Review Boards" (reference (di)), which implements 10 U.S.C. 2222 (reference (dj)).

C13.1.1. Information Technology (IT) Governance Board Membership. The IT Governance Board consists of members from each of the following organizations: Defense Security Cooperation Agency (DSCA), the Department of the Army, the Department of the Navy, and the Department of the Air Force. The Director, DSCA, serves as the IT Governance Board chairperson. The Deputy Director, DSCA, is the Pre-Certification Authority responsible for reviewing all new IT system enhancements and/or system developments that are financed with DoD appropriated funds exceeding \$1M and is also a member of the IT Governance Board. The IT Governance Board members are allowed one additional representative to accompany them to IT Governance Board meetings. Additionally, the following representatives from DSCA attend these meetings to serve as advisors to the IT Governance Board: Principal Director, Strategy; Principal Director, Information Technology; Principal Director, Business Operations; and IT CRB Chairperson.

C13.1.2. Information Technology (IT) Governance Board Function. The IT Governance Board meets on a quarterly basis to review and approve all requests for new IT system enhancements and/or system developments or on an ad hoc basis to discuss relevant IT issues. The IT Governance Board ensures all proposed IT system enhancements and/or system developments are necessary and do not exceed current IT budget levels and/or future Program Objective Memorandum (POM) levels. All new IT system enhancements and/or system developments reviewed and prioritized may not be funded. The IT Governance Board makes the determination of which new IT system enhancements and/or system developments to approve and fund within existing resources allocated to support IT for the security cooperation community. The IT Governance Board only reviews repair/maintenance requests exceeding \$500K.

C13.1.3. Information Technology (IT) Change Review Board Membership. DSCA (Strategy Directorate/Policy Division) chairs the IT CRB along with members from the Department of the Army, the Department of the Navy, and the Department of the Air Force, who serve as their Service's focal point for submitting new requests for IT system enhancements and/or system developments

C13.1.4. Information Technology (IT) Change Review Board (CRB) Function. The IT CRB conducts the initial review of new IT system enhancement and/or system development requests and provides recommendations to the IT Governance Board. All users of the various IT systems are encouraged to submit recommended enhancements through their designated IT CRB member. These enhancements include fixes to perceived problems with IT systems or requests for additional and/or enhanced functionality. The IT CRB only reviews repair/maintenance requests exceeding \$500K. Reviews will take place electronically to the extent possible.

C13.1.5. Information Technology (IT) Governance Board and Change Review Board (CRB) Review Process. Table C13.T1. summarizes the IT Governance Board and CRB process.

Table C13.T1. Information Technology (IT) Governance Board and Change Review Board (CRB) Review Process

Step	Action
1 User submits request(s)	Using Figure C13.F1., the user submits all requests to his or her designated IT CRB member, who forwards all requests for new IT system enhancements and/or system developments to the IT CRB for review. All requests for new IT system enhancements and/or system developments that exceed \$500K may require an independent business case analysis as determined by the IT CRB.
2 Review by the IT point of contact or Program Manager	Prior to submission of any IT system enhancement and/or IT system development requests to the IT CRB for review, the IT CRB member must have the appropriate IT point of contact or Program Manager provide a recommendation on the level of effort, technical feasibility, and technical benefit of the proposed IT system enhancement and/or system development. New IT system enhancement and/or system development requests that have not been reviewed by the appropriate IT point of contact or Program Manager will be sent back to the IT CRB member for proper vetting. The applicable IT point of contact or Program Manager maintains and tracks all approved IT enhancements for their IT system and provide updates to the IT CRB.
3 Submissions forwarded to IT CRB chairperson	Upon receipt of the IT point of contact or Program Manager's recommendation, the IT CRB member forwards the request to the IT CRB chairperson for review by the IT CRB.
4 Review by IT CRB members	On a quarterly basis, the IT CRB chairperson consolidates all requests for IT system enhancements and/or system developments and disseminates them to the IT CRB members for review and prioritization. The IT CRB members prioritize each request from a highest to lowest priority using the numbering system (i.e., 1-10) with one being the highest priority. Each request is ranked on its own merit. If an IT CRB member rejects a request this must be indicated as part of the ranking along with the rationale for the rejection. All rejections are discussed by the IT CRB and returned to the submitter along with the rationale for the rejection. If an IT CRB member has questions or concerns regarding a specific request, the IT CRB member notifies the IT CRB chairperson prior to providing the rankings who will determine whether a meeting is required to address the issue. The IT CRB member is responsible for clarifying or adjudicating policy-related questions or requests for policy changes with applicable policy owners. If the requested IT system enhancement and/or system development involves policy changes (e.g., a requested change to or re-interpretation of existing policy), the IT CRB member must return the request to the submitter with a recommendation to contact his or her own policy office for resolution prior to resubmitting the request.

Step	Action
5 Consolidate d list forwarded to the IT Governance Board	Upon receipt of the IT CRB members' recommendation of the IT system enhancements and/or system developments, the IT CRB chairperson consolidates the recommendations into a list to be forwarded to the IT Governance Board chairperson (noting all rejections received). For new IT system developments, the IT CRB chairperson notifies the appropriate IT point of contact or Program Manager to prepare a brief for the upcoming IT Governance Board meeting on the proposed IT system development.
6 Review by IT Governance Board	The IT Governance Board meets quarterly to discuss the IT system enhancements and/or system developments on the consolidated list received from the IT CRB or on an ad hoc basis to discuss relevant IT issues. For new IT system developments, the IT point of contact or Program Manager (after Implementing Agency chief information officer review) briefs the IT Governance Board on the proposed IT system's capabilities and overall benefit to the security cooperation community. After review of the consolidated list of IT system enhancements and/or system developments, the IT Governance Board chairperson renders a decision that is recorded and disseminated to the IT CRB chairperson for appropriate action by the applicable IT point of contact or Program Manager. For new IT system developments, the IT point of contact or Program Manager must obtain the IT Governance Board's approval in time for the annual DSCA POM and budget process.

Figure. C13.F1. – Information Technology (IT) Governance Board and Change Review Board (CRB) Evaluation Form

Information Technology (IT) Governance Board and Change Review Board (CRB) Evaluation Form			
Project #:			
Title/Description:			
Submission Date:		Submitted By	
		Agency/Service:	
EVALUATION CRITERIA	Level of Effort:		
	Feasibility:		
	Estimated Cost:		
	Return on Investment:		
	Volume of Use:		
	User Impact:		
	Impact to Existing Systems:		
	Proposed Process Improvement / Efficiency:		
	Benefit to the Security Cooperation Community:		
<i>For IT Governance Board and Change Review Board Use Only</i>			
IT CRB Recommendation/ Prioritization			
IT Governance Board Decision Approve/ Disapprove:			
Pre-Certification Authority (PCA) Approval: (if applicable)			
<p>* Submitters are not limited to the space allotted on this form and are encouraged to provide as much detailed information as possible.</p>			

C13.2. DEFENSE SECURITY ASSISTANCE MANAGEMENT SYSTEM (DSAMS)

C13.2.1. DSAMS Business Function. DSAMS functions include recording receipt of Letters of Request (LORs); creating Letters of Offer and Acceptance (LOAs), Amendments, Modifications, Price and Availability (P&A) data, Letters of Intent (LOIs), Leases, and Pen and Ink changes; and case implementation. When the case is implemented, case data is passed to MILDEP legacy systems for case execution. See Chapters 5 (FMS Case Development) and 6 (FMS Case Implementation, Execution and Closure) for additional information for case development and execution. As a result of the deployment of the DSAMS Training Module in October 2006, DSAMS has now replaced US Army and US Navy legacy systems as the system of record for the US Army's and US Navy's execution of foreign military training under the applicable Security Cooperation programs. See Chapter 10 (International Training) for additional information on the foreign military training policies DSAMS was built to support. The interfacing Security Assistance Network (SAN), Training Management System (TMS), International Military Student Office (IMSO) Web, and Security Assistance Office (SAO) Web have been significantly enhanced in accordance with the DSAMS Training Module deployment. The US Air Force will continue to use their legacy system as the system of record for the US Air Force's execution of foreign military training until that capability can be fully included in DSAMS in the future but the US Air Force will maintain certain reference data in DSAMS for use by SCOs, IMSOs, and the other MILDEPs.

C13.2.2. DSAMS Management. The DSAMS Program Management Office (PMO) in DSCA (Information Technology Directorate) manages DSAMS. The IT Governance Board via the IT CRB approves any changes to DSAMS except for repair/maintenance under \$500K. The Defense Security Assistance Development Center (DSADC), Mechanicsburg, PA, maintains the application. Additional information on DSAMS is available on the DSAMS web site at <https://dsams.dsca.mil> from the DSAMS PMO.

C13.2.3. DSAMS Training. Implementing Agencies are responsible for DSAMS user training. The DSAMS PMO provides initial training support to key Implementing Agency personnel when new software releases change existing functionality or add new functionality. In addition, the DSAMS PMO provides training support and business process consulting support as resources permit. Implementing Agencies needing training or consulting assistance should contact the PMO at DSCA.

C13.3. DSCA 1200 SYSTEM

C13.3.1. DSCA 1200 System Business Function. The DSCA 1200 System is a classified DoD system that contains a compilation of country data providing status of Foreign Military Sales (FMS) negotiations from LOR to closure/completion.

C13.3.2. DSCA 1200 System Data. The DSCA 1200 System contains two types of data records - case level records and item detail records. These data are input to the system by designated users using specific formats. Transaction types S1 through S7 are used to update case level records. Case transactions received prior to 4:00 PM (1600) are processed in the DSCA 1200 System update each night. The Defense Finance and Accounting Service, Indianapolis (DFAS Indianapolis) provides item detail data (reflecting delivery status) to DSCA by the close of business of the last working day of each month. This data is the "end of month position" from the previous month.

C13.3.3. DSCA 1200 System Management. The DSCA 1200 System is managed and maintained by DSCA (Information Technology Directorate).

C13.3.4. DSCA 1200 System Reports. Requests for DSCA 1200 reports should be sent to DSCA (Business Operations Directorate). Data is provided only on a need-to-know basis (i.e., Combatant Commands receive data for their area of concern, a Security Cooperation Organization (SCO) receives data only for its country, etc.). Many reports from the DSCA 1200 System are classified. Reports containing classified information (e.g., LOAs) are appropriately labeled.

C13.4. DSCA 1000 SYSTEM

C13.4.1. DSCA 1000 System Business Function. The DSCA 1000 System is an unclassified system that supports the Military Assistance Program (MAP), Drawdowns, and International Military Education and Training (IMET) program deliveries.

C13.4.2. DSCA 1000 System Data Input. Drawdown data are created by the MILDEPs and submitted to DSCA for entry into the DSCA 1000 System.

C13.4.3. DSCA 1000 System Management. The DSCA 1000 System is managed and maintained by DSCA (Information Technology Directorate).

C13.4.4. DSCA 1000 System Reports. Requests for DSCA 1000 reports should be sent to DSCA (Business Operations Directorate) and should identify how the requester would like the data sorted. Data are provided only on a need-to-know basis (i.e., Combatant Commands receive data for their area of concern, an SCO receives data only for its country, etc.).

C13.5. DSCA FOREIGN MILITARY FINANCING (FMF) SYSTEM

C13.5.1. DSCA FMF System Business Function. The DSCA FMF System is an unclassified system designed to administer FMF repayable and non-repayable loans, FMF grants and the MAP Merger program. The system includes five major functions:

C13.5.1.1. Recording FMF Programs. All apportionments of FMF funds, with the exception of administrative funding, are recorded in the FMF System.

C13.5.1.2. Commitments. FMF funding is used to finance FMS cases and, as allowed, direct commercial contracts. All uses of FMF funding are recorded as commitments of the original program value authorized, as a control to prevent overuse of funds.

C13.5.1.3. Billing and Collecting. Some FMF programs are in the form of repayable loans. The FMF System produces bills and credits repayments against repayable loans. The System also tracks repayment of DoD-guaranteed FMF loans and defaults.

C13.5.1.4. Rescheduling, Refinancing and Debt Forgiveness. Borrowers who are unable to honor original FMF debt repayment schedules frequently request the Paris Club for debt rescheduling and/or forgiveness. The USG is a member of the Paris Club and participates in numerous debt reschedulings and/or forgiveness. The FMF System includes procedures for these actions.

C13.5.1.5. Washington Headquarters Services (WHS) Accounting Transactions. The FMF System creates execution files that, when downloaded to the WHS Accounting module, create accounting records for the FMF program.

C13.5.2. DSCA FMF System Input Transactions. Users update the DSCA FMF System on a weekly basis. Commitments are entered via the Commitment Sub-System. Each update includes data sharing (output and input) with the Defense Integrated Financial System (DIFS). Case status, implementation dates, case descriptions, and collection data are fed from DIFS. Case commitments are provided to DIFS. The system copies and reformats user input of an accounting nature to the WHS Interface File. These transactions are then downloaded and transferred to the WHS Accounting System, which is the DSCA General Ledger for the FMF program.

C13.5.3. DSCA FMF System Management. DSCA (Business Operations Directorate) has management responsibility for the DSCA FMF System. The system is maintained and operated by DSCA (Information Technology Directorate).

C13.5.4. DSCA FMF System Reports. The DSCA FMF System has 34 active hard copy reports available. These reports provide a variety of FMF data for cases and direct commercial contracts financed with FMF funds, as well as loan, grant, and MAP Merger programs.

C13.6. MILITARY ARTICLES AND SERVICES LIST (MASL)

The MASL identifies defense articles and services and is a required entry on each LOA line item. There are two separate MASLs - one for materiel and one for training.

C13.6.1. Materiel MASL. DSCA (Business Operations Directorate) maintains the materiel MASL using the DSCA 1200 System and DSAMS. Each Implementing Agency should submit proposed additions, changes, and deletions to DSCA. The MASL contains the following elements.

C13.6.1.1. Generic Code. Each item listed on the MASL is assigned a generic code. The generic codes assigned to the defense articles and defense services are contained in Appendix 4.

C13.6.1.2. Federal Supply Classification (FSC). Each MASL line identifies the FSC. The FSC is a DoD code used to classify materiel, identified under the Federal Cataloging Program. The FSC contains four digits. The first two digits identify the Federal Supply Group (FSG) and the last two digits identify the Federal Supply Class within each group.

C13.6.1.3. National Stock Number (NSN). The NSN for an item consists of the applicable four-digit FSC, two-digit NCB Code, and a seven-digit National Item Identification Number (NIIN). All major items of materiel (except ammunition) listed in the MASL are identified by a specific NSN where one has been assigned by Defense Logistics Information Service (DLIS). Major items are assigned the proper FSC and a pseudo NIIN by the responsible MILDEP when an NSN has not been assigned as in the case of ships and aircraft.

C13.6.1.4. “Major Items” Versus “Dollar Value” Lines. The materiel MASL identifies whether a line is a major item or a dollar value line. Major items (e.g., aircraft) are identified in the MASL with a unit of issue other than “XX.” Dollar value lines are groupings of related items (e.g., spare parts). Appendix 4 shows, by Generic Code, which items should be considered major items.

C13.6.1.5. Footnote Code. MILDEPs are responsible for the assignment of footnote codes, where applicable, to all lines under their cognizance. Footnote Code “NN” is assigned to items that are not available from supply, under normal circumstances, to meet requirements. If a replacement item is known, the new MASL data should be submitted to DSCA by the appropriate MILDEP. Dollar lines are not assigned this footnote code. Footnote Code “YY” is assigned to items that were previously available and used on an FMS case, but are now inactive.

C13.6.2. Training MASL. Air Force Security Assistance Training (AFSAT) Squadron (Training Operations) maintains the Air Force training MASL; Naval Education and Training Security Assistance Field Activity (NETSAFA) maintains the Navy MASL; and Security Assistance Training Field Activity (SATFA) maintains the Army MASL. The training MASL contains the following elements.

C13.6.2.1. Generic Code. Each item listed on the MASL is assigned a generic code. The generic code is used to classify training according to the budget activity for reporting and management purposes. A complete list of codes is shown in Appendix 4.

C13.6.2.2. Execution Agency Code. This is a three-digit code used with all training program lines to identify the MILDEP providing the training, the funding command or agency, and the school or training activity at which training is to be performed. The MILDEPs are responsible for assigning these codes (coordinated with DSCA (Programs Directorate)).

C13.6.2.3. Training Analysis Code. Used in management of the IMET program to group training program data by categories that facilitates analysis by overall IMET program objectives. See available codes in Chapter 10, Table C10.T4.

C13.7. SECURITY ASSISTANCE NETWORK (SAN)

C13.7.1. SAN Business Function. The SAN is an Internet-based system used by SCOs, International Military Student Officers (IMSOs), international purchasers, and other members of the DoD Security Assistance community worldwide.

C13.7.1.1. SAN Objectives. The objectives of the SAN include:

C13.7.1.1.1. To provide ready and simplified inquiry access to Security Assistance training management, case management, logistics management, financial management and, where applicable, international defense cooperation management information.

C13.7.1.1.2. To provide Combatant Commands, SCOs, IMSOs, international purchasers and other users with local software packages that can collate Security Assistance data, produce management reports, and generate computer-produced forms and formats.

C13.7.1.1.3. To provide electronic mail (E-mail) capability among Combatant Commands, SCOs, continental U.S. (CONUS) organizations, and other Security Assistance overseas activities that do not have “.mil” e-mail addresses. Additionally, to provide e-mail forwarding for those who do have “.mil” e-mail addresses and an e-mail capability for Security Assistance users on temporary duty.

C13.7.1.1.4. To develop the necessary systems to support a consolidated view of data where this view is identified as a necessary requirement or is in the best interest of the Security Assistance community.

C13.7.1.2. SAN Components. The SAN includes the SAN Web, the International SAN (ISAN), the IMSO Web, the Training Management System (TMS), and the Security Assistance Automated Resource Management Suite (SAARMS). Table C13.T1. describes the functions of each of these components.

Table C13.T2. Security Assistance Network (SAN) Components

SAN Component	Description
SAN Web	Supports Security Assistance users worldwide. Accessible through the Internet. Provides registered users with access to Security Assistance community databases including the Integrated Standardized Training List (ISTL).
International SAN (ISAN)	Similar to the SAN Web designed for international purchasers.
International Military Student Office (IMSO) Web and Security Assistance Office (SAO) Web	Tailored to the needs of the IMSO and SCO. Provides access to the same training data used by the Security Assistance Training Community.
Training Management System (TMS)	Desktop-based system. Provides Security Assistance training management functions to SCOs, Military Services, DSCA, and international purchasers.
Security Assistance Automated Resource Management Suite (SAARMS)	Provides resource management functions for SCOs, Combatant Commands, and other Security Assistance activities.

C13.7.2. SAN Management. Table C13.T2. shows responsibilities for SAN management.

Table C13.T3. Security Assistance Network (SAN) Management Responsibilities

Organization	Responsibility
DSCA (Information Technology Directorate)	<p>Overall systems coordinator for the SAN</p> <p>Establish short and long-term goals and applications relative to the SAN.</p> <p>Provide funding for the SAN.</p> <p>Set technical standards for future computer and data accessory equipment purchases on behalf of SCOs.</p> <p>Review annual budget priorities relative to computer equipment purchases, maintenance arrangements, and telecommunications networks funded by DSCA.</p> <p>Maintain liaison with the Chairman of the Joint Chiefs of Staff, Combatant Commands, MILDEPs, and defense agencies to establish standard approaches and procedures to security assistance data accessibility.</p>
DSCA (Programs Directorate)	Chair TMS, IMSO Web, and SAO Web Configuration Control Board (CCB).
DSCA (Business Operations Directorate)	Chair SAARMS CCB.
Defense Institute of Security Assistance Management (DISAM)	<p>Manages and maintains the SAN under the oversight of DSCA (Information Technology Directorate).</p> <p>Manages system administration of the SAN systems and ensures compliance with DoD security and other computer system management requirements.</p> <p>Coordinates appropriate user account administration with the MILDEPs and Combatant Commands.</p> <p>Develops and supports TMS and SAARMS desktop software programs.</p> <p>Publishes and distributes the SAN user's handbooks.</p> <p>Provides initial training to DISAM students and follow-on training.</p> <p>Coordinates the central design and distribution of SAN packages for SCOs.</p> <p>Receives all proposed SAN changes and submits recommended changes through the SAARMS, TMS, or IT CRB as appropriate.</p>
DFAS Indianapolis	<p>Interface with the MILDEPs and defense agencies on database connectivity issues.</p> <p>Distribute disks containing current security assistance training program information to off-line SCOs.</p>
MILDEPs	<p>Respond to requests for technical and management assistance from the DSCA (Information Technology Directorate).</p> <p>Coordinate all changes to security assistance information systems, which might have an impact on SAN users through the respective Program Managers.</p> <p>Establish procedures to ensure data transmission validity and make pertinent databases accessible to authorized users.</p>

Organization	Responsibility
	<p>Assign SAN User Administrators. Submit proposed SAN changes to DISAM.</p>
<p>Combatant Commands</p>	<p>Assign SAN User Administrators. Plan, coordinate, and provide technical support for standardizing purchases, improving management, ensuring interoperability, and recommending/approving purchase and distribution of Automated Data Processing (ADP) equipment and software systems to support the SAN. Ensure that SCOs adhere to hardware and software standards established by the DSCA (Information Technology Directorate) and validate requirements for future ADP purchases. Supervise, direct training, and provide technical support to the SAN installed at the Combatant Command headquarters, components, and SCOs throughout the theater. Evaluate SAN operations as part of the Combatant Command inspections/staff assistance visits. Submit proposed SAN changes to DISAM.</p>
<p>SAN Users</p>	<p>Ensure that future ADP purchases adhere to the minimum specifications on the DSCA web site or request a waiver from DSCA (Information Technology Directorate) through the Combatant Command. Ensure appropriate user accounts and passwords are obtained and safeguarded. Submit proposed SAN changes to DISAM.</p>

C13.7.3. Training Management System (TMS), International Military Student Office (IMSO) Web, and Security Assistance Office (SAO) Web Configuration Control Board (CCB). The TMS, IMSO Web, SAO Web CCB prioritizes TMS, IMSO Web, SAO Web and related SAN workload, makes resource recommendations to the DSCA (Business Operations). Members of the TMS, IMSO Web, SAO Web CCB include DSCA (Programs Directorate) (chair), DSCA (Information Technology Directorate), Combatant Commands, and DISAM. The IT Governance Board via the IT CRB approves all IT system enhancements to TMS, IMSO Web, and SAO Web except for repair/maintenance requests under \$500K.

C13.7.4. Security Assistance Automated Resource Management Suite (SAARMS) Configuration Control Board (CCB). The SAARMS CCB prioritizes SAARMS and related SAN workload, makes resource recommendations to the DSCA (Business Operations Directorate). Members of the SAARMS CCB include DSCA (Business Operations Directorate) (chair), DSCA (Information Technology Directorate), Combatant Commands, DISAM, and DFAS. The IT Governance Board via the IT CRB approves all IT system enhancements to SAARMS except for repair/maintenance requests under \$500K.

C13.7.5. SAN Equipment. The DSCA Web site under the section entitled “Equipment Purchases and Maintenance” shows the minimum equipment required to use the SAN. Any deviation from these specifications must be coordinated through the MILDEP, Combatant Command, and the DSCA (Information Technology Directorate). Moreover, all SCO ADP purchases must be coordinated with in-country embassy and/or mission representatives to ensure compatibility with the DoS security and maintenance standards.

C13.7.6. SAN Training. Newly designated Security Assistance personnel shall receive initial SAN Web familiarization training at DISAM. DISAM prepares, maintains, and distributes the SAN Web User’s Handbook, which compiles system descriptions, security procedures, and product formats. The Combatant Commands, MILDEPs, and DISAM conduct SAN refresher and/or update training.

C13.8. SECURITY COOPERATION INFORMATION PORTAL (SCIP)

C13.8.1. Security Cooperation Information Portal (SCIP) Business Function. The SCIP is managed, administered, and maintained by DSCA (Information Technology Directorate). The SCIP allows security cooperation personnel, including our international partners, to have a tri-Service view of selected foreign military sales case-related data. The SCIP draws information from the MILDEP Security Assistance legacy systems and is provided to authorized users in a web-based, user-friendly, standardized tool. Users are granted access on a need-to-know basis as determined by their parent organizations (for USG users) or their Government's designated representative (for foreign purchasers). The IT Governance Board via the IT CRB approves all IT system enhancements to SCIP except for repair/maintenance requests under \$500K.

C13.9. CASE EXECUTION MANAGEMENT INFORMATION SYSTEM (CEMIS)

By memorandum dated January 10, 2001, DSCA initiated a Case Execution Requirements Definition process, to analyze the deficiencies of existing Military Department (MILDEP)-unique case execution legacy systems. The analysis determined that there were sufficient deficiencies in these systems to warrant development of a Mission Needs Statement (MNS). A MNS was developed and approved on May 30, 2001 for a new system called CEMIS. CEMIS functions include post case implementation through case closure. A CEMIS high-level Operational Requirements Document (ORD) was approved in December 2001 and a more detailed ORD was produced in January 2003. These documents outline the functional and system requirements for the entire Security Assistance community to include international purchasers. Once the system has been developed, this Manual shall be updated to provide additional information.

C14. CHAPTER 14

FORECASTING, PROGRAMMING, BUDGETING, AND AUDITS

C14.1. FORECASTING AND JAVITS REPORTS

C14.1.1. The Javits Report (Arms Export Control Act (AECA), Section 25(a) (reference (c))). Each year by February 1st, the President submits the Arms Sales Proposal (commonly referred to as the Javits Report) to Congress. The proposal covers all potential Department of Defense (DoD) Foreign Military Sales (FMS) of major weapons or weapons-related defense equipment for \$7M or more, or of any other weapons and weapons-related defense equipment for \$25M or more, which may be offered during the next calendar year. The intent of this report is to list all possible sales even if the probability of the sale in the next year is not considered high. In addition, the Military Departments (MILDEPs) must provide a list of Significant Military Equipment that is anticipated to become available for transfer as Excess Defense Articles during the next 12 months - this list is part of the Javits Report. Sales already notified to Congress are excluded; however, sales reported on a previous Javits submission must be reported on each subsequent report until formal notification is made. Security Cooperation Organizations (SCOs), Implementing Agencies and the Defense Security Cooperation Agency (DSCA) Country Program Directors (CPDs) may include direct commercial sales (DCS) that meet these thresholds if sufficient information is known. The DSCA CPD is responsible for answering all questions on DCS included on DSCA's submission. The worksheet for input to the Javits Report is combined with the input for the annual Forecast Report (see paragraph C14.1.2.). DSCA CPDs provide copies of the worksheets to their SCOs and Implementing Agency counterparts. Individual country input is unclassified unless the country has requested classification (see Chapter 4, subparagraph C4.5.16.1.). DSCA (Programs Directorate/Weapons Division) prepares the Security Assistance portion of the Javits Report and provides it to the Department of State (DoS) for submission to Congress. Table C14.T1. outlines the DSCA submission timeline for this report.

C14.1.2. DSCA Forecasting Process. DSCA uses a sales forecasting process to determine projected revenue, to assess community "right sizing," and to allocate Administrative funds to the MILDEPs. Forecasting supports various Congressional initiatives that DSCA pursues to advance its mission and effectiveness. Each year these estimates are published in the upcoming calendar year Foreign Operations Fiscal Year Budget for the current fiscal year and the next fiscal year. The estimates include all highly probable sales of weapons or weapons-related defense equipment, services, or training by the United States Government (USG) to foreign purchasers for the reporting fiscal years. DSCA prepares the Security Assistance portion of the Forecasting Report and provides it to the DoS for submission to Congress. Projections of dollar levels or content of FMS agreements and of dollar levels of FMS credit extensions for the budget year or a subsequent fiscal year are classified for each individual country and international organization. These projections are declassified when the applicable fiscal year Congressional Budget Justification (CBJ) is delivered to Congress. The projections are marked as follows: "Classified by DoD 5105.38-M, Declassify on Delivery to Congress of Congressional Budget Justification for Fiscal Year [insert fiscal year]." Table C14.T2. outlines the DSCA submission timeline for this report.

Table C14.T1. DSCA Javits Submission Timeline

Date	DSCA Javits Report Submission Timeframe Event (Specific due dates are provided in the annual Javits message.)
June	DSCA (Programs Directorate/Weapons Division) sends tasking message on the Javits Report and 2 years (budget and plan fiscal years) of FMS Forecasting projections to the Implementing Agencies and SCOs. The spreadsheet for input of this data is a combination of Forecasting and Javits Report data.
	DSCA CPDs provide copies of the worksheet to their SCO and Implementing Agency counterparts.
August	SCOs' country input is due into the DSCA CPDs. SCOs should ensure coordination with their Combatant Commands and appropriate Implementing Agencies.
September	Input for the Javits Report and Forecasting Report due from the DSCA CPDs and forwarded to the DSCA (Operations Directorate) for review.
	Approvals received from the DSCA (Operations Directorate) and the consolidated report sent to Implementing Agencies and Combatant Commands for review and comment.
October	DSCA (Programs Directorate/Weapons Division) sends draft report to DSCA (Operations Directorate), DSCA (Strategy Directorate/Policy Division), and DSCA (Business Operations Directorate) for review/comment.
	Comments due back from the Implementing Agencies and Combatant Commands. The consolidated report is sent to the DSCA (Operations Directorate), DSCA (Strategy Directorate/Policy Division), and DSCA (Business Operations Directorate) for approval.
	DSCA (Operations Directorate), DSCA (Strategy Directorate/Policy Division), and DSCA (Business Operations Directorate) review/comments due to DSCA (Programs Directorate/Weapons Division).
October – November	Draft Javits Report coordinated with the Director/Deputy Director, DSCA.
November	Draft Javits Report DoD coordination complete.
December	DoD-cleared First Draft Javits Report sent to the DoS.
November - January	DSCA (Operations Directorate) respond to Javits questions from the DoS and Director/Deputy Director, DSCA.
January	Javits background papers/comments due from the DSCA CPDs.
	DSCA Director's approval of DoS's final report, and the Javits Report pre-brief between DSCA and the DoS.
February	Javits Report due to Congress.
	Javits Report briefing to House and Senate staffs.

Table C14.T2. DSCA Forecasting Submission Timeline

Date	DSCA Forecasting Submission Timeframe Event
June	DSCA (Strategy Directorate) sends tasking message on the Javits Report and 2 years (budget and plan fiscal years) of FMS Forecasting projections to the Implementing Agencies and SCOs. The spreadsheet for input of this data is a combination of Forecasting and Javits Report data.
	DSCA CPDs provide copies of the worksheet to their SCO and Implementing Agency counterparts.
	DSCA (Operations Directorate) contact SCOs and Implementing Agencies about tasking on the 2 years of FMS Forecasting projections
August	SCO input due to Implementing Agencies and DSCA (Operations Directorate).
	Implementing Agencies input due to DSCA (Operations Directorate).
September	DSCA (Strategy Directorate/Requirements Division) receives all inputs from DSCA (Operations Directorate) via the Forecasting Module for the 2 upcoming fiscal years of FMS Forecasting projections.
	DSCA (Strategy Directorate/Requirements Division) reviews and analyzes the forecasting data.
	DSCA (Strategy Directorate/Requirements Division) sends email request to DSCA (Operations Directorate) for vetting session meetings on submissions.
	Vetting sessions are scheduled as soon as possible to resolve differences among the four divisions within the DSCA (Operations Directorate).
	DSCA (Strategy Directorate/Requirements Division) and DSCA (Operations Directorate) finalize the forecasting position.
	Brief Deputy Director, DSCA on the 2-year FMS Forecasting projections.
	Resolve any issues resulting from the briefing to the Deputy Director, DSCA.
October	Brief the Director, DSCA on the 2-year FMS Forecasting projections.
	Resolve any issues resulting from the briefing to the Director, DSCA.
November	Prepare the CBJ for DSCA (Business Operations Directorate) to be incorporated for Security Assistance input into the upcoming calendar year CBJ.

C14.2. PROGRAMMING

The principal steps in the DoD Programming process are: Program Objective Memoranda (POMs) are formulated and submitted; the Office of the Secretary of Defense (OSD) Defense Resources Board (DRB) reviews the POMs; DRB review results are documented in the Program Decision Memorandum (PDM) and signed by the Deputy Secretary of Defense (each Service receives a separate PDM); and PDMs are issued concluding the Programming phase. This process is also applied to the Security Assistance community.

C14.2.1. What is a Program? Programs are a set of resources structured to support the processes, activities, and infrastructure to accomplish the mission, goals, and objectives of Security Cooperation. Programs encompass all resources used to support that program including dollars and manpower. Funding is categorized by both program element and object class (e.g., Civilian Pay, Temporary Duty (TDY), Contracts, Supplies, etc.). Each Security Cooperation program relates to United States (U.S.), DoD, and DoS goals and objectives. Programs may be funded by several different sources, including the FMS Trust Fund, and DoS and DoD allocations such as Foreign Military Financing (FMF), Case Funding, Operations and Maintenance (O&M), Research and Development (R&D), Military Pay, etc.

C14.2.2. How Are Security Cooperation Programs Aligned? Security Cooperation programs are aligned to DSCA's Six Core Functions. The Six Core Functions include Pre-Letter of Request (LOR), Case Development, Case Execution, Case Closure, Business Sustaining, and Other Security Cooperation Missions. Each program has a designated Office of Primary Responsibility (OPR), which has overall responsibility for planning and programming and a designated Program Element Monitor (PEM). A list of OPRs and PEMs is maintained by DSCA (Strategy Directorate/Requirements Division). Performance measures evaluate each program as it relates to achieving DSCA planning objectives.

C14.2.3. DSCA Programming Process. DSCA programs for 3 years, rather than 6. FMS and FMF Administrative Funds shall use this programming process for fiscal year 2005 and through the Future Years Defense Program (FYDP). Table C14.T3. illustrates the DSCA Programming process. The dates in this table are estimates and may vary from year to year. A critical component of the programming process is to establish the Program Element Monitor (PEM) and Implementing Agency or Claimant for each program element. The PEM is generally the DSCA contact for the program element and is expected to review all incoming programs submissions for technical matter issues, affordability, and consistency with planning and programming guidance. The PEM does not produce or submit programming requests for all Implementing Agencies and Claimants, but does have a role in the review of all program submissions. The Implementing Agency representative is responsible for programs submissions to DSCA (Strategy Directorate).

Table C14.T3. DSCA Programming Process

Timing	DSCA Programming Process Event
Early September	Call for Security Cooperation Issues (every other year). This “Call for Issues” solicits inputs for the DSCA Planning Guidance, issued biennially, to set the direction/goals for the community and its resource allocation process and is addressed to the MILDEPs, combatant commanders, and other organizations requesting and/or using FMS/FMF Administrative Funds.
Early October	Strategy Forum (every other year). The Security Cooperation community discusses issues that should be addressed in the upcoming DSCA Security Cooperation Planning Guidance. Emphasis is placed on planning priorities and potential impacts on resource allocation decisions.
Mid November	Issue Planning Guidance (every other year). The DSCA Security Cooperation Planning Guidance draws from the overarching goals for the country and the Department of Defense to arrive at guidance for the Security Cooperation community. The DSCA Planning Guidance is issued every even-numbered year. In odd years, a shorter Guidance Addendum is issued to provide focused objectives for that cycle. The DSCA Planning Guidance sets out the vision, principles, goals and priorities that help Implementing Agencies/Claimants understand the community’s direction and allocate resources to support the goals.
Early December	Programming Process Meeting with Implementing Agencies (every year). Implementing Agencies discuss their issues or concerns with the upcoming programming process. Issues include both programming cycle processes and priorities for possible inclusion in the DSCA Programming Guidance.
Mid December	Issue Programming Guidance (every year). The DSCA Programming Guidance is the official guidance document governing the programming stage of the DSCA Planning, Programming, and Budgeting System (PPBS) process. An updated timeline is included in each Programming Guidance.
Late February	Stakeholders Program Submissions* due. The Implementing Agencies/Claimants are required to provide their submissions to DSCA as requested in the Programming Guidance and justify the level of funding and manpower resources needed to meet their programmatic requirements, mission, goals, and objectives. They balance the known level of resources with the highest priority requirements. As part of the programs submission due in late February, the MILDEPs, other DoD Agencies, and DSCA Headquarters and Field Components, provide their programming request (both dollars and work years) for the POM years, for the FMS Administrative Account and FMF Administrative Account only. The submission addresses all 34 program elements and is submitted in dollars, work years, and by object classes. The Implementing Agencies/Claimants are encouraged to submit their program requests based on program-based requirements and policy-directed priorities. Submission decisions should be based on priorities specified in the Planning Guidance and Programming Guidance. The programs submission require the Implementing Agencies/Claimants to fill out separate exhibits for each existing, planned, or requested Information Technology (IT) system or application. All IT systems and applications must be justified based on a business case analysis framework.
Late February-Mid April	Program Review/Analysis (includes Integrated Priority List (IPL) and Unfunded List, if necessary). The review is performed by DSCA (Strategy Directorate/Requirements Division). All program submissions are reviewed for: (1) consistency with Planning and Programming Guidance; (2) completeness of explanation of requirements; and (3) use of return on investment, performance-based, business case-type analysis in justifying requests.
Early March	MILDEP Presentations* to DSCA (Strategy Directorate) and DSCA (Business Operations Directorate). At the beginning of the Program Review process, the MILDEPs present their programs submissions to DSCA to demonstrate how submitted funding and manpower requirements support the overarching mission, goals, and objectives of the Security Cooperation community. All other Implementing Agencies/Claimants deal directly with the DSCA (Strategy Directorate/Requirements Division) during the Program Review process.

Table C14.T3. DSCA Programming Process (continued)

Timing	DSCA Programming Process Event
Early May	PDM to Stakeholders. The PDM establishes the baseline for all program elements, by Implementing Agency. When complete, the PDM becomes the foundation for the actual DSCA budget for the FMS and FMF Administrative Accounts, and is provided to DSCA (Business Operations Directorate) for budget formulation. The Director, DSCA makes the final PDM decisions. The PDM is released to the MILDEPs for review within 5 business days. The Implementing Agencies have the opportunity to address any major programming issues to the Director, DSCA. Other Implementing Agencies, including internal DSCA elements, also have the opportunity to address their major programming issues during the program review process. The PPBS process dictates that the PDM becomes both the new resource “baseline” for the programs and the baseline resource level to begin the budget formulation process.
Mid May	Major Programming Issues. MILDEPs address resource issues during the Programming process before Director, DSCA final decisions.
	Present PDM Recommendations to Director, DSCA.
Late May – Early June	Final Decisions/Requirements Division Adjustments/Analysis/Baseline
Early June	Issue final PDM to DSCA (Legislative and Public Affairs (LPA) Office), Stakeholders, and DSCA (Business Operations Directorate) (FMS and FMF Administrative Accounts only). The DSCA (Business Operations Directorate) uses the resources level as “targets” by program element, provided to the Implementing Agencies/Claimants in the budget guidance for the next 2 fiscal years.
*Indicates major deliverable due from Implementing Agencies/Claimants.	

C14.3. BUDGETING

FMS Administrative Funds and FMF Administrative Funds finance the administration of various Security Assistance programs. FMS and FMF administrative funding is available to DoD organizations that implement and execute Security Assistance programs. Administrative funding is not provided to organizations that formulate U.S. Security Assistance policy such as the DoS, the Joint Staff, or the Undersecretary of Defense for Policy (USD (P)). A general description of the budget process and guidance to assist organizations in preparing FMS Administrative, FMF Administrative, and SCO budgets follows. Specific formats, instructions, and guidelines for budget development and submission are provided with each annual budget call.

C14.3.1. FMS and FMF Administrative Funding

C14.3.1.1. FMS Administrative Funding. The FMS Administrative Fund is financed with collections from FMS purchasers derived from an assessed administrative surcharge. Collections also included a logistics support charge (LSC) assessed against specific logistics-related items delivered on or after 1 April 1987 and prior to 1 October 2007. The DSCA (Business Operations Directorate) is responsible for financial management of the FMS Administrative Surcharge and the LSC Trust Fund. The Defense Finance and Accounting Service (DFAS) collects the surcharges in accordance with DoD 7000.14-R (reference (9)), Volume 15, Chapter 7. The FMS appropriation is subject to the same controls and regulations as any DoD appropriations.

C14.3.1.2. FMF Administrative Funding. The FMF Administrative Fund is financed from a combination of annual appropriations in the FMF account and reimbursements from the sale of Military Assistance Program (MAP)-owned defense articles (MAP inventory of disposable property returned from recipient countries) that are credited to the current year FMF account as they occur. FMF funds are appropriated to the President. By Executive Order 12163, (reference (df)) the President allocates these funds and delegates the authority and responsibility for their administration to the Secretary of Defense. The FMF appropriation is subject to the same controls and regulations as DoD appropriations.

C14.3.1.3. FMS and FMF Administrative Budget Call and Submission. DSCA issues an annual Budget Call to Implementing Agencies that execute an FMS Administrative budget. Each year the call is issued in May and is due in August. The main objective of the call is to provide Implementing Agencies with budget execution guidelines for the development of their budget submission. The call provides the Implementing Agencies with funding targets to develop budgets and allocate resources. Targets are based on the current, approved PDM issued to each Implementing Agency. The call includes reference materials and information needed to develop and submit the FMS and FMF Administrative budgets. DSCA consolidates the call for both the FMS and FMF Administrative budgets; however, the budgets should be developed independently.

C14.3.1.4. FMS and FMF Administrative Budget Issuance. DSCA releases a comprehensive Financial Plan each year in late September for use by the Implementing Agencies. The information is concurrently used as DSCA's annual budget submission to the Office of Management and Budget (OMB) and the President's Budget. The Financial Plan includes the final Implementing Agencies' baseline for use in developing their annual execution plan and a notional schedule of execution reviews for the upcoming fiscal year.

C14.3.1.5. FMS and FMF Administrative Budget OMB Hearings and Reclama. DSCA meets annually with OMB to discuss prior, current, and future fiscal year budgets - typically in October. During the hearing, DSCA presents the Agency's budget for the FMS Administrative fund. The goal of the hearing is to provide information and justification for the President's Budget request, as well as other matters pertinent to the President's Budget Submission. Following a review, OMB provides a "passback." The passback is OMB's official decision regarding DSCA's budget and sets the budget topline for the following fiscal year and associated out years. DSCA changes the budget to reflect OMB's decisions. During the passback and reclama process, DSCA has the opportunity to justify changes in funding levels of the FMS Administrative Budget. The President's Budget Submission is an opportunity for DSCA to provide evidence of fiscally sound planning, budgeting, and management. The result of the President's Budget Submission is a budget that complies with OMB and President's guidelines and policies. DSCA completes and returns its component of the President's Budget Submission through formal President's Budget galleys and the OMB MAX Budget Information System. The President's Budget Submission includes the target for the upcoming and subsequent fiscal year. If any adjustments were made during the OMB passback and reclama process, DSCA communicates those changes in the President's Budget Submission.

C14.3.1.6. Reimbursement Exemptions for FMS Administrative Funds. AECA, section 43 (reference (c)) exempts reimbursement from the FMS Administrative Budget for military personnel costs and unfunded civilian retirement costs supporting the administration of the FMS program. The effective date for the exemption of military personnel costs is January 1, 1990. The effective date for the exemption of unfunded civilian personnel costs is the first complete pay period of December 1989.

C14.3.2. SCO Funding. DSCA allocates FMS Administrative and FMF Administrative funding for Security Assistance management functions to the SCOs and the Combatant Commands' Headquarters through the Combatant Commands. The SCOs prepare budget execution plans in accordance with instructions in this chapter, the annual DSCA SCO Budget Call, other DSCA guidance, and Combatant Command guidance. SCO and Combatant Command Headquarters support costs include U.S. and Foreign Service National (FSN) salaries and allowances, travel, rents, utilities, communications, printing, contractual services equipment (including vehicles), and permanent change of station travel for U.S. civilians with transportation agreements. DSCA centrally funds U.S. Coast Guard salaries, International Cooperative Administrative Support Services (ICASS), Residential Local Guard Program, C-12 Aircraft Flying Hour Program, FSN Separation Liability Trust, and furniture and move-in costs for new embassy buildings.

C14.3.2.1. SCO Budget Call. DSCA issues an annual SCO Budget Call requiring submission of budget estimates and supporting justification materials to provide input for the President's Budget. The budget call, usually issued in May, includes the current Annual Funding Plan (AFP) and targets for the budget year. The Combatant Commands submit consolidated budget execution plans to DSCA by the third week of August. Submissions include the actual costs for the 2 years prior fiscal year, estimated actual costs for the prior fiscal year, revised estimated requirements for the fiscal year starting October 1st, and projected costs for the budget year for inclusion in the President's Budget. DSCA reviews these submissions to establish approved SCO budget estimates for inclusion in the initial submission to OMB in November.

C14.3.2.2. Development and Submission of SCO Budget Estimates. The SCOs complete budget estimates in accordance with instructions in the SCO Budget Call. The Combatant Commands review the SCO submissions, set priorities, and adjust target levels. Each Combatant Command submits a consolidated budget estimate and execution plan to DSCA, including a prioritized list of unfunded requirements, in the Security Assistance Automated Resource Management Suite (SAARMS) Budget Preparation Module format.

C14.3.2.3. Issuance and Use of SCO Funds. DSCA issues funds to the Combatant Commands quarterly through the Program Budget Allotment System (PBAS) in accordance with the annual budget execution plan. DSCA issues annual year-end closeout guidance to all funds recipients.

C14.3.2.3.1. SCO Funds. DSCA finances all SCO operating costs with a combination of FMS Administrative and FMF Administrative Funds, collectively known as T-20 funds. DSCA allocates the two types of funds based on resource allocation data submitted annually by the SCOs in proportion to the types of Security Assistance program management functions being performed.

C14.3.2.4. Assistance-in-Kind (AIK). While not a funded program, AIK offsets funding requirements for some SCOs. SCOs receiving AIK (e.g., office space, vehicles, utilities, personnel) report such support in their annual budget estimates by object code, using fair market value to assign costs.

C14.4. AUDITS

C14.4.1. DSCA Audit Responsibilities. The DSCA (Business Operations Directorate) has oversight of all General Accounting Office (GAO) and DoD Inspector General (DoDIG) audits on Security Assistance programs. DSCA is normally provided advance notification of a proposed audit identifying the Congressional committee or organization that initiated the action; a statement of the scope; a time schedule for the audit; the name, number, and organization of the audit focal point; and a unique audit work or job code number.

C14.4.2. Relationship with MILDEP and Combatant Command Audit Agencies. Generally, audits or inspections of MAP, International Military Education and Training (IMET), and FMS programs are conducted in accordance with instructions of the MILDEPs and Combatant Commands.

C14.4.3. Procedures. Upon receipt of an audit request, the DSCA (Business Operations Directorate/Administration and Management) audit liaison officer reviews the audit request and appoints a DSCA Primary Action Officer (PAO) and/or a Collateral Action Officer (CAO). The audit liaison officer ensures that the appropriate MILDEP or Combatant Command headquarters structure is apprised of significant issues associated with the audit. Once audit responsibility is assigned, an entry audit conference is conducted as soon as practical. The PAOs and/or CAOs keep all working notes and memoranda for the record (MFRs) as appropriate and provide periodic status updates to the Director, DSCA, with a copy to the DSCA audit liaison officer. Periodic is defined as not less than bimonthly with negative responses required.

C14.4.4. Exit Conferences. During exit conferences, the auditors generally meet with the PAO and/or CAO to present their proposed findings and a draft report.

C14.4.5. Audit Findings and Recommendations. Upon publication of the audit or findings, DSCA reviews to determine any future course of action (e.g., business process re-engineering (BPR) initiatives) as appropriate.

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AP1. APPENDIX 1NONRECURRING COST RECOUPMENT CHARGES FOR
MAJOR DEFENSE EQUIPMENT *

*NOTE: NC rates are subject to change. The rates listed are the current rates at the time of publication. If a sale took place prior to the effective date shown, the rate may be different. Contact DSCA (Strategy Directorate) if you have questions regarding a specific NC rate.

Category I	<u>Firearms</u>
Category II	<u>Guns and Armament</u>
Category III	<u>Ammunition and Ordnance</u>
Category IV	<u>Launch Vehicles, Guided Missiles, Ballistic Missiles, Rockets Torpedoes, Bombs And Mines</u>
Category V	<u>Propellants, Explosives And Incendiary Agents</u>
Category VI	<u>Vessels of War and Special Naval Equipment</u>
Category VII	<u>Tanks and Military Vehicles</u>
Category VIII	<u>Aircraft, Spacecraft and Associated Equipment Aircraft Helicopters Engines</u>
Category IX	<u>Military Training Equipment</u>
Category X	<u>Protective Personnel Equipment</u>
Category XI	<u>Military and Space Electronics</u>
Category XII	<u>Fire Control, Range Finder, Optical and Guidance and Control Equipment</u>
Category XIII	<u>Auxiliary Military Equipment</u>

**TABLE AP1.T1. CATEGORY I
FIREARMS**

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
Gun, Machine, M2, 50 Cal. (A)	\$1.82	March 28, 1989
Gun, Machine, M240 Series (A)	\$65.07	March 28, 1989
Gun, Rifle M16 Series, 5.56mm (A)	\$7.90	March 25, 1980

**TABLE AP1.T2. CATEGORY II
GUNS AND ARMAMENT**

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
Gun, 20mm, M61 (AF)	\$1,342.00	December 6, 1984
Gun, 30mm, GAU-8 (AF)	\$27,881.00	January 22, 1981
Gun Pod, 30mm, GPU-5/A (AF)	\$60,239.00	August 11, 1982
Howitzer, M101A1, Towed, 105mm (A)	\$850.00	June 11, 1987
M777, 155MM Lightweight Towed Howitzer	\$309,580	April 24, 2007
Howitzer, M198, Towed, 155mm (A)	\$47,483.00	February 14, 1986

**TABLE AP1.T3. CATEGORY III
AMMUNITION AND ORDNANCE**

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
Cartridge, 20mm (A)	\$0.20	January 1, 1977
Cartridge, 30mm GAU-8 (AF)	\$0.50	March 28, 1989
Cartridge, 40mm, HE (A)	\$0.11	March 28, 1989
Cartridge, 40mm, M385 Dummy (A)	\$0.19	May 15, 1991
Cartridge, 40mm, M433 Fxd Hedp, Sngl Rd 72/Bx (A)	\$0.43	May 15, 1991
Cartridge, 60mm, HE (A)	\$0.47	March 28, 1991
Cartridge, 60mm M720 HE with FMO M734 (LAP) (A)	\$5.00	May 15, 1991
Cartridge, 81mm, M301 Illum. (Only) (A)	\$0.04	May 7, 1981
Cartridge, 81mm, M374A3 HE with M567 Fuze (A)	\$3.24	May 15, 1991
Cartridge, 105mm, APFSDS-T M735(A)	\$68.00	March 28, 1989 – Aug 12, 1992
Cartridge, 105mm, M456 HEAT-T MP (A)	\$3.59	May 7, 1981
Cartridge, 105mm, M490 (A)	\$0.57	May 7, 1981
Cartridge, 105mm, M724A1 (A)	\$1.42	May 7, 1981
Cartridge, 105mm, M774 APFSDSD-5 2/Bx (A)	\$24.00	May 15, 1991
Cartridge, 105mm, M833 APFSDS-T (A)	\$88.00	July 5, 1991
Cartridge, 105mm, HE (A)	\$0.87	May 21, 1979
Cartridge, 120mm, M829 APFSDS-T (A)	\$126.60	December 2, 1988
Cartridge, 120mm, M830 HEAT MP-T (A)	\$293.59	December 2, 1988
Cartridge, 120mm, M831 HEAT TP-T (A)	\$83.03	December 2, 1988
Cartridge, 120mm, M865 TPCSDS-T (A)	\$37.82	December 2, 1988
Cartridge, 4.2", M329A2 HE without Fuze with Old Obturator (LAP) (A)	\$4.08	May 15, 1991
Cartridge, 4.2", M335 Illum. (Includes M577 Fuze) (A)	\$4.03	January 20, 1982
M577 Fuze	\$3.39	August 1, 1980
Projectile, 155mm, M107 (A)	\$3.22	May 21, 1979
Projectile, 155mm, M483/M483A1 (A)	\$2.20	March 2, 1982
Projectile, 155mm, M549 HE RAP (A)	\$13.76	February 5, 1981
Projectile, 155mm, M692/M731 HE ADAM (A)	\$111.00	May 30, 1986
Projectile, 155mm, M712 CLGP Copperhead (A)	\$4,152.00	September 17, 1981
Projectile, 155mm, M718/M741 RAAMS (A)	\$57.00	May 30, 1986
Projectile, 155mm, M864 HE (A)	\$47.00	August 10, 1993
Projectile, 155 mm, XM982, Extended Range (Excalibur)	\$19,212.00	March 30, 2006
Projectile, 175mm, M437 HE (A)	\$2.33	March 26, 1980
Projectile, 5"/38 Cal (N)	\$15.60	July 9, 1984
Projectile, 5"/54 Cal (N)	\$74.42	May 4, 1984
Projectile, 8" M106 HE (A)	\$0.04	May 21, 1979
Projectile, 8" M650 HE (A)	\$83.04	May 21, 1979
Projectile, 8" HE ICM (A)	\$15.48	May 21, 1979

**TABLE AP1.T4. CATEGORY IV
LAUNCH VEHICLES, GUIDED MISSILES, BALLISTIC MISSILES, ROCKETS
TORPEDOES, BOMBS AND MINES**

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
Advanced Precision Kill Weapon System (APKWS)	\$1,011.00	August 20, 2004
Bomb, BLU-109 with FMU-143 Fuze	\$1,097.00	May 18, 1989
Bomb, BLU-109 without FMU-143 Fuze	\$747.00	May 18, 1989
BLU-110 General Purpose Bomb	\$63.70	January 10, 2007
BLU-111 General Purpose Bomb	\$57.49	January 10, 2007
BLU-117 General Purpose Bomb	\$66.33	January 10, 2007
Bomb, CBU-87 Combined Effects Bomblets (AF)	\$1,080.00	December 6, 1984
Bomb, CBU-90 Anti-Armor Cluster Munition (AF)	\$3,351.00	March 28, 1989
Bomb CBU-103	\$5,638.03	October 16, 2007
Bomb CBU-103/104/105 (Inert)	\$4,558.03	May 28, 2004
Bomb CBU-103/104/105 (Inert)	\$3,750.00	July 11, 2003
Bomb, MK20, Cluster Bomb Rockeye (N)	\$117.39	March 25, 1983
Bomb, MK82 500# General Purpose (N)	\$3.29	March 25, 1983
Bomb, MK83 1000# General Purpose (N)	\$10.40	March 25, 1983
Bomb, MK84 2000# General Purpose (N)	\$12.80	March 25, 1983
Bomb, M117, 750#, General Purpose (AF)	\$20.00	December 6, 1984
Bomb, Guided, Walleye Series (N)	\$6,183.00	December 6, 1984
Bomb, Guided Unit, GBU-22	\$2,710.00	December 20, 2001
Bomb, Guided Unit, GBU-24	\$2,720.00	July 2, 1997
Bomb, Guided Unit, GBU-39/B Small Diameter (SDB) MASL Number: 1325015268728	\$5904.00	December 27, 2005
Countermeasure, MK214/MK216 Sea Gnat (N)	\$145.00	April 1, 1992
Gun Mount, M75, 76mm Gun (N)	\$62,749.00	December 6, 1984
Gun Mount, MK45 Mod 1, 5"/54 (N)	\$142,566.00	October 1, 1984
High Mobility Artillery Rocket System (HIMARS)	\$185,755	September 28, 2004
Launcher, MK13 (Mod 0 To Mod 3) (N)	\$78,125.00	November 17, 1978
Launcher, MK41 Vertical Launching System (VLS) (29 Or 61 Cells) (With Canister) (N)	\$1,239,246.00	December 14, 1987
Launcher, MK41 Vertical Launching System (VLS) (29 Or 61 Cells) (Without Canister) (N)	\$1,232,863.00	December 14, 1987
Launcher, MK41 Vertical Launching System (VLS) Non Standard Canister (N) (MK-13 Canister)	Determined Non- MDE	October 25, 2007
Launcher, MK41 Vertical Launching System (VLS) (8 Cell Variant)	\$154,108.00	November 24, 1989
M42 Submunition (for 155MM, 8inch and 16inch shells)	\$0.01	May 10, 1991
Mine, Canister M87 (Volcano) (A)	\$270.00	May 15, 1991
Missile, AGM-45 Shrike (N)	\$4,890.00	August 11, 1978
Missile, AGM-65A/B Maverick (AF)	\$3,722.00	February 3, 1981
Missile, AGM-65D Maverick (AF)	\$5,343.00	November 3, 1987
Missile, AGM-65E Laser Maverick (AF)	\$24,213.00	December 6, 1984
Missile, AGM-65F/G Maverick (AF)	\$6,331.00	November 3, 1987
Missile, AGM-65G2 Maverick Guidance and Control System (GCS) (AF)	\$4,268.46	September 30, 2004

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
Missile, AGM-65H/K Maverick (AF)	\$4,875.00	May 7, 2004
Missile, AGM-88 HARM (N)	\$21,249.00	April 20, 1982
Missile, AGM-130 Powered Standoff WPN	\$167,000.00	January 7, 1997
Missile, AGM-142A/B/C/D HAVE NAP	\$56,764.00	May 23, 1997
Missile, AGM-154A Joint Stand Off Weapon (JSOW) Baseline	\$22,933.00	July 15, 1998
Missile, AGM-154B BLU-108	\$93,955.00	July 15, 1998
Missile, AGM-154C JSOW (Unitary)	\$76,708.00	July 15, 1998
Missile, AGM-158A Joint Air to Surface Standoff Missile (JASSM) (AF)	\$174,180	April 29, 2005
Missile, AIM-4A-G, Falcon (AF)	\$3,321.00	March 12, 1982
Missile, AIM-7 Skyflash Portion (N)	\$820.30	May 7, 1981
Missile, Sea Sparrow (N)		
Missile, AIM-7, C/D/E Sea Sparrow (N)	\$2,733.00	May 7, 1981
Missile, AIM-7F/M Sea Sparrow (N)	\$7,646.00	June 2, 1982
Missile, AIM/RIM-7P Sea Sparrow (N)	\$40,258.00	April 24, 1991
Missile, NATO Sea Sparrow Surface Missile System (N)	\$192,915.00	October 4, 1995
Missile, Sidewinder (N)		
Missile, AIM-9H Sidewinder (N)	\$3,457.00	October 3, 1978
Missile, AIM-9J/P/N Sidewinder (AF)	\$134.00	March 12, 1982
Missile, AIM-9L Sidewinder (N)	\$2,604.00	May 18, 1978
Missile, AIM-9M Sidewinder (N)	\$6,368.00	March 25, 1983
Missile, AIM-9X Sidewinder (N)	\$28,660.00	November 18, 1997
Missile, Sidewinder (AIM-9X-1)		
AIM-9X-1 Tactical Missile (includes the Tactical Guidance Unit)	\$13,328	April 21, 2008
CATM-9X-1 Captive Air Training Missile (CATM) (includes the CATM Guidance Unit)	\$13,328	April 21, 2008
NATM-9X-1 Special Air Training Missile (includes the Tactical Guidance Unit)	\$13,328	April 21, 2008
AIM-9X-1 Tactical Guidance Unit (GU) (used in Tactical and NATM missiles)	\$4,820	April 21, 2008
AIM-9X-1 CATM Guidance Unit (GU) (used in CATM missiles)	\$4820	April 21, 2008
Missile, AIM-54A-C Phoenix (N) (Includes Front End -- 35,019; Aft End -- 36,276)	\$71,295.00	January 10, 1983
Missile, Chaparral (A)		
Missile, MIM-72 Chaparral without Smokeless Motor	\$2,099.91	December 16, 1988
Missile, MIM-72 Chaparral with Smokeless Motor	\$2,102.91	December 16, 1988
Missile, RIM-66B/B-2, RIM-66E Rim-67A-13 Standard 1 (SM-1) Block V Standard (N)	\$12,602.00	September 15, 1977
SM-3 Block 1A Missile	\$28,126,485.00	July 20, 2004
Missile, RIM-66D/RIM-67B Standard 2 (SM-2) (N)	\$89,651.00	December 6, 1984
Missile, RIM-66D and RIM-67b Standard 2 (SM-2) Block II (N)	\$40,253.00	April 21, 1989
Missile, RIM-66G/H/I Standard 2 (Sm-2) Block I (N)	\$64,192.00	July 22, 1991
Missile, RIM-66G/H/I Standard 2 (Sm-2) Block II (N)	\$25,423.00	July 22, 1991
Missile, RIM-66G/H/I Standard 2 (Sm-2) Block III (N)	\$38,465.00	July 22, 1991
Missile, RIM-66G/H/I Standard 2 (Sm-2) Block III Surface Launch	\$32,695.00	July 22, 1991
Missile, Dragon, HEAT and Practice (A)	\$378.00	March 24, 1980

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
Missile, I-Hawk Series (A)	\$7,053.00	November 12, 1980
Missile, Lance (A)	\$76,205.00	May 21, 1979
Missile, Nike Hercules (A)	\$448,055.00	March 28, 1989
Missile, Pershing Series (A)	\$128,378.00	
Missile, Tomahawk –R/UGM-109C Land Attach Missile (N)	\$192,915.00	October 4, 1995
Missile System, AMRAAM (AF)		
Missile, AIM-120A (AF)	\$114,182.00	January 22, 1992
Missile, AIM-120 Air Vehicle Instrumented (AAVI) (AF)	\$114,182.00	January 22, 1992
Missile, AIM-120C (AF)	\$104,183.00	July 24, 2000
Missile, AIM-120C Air Vehicle Instrumented (AAVI) (AF)	\$104,183.00	July 24, 2000
Launcher, LAU-127/A (F/A-18)	\$3,530.00	January 22, 1992
Launcher, LAU-128/A (F-15)	\$3,530.00	January 22, 1992
Launcher, LAU-129/A (F-16)	\$3,530.00	January 22, 1992
Missile System, Army Tactical (ATACMS) (A)	\$192,959.00	June 19, 1997
Missile System, Harpoon (N)		
Launcher, AN/SWG-1(V) Baseline	\$80,562.00	January 20, 1978
Launcher, Harpoon Shipboard Command and Launch Control System, AN/SWG-1A(V) (HSCALCS)	\$109,603.00	December 11, 1986
Harpoon Missile, AGM-84 (RGM/UGM)	\$44,083.00	January 20, 1978
Missile, AGM-84K, SLAM-ER	\$51,000.00	February 4, 2002
Missile System, Hellfire (A)		
Missile, AGM-114A/C Hellfire	\$5,878.00	July 21, 2003
Missile, AGM-114A/B/C Hellfire	\$4,124.00	May 14, 1985
Missile, Launcher, AGM-114 Hellfire	\$14,715.00	May 14, 1985
Missile, AGM-114 Hellfire Dummy	\$531.00	May 14, 1985
Missile, AGM-114 Hellfire Training	\$2,719.00	May 14, 1985
Missile, SURE Defense (RBS-17) Derivative of Hellfire (AGM-114)	\$3,300.00	May 20, 1987
Missile AGM –114 L Longbow Hellfire	\$31,299.00	November 20, 1998
Missile System, Rolling Airframe Missile (RAM)		
Missile, Rolling Airframe US Portion	\$15,308.00	December 27, 2005
Missile, Rolling Airframe International Portion	\$15,308.00	December 27, 2005
Launcher, Rolling Airframe Missile US Portion	\$259,791.00	December 27, 2005
Launcher, Rolling Airframe Missile International Portion	\$259,791.00	December 27, 2005
Missile, Patriot (A)		
Missile, Patriot PAC–3	\$1,040,122.00	March 22, 2004
Missile System, Patriot, MIM-104 series	\$3,700,725.00	November 18, 1982
Antenna Mast Set	\$131,906.00	November 18, 1982
Electrical Power Plant (EPII)	\$339,464.00	November 18, 1982
Engagement Control System (ECS) AN/MSQ-104	\$548,311.00	November 18, 1982
Launcher	\$214,782.00	November 18, 1982
Missile (with Canister)	\$82,836.00	November 18, 1982
Radar, AN/MPQ-53	\$2,383,426.00	November 18, 1982
Munitions Adapter Unit-169 (MAU-169)	\$78.00	March 27, 2002
Roland Missile	\$4,422.00	September 24, 1980
Roland Fire Control, AN/GSG-11 Missile System, (MFCS)	\$324,828.00	September 24, 1980

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
Missile, Stinger (A)		
Stinger Basic Missile/Tube	\$3,800.00	May 3, 1991
Stinger Post Missile/Tube	\$66,100.00	May 3, 1991
Stinger RMP Missile/Tube	\$3,000.00	May 3, 1991
Stinger RMP (Improved) (A)	\$4,478.00	February 1, 1999
Stinger Block 1 (A)	\$6,886.00	February 1, 1999
Weapon System-Avenger	\$23,383.00	February 11, 1999
Missile, TOW		
Missile System, TOW (A) Launcher	\$3,029.00	September 16, 1977
Missile, BGM-71A Basic TOW HEAT and Practice	\$293.00	September 16, 1977
Missile, BGM-71D TOW 2	\$658.00	December 19, 1983
Missile, BGM-71D TOW 2	\$340.00	January 18, 2006
Missile, BGM-71E TOW 2A	\$346.00	January 18, 2006
Missile, BGM-71E TOW 2A, M65 Subsystem Airborne	\$27,800.00	May 17, 1989
Missile, I-TOW (Basic + Warhead)	\$487.00	November 3, 1981
TOW Improved Target Acquisition System (ITAS)	\$28,591.00	January 29, 2002
Missile, Javelin		
Javelin Missile	\$15,883.00	December 30, 2004
Javelin Missile Round	\$5,370.00	July 17, 1998
Javelin Command Launch Unit (CLU)	\$24,566.00	June 22, 2004
Javelin Command Launch Unit (CLU)	\$16,291.00	July 17, 1998
Rocket, M72 Series, Light Antitank Weapon (LAW), 66mm (A)	\$1.32	March 28, 1989
Rocket, Antisubmarine, (ASROC) (N) (RUR-5A)	\$855.00	December 20, 1984
Rocket, Vertical Launch Antisubmarine (ASROC) (VLA) (N)	\$98,926.00	December 14, 1987
M30 Guided Multiple Launch Rocket System	\$10,689.00	April 8, 2004
M30 Guided Multiple Launch Rocket System (USG only)	\$7,335.00	April 8, 2004
M30 Guided Multiple Launch Rocket System (Special NC)	\$3,354.00	April 8, 2004
Rocket, MLRS Extended Range	\$4,445.00	July 18, 1997
Rocket System, M77, Multiple Launch (MLRS), Tactical, Practice Training (A)		
Launcher	\$173,000.00	December 2, 1985
Rocket, M77 (6 Rockets Per Pod)	\$615.00	December 2, 1985
Launch Pad/Container Trainer	\$1,587.00	December 2, 1985
Fire Control Panel Trainer	\$23,908.00	December 2, 1985
Platoon Leaders Digital Msg. Device	\$3,473.00	December 2, 1985
Maintenance Trainer	\$293,000.00	December 2, 1985
Test Program Sets	\$46,245.00	December 2, 1985
Launcher (for MLRS MOU Participants)	\$65,000.00	December 2, 1985
Rocket, M77 (6 Rockets Per Pod) for MLRS MOU Participants	\$231.00	December 2, 1985
Launch Pad/Container Trainer for MLRS MOU Participants	\$595.00	December 2, 1985
Fire control Panel Trainer for MLRS MOU Participants	\$8,965.00	December 2, 1985
Platoon Leaders Digital Msg. Device for MLRS MOU Participants	\$1,302.00	December 2, 1985
Maintenance Trainer for MLRS MOU Participants	\$109,875.00	December 2, 1985
Test Program Sets for MLRS MOU Participants	\$17,341.00	December 2, 1985
Rocket, M77 (6 Rockets per Pod) for NATO Non MOU Participants	\$384.00	December 2, 1985
Launcher for NATO MOU Non Participants	\$108,000.00	December 2, 1985

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
Launch Pad/Container Trainer for NATO MOU Non Participants	\$992.00	December 2, 1985
Fire Control Panel Trainer for NATO MOU Non Participants	\$14,942.00	December 2, 1985
Platoon Leaders Digital Msg. Device for NATO MOU Non Participants	\$2,171.00	December 2, 1985
Maintenance Trainer for NATO MOU Non Participants	\$183,125.00	December 2, 1985
Test Program Sets for NATO MOU Non Participants	\$28,903.00	December 2, 1985
M270 A1 Launcher (A)	\$566,852.00	March 17, 2003
M270 A1 Improved Launcher Mechanical System (ILMS) (A)	\$49,136.00	March 17, 2003
M270 A1 Improved Fire Control System (IFCS) (A)	\$102,291.00	March 17, 2003
Torpedo, MK46 (N)	\$8,993.00	November 8, 1977
Torpedo, MK46 Mod 2 (N)	\$8,993.00	March 28, 1989
MK46 Nearthip Kit o/a Kit (converts MK-46 Mods 1/2 to Mod 5) (N)	\$3,795.00	January 26, 1980
Torpedo, MK46 Mod 5 (N)	\$9,308.00	Unknown
Torpedo, MK48 (N)	\$86,255.00	July 21, 1977
Torpedo, MK48 ADCAP Kit (N)	\$103,322.00	November 25, 1980
Torpedo, MK 48 Advanced Technology (AT)	\$280,866.00	January 13, 2006
MK54 Lightweight Torpedo (LWT) MOD 1	\$53,803	April 24, 2007
Joint Direct Attack Munition (JDAM) Guidance Tail Kit	\$3,414.00	December 17, 2002
Joint Direct Attack Munitions (JDAM)	\$1,728	January 10, 2007
Joint Direct Attack Munitions (JDAM) with Selective Availability Anti-Spoofing Module (SAASM)	\$1,221	January 10, 2007
Joint Direct Attack Munitions (JDAM) with Selective Availability Anti-Spoofing Module with Anti-Jam (SAASM/AJ)	\$1,161	January 10, 2007
RIM-162, Evolved Sea Sparrow Missile (ESSM) (U.S. PORTION)	\$47,441.70	March 7, 2007
RIM-162, Evolved Sea Sparrow Missile (ESSM) (INTERNATIONAL PORTION)	\$35,279.00	March 7, 2007
MK 20 Mod 0 Canister (Guided Missile Vertical Launching System (GMVLS)) (RIM 7) (16 per launcher)	\$15,971.59	March 7 th , 2008
MK 20 Mod 1 Canister (Guided Missile Vertical Launching System (GMVLS) Ordnance Alternation Kit for the Evolved Sea Sparrow Missile (ESSM)) (16 per launcher)	\$10,091.80	March 7 th , 2008
MK 48 Mod 0-2 Launcher (Guided Missile Vertical Launching System (GMVLS) for the RIM-7)	\$299,977.27	March 7 th , 2008
MK 48 Mod 0-2, Guided Missile Vertical Launching System (GMVLS) with 16 canisters	\$555,522.73	March 7 th , 2008
MK 48 Mod 4-5 Guided Missile Vertical Launching System (GMVLS) Ordnance Alternation Kit for the Evolved Sea Sparrow Missile (ESSM) with 16 canisters	\$897,093.75	March 7 th , 2008
MK 48 Mod 4-5 Launcher (Guided Missile Vertical Launching System (GMVLS) Ordnance Alteration Kit for the Evolved Sea Sparrow Missile (ESSM))	\$735,625.00	March 7 th , 2008
MK 48 Mod 4-5, Guided Missile Vertical Launching System (GMVLS) with 16 canisters	\$1,452,616.48	March 7 th , 2008

**TABLE AP1.T5. CATEGORY V
PROPELLANTS, EXPLOSIVES AND INCENDIARY AGENTS**

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
No Items Currently Identified		

**TABLE AP1.T6. CATEGORY VI
VESSELS OF WAR AND SPECIAL NAVAL EQUIPMENT**

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
DDG-993, Destroyer (USS KIDD) Class Guided Missile	\$16,092,857.00	November 20, 1998
FF -- Fast Frigate, FF-1040, (Garcia) Class (N)		
FF-1041 USS Bradley	\$754,810.00	April 24, 1989
FF-1043 USS Edward McDonnell	\$767,515.00	April 24, 1989
FF-1047 USS Voge	\$1,597,365.00	April 24, 1989
FF-1048 USS Sample	\$703,430.00	April 24, 1989
FF-1050 USS Albert David	\$689,885.00	April 24, 1989
FF-1051 USS O'Callahan	\$629,895.00	April 24, 1989
FFG -- Guided Missile Frigate, (Brooke) Class (N)		
FFG-1 USS Brooke	\$1,276,485.00	April 21, 1989
FFG-2 USS Ramsey	\$1,101,730.00	April 21, 1989
FFG-3 USS Schofield	\$1,041,670.00	April 21, 1989
FFG-4 USS Talbot	\$1,059,345.00	April 21, 1989
FFG-5 USS Richard L. Page	\$886,235.00	April 21, 1989
FFG -- Guided Missile Frigate, FFG-7 Class (N)	\$2,975,714.00	September 21, 1995
FFG -- Guided Missile Frigate, FFG-7 Class (N)	\$3,591,379.00	October 18, 1978
LST -- Tank Landing Ship (Newport Class) (N)	\$824,840.00	January 25, 1984
PHM -- Patrol Combatant Missile (NATO) Hydrofoil (N)	\$1,000,000.00	March 28, 1989
PHM -- Patrol Combatant Missile (FRG Variant) Hydrofoil (N)	\$1,250,000.00	March 28, 1989

**TABLE AP1.T7. CATEGORY VII
TANKS AND MILITARY VEHICLES**

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
Air Defense System, M163 and M167 Series, Vulcan (A)	\$29,439.00	March 26, 1980
Gun, M107 Self-Propelled, 175mm (A)	\$40,258.00	March 26, 1980
Howitzer (A)		
Howitzer, M109A1-A3 Self-Propelled, 155mm, (A) (with Cannon Assembly)	\$8,771.00	June 23, 1987
Howitzer, M109A1-A3 Self Propelled, 155MM (A) (without Cannon Assembly)	\$7,447.00	June 23, 1987
Howitzer (Paladin) M109A6 Self Propelled 155MM (A) with Cannon	\$107,774.00	December 9, 1998
Howitzer, M110A Self-Propelled, 8" (A)	\$14,371.00	March 26, 1980
Howitzer, M110A1 Self-Propelled, 8" (A)	\$16,975.00	March 26, 1980
Howitzer, M110A2 Self-Propelled, 8" (A)	\$21,069.00	March 26, 1980
Howitzer, M198 Towed, 155mm (A)	\$47,483.00	February 14, 1986
Tank, M1 Abrams (A)	\$114,443.00	January 5, 1994
Tank, M1A1 (A)	\$226,725.00	October 27, 1988
Tank, M1A2 (A)	\$248,001.00	January 7, 1993
Tank, M48A1 (A)	\$1,479.00	January 26, 1980
Tank, M48A3 (A)	\$5,521.00	March 23, 1974
Tank, M48A5 (A)	\$12,849.00	March 23, 1974
Tank, M60A1 (A)	\$14,083.00	March 3, 1980
Tank, M60A3 (A) with Thermal Tank Sights	\$31,427.00	March 3, 1980
Tank, M60A3 (A) without Thermal Tank Sights	\$21,939.00	March 3, 1980
Tank Engine, AGT-1500 (M1 Tank Series)(A)	\$18,714.00	January 5, 1994
Tank Engine, AVDS-1790 (M60A1 Tank) (A)	\$2,066.00	March 3, 1980
Transmission, HMPT 500-3 Bradley (A)	\$3,564.00	April 5, 1991
Vehicle, AAV7A1/AAVAI Assault Amphibious (N)	\$91,426.00	April 20, 1982
Vehicle, LAV-25 Series Light Armored (LAV) (N) (Series)		
LAV-25 (Includes LAV-25 Turret)	\$2,818.00	June 17, 1991
LAV-Logistics	\$7,610.00	June 17, 1991
LAV-Recovery	\$26,305.00	June 17, 1991
LAV-Mortar	\$14,383.00	June 17, 1991
LAV-Cmd./Control	\$16,723.00	June 17, 1991
LAV-Antitank (Includes LAV-25 Turret)	\$13,473.00	June 17, 1991
LAV-Baseline	\$800.00	June 17, 1991
LAV-25 Turret	\$1,600.00	June 17, 1991
Armored Gun System	\$81,245.00	January 9, 1995
Vehicle, M2 Infantry Fighting (IFV) (Bradley) (A)	\$51,989.00	November 22, 1989
M2A1 (IFV)	\$74,937.00	November 22, 1989
M2A1 (Minus) (IFV)	\$57,580.00	November 22, 1989
M2A2 (IFV)	\$106,593.00	November 22, 1989
Vehicle, M3 Calvary Fighting Vehicle (CFV) (A)	\$50,549.00	November 22, 1989
M3A1 (CFV)	\$73,497.00	November 22, 1989
M3A1 (Minus) (CFV)	\$56,140.00	November 22, 1989

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
M3A2 (CFV)	\$106,113.00	November 22, 1989
Vehicle, M88/M88A1 Recovery (A)	\$8,460.00	November 1, 1988
Vehicle, M88A2, Improved Recovery (A)	\$74,400.00	July 3, 1997
Vehicle, M113A Series, Armored Personnel Carrier (APC) Family of Vehicles	\$1,140.00	February 2, 1999
M58 Wolf Smoke Generator Carrier	\$1,140.00	February 2, 1999
M106 Self-propelled 107mm Mortar	\$1,140.00	February 2, 1999
M113 Armored Medical Evacuation Vehicle (AMEV)	\$1,140.00	February 2, 1999
M125 Self-propelled 81mm Mortar	\$1,140.00	February 2, 1999
M548 Cargo Carrier	\$1,140.00	February 2, 1999
M577 Command Post Carrier	\$1,140.00	February 2, 1999
M730 Guided Missile Equipment Carrier (Chaparral)	\$1,140.00	February 2, 1999
M901A3 Carrier (Improved TOW Vehicle)	\$1,140.00	February 2, 1999
M981A3 Carrier (Fire Support Team Vehicle (FISTV))	\$1,140.00	February 2, 1999
M1059A3 Carrier (Lynx Smoke Generator Carrier)	\$1,140.00	February 2, 1999
M1064A3 Self-propelled 120mm Mortar	\$1,140.00	February 2, 1999
M1068A3 Standard Integrated Command Post System (SICPS) Carrier	\$1,140.00	February 2, 1999
M1108 Universal Carrier	\$1,140.00	February 2, 1999
Vehicle, M551 Armored Reconnaissance Assault (A)	\$33,213.00	March 28, 1989
Vehicle, M981 Fire Support Team (FISTV) (A)	\$68,476.00	February 3, 1986
Vehicle, M992 Field Artillery Ammunition Support (FAASV)(A)	\$12,805.00	November 22, 1989
Vehicle, M992A Field Artillery Ammunition Support (FAASV) (A)	\$20,781.00	February 2, 1999
Vehicle, M998 Series, High Mobility Multi-Purpose Wheeled (HMMWV) (A)		
Carrier, M996 TOW Missile	\$232.00	October 26, 1990
Carrier, M1025 Armament, Basic Armor	\$232.00	October 26, 1990
Carrier, M1026 Armament, Basic Armor	\$232.00	October 26, 1990
Carrier, M1036 TOW Missile, Basic	\$232.00	October 26, 1990
Carrier, M1043 Armament, Supplemental	\$232.00	October 26, 1990
Carrier, M1044 Armament, Supplemental	\$232.00	October 26, 1990
Carrier, M1045 TOW Missile, Supplemental	\$232.00	October 26, 1990
Carrier, M1046 TOW Missile, Basic	\$232.00	October 26, 1990
Vehicle, Fire Direction Control Center (FDCV) (A)	\$19,001.00	February 2, 1999

**TABLE AP1.T8. CATEGORY VIII
AIRCRAFT, SPACECRAFT AND ASSOCIATED EQUIPMENT AIRCRAFT**

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
767 AWACS (AF)	\$8,700,000	August 11, 1992
Aircraft Basic Configuration	\$6,900,000	August 11, 1992
Information System, JTIDS	\$1,600,000	August 11, 1992
Radio, Have Quick A-Net System	\$200,000	August 11, 1992
Airborne Warning and Control System (AWACS), Radar System Improvement (RSIP) with Electronic Support Measures (ESM)	\$13,255,000.00	October 28, 1997
E-3 AWACS (Airborne Warning and Control System) (AF) Enhancements (Special Recoupment, Expires July 1, 1994)	\$461,797.00	September 28, 1990
E-3A AWACS (Sentry), US/NATO Standard (AF) (Total US NC Charge \$27.43m; Total NATO NC Charge \$5.59m)	\$33,021,000.00	October 26, 1981
NATO AWACS Radar System Improvement Program (Special)	\$3,052,778	February 4, 2005
A-4A (N)	\$15,165.00	October 20, 1983
A-4B (N)	\$12,864.00	October 20, 1983
A-4C (N)	\$15,523.00	October 20, 1983
A-4E (N)	\$27,929.00	October 20, 1983
A-4F (N)	\$33,226.00	October 20, 1983
A-4M	\$132,000.00	October 20, 1983
A-7 (without FLIR) (N)	\$243,881.00	September 8, 1983
A-10 (without TF-34 Engine) (AF)	\$388,786.00	March 12, 1982
A-37 (AF)	\$19,651.00	March 28, 1989
AV-8B Harrier (without UK Assessment) (N)	\$867,373.00	June 26, 1981
C-5A Galaxy (AF)	\$12,661,728.00	March 12, 1982
C-17 Globemaster III	\$39,167,000.00	October 29, 1997
C-130 Hercules with 4 T-56 Engines (AF)	\$102,520.00	August 3, 1983
C-130 Hercules without 4 T-56 Engines (AF)	\$49,268.00	August 3, 1983
C-141A/B Starlifter (AF)	\$892,254.00	March 12, 1982
E-2B (with Engines) (N)	\$298,400.00	June 22, 1989
E-2C (with 2 T-56 Engines) (N)	\$2,625,904.00	May 18, 1978
F-4A (N)	\$129,712.00	October 20, 1983
F-4B (N)	\$70,450.00	October 20, 1983
F-4E (N) (with Engines) (25% Discounted for Useful Life) (N)	\$159,408.00	October 20, 1983
F-4J (N)	\$122,089.00	October 20, 1983
F-4N (N)	\$109,000.00	February 1990
F/RF-5A/B Tiger (without 2 J-85 Engines) (AF)	\$40,000.00	November 1, 1971
F/RF-5E Tiger II (without 2 J-85 Engines) (AF)	\$68,000.00	November 1, 1971
F/RF-5F Tiger II (without 2 J-85 Engines) (AF)	\$207,000.00	November 25, 1975
F-8 Crusader (N)	\$56,859.00	May 12, 1981
F-14 (with Engine) (N)	\$1,600,000.00	November 29, 1976
F-15		
F-15A/B Eagle (with MSIP)	\$2,040,322.00	July 24, 1996
F-15A/B Eagle (without Engines, AN/APG-63 Radars, MSIP, & TEWS) (AF)	\$1,660,591.00	July 24, 1996
F-15C/D Eagle (without Engines, AN/APG-63 Radars, MSIP, & TEWS) (AF)	\$2,088,042.00	July 24, 1996

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
F-15E (with MSIP)	\$3,191,610.00	June 24, 1996
F-15E Eagle (without Engines, AN/APG-63 Radars, MSIP, & TEWS) (AF)	\$2,811,879.00	July 24, 1996
F-15 Tactical Electronic Warfare Support	\$167,018.00	July 24, 1996
Tactical Electronic Warfare Support System (F-15 TEWS)	\$225,434.00	February 5, 1992
F-15 Eagle (AF)	\$1,600,000.00	November 29, 1976
F-16		
F-16 A/B Fighting Falcon (without EPG Special NC \$85,000) (AF)	\$640,000.00	June 4, 1980
F-16 C/D (with Engines)	\$1,018,050.00	February 24, 1989
F-16C/D (without Engines) (AF)	\$553,400.00	February 24, 1989
F-16 Mid-Life Update (MLU) Kit (AF) (Special)	\$338,442.00	October 1, 2003
F-16 Mid-Life Update (MLU) Kit (USAF)	\$115,515.33	October 1, 2003
F-18		
F-18 Airframe (N)	\$1,117,281.00	March 30, 1987
F-18 Airframe with F-404 Engines (N)	\$1,069,184.00	March 30, 1987
F-18 Stores Management System	\$2,353.00	March 30, 1987
F-18 AYK-14 Computer	\$10,994.00	March 30, 1987
F-18 AN/ARN-118 TACAN	\$593.00	March 30, 1987
F-18 AN/ARC-182 Radio	\$3,344.00	March 30, 1987
F/A-18 EF Super Hornet (without engines)	\$4,379,152	August 28, 2006
F/A-18 EF Super Hornet (with 2 F414-GE-400 engines)	\$5,259,008	August 28, 2006
F-100		
F-100A (AF)	\$37,840.00	December 6, 1984
F-100C (AF)	\$25,800.00	December 6, 1984
F-100D (AF)	\$25,440.00	December 6, 1984
F-100F (AF)	\$27,840.00	December 6, 1984
F-101B/F (AF)	\$65,560.00	December 6, 1984
F-102 (AF)	\$38,320.00	December 6, 1984
F-104		
F-104A Starfighter (AF)	\$42,080.00	December 6, 1984
F-104B/C/D (AF)	\$91,040.00	December 6, 1984
F-104G/J (AF)	\$54,360.00	November 27, 1987
F-105		
F-105B Thunderchief (AF)	\$168,000.00	December 6, 1984
F-105D/F (AF)	\$78,400.00	December 6, 1984
F-106A/B Delta Dart (AF)	\$159,200.00	December 6, 1984
F-111A/C/D/E/F (AF)	\$605,320.00	December 6, 1984
F414-GE-400 Engine	\$439,928	August 28, 2006
KC-10 Extender (AF)	\$1,176,667.00	March 12, 1982
KC-135A Stratotanker (AF)	\$217,034.00	March 12, 1982
MQ-9 Reaper - Unmanned Aerial Vehicle	\$1,269,334	April 24, 2007
OV-1A/B/C Mohawk (A)	\$119,229.00	June 23, 1982
OV-10 (without Engine) (N)	\$41,930.84	January 9, 1978
P-3		
P-3A/B (with Engine) (N)	\$382,750.00	January 3, 1978

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
P-3C (N)	\$592,219.00	January 3, 1978
P-3C III AEW&C Weapon System	\$1,761,974.00	February 25, 1987
P-3C Update II Air Frame Configuration without T-56-14 engines	\$308,092.00	February 25, 1987
P-3C III AEW&C Weapon System	\$1,044,128.00	May 17, 1989
P-3C III Air Frame	\$586,349.00	May 17, 1989
RF-4B (N)	\$104,566.00	October 20, 1983
RF-4C Phantom (AF)	\$108,000.00	December 6, 1984
S-2		
S-2 (with Engine) (N)	\$85,449.00	August 28, 1981
S-2A/US-2 (without Engine) (N)	\$18,987.00	October 20, 1983
S-2C (without Engine) (N)	\$23,497.00	October 20, 1983
S-2D (without Engine) (N)	\$38,448.00	October 20, 1983
S-2E (without Engine) (N)	\$35,950.00	October 20, 1983
S-3A Viking (N)	\$3,502,643.00	June 26, 1981
T-2 (N)	\$39,968.00	January 10, 1978
TA-4F (without Engine) (N)	\$28,110.00	October 20, 1983
TA-4J (without Engine) (N)	\$51,176.00	October 20, 1983
T-33A (AF)	\$2,857.00	March 12, 1982
T-37 (AF)	\$19,651.00	March 28, 1989
T-38A (AF)	\$80,972.00	March 12, 1982
TH-55 Osage (A)	\$6,000.00	June 11, 1987
Unmanned Aerial Vehicle (Shadow 200)	\$1,994,242.00	March 24, 2006

**TABLE AP1.T9. CATEGORY VIII
HELICOPTERS**

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
AH-1, Cobra		
AH-1J Airframe, Seacobra (N)	\$52,245.00	October 11, 1985
AH-1S Cobra (with T-53-L-703 Engine) System without C-Nite	\$147,604.00	May 17, 1989
AH-1S Cobra (with T-53-L-703 Engine) with C-Nite	\$163,860.00	May 17, 1989
AH-1T Airframe, Seacobra (N)	\$486,665.00	October 11, 1985
AH-1W Super Cobra (with 2 T-700-GE-401 Engines) (N)	\$326,461.00	June 18, 1990
AH-1Z (H-1 Helicopter upgrade without Engines)	\$846,552.00	November 28, 2001
AH-1Z (H-1 Helicopter upgrade) with two T700-GE-410 Engines	\$897,452.00	November 28, 2001
AH-64, Apache		
AH-64 Apache Helicopter System (with 2 T-700 Engines) (A)	\$1,045,566.00	December 30, 1983
AH-64D (New) Apache Helicopter System with 2 T-700 Engines	\$1,328,033.00	February 23, 2000
AH-64D (Remanufactured) Apache Helo. System with 2 T-700 Engines	\$1,328,033.00	February 23, 2000
CH-47, Chinook		
CH-47A/B/C (Includes T-53-L-11A Engine) (A)	\$100,000.00	November 7, 1970
CH-47D Chinook (without T-55 Engines) (A)	\$144,279.00	August 7, 1991
CH-53E, Sea Stallion/MH-53E, Sea Dragon (without T-64 Engine) (N)	\$1,023,097.00	May 12, 1983
H-53 (CH-53A, B ,C, D, HH-53B/C, RH-53D) (without Engines) (N)	\$166,029.00	February 27, 1979
OH Helicopter		
OH-6 Cayuse	\$18,000.00	June 11, 1987
OH-58A Kiowa (A)	\$22,000.00	June 11, 1987
OH-58C Kiowa (A)	\$48,000.00	June 11, 1987
OH-58D Kiowa with one T-703 engine (with Mast Mtd Sights) (A)	\$663,082.00	August 10, 1993
SH-2/2D/2F LAMPS Mark I (with 2 T-58-GE Engines) (N)	\$325,423.00	December 6, 1984
SH-2G (with 2 T-700-GE-401 Engines) (N)	\$607,149.00	June 3, 1991
SH-60B (LAMPS Mark III Airframe without T-700-GE-401 Engines)	\$859,636.00	October 15, 1982
Minimum Avionics Suite	\$366,236.00	October 15, 1982
Mission Avionics Suite	\$1,063,400.00	October 15, 1982
Ship Electronics	\$1,131,227.00	October 15, 1982
TH-55 Osage	\$6,000.00	June 11, 1987
UH-1, Iroquois		
UH-1H Iroquois (with T53-L-13B Engine) (A)	\$4,501.00	May 1, 1981
UH-1N (N)	\$48,032.00	July 12, 1985
UH-1Y (H-1 Helicopter Upgrade) without engines	\$710,297.00	November 28, 2001
UH-1Y (H-1 Helicopter Upgrade) with two T700-GE-401C Engines	\$761,197.00	November 28, 2001
UH-60A Blackhawk Airframe (A)	\$169,692.00	October 3, 1981
S-70A Helicopter Airframe (Commercial version of the UH-60A)	\$169,692.00	June 3, 1991
S-70C(M) Helicopter with 2 engines (Commercial version of UH-60A)	\$974,462.00	June 23, 1987
UH-60L	\$220,592.00	December 21, 1988

**TABLE AP1.T10. CATEGORY VIII
ENGINES**

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
CFM-56 (AF)	\$20,000.00	May 25, 1989
CFM-56 Engine Integration, E-3 (AF) (Special Recoupment, Exp. 01Jul 94)	\$3,257,819.00	September 28, 1990
CT7-2A(N)	\$29,697.00	December 21, 1988
CT7-2D (Commercial Version of the T-700 Eng) used with S-70C (M)	\$59,589.00	June 23, 1987
CT7-5A/7A (N)	\$25,777.00	December 21, 1988
CT7-6/9 (N)	\$9,236.00	December 21, 1988
F100-PW-100/200 Alternate Fighter Engine (AFE) (AF)	\$284,001.00	January 27, 1992
F100-PW-220 Alternate Fighter Engine (AFE) (AF)	\$458,232.00	July 24, 1996
F100-PW-229 Increased Performance Engine (IPE) (AF)	\$283,217.00	July 24, 1996
F109-GA-100 Turbofan (AF)	\$86,546.00	May 14, 1991
F110-GE-100 Alternate Fighter Engine (AFE) AF	\$458,232.00	July 24, 1996
F110-GE-129 Increased Performance Engine (IPE) (AF)	\$283,217.00	July 24, 1996
F404 (N)	\$63,840.00	March 30, 1987
F404-GE-400/402	\$164,222.00	October 9, 1992
J47 (AF)	\$2,168.00	March 12, 1982
J52P-6A/B (N)	\$7,370.00	September 8, 1983
J52P-8A/B (N)	\$30,658.00	September 8, 1983
J52P-408 (N)	\$33,106.00	September 8, 1983
J57P-6B (N)	\$4,600.00	September 8, 1983
J57P-10 (N)	\$4,120.00	September 8, 1983
J60P-3/3A (N)	\$2,520.00	September 8, 1983
J75 (AF)	\$28,999.00	March 12, 1982
J79-GE-8/10 (N)	\$6,400.00	September 8, 1983
J79-GE-17/17A/119 (AF)	\$27,464.00	October 1, 1983
J85 (AF)	\$17,901.00	May 23, 1983
RM-12 (Commercial Version of F404-GE-400/402; 67% common)	\$110,029.00	October 9, 1992
PW-1120 (Commercial Version of F100 Engine; 70% common)	\$155,194.00	October 20, 1983
T53 (N)	\$1,542.00	May 7, 1981
T53-L-703 (A)	\$2,220.00	May 17, 1989
T55 (A)	\$3,200.00	August 29, 1991
T56	\$13,313.00	May 12, 1983
501KB Engine (36.61% common with T-56)	\$4,341.00	December 31, 1991
501KB 5B5 Engine (30.97% common with T-56)	\$4,123.00	December 31, 1991
501KC Engine (22.5% common with T-56)	\$3,006.00	December 31, 1991
501KC5 Engine (20.54% common with T-56)	\$2,734.00	December 31, 1991
501KF Engine (22.62% common with T-56)	\$3,011.00	December 31, 1991
501KN Engine (30.93% common with T-56)	\$4,118.00	December 31, 1991
T58 (N)	\$20,045.00	June 11, 1987
CT-58 (Commercial Version of the T58 Engine)	\$20,045.00	June 11, 1987
T64 (N)	\$38,578.00	May 12, 1983
T700-GE-700 (A)	\$29,697.00	December 21, 1988
T700-GE-401 (NC Additive To T700-GE-700 Engine) (N)	\$78,039.00	October 15, 1983

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
T700-GE-401/401A (N)	\$29,697.00	December 21, 1988
T700-GE-401C (N)	\$25,450.00	December 21, 1988
T700-GE-701/701A/701A1 (A)	\$29,697.00	December 21, 1988
T700-GE-701C (A)	\$25,450.00	December 21, 1988
TF30 (N)	\$43,866.00	June 20, 1979
TF34 (N)	\$20,705.00	March 12, 1982
TF39 (AF)	\$441,707.00	March 12, 1982
TF41-A-2A/2B/400/402/402B (N)	\$48,249.00	December 6, 1984

**TABLE AP1.T11. CATEGORY IX
MILITARY TRAINING EQUIPMENT**

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
No Items In This Category Are Defined In The U.S. Munitions List As Significant Military Equipment.		

TABLE AP1.T12. CATEGORY X
PROTECTIVE PERSONNEL EQUIPMENT

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
No Items In This Category Are Defined In The U.S. Munitions List As Significant Military Equipment.		

TABLE AP1.T13. CATEGORY XI
MILITARY AND SPACE ELECTRONICS

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
Advanced Extremely High Frequency Navy Multi-Band Terminal MASL Number: 589500AEHFNMT	\$943,843.00	December 27, 2005
Advanced Field Artillery Tactical Data System (98)	\$103,662.00	January 15, 2002
Advanced Field Artillery Tactical Data System (99)	\$95,701.00	January 23, 2003
Advanced Security Mobile Anti-Jam Reliable Tactical Terminal (SMART-T) AN/TSC-154	\$333,464.00	December 7, 2004
Base Shop Test Facility	\$139,701.00	April 24, 1991
Base Shop Test Facility (Commercial Version)	\$125,730.00	April 24, 1991
Center, AN/TYQ-23, Tactical Air Operations (TAOC) (N)	\$198,000.00	May 17, 1989
Countermeasure, AN/ALQ-119 (AF)	\$6,138.00	December 9, 1975
Countermeasure, AN/ALQ-126, SPJ System (N)	\$26,631.00	June 5, 1985
Countermeasure, AN/ALQ-131 (with Receiver) (AF)	\$26,970.00	September 28, 1979
Countermeasure, AN/ALQ-131 (without Receiver) (AF)	\$24,108.00	September 28, 1979
Countermeasure, AN/ALQ-165, ASPJ (N)	\$111,425.00	December 6, 1984
Countermeasure, AN/SLQ-32(V)1 (N)	\$115,000.00	April 25, 1986
Countermeasure, AN/SLQ-32(V)2 (N)	\$250,350.00	April 25, 1986
Countermeasure, AN/SLQ-32(V)3 (N)	\$381,803.00	April 25, 1986
Cooperative Engagement Capability (CEC) System (AN/USG-1/2/3)	\$6,716,814.00	August 27, 1999
Electronic Warfare Support, Tactical (TEWS) System (AF)	\$225,434.00	February 5, 1992
Enhanced Position Locating Reporting System (EPLRS) MASL Number: 582000NSEPLRS	\$27,393.00	December 27, 2005
Force XXI Battle Command Brigade-and-Below (FBCB2)	\$10,360.00	March 2, 2006
Forward Area Air Defense Command and Control (FAADC2)	\$13,429,328.00	March 2, 2006
Information System, Joint Tactical, Information Distribution System (JTIDS) (AF)	\$1,600,000.00	September 11, 1992
Information System, Ocean Surveillance (OSIS), Baseline Upgrade (OBU) (N)	\$6,551,852.00	January 27, 1992
OSIS, Remote Graphic Workstation	\$5,874,074.00	January 27, 1992
Large Aircraft Infrared Countermeasures (LAIRCM)	\$209,362.19	June 27, 2003
Mapping System, MK90 Digital (DMA)	\$35,102,998.00	May 18, 1989
Data Extraction Module	\$324,248.00	May 18, 1989
Data Services Module	\$34,254,561.00	May 18, 1989
Product Generation Module	\$91,898.00	May 18, 1989
Source Preparation Module	\$432,291.00	May 18, 1989
Multifunctional Information Distribution System (MIDS) (US Portion)	\$16,635.00	November 22, 2005
Multifunctional Information Distribution System (MIDS) (International Portion)	\$17,064.00	November 22, 2005
Positioning System, Navstar Global (GPS) (AF)	\$1,000.00	October 28, 1987
Radio, AN/ARA-54 (A)	\$39.84	March 28, 1989
Radio AN/ARC-182	\$3,344.00	March 30, 1987
Radio, AN/PRC-119 SINCGARS (A)	\$803.00	January 26, 1990
Radio, AN/TRC-170 (AF)	\$60,622.00	February 15, 1984
Radio, AN/VRC-12 Series (12, 43 through 49) (A)	\$70.00	February 15, 1984

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
Radio, AN/VRC-87 Through 92 SINCGARS (A)	\$803.00	January 26, 1990
Radio, RT-1439 Receiver/Transmitter (A)	\$296.00	January 26, 1990
Radio, Have Quick A-Net System (AF)	\$200,000.00	September 11, 1992
Sonar, AN/SQQ-32 Mine Hunting	\$1,562,124.00	October 13, 1992
Sonar, AN/SQR-18a (N)	\$267,069.00	June 1, 1905
Sonar, AN/SQR-18a(V)1 (N)	\$601,837.00	May 24, 1984
Sonar, AN/SQR-19, Complete System (N)	\$1,756,900.00	March 21, 1990
Shipboard Electronic System (SES)	\$1,071,800.00	March 21, 1990
Towed Array Group (TAG)	\$359,400.00	March 21, 1990
Sonar, AN/SQS-56 (N)	\$173,193.00	July 19, 1988
Sonar System, AN/UQQ-2(V)1 SURTASS (Combined Ship And Shore System) (N)	\$3,029,374.00	August 28, 1989
Sonar System, AN/UQQ-2(V)1 SURTASS, Shipboard System (N)	\$1,785,000.00	August 28, 1989

TABLE AP1.T14. CATEGORY XII
FIRE CONTROL, RANGE FINDER, OPTICAL AND GUIDANCE AND CONTROL
EQUIPMENT

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
AN/ASQ-228 Advanced Targeting Forward Looking Infrared (ATFLIR) Pod	\$460,163.00	July 20, 2004
Fire Control, AN/GSG-10 Director, Tacfire (A)	\$740,331.00	Unknown
Fire Control, MK37 Gun System (N)	\$24,800.00	December 6, 1984
Fire Control, MK56 Gun System (N)	\$15,400.00	December 6, 1984
Fire Control, MK68 Gun System (N)	\$60,000.00	December 6, 1984
Guided Bomb Unit, GBU-10/12 (AF)	\$203.00	June 15, 1987
Guided Bomb Unit, GBU-10/12 with FMU-81 Fuze	\$243.00	June 15, 1987
Guided Bomb Unit, GBU-10/12 with FMU-139 A/B Fuze	\$217.00	June 15, 1987
Guided Bomb Unit, GBU-15 (AF)	\$12,528.00	May 11, 1981
Joint Helmet Mounted Cueing System (JHMCS) (AF)	\$42,227.00	April 27, 2001
Lantirn Navigation And Targeting System (AF)		
Navigation Pod, AN/AAQ-13	\$217,453.00	May 18, 1989
Targeting Pod, AN-AAQ-14	\$201,057.00	May 18, 1989
Pathfinder (commercial derivative of AN/AAQ-13 (15% common))	\$32,618.00	July 12, 1989
Sharpshooter (commercial derivative of AN/AAQ-14 (98% common))	\$201,057.00	June 7, 1991
FMS Targeting Pod Support Equipment	\$1,418,320.00	May 18, 1989
HARM Targeting System, AN/ASQ-213 HTS	\$343,934.00	November 1, 1999
Night Targeting System	\$97,895.00	December 18, 1995
Night Vision, AN/PVS-7A/B Goggles (A)	\$50.00	June 19, 1991
Night Vision, AN/PVS-5	\$157.49	January 31, 1980
Night Vision, AN/PVS-5	\$0.00	June 20, 1991
Position Location Reporting System, (PLRS) (A)	\$11,775,783.00	November 30, 1988
Basic User Unit, Rt-1343/TSQ-129	\$41,298.00	November 30, 1988
Master Station, AN/TSQ-129	\$1,179,261.00	November 30, 1988
C-10830/PSQ-4 User Read Out Unit	\$7,108.00	November 30, 1988
C-10829/ASQ-177 Pilot Control Display Panel	\$16,756.00	November 30, 1988
MK-2290/PSQ-4 Manpack Installation Kit	\$2,057.00	November 30, 1988
AN/VSQ-1 Surface Vehicle Installation Kit	\$8,866.00	November 30, 1988
AN/ASQ-177 (V) Aviation Vehicle Unit Installation Kit	\$9,438.00	November 30, 1988
Radar, AN/APG-63 (AF)	\$410,407.00	March 28, 1989
Radar, AN/APG-65 (F-18) (N)	\$29,471.00	March 30, 1987
Radar, AN/APG-65 (F-18 EPA MOU Only)	\$23,543.00	April 21, 1989
Radar, AN/APG-66 (F-16A/B) (AF)	\$30,400.00	April 12, 1984
Radar, AN/APG-66H (48.2% common with APG-66)	\$14,653.00	June 7, 1991
Radar, AN/APG-66NZ (82.5% common with APG-66)	\$25,080.00	June 1, 1988
Radar, W-160 Radar System (N) (22.9% common with APG-66)	\$6,962.00	June 7, 1991
Radar, AN/APG-68 (F-16C/D) (AF)	\$101,120.00	April 12, 1984
Radar, AN/APG-78 (Apache Longbow)	\$1,719,312.00	January 31, 2002
Radar, AN/APS-138 (AN/APS-145) Antenna (N)	\$162,047.00	February 25, 1987
Radar, AN/APS-145 (N)	\$1,078,582.00	February 25, 1987

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
Radar, AN/AWG-9 Phoenix (N)	\$338,403.00	March 28, 1989
Radar, AN/FPS-117 (AF)	\$883,053.00	April 20, 1989
Radar, AN/FPS-118, Over-The-Horizon Backscatter (OTH-B) (AF)	\$93,682,000.00	June 7, 1991
Prime Sector	\$89,098,000.00	June 7, 1991
Second Sector	\$3,534,000.00	June 7, 1991
Third Sector	\$1,050,000.00	June 7, 1991
Radar, AN/MPQ-64 Sentinel (A)	\$280,206.00	September 8, 1999
Radar, AN/MPS-39 Multiple Objects Tracking Radar (A)	\$320,471.00	January 21, 1993
Radar, AN/SPS-40B (N)	\$216,746.00	May 7, 1982
Radar, AN/SPS-49 (V)1-4 (N)	\$143,460.00	April 12, 1990
AN/SPS-49 (V)5	\$149,146.00	April 12, 1990
AN/SPS-49 (V)6	\$143,460.00	April 12, 1990
AN/SPS-49 (V)7	\$149,146.00	April 12, 1990
Automatic Target Detection Mod	\$82,186.00	April 12, 1990
Radar, AN/TPQ-36 (A)	\$252,968.00	July 5, 1991
Radar, AN/TPQ-37 (A)	\$920,149.00	July 5, 1991
Radar, AN/TPS-43 (with Basic Antenna) (AF)	\$27,462.00	February 5, 1986
Radar, AN/TPS-63 (USMC Baseline) (N)	\$31,890.00	May 7, 1987
Radar, AN/TPS-71 Relocatable Over The Horizon (ROHTR) (N)	\$15,076,923.00	April 20, 1990
Sight, Mast Mounted (A)	\$209,265.00	August 10, 1993
Target Acquisition Designation Sight (TADS) (A)	\$202,591.00	December 30, 1983
Target Designator, AN/AVQ-26 Laser Pave Tack (AF)	\$643,071.00	June 11, 1987
Weapon System, MK7, Aegis, (without Standard Missile and MK41 Vertical Launch System) (N)	\$16,288,000.00	February 25, 1987
Weapon System, Close In (CIWS), Phalanx (NC is Per Gun Mount) (N)	\$287,842.00	October 28, 1978
Wind Corrected Munitions Dispenser (WCMD) Precision Accuracy Tail Kit (AF)	\$4,558.03	May 28, 2004
Wind Corrected Munitions Dispenser (WCMD) Precision Kit (AF)	\$3,750.00	December 18, 2001
AN/ALR-67(V)3 Radar Warning Receiver MASL Number: 584000ANALR67	\$204,501.00	March 7, 2007

TABLE AP1.T15. CATEGORY XIII
AUXILIARY MILITARY EQUIPMENT

Item Description	Approved Nonrecurring Cost (NC) Charge	Effective Date
No Items In This Category Are Defined In The U.S. Munitions List As Significant Military Equipment.		

AP2. APPENDIX 2

TRANSPORTATION COST LOOK-UP TABLE

AP2.1. PURPOSE

This appendix provides the procedures for development and use of the Transportation Cost Look-Up Table. The table contains estimated actual transportation costs for items normally shipped in the Defense Transportation System (DTS) (e.g., sensitive/hazardous end items) when costs using standard transportation percentages are significantly different from actual charges.

AP2.2. PROCEDURES

AP2.2.1. The Defense Security Cooperation Agency (DSCA) is responsible for approving items for inclusion in the transportation cost look-up table. Annually, DSCA disseminates the table to the DoD Components. The Defense Financial Accounting Service (DFAS) Indianapolis is responsible for application of the look-up table rates, when applicable, to DD Form 1517 billings by the DoD Components for specific items on the look-up table. The DoD Components are responsible for:

AP2.2.1.1. Making recommendations to DSCA relative to items and rates to be included in the table.

AP2.2.1.2. Using approved rates in Letters of Offer and Acceptance (LOAs) prepared for items cited on the look-up table.

AP2.2.1.3. Updating look-up table rates to assure estimated actual DoD costs are reflected.

AP2.2.1.4. Providing information to DFAS Indianapolis relative to the applicable delivery term code (DTC) for each delivery transaction billing processed to DFAS Indianapolis for items on the look-up table. If the priority changes and the actual delivery of materiel does not correspond with the DTC designated in the LOA, a Transportation Bill Code (TBC) indicating the actual method of shipment is entered on the delivery report.

AP2.2.2. Annually (no later than December 10th) the DoD Components provide recommended rates for subsequent fiscal year (effective January 1st) to the DSCA (Business Operations Directorate). The formats in Tables AP2.T1. and AP2.T2. are used to forward recommendations to the DSCA (Business Operations Directorate). The DoD Components must include the cost elements prescribed in DoD 7000.14-R, (reference (o)) Volume 15, Chapter 8. DSCA evaluates the data and staffs the revised rates and addition of items to the look-up table. DSCA disseminates the updated table to DFAS Indianapolis and to the applicable DoD Components by January 15th of each year. When a DoD Component determines that an established transportation charge requires adjustment, the recommended revised rate is forwarded to DSCA immediately. The DoD Components use the rates on the look-up table in the development of LOAs that identify transportation costs in item (11) of the LOA. The rates are developed and used as follows.

Table AP2.T1. CONUS Transportation Costs

NSN/ Nomen1	Weight Item	M/Ton/Item	Standard Price	FMS Proc.2 Cost	Port of Embarkation3	Est. Actual CONUS4 Inland	Est. Port Costs
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Note 1: Items are those that appear to qualify based on previous data. NSNs must be added. Additional major items should be added as appropriate.

Note 2: Based on most current FMS offers.

Note 3: Data should be provided for East Coast, West Coast, and Gulf port, if applicable.

Note 4: Special factors such as security costs must be identified separately.

Table AP2.T2. Overseas Transportation Costs

NSN/ Nomen1	Weight Item	M/Ton/Item	Standard Price	FMS Proc.2 Cost	Est. Actual Overseas Shipment 3. 4 (Surface)	Est. Actual Overseas Shipment (MAC)3, 4	Est. Actual Overseas Port Loading
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Note 1: Items are those that appear to qualify based on previous data. NSNs must be added. Additional major items should be added as appropriate.

Note 2: Based on most current FMS offers.

Note 3: For each item two figures must be cited:

- Shipments to Europe, Latin America, and Mediterranean Ports.
- Shipments to Newfoundland, Labrador, Thule, Iceland, South America, Far East, African Ports (other than Mediterranean) and Near East.

Note 4: Special factors such as security, demurrage, etc., must be identified separately.

AP2.2.2.1. Code 6. Freight on Board (FOB) overseas port of discharge. The Department of Defense is responsible for transportation from the continental U.S. (CONUS) point of origin to and including ocean transportation to the overseas port of discharge. Recipient country is responsible for vessel discharge, port handling, and subsequent arrangements and costs. Due to security concerns and ease/simplification of management, DTC 6 is NOT used by the Air Mobility Command (AMC) or Military Sealift Command (MSC) shipments.

AP2.2.2.2. Code 8. FOB aircraft or vessel -- CONUS port of exit. The Department of Defense is responsible for transportation from CONUS point of origin to and including unloading, handling, and storage aboard aircraft or vessel at port of embarkation. Recipient country is responsible for over ocean transportation and subsequent arrangements and costs.

AP2.2.2.3. Code 9. FOB port of discharge (landed). The Department of Defense is responsible for transportation from CONUS point of origin to and including aircraft or vessel discharge and port handling at overseas port of discharge. Recipient country is responsible for loading on inland overseas carrier equipment and for subsequent arrangements and costs.

AP2.2.2.4. Special transportation requirements (e.g., SAAM flights) continue to be identified in a line item on the LOA and applicable actual charges billed to the customer.

AP2.3. TRANSPORTATION COST LOOK-UP TABLE

Table AP2.T3. Transportation Cost Look-Up Table – CY-09 (Army Annex)

Army Annex				
NSN	ITEM	Code 6 Estimated Actual Total	Code 8 Estimated Actual Total	Code 9 Estimated Actual Total
APACHE				
1615-01-252-6376	TRANSMISSION	\$1,535	\$1,223	\$21,486
1615-01-306-6948	HEAD, ROTARY WING	\$1,858	\$1,234	\$31,758
1615-01-310-4978	BLADE, ROTARY WING	\$1,521	\$1,209	\$11,906
1650-01-273-7608	SERVOCYLINDER	\$1,159	\$1,145	\$2,056
2835-01-172-6200	ENGINE, GAS TURBINE	\$1,186	\$1,072	\$5,322
ATACMS				
1427-01-274-3904	GUIDED MSL AND LAUNCH POD ASSEMBLY, M39	\$2,004	\$1,392	\$44,813
1427-01-445-3758	GUIDED MSL AND LAUNCH POD ASSEMBLY	\$2,031	\$1,400	\$47,513
1427-01-494-1457	GUIDED MSL AND LAUNCH POD ASSMEBLY, M39A1	\$2,004	\$1,392	\$43,231
BLACKHAWK				
1615-01-096-5427	HUB ASSEMBLY	\$1,019	\$920	\$4,556
1615-01-106-1903	MAIN ROTOR BLADE MODULE	\$1,345	\$990	\$13,042
1615-01-145-3928	GEAR BOX, MAIN	\$1,237	\$967	\$18,674
1615-01-168-2983	GEAR BOX, MAIN	\$1,237	\$967	\$18,674
1615-01-230-6218	GEAR BOX ASSEMBLY INPUT	\$983	\$912	\$3,634
1615-01-284-6419	MAIN GEAR BOX	\$1,237	\$967	\$18,674
2840-01-070-1003	ENGINE A/C TURBO SHAFT	\$1,164	\$951	\$9,223
2840-01-284-4011	ENGINE, 701C	\$1,164	\$951	\$9,223
CHAPARRAL				
1410-01-095-3248	MISSILE, GM,INTERCEPT AERIAL,MIM-72E	\$336	\$225	\$3,492
1410-01-150-2863	MISSILE, GM,INTERCEPT AERIAL,MIM-71F	\$336	\$225	\$3,492
1410-01-216-3775	MISSILE, GM,INTERCEPT AERIAL,MIM-72N	\$336	\$225	\$3,492
1440-00-937-3859	SYS, MISSILE, GM INTERCEPT AERIAL,CARRIER MTD, M48	\$13,897	\$5,814	\$237,918
1440-01-069-8877	MISSILE, GM,INTERCEPT AERIAL,CARRIER MTD, M48A1	\$14,647	\$6,564	\$243,372
1440-01-106-3089	MISSILE, GM,INTERCEPT AERIAL,CARRIER MTD, M48A2	\$14,668	\$6,566	\$243,372
1440-01-181-6002	FLIR	\$263	\$156	\$3,294
1440-01-198-5892	MISSILE, GM,INTERCEPT AERIAL, MTD,M48A2E1	\$14,668	\$6,566	\$243,472
4935-01-104-9827	AN/TSM-96A	\$11,850	\$5,631	\$132,348
DRAGON				
1427-00-163-8959	MISSILE	\$191	\$154	\$1,396
1430-00-078-8340	TRACKER	\$432	\$414	\$1,070
1430-01-046-9594	NIGHT TRACKER	\$475	\$422	\$1,929
HAWK				
1337-00-484-8551	ROCKET MOTOR, M112	\$1,080	\$931	\$12,115

Army Annex				
NSN	ITEM	Code 6 Estimated Actual Total	Code 8 Estimated Actual Total	Code 9 Estimated Actual Total
1410-00-234-3266	MISSILE	\$2,744	\$2,039	\$33,458
1410-01-173-9990	MISSILE, MEI	\$2,744	\$2,039	\$33,458
1430-00-103-5270	IPCP, AN/MSW-11	\$17,196	\$9,874	\$150,506
1430-00-135-0267	ICWAR	\$6,941	\$2,776	\$82,589
1430-00-169-1859	ICC	\$15,242	\$7,863	\$152,397
1430-00-178-8453	PAR	\$9,113	\$2,970	\$120,659
1430-00-178-8454	ROR	\$8,215	\$2,890	\$105,029
1430-00-782-9816	HPI	\$15,355	\$8,604	\$133,318
1430-00-880-3357	AN/TPQ-29	\$6,356	\$2,723	\$72,542
1430-01-042-4907	ICWAR/PIP, PHASE I	\$7,170	\$2,796	\$86,827
1430-01-042-4908	PAR/PIP, PHASE I	\$13,441	\$5,511	\$157,869
1430-01-042-4910	BCC/PIP, PHASE I	\$6,538	\$3,144	\$72,542
1430-01-042-4915	IPCP, PHASE I	\$16,304	\$9,020	\$149,842
1430-01-042-4918	ICC/PIP, PHASE I	\$16,449	\$9,032	\$152,434
1430-01-078-9643	HPI/PIP, PHASE II	\$15,682	\$9,045	\$137,531
1430-01-084-1130	IBCC, PHASE II	\$6,971	\$3,222	\$79,834
1430-01-084-1131	IPCP, PHASE II	\$15,466	\$8,182	\$148,799
1430-01-180-5318	PCP/PIP, PHASE III	\$15,168	\$7,884	\$148,799
1430-01-181-5884	B & P, PHASE III	\$15,168	\$7,884	\$148,799
1430-01-184-6768	CWAR/PIP PHASE III	\$7,170	\$2,796	\$86,827
1430-01-191-8780	HPI/PIP PHASE III	\$16,643	\$8,218	\$171,500
1440-00-602-5055	LSCB, PHASE I	\$1,624	\$1,606	\$2,969
1440-00-805-3012	LAUNCHER	\$5,807	\$1,933	\$80,588
1450-00-066-8873	LOADER, XM501E3	\$4,742	\$1,452	\$64,552
4935-00-133-9770	SHOP EQUIP,	\$4,292	\$3,617	\$25,187
4935-00-604-7460	IAFU OMC GRD	\$3,859	\$3,539	\$12,910
4935-00-782-1957	SHOP EQUIP, AN/TSM-105	\$6,505	\$3,111	\$72,688
4935-00-880-4510	SHOP EQUIP,	\$6,505	\$3,111	\$72,688
4935-01-042-4909	SHOP EQUIP,	\$6,505	\$3,111	\$72,688
4935-01-043-2244	SHOP EQUIP (NO. 1),	\$8,022	\$3,384	\$98,047
4935-01-051-8691	SHOP EQUIP,AN/TSM-104, PHASE 1	\$6,418	\$3,095	\$71,105
4935-01-067-3362	SHOP EQUIP, GM,AN/TSM-120, PHASE II	\$4,227	\$3,605	\$24,804
4935-01-083-3128	SHOP EQUIP, (NO 8) PHASE II	\$6,251	\$2,714	\$70,787
4935-01-083-3129	SHOP EQUIP (NO. 1),PHASE II	\$8,064	\$3,391	\$98,556
4935-01-085-5618	SHOP EQUIP (NO 9) PHASE II	\$6,251	\$2,714	\$70,787
4935-01-085-5679	SHOP EQUIP (NO. 9),PHASE II	\$5,230	\$4,821	\$25,516
4935-01-091-4450	TAS MAINT. KIT,PHASE II	\$2,642	\$1,789	\$21,246
4935-01-218-7088	SHOP EQUIP (NO. 8),PHASE III	\$6,293	\$2,718	\$71,515
4935-01-218-7089	SHOP EQUIP (NO. 1),PHASE III	\$7,927	\$5,017	\$61,797
4935-01-223-9122	T.A.G., PHASE III	\$5,451	\$4,829	\$25,217
4935-01-282-9256	SHOP EQUIP (NO 20) PHASE III	\$22,326	\$7,796	\$286,853
4935-01-286-5599	SHOP EQUIP (NO. 21),PHASE III	\$22,326	\$7,796	\$287,780
5821-00-102-8668	TRANSMITTING SET	\$1,624	\$1,606	\$2,728

Army Annex				
NSN	ITEM	Code 6 Estimated Actual Total	Code 8 Estimated Actual Total	Code 9 Estimated Actual Total
HELICOPTER, UH-1				
1615-00-183-0834	TRANSMISSION ASSEMBLY	\$1,175	\$934	\$8,879
1615-01-056-4550	HUB ASSEMBLY,	\$1,085	\$915	\$8,541
1615-01-237-0512	HUB ASSEMBLY, MAIN	\$1,085	\$915	\$8,335
HELLFIRE				
1410-01-126-4662	AGM-114A MISSILE	\$194	\$138	\$2,093
1410-01-192-0293	AGM-114C MISSILE	\$194	\$138	\$2,093
1410-01-332-2471	AGM-114F MISSILE	\$217	\$161	\$2,278
1410-01-399-7459	AGM-114L LONGBOW MISSILE	\$219	\$163	\$2,257
1410-01-422-1054	AGM-114K1 MISSILE	\$194	\$138	\$2,136
1410-01-425-4469	AGM-114K3 MISSILE	\$195	\$139	\$2,118
1410-01-464-9035	AGM-114M3 MISSILE	\$195	\$139	\$2,171
1410-01-464-9038	AGM-114M1 MISSILE	\$195	\$139	\$2,171
1410-01-494-0690	AGM-114L-1 MISSILE	\$219	\$163	\$2,257
6920-01-466-2077	TRAINING MISSILE	\$105	\$52	\$2,059
JAVELIN				
1427-01-422-7617	JAVELIN ROUND	\$336	\$299	\$1,359
1427-01-453-7226	JAVELIN ROUND	\$336	\$299	\$1,359
1427-01-475-8172	JAVELIN ROUND	\$336	\$299	\$1,359
1427-01-516-7876	JAVELIN ROUND	\$371	\$334	\$1,426
1427-01-528-9582	JAVELIN ROUND	\$371	\$334	\$1,426
1430-01-410-8545	COMMAND LAUNCH UNIT	\$63	\$45	\$876
1430-01-433-8025	COMMAND LAUNCH UNIT	\$63	\$45	\$906
1430-01-532-8900	COMMAND LAUNCH UNIT	\$63	\$45	\$906
6920-01-391-9209	FIELD TACTICAL TRAINER-STUDENT STATION	\$138	\$49	\$2,193
6920-01-391-9210	FIELD TACTICAL TRAINER (FTT-IS)	\$63	\$45	\$812
6920-01-391-9213	MISSILE SIMULATION ROUND	\$83	\$47	\$1,114
6920-01-392-6744	BASIC SKILLS TRAINER (BST)	\$445	\$249	\$4,909
6920-01-466-5161	BASIC SKILLS TRAINER (BST)	\$445	\$249	\$4,909
6920-01-545-0603	BASIC SKILLS TRAINER (BST)	\$445	\$249	\$4,909
MLRS				
1055-01-192-0358	MLRS LAUNCHER (201 CONFIG)	\$18,855	\$9,765	\$400,971
1055-01-251-9756	MLRS LAUNCHER (202 CONFIG)	\$18,855	\$9,765	\$400,971
1055-01-329-6826	MLRS LAUNCHER (203 CONFIG)	\$18,855	\$9,765	\$400,971
1340-01-122-3506	MLRS ROCKET POD, TACTICAL	\$2,252	\$1,640	\$47,448
1340-01-149-0918	MLRS ROCKET POD, PRACTICE	\$2,262	\$1,650	\$47,448
1340-01-370-9666	MLRS REDUCE RANGE, PRACTICE	\$2,262	\$1,650	\$47,412
1340-01-398-2159	ROCKET POD, 298MM	\$2,262	\$1,650	\$45,630
1340-01-450-5876	EXTENDED RANGE ROCKET TACTICAL	\$2,262	\$1,650	\$46,493
1340-01-484-9001	REDUCED RANGE PRACTICE	\$2,252	\$1,640	\$47,412
1340-01-490-9695	ROCKET POD, 298 MILL	\$2,252	\$1,640	\$47,448
1340-01-517-4757	MLRS ROCKET POD TACTICAL	\$2,252	\$1,640	\$47,448
PATRIOT				

Army Annex				
NSN	ITEM	Code 6 Estimated Actual Total	Code 8 Estimated Actual Total	Code 9 Estimated Actual Total
1410-01-087-6343	GM, INTERCEPT AERIAL,MIM-104	\$4,016	\$2,977	\$36,056
1410-01-205-7066	GM, INTERCEPT AERIAL,MIM-104-A	\$4,016	\$2,977	\$36,056
1410-01-267-6685	GM, INTERCEPT AERIAL,MIM-104-B	\$4,016	\$2,977	\$36,056
1410-01-286-9689	GM, INTERCEPT AERIAL,MIM-104-C	\$4,016	\$2,977	\$36,056
1427-01-501-0371	GM, INTERCEPT AERIAL, PAC-4	\$3,874	\$2,780	\$42,247
1427-01-522-3326	GM, INTERCEPT AERIAL, PAC-3	\$3,874	\$2,780	\$29,716
1427-01-523-8822	GM, INTERCEPT, AERIAL PAC-3	\$3,770	\$2,750	\$41,856
1430-01-087-6330	RADAR SET, AN/MPQ-53	\$29,526	\$11,725	\$428,889
1430-01-087-6337	AN/MSQ-116, INFORMATION COORDINATION CENTRAL	\$25,669	\$10,436	\$340,967
1430-01-087-6338	AN/MGQ-104, ENGAGEMENT CONTROL STATION	\$25,690	\$10,438	\$344,421
1430-01-092-4032	EXCITER GROUP	\$2,677	\$2,641	\$3,660
1430-01-111-2419	MICROWAVE DEVICE	\$740	\$616	\$4,219
1430-01-131-5373	ANTENNA MAST GROUP OA-9054 (V) 4/G	\$21,259	\$5,436	\$338,379
1430-01-131-5427	AN/MRC-137 COMMUNICATIONS CONTROL GROUP	\$20,268	\$5,529	\$326,799
1430-01-139-9738	EXCITER GROUP	\$654	\$601	\$2,798
1430-01-219-5560	COOLER LIQUID	\$795	\$511	\$9,925
1430-01-234-1498	MICROWAVE DEVICE	\$618	\$441	\$4,455
1430-01-239-6723	MODULATOR	\$678	\$447	\$13,579
1430-01-260-4963	EXCITER GROUP	\$2,175	\$2,122	\$3,683
1430-01-387-8436	GM, INTERCEAPT AERIAL MIM-104-D	\$3,871	\$2,832	\$36,020
1440-01-087-9844	M901, LAUNCHING STATION	\$31,322	\$7,721	\$458,643
2330-01-130-7980	SEMI-TRAILER,MAINTENANCE M1032 (SRPT)	\$19,378	\$5,286	\$274,423
4935-01-134-8713	SHOP EQUIPMENT, GM SYSTEM AN/TSM-163 (BME)	\$19,523	\$5,298	\$276,823
4935-01-136-0233	SHOP EQUIPMENT, GM SYSTEM, AN/TSM-16 (BMG)	\$19,523	\$5,298	\$276,823
4935-01-182-0578	MAINTENANCE CENTER, AN/TCM-1	\$21,175	\$5,429	\$340,288
5960-01-091-0668	ELECTRON TUBE	\$460	\$407	\$1,966
5960-01-110-2668	ELECTRON TUBE	\$620	\$567	\$3,445
5998-01-501-7710	M818E3A ELECTRONIC ASSEMBLY	\$2,705	\$2,695	\$2,885
6130-01-109-9112	POWER SUPPLY	\$758	\$545	\$16,170
REDEYE				
1425-00-930-9923	M41 GUIDED MISSILE SYS	\$210	\$191	\$890
1425-01-078-9258	M41 MISSILE W/CONTAINER	\$235	\$198	\$1,194
1425-01-078-9259	M41 MISSILE ASSEMBLY	\$210	\$191	\$891
6920-00-809-0399	GUIDED MISSILE TRAINING SET	\$777	\$741	\$1,837
SENTINEL				
1430-01-420-8077	RADAR SET	\$9,824	\$2,902	\$135,447
STINGER				
1410-01-024-6938	MISSILE, FIM92	\$194	\$175	\$1,249
1425-01-024-9982	WPN ROUND	\$244	\$204	\$1,364
1427-01-024-9967	MSL ROUND	\$194	\$175	\$1,249

Army Annex				
NSN	ITEM	Code 6 Estimated Actual Total	Code 8 Estimated Actual Total	Code 9 Estimated Actual Total
1427-01-219-7116	WPN ROUND, LESS GRIPSTOCK	\$219	\$182	\$1,249
1427-01-325-3158	MISSILE ROUND	\$194	\$175	\$1,249
1427-01-325-3160	WEAPON ROUND, PARTIAL	\$194	\$175	\$1,249
1427-01-416-3186	GM, SUBSYSTEM, AER INT	\$219	\$182	\$1,249
1440-01-024-6931	GRIPSTOCK - CONTROL GROUP	\$35	\$30	\$195
1440-01-111-7791	LAUNCH TUBE ASSEMBLY	\$1,342	\$1,306	\$2,471
1440-01-170-8618	GRIPSTOCK - CONTROL GROUP	\$35	\$30	\$195
1440-01-281-9458	GRIPSTOCK, CONTROL GROUP	\$35	\$30	\$195
6920-01-024-6948	THT	\$563	\$527	\$1,889
6920-01-246-0701	CAPTIVE FLIGHT TRAINER	\$563	\$527	\$1,646
6920-01-283-7826	TRAINING SET	\$563	\$527	\$1,889
T-53				
2840-00-134-4803	ENGINE, AIRCRAFT	\$1,271	\$987	\$15,017
2840-01-093-7451	ENGINE A/C TURBO SHAFT MAIN ROTOR	\$1,271	\$987	\$15,017
2915-01-005-9197	FUEL CONTROL, MAIN	\$919	\$905	\$1,813
2915-01-216-9779	FUEL CONTROL, MAIN	\$919	\$905	\$1,813
THERMAL IMAGERY				
5855-01-037-7340	NIGHT SIGHT,AN/TAS-6	\$443	\$425	\$877
5855-01-037-7341	AN/TAM-3	\$1,210	\$1,121	\$3,475
5855-01-083-9051	AN/UAS-11	\$637	\$460	\$4,549
5855-01-154-3871	AN/TAM-3A	\$1,297	\$1,137	\$5,320
5855-01-173-0808	NIGHT SIGHT,AN/UAS-12B	\$465	\$429	\$2,333
TOW				
1410-01-007-2507	MISSILE	\$150	\$131	\$1,206
1410-01-007-2508	MISSILE	\$95	\$76	\$1,126
1410-01-106-8514	I-TOW	\$150	\$131	\$1,206
1410-01-135-2092	TOW-2 MISSILE	\$150	\$131	\$1,206
1410-01-137-9976	MISSILE, PRACTICE	\$100	\$75	\$1,126
1410-01-180-6790	I-TOW MISSILE W/CLM & MVIC	\$150	\$131	\$1,206
1410-01-229-9948	MISSILE	\$150	\$131	\$1,206
1410-01-257-7583	I-TOW MISSILE	\$150	\$131	\$1,206
1410-01-257-7584	TOW MISSILE, W/CLM	\$150	\$131	\$1,206
1410-01-257-7585	TOW PRACTICE MISSILE,W/CLM	\$95	\$76	\$1,126
1410-01-300-0254	TOW-2A MISSILE W/CLM,BGM-71E-1B	\$150	\$131	\$1,206
1410-01-301-0815	TOW-2 MISSILE W/CLM,BGM-71D-1B	\$150	\$131	\$1,206
1410-01-303-5172	TOW-2 MISSILE	\$95	\$76	\$1,126
1410-01-309-8302	TOW PRACTICE MISSILE W/CLM, BTM-71A-1B	\$95	\$76	\$1,126
1410-01-309-8303	I-TOW MISSILE W/CLM,BGM-71C-2B	\$150	\$131	\$1,206
1410-01-313-5364	TOW PRACTICE MISSILE W/CLM & DEU	\$95	\$76	\$1,126
1410-01-313-5365	I-TOW MISSILE,W/CLM & DEU	\$150	\$131	\$1,206
1410-01-313-5366	TOW-2 MISSILE	\$150	\$131	\$1,206
1410-01-313-5367	TOW-2A MISSILE	\$150	\$131	\$1,206
1410-01-322-5333	TOW-2B MISSILE	\$150	\$131	\$1,206

Army Annex				
NSN	ITEM	Code 6 Estimated Actual Total	Code 8 Estimated Actual Total	Code 9 Estimated Actual Total
1410-01-343-8924	BTM-71E-2B PRACTICE MISSILE	\$95	\$76	\$1,126
1410-01-370-2288	TOW, 2A GUIDED MISSILE BGM-71E-4B	\$150	\$131	\$1,206
1410-01-370-2289	TOW, 2A GUIDED MISSILE BGM-71E-4B	\$150	\$131	\$1,205
1410-01-370-2292	TOW, 2A PRACTICE MISSILE BTM-7E-3B	\$95	\$76	\$1,125
1410-01-379-8253	TOW 2A GUIDED MISSILE	\$150	\$131	\$1,206
1410-01-533-5256	TOW Bunker Buster (rf), BGM-71H-1RF	\$150	\$131	\$1,206
1410-01-533-8129	TOW 2B MISSILE (RF), BGM-71F-3-RF	\$150	\$131	\$1,206
1410-01-533-8369	TOW 2A Missile (RF), BGM-71E-4B-RF	\$150	\$131	\$1,206
1440-00-169-1764	LCHR	\$3,056	\$2,778	\$7,393
1440-01-104-9834	LCHR, TUBULAR, GM,TOW-2	\$1,279	\$959	\$8,475
1440-01-271-3015	TOW-2 LAUNCHER	\$1,279	\$959	\$8,475
1440-01-298-9788	TOW-2 LAUNCHER	\$1,275	\$955	\$8,492
1440-01-426-3545	TOW 2 LAUNCHER, W/WPROM	\$1,286	\$966	\$8,495
4935-00-150-5905	CSS	\$2,331	\$767	\$33,875
4935-01-070-3426	FIELD TEST SET, TOW 2	\$800	\$427	\$9,138
4935-01-082-7023	ICSS	\$4,185	\$1,111	\$71,312
4935-01-114-3919	CSS, TOW-2	\$2,331	\$767	\$35,985
4935-01-142-9561	FIELD TEST SET	\$800	\$427	\$9,138
4940-01-154-3957	IMP. CSS, TOW-2	\$4,206	\$1,114	\$64,038
5855-01-083-9053	NIGHT SIGHT,AN/TAS-4A	\$445	\$409	\$2,328
5855-01-152-8781	NIGHT SIGHT,AN/UAS-12A	\$445	\$409	\$2,328
5855-01-245-8689	NIGHT SIGHT,AN/UAS-12A	\$445	\$409	\$2,328
5855-01-301-0158	NIGHT SIGHT, AN/UAS-12C	\$445	\$409	\$2,328
6130-01-018-9786	BATTERY CHARGER	\$365	\$329	\$1,703
6920-00-179-7320	M70 TRAINER, TOW	\$540	\$380	\$4,693
6920-01-145-6098	M70 TRAINER, TOW-2	\$540	\$380	\$4,958

Table AP2.T3. Transportation Cost Look-Up Table – CY-09 (Navy Annex)

Navy Annex				
NSN	ITEM	Code 6 Estimated Actual Total	Code 8 Estimated Actual Total	Code 9 Estimated Actual Total
HARM MISSILE				
1336-01-162-3422	WARHEAD SECTION WAU-7B,WAU-11B, WAU27B	\$169	\$93	\$1,373
1336-01-374-6872	WARHEAD SECTION WAU-7B,WAU-11B,WAU- 27B	\$186	\$93	\$1,373
1337-01-162-3421	ROCKET MOTOR SECTION YSR113-TC-1	\$311	\$142	\$2,806
1410-01-162-3292	GUIDANCE SECTION WGU-2/B,WGU- 2B/B,WGU-2C/B	\$188	\$112	\$1,091
1410-01-242-4880	AGM-88A (TACTICAL MISSILE)	\$889	\$517	\$8,474
1410-01-247-0635	AGM-88B (TACTICAL MISSILE)	\$663	\$596	\$8,274
1410-01-247-0636	AGM-88B (TACTICAL MISSILE)	\$663	\$596	\$8,274
1410-01-247-0639	CATM-88B (TRAINING MISSILE)	\$663	\$596	\$8,274
1410-01-247-0640	CATM-88B (TRAINING MISSILE)	\$663	\$596	\$8,274
1410-01-312-4348	CATM-88B (TRAINING MISSILE)	\$663	\$596	\$8,274
1410-01-312-7489	AGM-88B (TACTICAL MISSILE)	\$663	\$596	\$8,274
1410-01-312-7490	AGM-88B (TACTICAL MISSILE)	\$663	\$596	\$8,274
1410-01-312-9519	CATM-88B (TRAINING MISSILE)	\$663	\$596	\$8,274
1410-01-374-5658	AGM-88B (TACTICAL MISSILE)	\$663	\$596	\$8,274
1410-01-374-5663	AGM-88-C (TACTICAL MISSILE)	\$663	\$596	\$8,274
1410-01-374-5665	CATM-88-C (TRAINING MISSILE)	\$663	\$596	\$8,274
1410-01-374-6717	GUIDANCE SECTION WGU-2/B,WGU- 2B/B,WGU-2C/B	\$188	\$112	\$1,091
1410-01-374-6871	CATM-88-C (TRAINING MISSILE)	\$663	\$596	\$8,274
1410-01-448-4714	AGM-88-C (TACTICAL MISSILE)	\$663	\$596	\$8,274
1410-01-448-5249	CATM-88-C (TRAINING MISSILE)	\$663	\$596	\$8,274
1420-01-161-2090	CONTROL SECTION (WCU-2B)	\$188	\$112	\$1,284
1420-01-241-5790	CONTROL SECTION (WCU-2B)	\$209	\$133	\$1,305
1420-01-247-0628	GUIDANCE SECTION WGU-2/B,WGU- 2B/B,WGU-2C/B	\$209	\$133	\$1,112
1420-01-448-5249	GUIDANCE SECTION WGU-2/B,WGU- 2B/B,WGU-2C/B	\$188	\$112	\$1,091
6920-01-163-3424	ROCKET MOTOR SECTION YSR113-TC-1	\$311	\$142	\$2,806
6920-01-190-7056	WARHEAD SECTION WAU-7B,WAU-11B,WAU- 27B	\$186	\$93	\$1,283
6920-01-193-6451	WARHEAD SECTION WAU-7B,WAU-11B,WAU- 27B	\$186	\$93	\$1,373
6920-01-241-5786	ROCKET MOTOR SECTION YSR113-TC-1	\$311	\$142	\$2,806
HARPOON MISSILE				
1410-01-139-1741	RGM-84D-3	\$4,429	\$2,282	\$11,511
1410-01-139-1742	RGM-84D-4	\$3,426	\$1,938	\$11,191
1410-01-139-1744	RTM-84D-3	\$4,429	\$2,282	\$11,511
1410-01-139-1748	RTM-84-D-4	\$4,429	\$2,282	\$11,922
1410-01-181-2268	ATM-84D-1	\$2,968	\$1,781	\$8,197
1410-01-181-8546	AGM-84D1	\$2,968	\$1,781	\$8,197
1410-01-181-8547	RGM-84 D1	\$2,258	\$1,113	\$8,354

Navy Annex				
NSN	ITEM	Code 6 Estimated Actual Total	Code 8 Estimated Actual Total	Code 9 Estimated Actual Total
1410-01-181-8548	RGM-84D-2	\$2,161	\$1,080	\$7,508
1410-01-181-8549	UGM-84 D1	\$6,280	\$3,680	\$11,605
1410-01-181-8550	RTM-84D-1	\$2,258	\$1,113	\$8,354
1410-01-181-8552	RTM-84D-2	\$2,161	\$1,080	\$7,508
1410-01-181-8556	UTM-84D-1	\$6,280	\$3,680	\$11,605
1410-IP-AGM-84D1	AGM-84D-1 AIR LAUNCH - TACTICAL	\$2,457	\$1,606	\$11,743
1410-IP-AGM-84G1	AGM-84G-1 AIR LAUNCH - TACTICAL	\$2,457	\$1,606	\$11,743
1410-IP-AGM-84L1	AGM-84L-1 AIR LAUNCH - TACTICAL	\$2,457	\$1,606	\$11,743
1410-IP-ATM-84D1	ATM- 84D-1 AIR LAUNCH - EXERCISE	\$2,457	\$1,606	\$11,743
1410-IP-ATM-84G1	ATM-84G-1 AIR LAUNCH - EXERCISE	\$2,457	\$1,606	\$11,743
1410-IP-ATM-84L1	ATM-84L-1 AIR LAUNCH - EXERCISE	\$2,457	\$1,606	\$11,743
1410-IP-RGM-84D1	RGM-84D-1 ASROC - TACTICAL	\$1,671	\$912	\$8,332
1410-IP-RGM-84D2	RGM-84D-2 TARTAR - TACTICAL	\$1,467	\$836	\$7,515
1410-IP-RGM-84D3	RGM-84D-3 LIGHT WEIGHT CANISTER - TACTICAL	\$4,111	\$2,173	\$8,526
1410-IP-RGM-84D4	RGM-84D-4 GRADE B CANISTER - TACTICAL	\$4,111	\$2,173	\$8,949
1410-IP-RGM-84G1	RGM-84G-1 ASROC - TACTICAL	\$1,671	\$912	\$8,332
1410-IP-RGM-84G2	RGM-84G-2 TARTAR - TACTICAL	\$1,476	\$845	\$7,523
1410-IP-RGM-84G3	RGM-84G-3 LIGHT WEIGHT CANISTER - TACTICAL	\$4,111	\$2,173	\$8,526
1410-IP-RGM-84G4	RGM-84G-4 GRADE B CANISTER - TACTICAL	\$4,111	\$2,173	\$8,949
1410-IP-RGM-84L1	RGM-84L-1 ASROC - TACTICAL	\$1,671	\$912	\$8,332
1410-IP-RGM-84L2	RGM-84L-2 TARTAR - TACTICAL	\$1,476	\$845	\$7,523
1410-IP-RGM-84L3	RGM-84L-3 LIGHT WEIGHT CANISTER - TACTICAL	\$4,111	\$2,173	\$8,526
1410-IP-RGM-84L4	RGM-84L-4 GRADE B CANISTER - TACTICAL	\$4,111	\$2,173	\$8,949
1410-IP-RTM-84D1	RTM-84D-1 ASROC-EXERCISE	\$1,662	\$903	\$8,323
1410-IP-RTM-84D2	RTM-84D-2 TARTAR EXERCISE	\$1,476	\$845	\$7,523
1410-IP-RTM-84D3	RTM-84D-3 LIGHT WEIGHT CANISTER - EXERCISE	\$4,111	\$2,173	\$8,526
1410-IP-RTM-84D4	RTM-84D-4 GRADE B CANISTER - EXERCISE	\$4,111	\$2,173	\$8,949
1410-IP-RTM-84G1	RTM-84G-1 ASROC - EXERCISE	\$1,671	\$912	\$8,332
1410-IP-RTM-84G2	RTM-84G-2 TARTAR - EXERCISE	\$1,476	\$845	\$7,523
1410-IP-RTM-84G3	RTM-84G-3 LIGHT WEIGHT CANISTER - EXERCISE	\$4,111	\$2,173	\$8,526
1410-IP-RTM-84G4	RTM-84G-4 GRADE B CANISTER - EXERCISE	\$4,111	\$2,173	\$8,949
1410-IP-RTM-84L1	RTM-84L-1 ASROC - EXERCISE	\$1,671	\$912	\$8,332
1410-IP-RTM-84L2	RTM-84L-2 TARTAR - EXERCISE	\$1,476	\$845	\$7,523
1410-IP-RTM-84L3	RTM-84L-3 LIGHT WEIGHT CANISTER - EXERCISE	\$4,111	\$2,173	\$8,526
1410-IP-RTM-84L4	RTM-84L-4 GRADE B CANISTER - EXERCISE	\$4,111	\$2,173	\$8,949
1410-IP-UGM-84D1	UGM-84D-1 SUB-LAUNCH- TACTICAL	\$4,175	\$2,808	\$9,591
1410-IP-UGM-84G1	UGM-84G-1 SUB-LAUNCH - TACTICAL	\$5,244	\$3,325	\$9,591
1410-IP-UGM-84L1	UGM-84L-1 SUB-LAUNCH - TACTICAL	\$5,244	\$3,325	\$9,591
1410-IP-UTM-84D1	UTM-84D-1 SUB-LAUNCH - EXERCISE	\$5,244	\$3,325	\$9,591
1410-IP-UTM-84G1	UTM-84G-1 SUB-LAUNCH -EXERCISE	\$5,244	\$3,325	\$9,591

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NSN	ITEM	Code 6 Estimated Actual Total	Code 8 Estimated Actual Total	Code 9 Estimated Actual Total
1410-IP-UTM-84L1	UTM-84L-1 SUB-LAUNCH-EXERCISE	\$5,244	\$3,325	\$9,591
JOINT STANDOFF MISSILE				
1410-01-465-4863	AGM-154B (MISSILE, SURFACE ATTACK)	\$1,640	\$935	\$8,207
1410-01-465-4873	AGM-154A (MISSILE, SURFACE ATTACK)	\$763	\$634	\$4,771
1410-01-500-6969	AGM-154C (MISSILE, SURFACE ATTACK)	\$1,515	\$810	\$4,843
JSOW				
1410-1P-AGM-154A	AGM 154-A1 AIR LAUNCH - TACTICAL	\$1,322	\$695	\$7,356
1410-1P-AGM-154C	AGM-154C AIR LAUNCH-EXERCISE	\$1,322	\$695	\$7,366
JSOW/SLAM-ER				
1410-1P-AGM-84H1	AGM-84H-1	\$2,425	\$1,595	\$9,956
1410-1P-ATM-84H1	ATM-84H-1 AIR LAUNCH-EXERCISE	\$2,425	\$1,595	\$9,956
1410-1P-CAT-M84H	CATM-84H-1 CAPTIVE AIR TRAINING MISSILE	\$2,425	\$1,595	\$9,956
1410-1P-AGM-84K1	AGM-84K-1 AIR LAUNCH - TACTICAL	\$2,425	\$1,595	\$9,956
1410-1P-ATM-84K1	ATM-84K-1 AIR LAUNCH-EXERCISE	\$2,425	\$1,595	\$9,956
1410-1P-CAT-M84K	CATM-84K-1 CAPTIVE AIR TRAINING MISSILE	\$2,425	\$1,595	\$9,956
P-3 AIRCRAFT				
2840-00-T56-A140	T-56 ENGINE	\$8,225	\$6,641	\$16,306
SIDEWINDER MISSILE				
1336-01-017-4030	SAFETY-ARMING DEVICE MK 13 MOD2	\$119	\$63	\$266
1336-01-044-7430	WARHEAD WDU-17/B	\$70	\$42	\$247
1337-01-090-9294	ROCKET MOTOR, MK 36 MOD 8	\$124	\$75	\$605
1337-01-145-1963	ROCKET MOTOR, MK 36 MOD 11	\$113	\$64	\$594
1337-01-145-9360	ROCKET MOTOR, MK 36 MOD 10	\$124	\$75	\$605
1337-01-540-7417	PROPULSION STEERING SECTION, GUIDED MISSILE WPU-17A/B (AIM-9X)	\$3,369	\$3,335	\$3,857
1410-01-135-6906	GUIDED MISSILE, AIM-9M	\$2,783	\$2,044	\$9,747
1410-01-135-6909	GUIDED MISSILE, AIM-9M-1	\$2,895	\$2,468	\$7,416
1410-01-162-9395	GUIDED MISSILE, AIM-9M-2	\$2,895	\$2,468	\$7,416
1410-01-200-8108	GUIDED MISSILE, CATM-9M-2	\$2,895	\$2,468	\$7,416
1410-01-201-8546	GUIDED MISSILE, CATM-9M-1	\$2,895	\$2,468	\$7,416
1410-01-319-5044	GUIDED MISSILE, CATM-9M-9	\$2,895	\$2,468	\$7,416
1410-01-374-9709	GUIDED MISSILE, AIM-9M-9	\$2,895	\$2,468	\$7,416
1410-01-413-8684	GUIDED MISSILE, AIM-9M-8	\$2,895	\$2,468	\$7,416
1410-01-491-7386	SPECIAL AIR TRAINING MISSILE NATM-9X	\$3,278	\$2,600	\$5,522
1410-01-491-7394	SPECIAL AIR TRAINING MISSILE NATM-9X	\$3,278	\$2,600	\$5,522
1410-01-491-7972	AIM-9X TACTICAL MISSILE	\$3,038	\$2,517	\$7,233
1410-01-491-7978	SPECIAL AIR TRAINING MISSILE NATM-9X	\$3,278	\$2,600	\$5,522
1410-01-491-7980	SPECIAL AIR TRAINING MISSILE NATM-9X	\$3,278	\$2,600	\$5,522
1410-01-519-7188	AIM-9X TACTICAL MISSILE	\$872	\$351	\$5,067
1420-01-101-8233	TARGET DETECTOR, DSU-15A/B	\$26	\$21	\$59
1420-01-231-1509	TARGET DETECTOR, DSU-15B/B	\$51	\$29	\$319
1420-01-491-7956	TARGET DETECTOR (W/CABLE) AIM-9X	\$2,247	\$2,247	\$2,381
1420-01-491-7960	TARGET DETECTOR (W/CABLE) AIM-9X	\$2,247	\$2,247	\$2,381

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1420-01-491-7968	TARGET DETECTOR (W/CABLE) AIM-9X	\$2,247	\$2,247	\$2,381
1420-01-493-6916	TARGET DETECTOR (W/O CABLE) AIM-9X	\$2,247	\$2,247	\$2,381
1420-01-493-6921	TARGET DETECTOR (W/O CABLE) AIM-9X	\$2,247	\$2,247	\$2,381
1420-01-493-6925	TARGET DETECTOR (W/O CABLE) AIM-9X	\$2,247	\$2,247	\$2,381
1420-01-540-8087	GUIDANCE UNIT, TACTICAL, WGU-51/B (AIM-9X)	\$4,565	\$4,517	\$4,963
1420-01-540-8088	GUIDANCE UNIT, CAPTIVE, WGU-51/B (AIM-9X)	\$4,565	\$4,517	\$4,963
1427-01-041-8459	GUIDANCE CONTROL SECTION, AN/DSQ-29 (AIM-9L)	\$229	\$144	\$571
1427-01-114-2054	GUIDANCE CONTROL SYSTEM, WGU-4A/B (AIM-9M)	\$229	\$144	\$454
1427-01-369-3383	GUIDANCE CONTROL SECTION, WGU-31/B (AIM-9S)	\$229	\$144	\$571
1427-01-374-9533	GUIDANCE CONTROL SECTION WGU-4E/B	\$4,565	\$4,517	\$4,963
6920-01-392-3281	GUIDED MISSILE CATM-9M-8	\$2,895	\$2,468	\$7,416
6920-01-470-6781	DATM-9X DUMMY TRAINING MISSILE	\$872	\$351	\$5,067
6920-01-485-5055	CATM-9X CAPTIVE TRAINING MISSILE	\$872	\$351	\$5,067
6920-01-498-1543	PRACTICAL EXPLOSIVE ORDNANCE DISPOSAL SYSTEM TRAINER (PEST) MISSILE AIM-9X	\$2,690	\$2,012	\$4,939
6920-01-498-1544	CLASSROOM EXPLOSIVE ORDNANCE DISPOSAL SYSTEM TRAINER (CEST) ASSEMBLY MISSILE AIM-9X	\$2,690	\$2,012	\$4,939
6920-01-531-2126	CEST Classroom Explosive Ordnance Disposal System Trainer	\$2,690	\$2,012	\$5,418
6920-01-531-2127	PEST Practical Explosive Ordnance Disposal System Trainer	\$2,690	\$2,012	\$5,418
6920-01-531-2128	DATM-9X Dummy Training Missile	\$2,690	\$2,012	\$6,645
SPARROW MISSILE				
1336-01-129-2305	WHD WAU-17/B	\$135	\$112	\$1,051
1336-01-150-7940	WHD WAU-10A/B	\$135	\$112	\$1,051
1336-01-171-6948	WHD WAU-17A/B	\$135	\$112	\$1,051
1337-01-034-3396	RKT MTR MK 58 MOD3	\$2,341	\$2,275	\$3,502
1337-01-128-3945	MK 58 MOD 4 ROCKET MOTOR	\$3,035	\$2,968	\$4,196
1337-01-150-7939	MK 58 MOD 5 ROCKET MOTOR	\$3,035	\$2,968	\$4,196
1337-01-506-2612	MK58 MOD 6 ROCKET MOTOR	\$175	\$108	\$1,336
1337-01-506-2614	MK58 MOD 7 ROCKET MOTOR	\$175	\$108	\$1,336
1410-01-149-3507	AIM-7M (F-1 BUILD) ALL-UP-ROUND MISSILE	\$1,485	\$581	\$4,856
1410-01-149-3508	RIM-7M (F-1 BUILD) ALL-UP-ROUND MISSILE	\$937	\$513	\$3,718
1410-01-305-0435	AIM-7M (H BUILD) ALL-UP-ROUND MISSILE	\$1,485	\$581	\$9,076
1410-01-306-0433	RIM-7M VL (H BUILD)	\$1,520	\$1,096	\$4,301
1410-01-306-0434	GM (RIM-7M) H-BUILD	\$1,019	\$595	\$3,800
1410-01-306-0435	RIM-7M (H BUILD) ALL-UP-ROUND MISSILE	\$980	\$528	\$3,718
1410-01-320-4823	AIM-7P ALL-UP-ROUND MISSILE	\$1,814	\$910	\$9,405
1410-01-320-4824	GM, RIM-7P BLK II	\$1,019	\$595	\$3,800
1410-01-320-6484	GM (AIM-7P) BLK I	\$1,516	\$612	\$4,886
1410-01-320-6485	RIM-7P (BLOCK I) ALL-UP-ROUND MISSILE	\$937	\$513	\$3,718

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1410-01-341-9221	RIM-7P (VL) ALL-UP-ROUND MISSILE	\$937	\$513	\$3,718
1410-01-358-6340	GM, TACT (AIM-7M)	\$1,516	\$612	\$4,886
1410-01-358-6341	GM, TACT (AIM-7P)	\$1,516	\$612	\$4,886
1410-01-358-6342	GM, TACT (AIM-7M)	\$1,516	\$612	\$4,886
1410-01-361-0213	GM, TACT, (AIM-7M)	\$1,516	\$612	\$4,886
1410-01-426-1653	GM, TACT (AIM-7M2)	\$1,516	\$612	\$4,886
1410-01-453-4684	GM, TACT (AIM-7M2)	\$1,516	\$612	\$4,886
1410-01-478-6924	GM (AIM-7P) BLK II	\$1,516	\$612	\$4,886
1410-01-479-0089	GM (AIM-7P) TACTICAL	\$1,516	\$612	\$4,886
1410-01-479-0092	GM (AIM-7P) TACTICAL	\$1,516	\$612	\$4,886
1410-01-486-7523	AIM-7M (F-1 BUILD)	\$1,516	\$612	\$4,886
1410-01-486-7525	AIM-7M (F-1 BUILD)	\$1,516	\$612	\$4,886
1410-01-486-7528	AIM-7P BLK II	\$1,516	\$612	\$4,886
1410-01-486-7529	AIM-7P BLK II	\$1,516	\$612	\$4,886
1410-01-486-7532	AIM-7P BLK II	\$1,516	\$612	\$4,886
1410-01-486-7534	AIM-7P BLK II	\$1,516	\$612	\$4,886
1410-01-486-7535	AIM-7P BLK II	\$1,516	\$612	\$4,886
1410-01-487-1110	GM, TACT (AIM-7P)	\$1,516	\$612	\$4,886
1410-01-487-1112	GM, TACT (AIM-7P)	\$1,516	\$612	\$4,886
1410-01-491-5395	RIM-7P BLK II	\$1,019	\$595	\$3,800
1410-01-522-4049	RIM-7P BLK II	\$1,019	\$595	\$3,800
1410-01-522-4058	RIM-7P BLK II	\$1,019	\$595	\$3,800
1420-01-149-3510	CONTROL SECTION, WCU-5	\$793	\$567	\$2,266
1420-01-263-3462	GUIDANCE SECTION, WGU-6B/B SPAR	\$135	\$112	\$1,051
1420-01-276-0427	GUIDANCE SECTION, WGU-6C/B	\$135	\$112	\$1,051
1420-01-287-2148	GUIDANCE SECTION, WGU-23	\$135	\$112	\$1,051
1420-01-287-2150	CONTROL SECTION, WCU-15	\$793	\$567	\$2,266
1420-01-326-3696	RIM-7M THERMAL BATTERY	\$266	\$266	\$647
1420-01-375-3699	GUIDANCE SECTION 8.1	\$135	\$112	\$1,051
1420-01-375-3701	CONTROL SECTION	\$793	\$567	\$2,266
1420-01-420-7793	GUIDANCE SECTION	\$135	\$112	\$1,051
1420-01-424-7704	GUIDANCE SECTION, WGU-23D/B	\$135	\$112	\$1,051
1420-01-426-0480	GUIDANCE SECTION	\$135	\$112	\$1,051
1420-01-453-4755	GUIDANCE SECTION	\$135	\$112	\$1,051
1420-01-491-7285	GUIDANCE SECTION	\$135	\$112	\$1,051
1420-01-491-7436	GUIDANCE SECTION	\$135	\$112	\$1,051
1420-01-522-7262	GUIDANCE SECTION	\$135	\$112	\$1,051
1420-01-522-7264	GUIDANCE SECTION	\$135	\$112	\$1,051
1427-01-093-7405	GUIDANCE CONTROL SECTION, AN/DSQ-35H	\$135	\$112	\$1,051
1427-01-133-7467	AIM-7M GCU	\$676	\$450	\$2,148
1427-01-133-7468	GUIDANCE CONTROL SECTION, WGU-5A/B	\$444	\$218	\$1,396
1427-01-274-7144	GUIDANCE CONTROL SECTION	\$135	\$112	\$1,051
1427-01-274-7145	GUIDANCE CONTROL SECTION	\$444	\$218	\$1,396

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1427-01-276-0428	GUIDANCE CONTROL SECTION	\$325	\$177	\$1,916
1427-01-287-2149	GUIDANCE CONTROL SECTION	\$135	\$112	\$1,051
1427-01-320-6452	GUIDANCE CONTROL SECTION (RIM-7P) BLK I	\$1,019	\$595	\$3,800
1427-01-320-6453	GUIDANCE CONTROL SECTION (AIM-7P) BLK II	\$135	\$112	\$1,051
1427-01-320-6454	GUIDANCE CONTROL SECTION (RIM-7P) BLK II	\$1,019	\$595	\$3,800
1427-01-420-7332	GUIDANCE CONTROL SECTION	\$135	\$112	\$1,051
1427-01-420-7353	GUIDANCE CONTROL SECTION	\$135	\$112	\$1,051
1427-01-420-7577	GUIDANCE CONTROL SECTION	\$135	\$112	\$1,051
1427-01-491-4981	GUIDANCE CONTROL SECTION	\$135	\$112	\$1,051
1427-01-491-4986	GUIDANCE CONTROL SECTION	\$135	\$112	\$1,051
1427-01-491-4999	GUIDANCE CONTROL SECTION	\$135	\$112	\$1,051
1427-01-522-7309	GUIDANCE CONTROL SECTION	\$135	\$112	\$1,051
1427-01-522-7310	GUIDANCE CONTROL SECTION	\$135	\$112	\$1,051
1427-01-522-7377	GUIDANCE CONTROL SECTION	\$135	\$112	\$1,051
1427-01-522-7387	GUIDANCE CONTROL SECTION	\$135	\$112	\$1,051
STANDARD MISSILE				
1337-01-136-3640	ROCKET MOTOR, MK56 MOD 3 EXP LDD DTRM	\$73	\$19	\$3,647
1410-01-204-2445	GUIDED MISSILE,RIM-66E-5 STD MR SM-1 BLK VIA, TLM (INSERT)	\$1,483	\$836	\$3,288
1410-01-204-2446	GUIDED MISSILE, RIM-66E-5 STD MR BLK VIA, w/UHF DTLM	\$216	\$86	\$4,994
1410-01-276-5905	GUIDED MISSILE,RIM-66E-3 STD MR BLK VI, TACTICAL/TLM/w/UHF DTLM	\$216	\$86	\$4,994
1410-01-283-8245	GUIDED MISSILE, RIM-66E-6 STD MR SM-1 BLK VIB, TLM (INSERT)	\$697	\$567	\$5,428
1410-01-283-8246	GUIDED MISSILE,RIM-66E-6 STD MR SM-1, BLK VIB DTLM (D/WHd)	\$697	\$567	\$5,475
1410-01-380-1332	GUIDED MISSILE RIM-66K-2 SM-2 BLK IIIA (TARTAR) TLM	\$1,521	\$849	\$7,553
1410-01-380-2227	GUIDED MISSILE RIM-66K-2 SM-2 BLK IIIA (TARTAR) TACTICAL	\$1,521	\$849	\$7,553
1410-01-380-2800	GUIDED MISSILE RIM-66K-2 SM-2 BLK IIIA (TARTAR) TLM omn/W	\$1,521	\$849	\$7,553
1410-01-422-3660	GUIDED MISSILE RIM-66-M3 SM-2 BLK IIIA (AEGIS VL) Tactical	\$3,416	\$1,909	\$17,252
1410-01-422-3687	GUIDED MISSILE RIM-66-M3 SM-2 BLK IIIA (AEGIS VL) TLM omn/W	\$3,416	\$1,909	\$17,252
1410-01-422-3750	GUIDED MISSILE RIM-66M-3 SM-2 BLK IIIA (AEGIS VL) TLM omn/D	\$3,416	\$1,909	\$17,252
1410-01-483-1201	GUIDED MISSILE RIM-66M-07 SM-2 BLK IIIB (AEGIS VL) TACTICAL	\$3,416	\$1,909	\$17,252
1410-01-483-1208	GUIDED MISSILE RIM-66-M07 SM-2 BLK IIIB (AEGIS VL) TLM omn/w	\$3,416	\$1,909	\$17,252
1410-01-483-1221	GUIDED MISSILE RIM-66M-07 SM-2 BLK IIIB (AEGIS VL) TLM omn/D	\$3,416	\$1,909	\$17,252
1420-01-102-1084	AUTOPILOT BATTERY UNIT MK 2 MOD 7 F/RIM-66	\$17	\$5	\$260
1420-01-172-7781	CONTROL SECTION,STEERING MK 213 MOD 0 F/SM-2 TARTAR	\$18	\$5	\$300
1420-01-204-2444	GUIDED MISSILE,RIM-66E-5 STD SM-1, BLK	\$216	\$86	\$4,968

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	VIA, TACTICAL			
1420-01-242-8795	CONTROL UNIT, STEERING MK 117 MOD 8 F/RIM-66E	\$18	\$5	\$300
1420-01-249-6865	GUIDANCE SECTION MK 70 MOD 1 F/RIM-66E-5 SM-1	\$54	\$19	\$439
1420-01-279-9962	DETECTING DEVICE, TARGET - SHROUD ASSY MK 45 MOD 7 F/RIM-66E	\$56	\$19	\$133
1420-01-279-9980	GUIDANCE SECTION MK 78 MOD 0 F/RIM-66E BLK VIB SM-1	\$54	\$19	\$439
1420-01-283-8243	GUIDED MISSILE,RIM-66E-6 Std MR SM-1, BLK VIB TACTICAL	\$216	\$86	\$4,968
1420-01-283-8244	GUIDED MISSILE, RIM-66E-6 STD MR SM-1, BLK VI TACTICAL DTLM	\$216	\$86	\$4,994
1420-01-316-1819	AUTOPILOT BATTERY UNIT MK 2 MOD 8 F/RIM-66	\$17	\$5	\$260
1420-01-325-5721	DETECTING DEVICE, TARGET - SHROUD ASSY MK 45 MOD 6 w/ORDALT 16053	\$34	\$12	\$191
1420-01-379-6326	DETECTING DEVICE, TARGET-SHROUD ASSY MK 45 MOD 6 F/SM-1 BLK VIA	\$34	\$12	\$191
1420-01-483-1161	GUIDANCE SECTION MK 87 MOD 1 F/SM-2 BLK IIIB RIM-66M-7	\$218	\$67	\$152
1420-01-503-3613	CONTROL STEERING, UNIT MK 221 MOD 0 F/SM-1 BLK VI MISSILE (FMS)	\$18	\$5	\$300
1420-01-503-3944	GUIDANCE SECTION MK 89 MOD 0F/SM-2 BLK IIIA RIM-66M-03	\$55	\$19	\$475
1420-01-506-3374	DETECTING DEVICE, TARGET/SHROUD ASSEMBLY MK 45 MOD 9 F/SM-2	\$36	\$13	\$423
1420-01521-8330	AUTOPILOT SECTION MK 11 MOD 6 F/SM-2 BLK IIIA,IIIB MISSILEs	\$22	\$9	\$303
1420-01-530-5168	GUIDANCE SECTION SM-2 TARTAR PLATE 3 MK 93 MOD 0	\$318	\$167	\$703
TOMAHAWK MISSILE				
1410-01-344-5353	TOMAHAWK UGM-109C-1C	\$3,473	\$2,174	\$18,815

Table AP2.T3. Transportation Cost Look-Up Table – CY-09 (Air Force Annex)

Airforce Annex				
NSN	ITEM	Code 6 Estimated Actual Total	Code 8 Estimated Actual Total	Code 9 Estimated Actual Total
MAVERICK MISSILES				
1410-01-101-8490JE	AGM-65A	\$582	\$386	\$8,936
1410-00-238-1486JE	AGM-65A	\$582	\$386	\$8,936
1410-01-089-2505JE	AGM-65B	\$582	\$386	\$8,938
1410-00-125-6760JE	AGM-65B	\$582	\$386	\$8,936
1410-01-285-0603JE	AGM-65D	\$582	\$386	\$9,187
1410-01-253-8073JE	AGM-65F	\$665	\$546	\$8,455
1410-01-244-5628JE	AGM-65G	\$582	\$386	\$11,597
AMRAAM MISSILE				
1410-NC-C51-4042	AIM-120B	\$248	\$189	\$5,381
1410-NC-C61-8581	AIM -120B	\$248	\$189	\$5,381
1410-01-379-4896AL	AIM-120B	\$248	\$189	\$5,381
1410-01-454-0351	AIM-120B	\$248	\$189	\$5,381
1410-01-502-3515	AIM-120C	\$248	\$189	\$5,381
1420-01-499-5727XZ	AIM-120C	\$248	\$189	\$5,381
1420-01-364-8453AL	AIM-120 CNTRL SEC	\$507	\$494	\$979
1420-01-364-8452	AIM -120 CNTRL SEC	\$507	\$494	\$979
1420-01-468-6192AL	AIM-120C CNTRL SEC	\$507	\$494	\$979
1337-01-383-9721	AIM-120 PROP SEC	\$631	\$599	\$3,029
1337-01-365-3799	AIM-120 PROP SEC	\$631	\$599	\$3,029
1337-01-376-3185	AIM-120 PROP SEC	\$631	\$599	\$3,029
1337-01-468-9411	AIM-120C PROP SEC	\$631	\$599	\$3,029
1336-01-385-3212	AIM-120 WRHD SEC	\$598	\$589	\$1,269
1336-01-374-7486	AIM-120 WRHD SEC	\$598	\$589	\$1,269
1336-01-377-8673	AIM-120 WRHD SEC	\$598	\$589	\$1,269
1336-01-526-7697	AIM-120C WRHD SEC	\$598	\$589	\$1,269
1420-01-381-3232AL	AIM-120 GUIDE SEC	\$645	\$606	\$3,082
1420-01-420-9637	AIM-120 GUIDE SEC	\$645	\$604	\$3,082
1420-01-436-8338	AIM-120 GUIDE SEC	\$645	\$604	\$3,082
1420-01-454-0350	AIM-120 GUIDE SEC	\$645	\$604	\$3,573
1420-NC-C61-8582	AIM-120 GUIDE SEC	\$645	\$604	\$3,573
1420-01-498-8646XZ	AIM-120C GUIDE SEC	\$645	\$604	\$3,573
SIDEWINDER MISSILE				
1410-01-135-2771AB	AIM-9L	\$411	\$364	\$3,939
1410-01-137-5972AB	AIM-9P3	\$411	\$364	\$3,939
1410-01-162-9395AB	AIM-9M-3	\$411	\$364	\$3,939
1427-01-255-3015XZ	AIM-9P4 GCS	\$356	\$345	\$1,082
1427-01-342-3811XZ	AIM-9P4 GCS	\$356	\$345	\$1,082
1427-01-346-8789XZ	AIM-9P4 GCS	\$356	\$345	\$1,082
1427-01-438-6966XZ	AIM-9P5 GCS	\$356	\$345	\$1,082

SPARROW MISSILE				
1410-01-135-6176BL	AIM-7E	\$460	\$380	\$7,100
1410-01-168-3591BL	AIM-7M	\$460	\$380	\$7,822
1410-01-168-3592BL	AIM-7M	\$460	\$380	\$7,822
1410-01-308-3789BL	AIM-7M	\$460	\$380	\$7,822
1410-01-308-3788BL	AIM-7M	\$460	\$380	\$7,822
1427-00-326-3308BL	AIM 7E3 GCS	\$487	\$414	\$5,060
1427-01-133-7467BL	AIM 7M GCS	\$474	\$408	\$4,777
1427-01-133-7468BL	AIM 7M GCS	\$474	\$408	\$4,777
1427-01-276-0428BL	AIM 7M GCS	\$474	\$408	\$4,777
1427-01-274-7145BL	AIM 7M GCS	\$474	\$408	\$4,777
HAVNAP MISSILE (AGM-142)				
1410-01-493-5192	AGM 142E-1	\$610	\$311	\$22,018
1410-01-493-5190	AGM 142E-2	\$610	\$311	\$22,018
1410-01-388-0810	AGM 142C	\$610	\$311	\$22,018
1410-01-375-0440	AGM 142D	\$610	\$311	\$22,018
1420-01-389-5508	DATA LINK POD	\$610	\$311	\$22,018
6920-01-374-8205	DATM	\$610	\$311	\$22,018
6920-01-374-8204	CATM	\$610	\$311	\$22,018
JASSM MISSILE (AGM-158)				
1410-01-508-2083	AGM-158	\$316	\$231	\$17,801
6920-01-475-4283	DATM-158A	\$316	\$231	\$17,801
1410-01-508-1046	AGM-158/A-2	\$316	\$231	\$17,801
8140-01-470-9020	CNU-614/E	\$316	\$231	\$17,801
MISSILE (AGM-154)				
1420-01-389-5508	DATA LINK POD	\$610	\$311	\$22,018
6920-01-374-8205	DATM-154	\$610	\$311	\$22,018
6920-01-374-8204	CATM	\$610	\$311	\$22,018

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AP3. APPENDIX 3FMF LOAN AND GRANT PROGRAM AGREEMENTSAP3.1. FMF LOAN AGREEMENT

Figure AP3.F1. FMF Loan Agreement - Loan Agreement

Loan Agreement made and entered into as of the _____ day of _____ between the Government of _____ (“Borrower”) and the Government of the United States of America as represented by the Defense Security Cooperation Agency (“DSCA”).

Whereas, the Borrower desires to enter into purchase contracts (“Purchase Agreements”) with Military Departments and Agencies of the United States Department of Defense (“DoD”), various United States commercial suppliers, or both of them for the purchase of defense articles, defense services, and design and construction services of United States origin (with regard to articles and services financed hereunder, hereinafter collectively referred to as “Defense Items”); and

Whereas, the Borrower has requested a loan from the Government of the United States of America (hereinafter sometimes referred to as the “Lender”) to finance payments required to be made by the Borrower under the Purchase Agreements; and

Whereas, it has been determined that the aforesaid requested loan will facilitate the purposes of the Arms Export Control Act, as amended (“Act”).

Now Therefore, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto agree as follows:

Section 1 -- Commitment

1.1 Subject to the terms and conditions of this Loan Agreement (“Agreement”), the Lender agrees to make advances to the Borrower from time to time in an aggregate principal amount not to exceed _____ dollars (U.S. \$ _____), the obligation of the Lender under this section being hereinafter called the “Loan Proceeds.”

1.2 Before requesting any advance hereunder, the Borrower shall execute and deliver to the DSCA a single promissory note (“Note”) substantially in the form attached hereto as **Annex I**.

1.3 The Loan Proceeds shall be available only to finance the purchase of Defense Items by the Borrower pursuant to Purchase Agreements approved for such financing by the DSCA in accordance with the policies and procedures in effect at the time such financing is approved. The current DSCA procedures for obtaining this approval are, without being incorporated herein, attached hereto as **Exhibit A**. Each authorization for the Borrower to enter into a Purchase Agreement in implementation of this Loan Agreement shall be separately communicated by the DSCA in writing to the Borrower substantially in the form of the **Attachment to Exhibit A**. The authorization shall specify the case identifier assigned by the DSCA to, and the amount of financing authorized for, the approved Purchase Agreement.

1.4 Advances

(a) Each advance hereunder by the Lender shall be made upon the delivery to the DSCA of a letter request from the Borrower. The letter request shall be in the form set forth in **Annex II** and shall be delivered to the DSCA not less than fifteen business days before the disbursement date. Documentation in support of letter requests shall be in accordance with DSCA policies and procedures in effect at the time the Purchase Agreement, for which the advance is requested, was approved by the DSCA. The current DSCA requirements for documentation supporting requests for disbursement are, without being incorporated herein, attached hereto as **Exhibit B**.

(b) Not more than two advances shall be requested in any single month, except that an advance of \$100,000 or more may be requested at any time. An advance may consist of payments to more than one supplier.

(c) Advances made to the Borrower shall be authorized in accordance with Requests for Advances, which shall be prepared by the Borrower in the form of **Annex II** hereof and forwarded to the Lender for each advance. Each advance shall bear interest, as provided in Section 2, commencing with the disbursement date of the advance.

(d) Subject to the terms and conditions of this Loan Agreement, the Lender agrees to make advances to the Borrower from time to time from the date of the Loan Agreement through the expiration date (expiration date written in each agreement). After such date, the undisbursed balance will be cancelled in accordance with Title 31 USC 1552.

Section 2 -- Repayment and Assignability

2.1

(a) The Borrower hereby agrees to repay the principal of the advances made under this Agreement semiannually in accordance with the repayment schedule set forth in the Note ("Schedule"), and to pay interest on such outstanding unpaid principal as provided in the Note. All payments of principal and interest shall be made in immediately available funds of lawful money of the United States of America, at the Federal Reserve Bank of New York, as provided in **Annex III** hereof.

(b) If on any installment date in the Schedule the outstanding balance of the advances is less than the amount of principal due, the Borrower shall, on such installment date, repay the entire outstanding balance, plus accrued interest thereon. If thereafter the Borrower shall avail itself of the Loan Proceeds in an amount which would have been payable on a prior installment date but for the provisions of the immediately preceding sentence, such amount, plus accrued interest thereon, shall be repayable on the next succeeding installment date of the Schedule occurring after the disbursement of such amount and the scheduled principal repayable on that date shall be increased by such amount.

(c) If by the final date specified in Section 1.4(d) hereof the Borrower has not availed itself of the entire amount of the Loan Proceeds, and if such date is not extended by amendment to this agreement, the installments of principal in the Schedule shall be reduced in the inverse order of the maturity thereof to the extent of the unused balance of the Loan Proceeds.

(d) The Borrower may prepay principal in part or in full without penalty or premium, but such prepayment must be accompanied by payment of interest on the amount prepaid to the date of repayment and must be applied to the satisfaction of installments of principal repayments in the inverse order of their maturities.

2.2 Whenever any payment under the Note shall be due on a Saturday, Sunday, or a day on which the DoD or the Federal Reserve Bank of New York are not open for business, such payment shall be made on the first day thereafter on which the DoD and the Federal Reserve Bank of New York are open for business, and such extension of time shall be included in computing interest in connection with such payment, but excluded from the next interest period, if any.

2.3 If the Borrower fails to make payment when and as due of any installment of principal or interest under the Note, the amount payable shall be overdue installment of principal or interest, plus interest thereon at the rate specified in the Note, from the due date to the date of payment.

2.4 The Lender may sell or assign the Note at any time, in whole or in part. However, if the Lender intends to sell or assign the Note or any part thereof to any entity other than an agency of the United States, the Lender shall give the Borrower written notice thereof not less than fifteen days prior to the date of the intended sale or assignment; in that event, the Borrower shall have the option, to be exercised by giving written notice to the Lender at least five days prior to the intended sale or assignment, to purchase the entire Note on such terms and conditions as are established by the Lender.

Section 3 -- Representations and Warranties

3.1 The Lender has entered into this Agreement and will make the loan provided for herein on the basis of the following representations and warranties of the Borrower:

(a) The Borrower has full power, authority and legal right to incur the indebtedness contemplated in this Agreement on the terms and conditions contained herein, and to execute, deliver and perform this Agreement and the Note;

(b) The execution, delivery and performance of this Agreement and the Note will not violate any provisions of, and have been duly and validly authorized under, the laws of the Borrower, and all actions necessary to authorize the borrowings hereunder and the execution, delivery and performance of this Agreement and the Note have been duly taken; and

(c) This Agreement has been, and the Note when issued will be, duly executed and delivered by persons duly authorized, and this Agreement constitutes, and the Note when issued will constitute, the valid, legal and binding obligation of the Borrower, enforceable in accordance with their respective terms.

Section 4 -- Conditions of Lending

4.1 The obligation of the Lender to make advances hereunder is subject to the conditions precedent that, prior to the first disbursement, it shall have received, satisfactory to it in form and substance:

- (a) Evidence of the authority of each person who
 - (i) signed this Agreement on behalf of the Borrower,
 - (ii) signed or will sign the Note, and
 - (iii) will sign on behalf of the Borrower, any notices, requests for advances, or other documents contemplated by this Agreement. Evidence of this authority shall be in the form of the letter at **Annex IV**; and
- (b) The Note executed by the duly authorized representative of the Borrower.

4.2 The obligation of the Lender to make any advance hereunder is subject to the further conditions precedent that:

- (a) No event of default within the meaning of Section 6 hereof shall have occurred;
- (b) The DSCA shall have received a letter request executed by the duly authorized representative of the Borrower and prepared in accordance with the procedures for disbursement of Loan Proceeds; and
- (c) All legal matters incident to the Note, and this Agreement shall be satisfactory to the General Counsel of the DSCA.

Section 5 -- Covenants

5.1 The Borrower covenants and agrees that from the date of this Agreement and so long as any amounts remain unpaid on the Note or otherwise under this Agreement and at least until ten years has elapsed from the date first above written:

- (a) All payments of principal and interest on the Note and other fees and expenses shall be made free and clear of, and without deduction for, any and all taxes, levies, duties, fees, charges, deductions, withholdings, restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, collected or assessed with respect thereto, by or with respect to the Borrower or any authority thereof or therein;
- (b) Any claim which it may now or hereafter have against any person, corporation or other entity (including without limitation, the Government of the United States, DoD, DSCA and any supplier of Defense Items) in connection with any transaction, for any reason whatsoever, shall not affect the obligation of the Borrower to make the payments required to be made to the Lender under this Agreement or the Note, and shall not be asserted as a defense to the payment of such obligation or as a setoff, counterclaim, or deduction against such payments;
- (c) It will pay all taxes, now or hereafter in effect, imposed with respect to this Agreement or the Note by any government other than the Government of the United States of America and will save and hold harmless any holder of the Note from all losses or liabilities resulting from any delay or omission to pay such taxes;
- (d) Any legal action or proceeding against it by the Lender with respect to this Agreement or the Note may be brought in the Courts of the District of Columbia or in the United States District Court for the District of Columbia or in the courts of the Borrower, as the Lender may elect, and by execution and delivery of this Agreement, the Borrower submits to each jurisdiction. In the case of the Courts of the District of Columbia or of the United States District Court for the District of Columbia, the Borrower consents to the service of process out of said courts by mailing copies of such process by registered United States mail, postage prepaid, to it at its address set forth in Section 8.3(a) hereof;
- (e) The Borrower shall make all of its records and files relating to its use or other disposition of the Loan

Proceeds and to any Purchase Agreement approved for financing with such Loan Proceeds available upon request for inspection by the Department of Defense of the Lender or by the Department of Justice of the Lender;

(f) The Borrower shall make its officials and its employees as well as its nationals who are neither officials nor employees available, to the fullest extent allowed by the laws of the Borrower, for interview by the Department of Defense of the Lender or by the Department of Justice of the Lender in connection with any investigation of crime under the laws of the Lender arising out of the use or other disposition of any of the Loan Proceeds or arising out of any Purchase Agreement approved for financing with such Loan Proceeds; and,

(g) The Borrower shall notify in writing each commercial supplier with which it has a Purchase Agreement approved for financing with the Loan Proceeds promptly upon its receipt of notification by DSCA of such approval that United States Government funds are being and will be used to finance such Purchase Agreement.

Section 6 -- Defaults

6.1 A condition of default shall exist upon the occurrence of any of the following events of default:

(a) If the Borrower fails for a period of ten calendar days to make any payment of principal or interest on the Note when due;

(b) If a default shall have occurred on any other loan to the Borrower by the DSCA, a holder of the Note, or the Government of the United States of America or any agency thereof;

(c) If any representation or warranty made by the Borrower herein or any certification of the Borrower required herein proves to be at any time incorrect in any material respect;

(d) If

(i) the Borrower defaults in the performance of any of the provisions in Sections 1, 2 or 7 hereof, and

(ii) such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given by the DSCA to the Borrower; or

(e) If the Borrower defaults in the performance of any other provision in this Agreement, and such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given to the Borrower.

6.2 Upon each and any such event, the holder of the Note may declare immediately due and payable the unpaid principal and accrued interest on the Note and any other note or other indebtedness of the Borrower held by the holder of the Note and thereupon such amount shall become immediately due and payable without protest, presentment, notice or other demand of any kind, all of which are hereby expressly waived by the Borrower, and if such event occurs before the full amount of the Loan Proceeds has been disbursed or before any other loan commitment of the holder of the Note to the Borrower has been fulfilled, the holder of the Note may terminate or suspend such disbursements and commitments. The Borrower shall pay all costs and expenses, including attorney fees incurred in the collection of amounts due hereunder after default.

Section 7 -- Transportation

7.1 All Defense Items to be transported from the United States by ocean vessel shall be transported in vessels of United States registry unless a waiver is obtained from the DSCA or the Maritime Administration, U.S. Department of Transportation ("MARAD"). In each instance where a supplier will arrange ocean transportation for Defense Items being purchased, the Borrower shall give written notice of this requirement to the supplier:

(a) for Purchase Agreements already entered into, within ten days of the date hereof, and

(b) for Purchase Agreements hereafter entered into, on the date the Purchase Agreement is consummated.

7.2 The Borrower shall provide the following information to the Director, Office of Market Development (MARAD), with respect to any ocean or air shipments of Defense Items from the United States:

- (a) FMS Case Identifier,
- (b) FAS value of cargo,
- (c) supplier,
- (d) freight forwarder,
- (e) freight cost,
- (f) name of vessel or airline,
- (g) vessel/aircraft flag of registry,
- (h) date of loading,
- (i) port or place of loading,
- (j) port or place of final discharge,
- (k) cargo description,
- (l) gross weight of cargo, and
- (m) cubic measurement of cargo.

This information shall be provided as soon as possible and in any event not later than 90 days from the date of shipment, and shall contain a reference to this Agreement.

7.3 Advances hereunder may be used to pay ocean or air freight costs for transportation of only those Defense Items financed by this loan and only if such items are carried on vessels or aircraft of United States registry.

Section 8 -- Miscellaneous

8.1 The Borrower and the Lender may agree at any time hereafter to apply a portion or portions of Loan Proceeds that have not been approved to finance Purchase Agreements (in accordance with Section 1.3 hereof) as a participation or participation's in credit(s) furnished to the Borrower for the financing of the purchase of Defense Items by the Borrower pursuant to Purchase Agreements so approved. Such participation(s) shall be limited to those in credit(s) furnished by any individual, corporation, partnership, or other juridical entity doing business in the United States, and the Borrower and the Lender shall agree for that purpose with the entity furnishing said credit(s) on the terms and conditions under which the credit(s) will be furnished.

8.2 No omission or delay on the part of the Lender in exercising any right hereunder shall operate as a waiver of such right or any other right hereunder. The rights and remedies prescribed herein are cumulative and not in limitation of or substitution for other rights or remedies of the Lender.

8.3 Any notice, demand or other communication hereunder shall be deemed to have been given if in writing and actually delivered at the addresses shown below:

(a) In the case of the Borrower to:

(b) In the case of MARAD to:

Director, Office of Market Development
Maritime Administration
US Department of Transportation
Washington, D.C. 20590-0001

(c) In the case of the Lender to:

Director, Defense Security Cooperation Agency
201 12th St South, Suite 203
Arlington VA 22203-5408

or to such other addresses as may be specified in writing.

8.4 Notwithstanding Section 1.3 hereof, the Loan Proceeds shall also be available to make payment of principal and interest owed to the United States Government under any loan made or guaranteed pursuant to the Arms Export Control Act except principal and interest not due at the time payment is to be made. Advances requested to be made for such purpose shall be made upon delivery to the DSCA of a letter request from the Borrower not less than fifteen

business days before the disbursement date.

8.5 This Agreement and the Note shall be construed and interpreted in accordance with the laws of the United States of America, and if none is applicable, with those of the District of Columbia, United States of America.

8.6 This Agreement shall be binding upon and inure to the benefit of the Borrower and the Lender and their respective successors and assigns, except that the Borrower may not assign its rights or obligations hereunder without the prior written consent of the DSCA. All agreements, covenants, representations and warranties made herein shall survive the delivery of the Note and the making of the advances hereunder.

8.7 This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute a single instrument. **Annexes I, II, III, and IV** attached hereto are by this reference made a part of this Agreement.

8.8 All notices, demands, or other communications given under this Agreement, unless submitted in the English language, shall be accompanied by an English translation and such translation shall govern.

8.9 In case any one or more of the provisions contained in this Agreement or the Note should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not in any way be affected or impaired. This Agreement or the Note may be amended only with the mutual written consent of the Borrower, Lender, and holder of the Note.

In Witness Whereof, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives on the day and year first above written.

Government of _____

By _____

Government of the United States of America

By _____

Figure AP3.F2. FMF Loan Agreement - Annex 1
Promissory Note

Promissory Note

For Value Received, the Government of _____ (“Borrower”) hereby promises to pay to the Government of the United States of America (“Lender”) such sums as may be advanced by the DSCA hereunder. The Lender shall not be obliged to advance more than _____ dollars (US \$_____).

The principal amount advanced under this Note shall be repaid in _____ installments of \$_____ and _____ installment of \$_____. The installments shall be due and payable on _____ and _____ of each year commencing on _____, with the final installment due on _____. A schedule of the principal amounts due is attached hereto.

Advances shall bear interest on the unpaid principal balance outstanding at a rate of _____ percent per annum on _____ and _____ of each year commencing on _____. Interest shall be calculated on the basis of a year of 365 days and the actual number of days elapsed. The total amount of advances hereunder shall be repaid, with right of prepayment, in accordance with the schedule attached to this Note.

Both principal and interest shall be paid in lawful money of the United States in immediately available funds at the Federal Reserve Bank of New York.

This Note is issued at Washington, D.C., pursuant to the Loan Agreement dated _____ between the Borrower and the Lender, and is subject to the terms and entitled to the benefits of that Agreement.

Government of _____

Date: _____

By _____ (Seal)

Figure AP3.F3. FMF Loan Agreement - Attachment to Annex 1
Principle Payment Schedule

Principal Repayment Schedule	
The first (amount)_	shall be repaid on ___(date)_____
The next _____	shall be repaid on _____
The next _____	shall be repaid on _____
The next _____	shall be repaid on _____
The next _____	shall be repaid on _____
The next _____	shall be repaid on _____
The next _____	shall be repaid on _____
The next _____	shall be repaid on _____
The next _____	shall be repaid on _____
The next _____	shall be repaid on _____
The next _____	shall be repaid on _____
The next _____	shall be repaid on _____
The last _____	shall be repaid on _____
Total	

Figure AP3.F4. FMF Loan Agreement - Annex 2 –
Request for Advance Funds – Sample Letter Principle Payment Schedule

Request for Advance of Funds – Sample Letter

Director
Defense Finance and Accounting Service -Indianapolis
ATTN: Security Assistance Accounting/JAX
8899 East 56th Street
Indianapolis, IN 46249-6300

Dear Sir:

In accordance with the provisions of Section 1.4 of our Loan Agreement with the Government of the United States of America dated _____, the Government of _____ hereby requests DFAS Indianapolis approval and disbursement of an advance of _____ from that loan.

The Government of _____ acknowledges that advances hereunder may be used to pay ocean and air freight costs only for transportation of Defense Items being carried on vessels or aircraft of United States registry, and that all materiel financed from this loan which is to be shipped by ocean surface transportation must be transported in privately-owned vessels of United States registry unless a waiver is obtained in accordance with Section 7 of the Loan Agreement. In furtherance of this requirement, the suppliers of the materiel being financed with this advance were so notified and given appropriate shipping instructions.

In connection with this request, the Government of _____ confirms that, as appropriate: the defense articles and services for which payment is requested have been satisfactorily delivered; or the advance payment requested is in accordance with requirements of the contract; or the progress payment requested is based on the contractor's satisfactory progress and is in accordance with requirements of the contract; and that payment is therefore due and unpaid under the Purchase Agreement _____ with the _____.

Sincerely,
Government of _____
By _____
(Name and Title)

Figure AP3.F5. FMF Loan Agreement - Annex 3
Repayment Procedures

Repayment Procedures

All repayments shall be in immediately available U.S. dollars at the New York Federal Reserve Bank, New York, New York, on the day payment is due. To this end, payment shall be made by either of the following methods. The New York Federal Reserve Bank maintains accounts for many foreign central banks. The Borrower may make payment by a direct transfer from its central bank (or a central bank being utilized by it for that purpose) to the New York Federal Reserve Bank. In effecting the transfer, the central bank should use the exact payment account information provided below, and indicate to the New York Federal Reserve Bank that the funds are for credit to the United States Treasury, for credit to the account of the Defense Security Cooperation Agency:

021030004

Payment Amount (in U.S. dollars)

TREASURY NYC/(97000002) DSCA/BUSINESS OPERATIONS/COMPROLLER

(Begin third party text – may use up to 230 characters with this optimum format; this text should include the precise loan installment(s) to which the remitted amount should be credited.)

Should the Borrower choose to use the Federal Reserve wire payment system (“Fedwire”), a system for making instantaneous transfers of funds between U.S. banks, the Borrower should instruct its local U.S. bank to transfer the funds to the New York Federal Reserve Bank by Fedwire on the payment date and to include in the wire the payment account information set forth in the preceding paragraph.

The payment account information must be exactly in the form shown above (including spacing between words or numbers) to insure timely receipt by the DSCA, and to avoid the assessment of late charges.

Checks, drafts, and other orders for payment do not constitute immediately available funds and therefore do not meet the requirements of the Promissory Note. These instruments will be accepted but funds will be credited to accounts only after confirmation by the U.S. Treasury.

Figure AP3.F6. FMF Loan Agreement - Annex 4
Designation of Authority

Designation of Authority

1. The Borrower shall provide to the DSCA a written communication that evidences the authority for incumbents of specifically named offices or specifically named individuals to sign the loan documents on its behalf. As a minimum the communication will contain the following:

Director

Director, Defense Security Cooperation Agency
201 12th St South, Suite 203
Arlington VA 22203-5408

Dear Sir:

The following officials of the Government of _____ are duly authorized to execute and deliver documents as indicated below in connection with a loan agreement in the amount of _____ between the Government of the United States and this Government:

a. Loan Agreement:

[Person's Name(s) and/or Title(s) of Office(s)] _____

b. Promissory Note:

[Person's Name(s) and/or Title(s) of Office(s)] _____

c. Requests for Disbursement and Such Other Documents

As May Be Required Under This Loan Agreement:

[Person's Name(s) and/or Title(s) of Office(s)] _____

Sincerely,

By _____

(Name and Title Typed)

Date: _____

Copy to:

Defense Finance and Accounting Service-IN
Security Assistance Accounting/JAX
8899 East 56th Street
Indianapolis, IN 46249-6300

2. The designation of authority letter shall be signed by an appropriate person empowered under the laws of the Borrower to delegate to selected officials authority to sign debt obligations or the other documents as stated in the name of its Government. The Borrower shall submit a designation of authority letter to DSCA containing the names and signatures of newly designated officials whenever changes occur.

Figure AP3.F7. FMF Loan Agreement - Exhibit A
 Procedures for Obtaining DSCA Approval for
 Loan Financing of Purchase Agreements

Procedures for Obtaining DSCA Approval for Loan Financing of Purchase Agreements

1. General. The Defense Security Cooperation Agency (DSCA) is responsible for approving loan financing of all Purchase Agreements that the Borrower wishes to finance with proceeds from the loan issued by the DSCA under the provisions of the Arms Export Control Act. The use of loan proceeds shall be approved for the financing of purchases by the Borrower only of defense articles, defense services, and design and construction services of U.S. origin. In reviewing requests for financing of Purchase Agreements, the DSCA is guided by objectives established by the U.S. Government for improvement of the Borrower's defense capabilities, by generally accepted financing practices, and by United States laws, regulations and policies in effect at the time the financing is requested. The U.S. Government reserves the right to refuse to finance any purchase agreement and is not required to explain its reason(s) for such refusal.
2. Purchases from U.S. Military Departments
 - a. The U.S. Military Departments effect Foreign Military Sales (FMS) by means of the Letter of Offer and Acceptance (LOA). Each LOA, also referred to as an FMS case, is identified by a three digit alphabetic code referred to as "case identifier". If a Borrower desires to fund an FMS case from this loan, it must so inform the Military Department prior to the issuance of the LOA. In turn, the Military Department will reflect the desired loan financing on the LOA and submit it to the DSCA (Business Operations Directorate) for approval and countersignature.
 - b. When the Borrower wishes to use FMS loan funds to pay amounts due under an FMS case which has already been established as a "cash" or "dependable undertaking" case, the Borrower must ask the pertinent Military Department to convert all or part of that case from cash to loan funding. The Military Department must also submit the amended case to the DSCA (Business Operations Directorate) for review and approval to support the requested change in funding.
 - c. For each case it approves for financing from the FMS loan, the DSCA (Business Operations Directorate) will reserve funds from the uncommitted loan balance in an amount equal to the entire estimated cost of the FMS case, or, as the situation may be, that part of the FMS case requested for loan funding. The portion of the loan so reserved will then be available only for such payments. Payments, either for deliveries of materiel or progress payments, from advances requested by the Borrower, will be made by the DSCA (Business Operations Directorate) against the amount reserved for that purpose.
3. Purchases from Commercial Firms
 - a. Loan funds may be used to finance purchases from U.S. Commercial Suppliers, provided such financing has been approved by the DSCA. In order that the DSCA may advise a Borrower whether it will approve such financing, the Borrower must provide a copy of the contract or proforma purchase order to the DSCA (Business Operations Directorate) for its review, preferably before the Borrower obligates itself to a purchase which it desires to be financed with loan funds. Before the DSCA can give its final approval of loan financing, the commercial supplier must submit to the DSCA the "Contractor's Certification and Agreement with Defense Security Cooperation Agency" as illustrated in Exhibit B. The Borrower should allow at least 90 days for the DSCA's review of the contract for approval of loan financing. Each loan financing approval shall be separately communicated by the DSCA in writing to the Borrower by use of the "Loan Financing Approval" illustrated as an attachment to this exhibit.
 - b. Loan financing shall be approved and made available only to finance the purchase of defense articles and services authorized for such financing by DSCA in accordance with policies and procedures in effect at the time such financing is approved. Current DSCA policies pertinent to approval of loan financing for purchase agreements are included in the Security Assistance Management Manual.

c. In addition to the approval mentioned above, the DSCA, at the time it approves requests for advances (disbursements) of funds pursuant to Annex II, also will require from the Borrower invoices properly executed by the commercial supplier, and bills-of-lading and statements, as may be applicable, substantially in the formats described in paragraph 4 of Exhibit B (DSCA Requirements for Documentation to Support Requests for Advances).

d. For each commercial purchase agreement for which financing is approved, the DSCA (Business Operations Directorate) will assign a case identifier and will provide to the Borrower a Loan Financing Approval letter in the form of the Attachment to this Exhibit. This letter will provide the case identifier assigned to the case. For each case it approves for loan financing, the DSCA (Business Operations Directorate) will reserve loan funds in the amount requested. The loan funds so reserved will then be available only for payments on that case, unless the Borrower directs otherwise. Payments for deliveries, progress, or advance payments, will be processed by the DSCA (Business Operations Directorate) against the amount reserved for the approved purchase agreement.

e. The DSCA (Business Operations Directorate) will also provide letters to the commercial firm informing it of conditions of loan financing and certifications required as prerequisites to the DSCA approving FMS loan financing for the purchase agreement, and indicating the DSCA approval of financing of the purchase agreement.

Figure AP3.F8. FMF Loan Agreement - Attachment to Exhibit A
Loan Financing Approval

Loan Financing Approval

Dear Sir:

Pursuant to the provisions of Section 1.3 of the Loan Agreement between your Government and the U.S. Government, and in response to your recent request for loan financing of a purchase directly from a commercial firm, financing for the following purchase arrangement is hereby approved:

Supplier:

Contract or Proforma Invoice number and date:

Case Identifier Assigned to This Purchase	Funds Previously Reserved for This Purchase	Funding Revision	Funds Reserved for <u>This Purchase</u>
---	---	------------------	--

Sincerely,

Figure AP3.F9. FMF Loan Agreement - Exhibit B
DSCA Requirements to Support Requests for Advances

DSCA Requirements for Documentation to Support Requests for Advances

1. This Exhibit describes the documents which the Borrower must furnish to the DSCA (Business Operations Directorate) in support of requests for advances.
2. Whenever the Borrower desires a disbursement of FMS loan funds, its authorized representative(s), as designated pursuant to provisions of the Loan Agreement, shall forward the written request, prepared in accordance with Annex II of the Agreement, to the Defense Finance and Accounting Service-IN, Security Assistance Accounting/JAX, 8899East 56th Street, Indianapolis, IN 46249-6300 not less than 15 business days before the desired disbursement date.
3. With each request for an advance, the Borrower will provide a letter addressed to the Director, Defense Finance and Accounting Service, substantially in the format as follows:

Dear Sir:

In accordance with the provisions of Section 1.4 of our Loan Agreement with the Government of the United States of America dated [date], the Government of [] hereby requests the DSCA approval and disbursement of an advance of [amount] from that loan.

The Government of [] acknowledges that advances hereunder may be used to pay ocean and air freight costs only for transportation of Defense Items being carried on vessels or aircraft of United States registry, and that all materiel financed from this loan which is to be shipped by ocean surface transportation must be transported in privately owned vessels of United States registry unless a waiver is obtained in accordance with Section 7 of the Loan Agreement. In furtherance of this requirement, the suppliers of the materiel being financed with this advance were so notified and given appropriate shipping instructions.

In connection with this request, the Government of [] confirms that, as appropriate: the defense articles and services for which payment is requested have been satisfactorily delivered; or the advance payment requested is in accordance with requirements of the contract; or the progress payment requested is based on the contractor's satisfactory progress and is in accordance with requirements of the contract; and that payment is therefore due and unpaid under the Purchase Agreement [insert Case Identifier] with the [insert Supplier].

Sincerely,
Government Of _____
By _____
(Name and Title)

4. Whenever funds from this loan are to be used to pay a Commercial Supplier, the Borrower shall also provide invoices and bills-of-lading in support of each request for an advance, as follows:

- a. As a minimum, the invoices must:
 - (1) reflect the amount due and payment due date;
 - (2) specify whether the amount billed is a down payment, progress/milestone payment, or delivery payment;
 - (3) list the items and services delivered for which payment is requested;
 - (4) indicate by a separate entry the transportation costs, if not included in the item price;
 - (5) designate the FOB point and "ship to" address;
 - (6) designate the address to where the payment should be sent;
 - (7) if the billed amount consists of "cost, insurance and freight" (CIF) terms for delivery of materiel to a destination point outside the United States, provide the name of the carrier(s) of the materiel from the U.S. Port of Embarkation; and

(8) be supported by a copy of freight bills, air waybills, or rated on-board bills-of-lading, fully accounting for the cost of inland and export transportation of the items covered by the invoice for which payment is requested. If the Contractor pays for the transportation, whether the transportation cost is included in the price of the item or billed separately to the Purchaser, bills-of-lading or air waybills must be submitted with the invoice for which payment is requested. A copy of the invoice for the cost of any insurance coverage on the shipment must also be submitted along with the shipping documents.

b. If the Purchaser is paying the export transportation cost with other than U.S. Government funds (i.e., the Contractor is not paying for the export transportation cost) the Contractor will submit a certification with the invoice as follows:

The [Contractor] acknowledges that U.S. Government funds are being used by the Government of _____ to finance this purchase and certifies that no shipping cost has been incurred by this firm for exporting this materiel from the United States and no shipping cost is included in the sales price or otherwise included in the invoice amount for which payment is requested.

c. All Contractor's invoices must be submitted with the following certification:

The [Contractor] acknowledges U.S. Government funds are being used by the Government of _____ to finance this purchase and certifies that the invoice(s) submitted with respect thereto are free from any material false statement or misrepresentation and do not omit any material facts.

d. Before DSCA authorizes the use of loan funds to finance any purchase from a Commercial Supplier, the Borrower must ensure that the Commercial Supplier completes and submits to the DSCA the "Contractor's Certification and Agreement with Defense Security Cooperation Agency." See Chapter 9, paragraph C9.7.4. and http://www.dsca.osd.mil/DSCA_memoranda/fmf_dcc_2001/2001_cert.pdf

5. Whenever funds from this loan are to be used to pay an amount owed on an FMS case, the Borrower shall also provide a listing of the FMS cases for which payment is requested and the amounts applicable to each.

AP3.2. FMF GRANT AGREEMENT

Figure AP3.F10. FMF Grant Agreement - Attachment to Exhibit B

Grant Agreement made and entered into as of the ____ day of _____ between the Government of _____ (“Grant Recipient”) and the Government of the United States of America as represented by the Defense Security Cooperation Agency (“DSCA”).

Whereas, the Grant Recipient desires to enter into purchase contracts (“Purchase Agreements”) with Military Departments and Agencies of the United States Department of Defense (“DoD”), various United States commercial suppliers, or both of them for the purchase of defense articles, defense services, and design and construction services of United States origin (with regard to articles and services financed hereunder, hereinafter collectively referred to as “Defense Items”); and

Whereas, the Grant Recipient has requested a grant from the Government of the United States of America (hereinafter sometimes referred to as the “Grantor”) to finance payments required to be made by the Grant Recipient under the Purchase Agreements; and

Whereas, it has been determined that the aforesaid requested grant will facilitate the purposes of the Arms Export Control Act, as amended (“Act”).

Now Therefore, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto agree as follows:

Section 1 – Commitment

1.1 Subject to the terms and conditions of this Grant Agreement (“Agreement”), the Grantor agrees to make advances to the Grant Recipient from time to time, the obligation of the Grantor under this section being hereinafter called the “Grant Proceeds,” within and to the extent of the total amount of Foreign Military Financing funds that may be obligated during the United States fiscal year 200X for the Grant Recipient.

1.2 The Grant Proceeds shall be available only to finance the purchase of Defense Items by the Grant Recipient pursuant to Purchase Agreements approved for such financing by the DSCA in accordance with the policies and procedures in effect at the time such financing is approved. The current DSCA procedures for obtaining this approval are, without being incorporated herein, attached hereto as **Exhibit A**. Each authorization for the Grant Recipient to enter into a Purchase Agreement in implementation of this Grant Agreement shall be separately communicated by the DSCA in writing to the Grant Recipient substantially in the form of the **Attachment to Exhibit A**. The authorization shall specify the case identifier assigned by the DSCA to, and the amount of financing authorized for, the approved Purchase Agreement.

1.3 Advances

(a) Each advance hereunder for any direct commercial contract financed with these Grant Proceeds shall be made upon the delivery to the Defense Finance and Accounting Service (DFAS), Indianapolis, Co., of a letter request from the Grant Recipient. The letter request shall be in the form set forth in **Annex II** and shall be delivered to the DFAS Indianapolis not less than fifteen business days before the disbursement date.

Documentation in support of letter requests shall be in accordance with DSCA policies and procedures in effect at the time the Purchase Agreement, for which the advance is requested, was approved by the DSCA. The current DSCA requirements for documentation supporting requests for disbursement are, without being incorporated herein, attached hereto as **Exhibit B**

(b) Not more than two advances for direct commercial contracts shall be requested in any single month, except that an advance of \$100,000 or more may be requested at any time. An advance may consist of payments to more than one supplier.

(c) Advances made to the Grant Recipient shall be authorized in accordance with Requests for Advances, which shall be prepared by the Grant Recipient in the form of **Annex II** hereof and forwarded to the Grantor for

each advance.

(d) Advances hereunder for any FMS case (i.e. not a direct commercial contract) financed with these Grant Proceeds may be disbursed by DFAS Indianapolis unilaterally. Any letter submitted by the Grant Recipient authorizing disbursement for FMS cases may be transmitted to DFAS Indianapolis via facsimile or electronically.

Section 2 -- Representations and Warranties

The Grantor has entered into this Agreement and will make the grant provided for herein on the basis of the following representations and warranties of the Grant Recipient:

- (a) The Grant Recipient has full power, authority and legal right to enter into this Agreement on the terms and conditions contained herein, and to execute, deliver and perform this Agreement;
- (b) The execution, delivery and performance of this Agreement will not violate any provisions of, and have been duly and validly authorized under, the laws of the Grant Recipient, and all actions necessary to authorize the borrowings hereunder and the execution, delivery and performance of this Agreement have been duly taken; and
- (c) This Agreement has been, duly executed and delivered by persons duly authorized, and this Agreement constitutes the valid, legal and binding obligation of the Grant Recipient, enforceable in accordance with its terms.

Section 3 -- Conditions of Grant

3.1 The obligation of the Grantor to make advances hereunder is subject to the conditions precedent that, prior to the first disbursement, it shall have received, satisfactory to it in form and substance, evidence of the authority of each person who (i) signed this Agreement on behalf of the Grant Recipient and, (ii) will sign on behalf of the Grant Recipient, any notices, requests for advances, or other documents contemplated by this Agreement. Evidence of this authority shall be in the form of the letter at **Annex I**.

3.2 The obligation of the Grantor to make any advance hereunder is subject to the further conditions precedent that:

- (a) No event of default within the meaning of Section 5 hereof shall have occurred;
- (b) The DSCA shall have received a letter request executed by the duly authorized representative of the Grant Recipient and prepared in accordance with the procedures for disbursement of Grant Proceeds; and
- (c) All legal matters incident to this Agreement shall be satisfactory to the General Counsel of the DSCA, or the General Counsel's successor.

Section 4 -- Covenants

The Grant Recipient covenants and agrees that from the date of this Agreement at least until ten years has elapsed from the date first above written:

- (a) It will pay all taxes, now or hereafter in effect, imposed with respect to this Agreement by any government other than the Government of the United States of America and will save and hold harmless from all losses or liabilities resulting from any delay or omission to pay such taxes.
- (b) Any legal action or proceeding against it by the Grantor with respect to this Agreement may be brought in the Courts of the District of Columbia or in the United States District Court for the District of Columbia or in the courts of the Grant Recipient, as the Grantor may elect, and by execution and delivery of this Agreement, the Grant Recipient submits to each jurisdiction. In the case of the Courts of the District of Columbia or of the United States District Court for the District of Columbia, the Grant Recipient consents to the service of process out of said courts by mailing copies of such process by registered United States mail, postage prepaid, to it at its address set forth in Section 7.2(a) hereof.
- (c) The Grant Recipient shall make all of its records and files relating to its use or other disposition of the Grant Proceeds and to any Purchase Agreement approved for financing with such Grant Proceeds available upon request for inspection by the Department of Defense of the Grantor or by the Department of Justice of the Grantor.
- (d) The Grant Recipient shall make its officials and its employees as well as its nationals who are neither

officials nor employees available, to the full extent allowed by the laws of the Grant Recipient, for interview by the Department of Defense of the Grantor or by the Department of Justice of the Grantor in connection with any investigation of crime under the laws of the Grantor arising out of the use or other disposition of any of the Grant Proceeds or arising out of any Purchase Agreement approved for financing with such Grant Proceeds.

(e) The Grant Recipient shall notify in writing each commercial supplier with which it has a Purchase Agreement approved for financing with the Grant Proceeds promptly upon its receipt of notification by DSCA of such approval that United States Government funds are being and will be used to finance such Purchase Agreement.

Section 5 -- Defaults

5.1 A condition of default shall exist upon the occurrence of any of the following events of default:

- (a) If a default shall have occurred on any loan made to or guaranteed for the Grant Recipient by the DSCA or the Government of the United States of America or any agency thereof;
- (b) If any representation or warranty made by the Grant Recipient herein or in any certification of the Grant Recipient required herein proves to be at any time incorrect in any material respect;
- (c) If
 - (i) the Grant Recipient defaults in the performance of any of the provisions in Section 6 hereof, and
 - (ii) such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given by the DSCA to the Grant Recipient; or
- (d) If the Grant Recipient defaults in the performance of any other provision or covenant in this Agreement, and such default shall continue unremedied for thirty calendar days after written notice thereof shall have been given to the Grant Recipient.

5.2 Upon each and any such event, the Grantor may declare immediately due and payable the unpaid principal and accrued interest on any note or other indebtedness of the Grant Recipient held by the Grantor and thereupon such amount shall become immediately due and payable without protest, presentment, notice or other demand of any kind, all of which are hereby expressly waived by the Grant Recipient, and if such event occurs before the full amount of the Grant Proceeds has been disbursed or before any loan commitment of the Grantor to the Grant Recipient has been fulfilled, the Grantor may terminate or suspend such disbursements and commitments. The Grant Recipient shall pay all costs and expenses, including attorney fees incurred in the collection of amounts due hereunder after default.

Section 6 – Transportation

6.1 All Defense Items to be transported from the United States by ocean vessel shall be transported in vessels of United States registry unless a waiver is obtained from the DSCA or the Maritime Administration, U.S. Department of Transportation (“MARAD”). The current DSCA and MARAD procedures for obtaining a waiver are, without being incorporated herein, attached hereto as **Exhibit C**. In each instance where a supplier will arrange ocean transportation for Defense Items being purchased, the Grant Recipient shall give written notice of this requirement to the supplier:

- (a) for Purchase Agreements already entered into, within ten days of the date hereof, and
- (b) for Purchase Agreements hereafter entered into, on the date the Purchase Agreement is consummated.

6.2 The Grant Recipient shall provide the following information to the Director, Office of Market Development (MARAD), with respect to any ocean or air shipments of Defense Items from the United States:

- (a) FMS Case Identifier,
- (b) FAS value of cargo,
- (c) supplier,
- (d) freight forwarder,
- (e) freight cost,
- (f) name of vessel or airline,
- (g) vessel/aircraft flag of registry,
- (h) date of loading,
- (i) port or place of loading,
- (j) port or place of final discharge,

- (k) cargo description,
- (l) gross weight of cargo, and
- (m) cubic measurement of cargo.

This information shall be provided as soon as possible and in any event not later than 90 days from the date of shipment, and shall contain a reference to this Agreement.

6.3 Advances hereunder may be used to pay ocean or air freight costs for transportation of only those Defense Items financed by this grant and only if such items are carried on vessels or aircraft of United States registry.

Section 7 -- Miscellaneous

7.1 No omission or delay on the part of the Grantor in exercising any right hereunder shall operate as a waiver of such right or any other right hereunder. The rights and remedies prescribed herein are cumulative and not in limitation of or substitution for other rights or remedies of the Grantor.

7.2 Any notice, demand or other communication hereunder shall be deemed to have been given if in writing and actually delivered at the addresses shown below:

- (a) In the case of the Grant Recipient to:
(To be inserted at the time the Grant Agreement is issued.)
- (b) In the case of MARAD to:
Director, Office of Market Development
Maritime Administration
US Department of Transportation
Washington, D.C. 20590-0001
- (c) In the case of the Grantor to:
Director, Defense Security Cooperation Agency
201 12th St South, Suite 203
Arlington VA 22203-5408
or to such other addresses as may be specified in writing.

7.3 Notwithstanding Section 1.2 hereof, the Grant Proceeds shall also be available to make payment of principal and interest owed to the United States Government under any loan made or guaranteed pursuant to the Arms Export Control Act except principal and interest not due at the time payment is to be made. Advances requested to be made for such purpose shall be made upon delivery to the DSCA of a letter request from the Grant Recipient not less than fifteen business days before the disbursement date.

7.4

- (a) This Agreement shall be construed and interpreted in accordance with the laws of the United States of America, and if none is applicable, with those of the District of Columbia, United States of America.
- (b) In the event of a dispute regarding a Purchase Agreement between the Grant Recipient and a Military Department or Defense Agency of DoD that is approved for grant financing under this or other Grant Agreements, the Grantor reserves the right to make an advance hereunder, notwithstanding Section 1.3 hereof, if the Grant Recipient fails to deliver to DFAS Indianapolis a letter request for disbursement in the form set forth in **Annex II** or fails to comply with the documentation requirements set forth as **Exhibit B**, within fifteen business days after the date the disbursement was to have been made.
- (c) In the event of a dispute regarding a Purchase Agreement between the Grant Recipient and a Commercial Supplier that is approved for grant financing under this or other Grant Agreements, no advance hereunder can be made until the Grant Recipient complies with the provisions of Section 1.3 hereof, notwithstanding any dispute settlement provisions or procedures included in such a Purchase Agreement or dispute resolution.

7.5 This Agreement shall be binding upon and inure to the benefit of the Grant Recipient and the Grantor and their respective successors and assigns, except that the Grant Recipient may not assign its rights or obligations hereunder

without the prior written consent of the DSCA. All agreements, covenants, representations and warranties made herein shall survive the making of the advances hereunder.

7.6 This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all the counterparts shall together constitute a single instrument. **Annexes I and II** attached hereto are, by this reference, made a part of this Agreement.

7.7 All notices, demands, or other communications given under this Agreement, unless submitted in the English language, shall be accompanied by an English translation and such translation shall govern.

7.8 In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not in any way be affected or impaired. This Agreement or the Note may be amended only with the mutual written consent of the Grantor and the Grant Recipient.

In Witness Whereof, the parties hereto have caused this Agreement to be executed by their duly authorized officers and representatives on the day and year first above written.

Government of _____
By _____
Government of the United States of America
By _____

Figure AP3.F11. FMF Grant Agreement - Annex 1
Designation of Authority

Designation of Authority

1. The Grant Recipient shall provide to the DSCA a written communication that evidences the authority for incumbents of specifically named offices or specifically named individuals to sign the grant documents on its behalf. As a minimum the communication will contain the following:

Director
Director, Defense Security Cooperation Agency
201 12th St South, Suite 203
Arlington VA 22203-5408

Dear Sir:

The following officials of the Government of _____ are duly authorized to execute and deliver documents as indicated below in connection with the Grant Agreement _____ between the Government of the United States and this Government:

a. Grant Agreement:

[Person's Name(s) and/or Title(s) of Office(s)] _____

b. Requests For Disbursement And Such Other Documents As May Be Required Under This Grant Agreement:

[Person's Name(s) and/or Title(s) of Office(s)] _____

Sincerely,

By _____

(Name and Title Typed)

Date: _____

Copy to:

Defense Finance and Accounting Service-IN
Security Assistance Accounting/JAX
8899 East 56th Street
Indianapolis, IN 46249-6300

2. The designation of authority letter shall be signed by an appropriate person empowered under the laws of the Grant Recipient to delegate to selected officials authority to sign documents as stated in the name of its Government. The Grant Recipient shall submit a designation of authority letter to DSCA containing the names and signatures of newly designated officials whenever changes occur.

Figure AP3.F12. FMF Grant Agreement - Annex 2
Request for Advance of Funds – Sample Letter

Request for Advance of Funds – Sample Letter

Director
Defense Finance and Accounting Service-IN
Security Assistance Accounting/JAX
8899 East 56th Street
Indianapolis, IN 46249-6300

Dear Sir:

In accordance with the provisions of Section 1.3 of our Grant Agreement with the Government of the United States of America dated _(date)_, the Government of _____ hereby requests DFAS Indianapolis approval and disbursement of an advance of _(amount)_ from that grant.

The Government of _____ acknowledges that advances hereunder may be used to pay ocean and air freight costs only for transportation of Defense Items being carried on vessels or aircraft of United States registry, and that all materiel financed from this grant which is to be shipped by ocean surface transportation must be transported in privately owned vessels of United States registry unless a waiver is obtained in accordance with Section 6 of the Grant Agreement. In furtherance of this requirement, the suppliers of the materiel being financed with this advance were so notified and given appropriate shipping instructions.

In connection with this request, the Government of _____ confirms that, as appropriate: the defense articles and services for which payment is requested have been satisfactorily delivered; or the advance payment requested is in accordance with requirements of the contract; or the progress payment requested is based on the contractor's satisfactory progress and is in accordance with requirements of the contract; and that payment is therefore due and unpaid under the Purchase Agreement (insert Case Identifier) with the (insert Supplier).

Sincerely,
Government of _____
By _____
(Name and Title)

Figure AP3.F13. FMF Grant Agreement - Exhibit A-
 Procedures for Obtaining DSCA Approval For
 Grant Financing of Purchase Agreements

Procedures for Obtaining DSCA Approval For Grant Financing of Purchase Agreements

1. General. The Defense Security Cooperation Agency (DSCA) is responsible for approving grant financing of all Purchase Agreements that the Grant Recipient wishes to finance with proceeds from the grant issued by the DSCA under the provisions of the Arms Export Control Act. The use of grant proceeds shall be approved for the financing of purchases by the Grant Recipient only of defense articles, defense services, and design and construction services of U.S. origin. In reviewing requests for financing of Purchase Agreements, DSCA is guided by objectives established by the U.S. Government for improvement of the Grant Recipient's defense capabilities, by generally accepted financing practices, and by United States laws, regulations and policies in effect at the time the financing is requested. The U.S. Government reserves the right to refuse to finance any purchase agreement and is not required to explain its reason(s) for such refusal.
2. Purchases from U.S. Military Departments
 - a. The U.S. Military Departments effect Foreign Military Sales ("FMS") by means of the Letter of Offer and Acceptance ("LOA"), Department of Defense Form 1513. Each LOA, also referred to as an FMS case, is identified by a three digit alphabetic code referred to as "case identifier." If a Grant Recipient desires to fund an FMS case from this grant, it must so inform the Military Department prior to the issuance of the LOA. In turn, the Military Department will reflect the desired grant financing on the LOA and submit it to the DSCA (Business Operations/Comptroller Directorate) for approval and countersignature.
 - b. When the Grant Recipient wishes to use grant funds to pay amounts due under an FMS case which has already been established as a "cash" or "dependable undertaking" case, the Grant Recipient must ask the pertinent Military Department to convert all or part of that case from cash to grant funding. The Military Department must also submit the amended case to the DSCA (Business Operations/Comptroller Directorate) for review and approval to support the requested change in funding.
 - c. For each case it approves for financing from the grant, the DSCA (Business Operations/Comptroller Directorate) will reserve funds from the uncommitted grant balance in an amount equal to the entire estimated cost of the FMS case requested for grant funding. The portion of the grant so reserved will then be available only for such payments. Payments, either for deliveries of materiel or progress payments, from advances requested by the Grant Recipient, will be made by the DSCA (Business Operations/Comptroller Directorate) against the amount reserved for that purpose.
3. Purchases from Commercial Firms
 - a. Grant funds under the Arms Export Control Act may be used to finance purchases from U.S. Commercial Suppliers, provided such financing has been approved by the DSCA. In order that the DSCA may advise a Grant Recipient whether it will approve such financing, the Grant Recipient must provide a copy of the contract or proforma purchase order to the DSCA (Business Operations/Comptroller Directorate) for its review, preferably before the Grant Recipient obligates itself to a purchase which it desires to be financed with grant funds. Before the DSCA can give its final approval of grant financing, the commercial supplier must submit to DSCA the "Contractor's Certification and Agreement with Defense Security Cooperation Agency" as illustrated in Exhibit B which is subject to change by the DSCA any time hereafter. The Grant Recipient should allow at least 90 days for DSCA's review of the contract for approval of grant financing. Each grant financing approval shall be separately communicated by DSCA in writing to the Grant Recipient by use of the "Grant Financing Approval" illustrated as an attachment to this exhibit.
 - b. Grant financing shall be approved and made available only to finance the purchase of defense articles and services authorized for such financing by the DSCA in accordance with policies and procedures in effect at the time such financing is approved. Current DSCA policies pertinent to approval of grant financing for purchase agreements are included in the Security Assistance Management Manual.
 - c. In addition to the approval mentioned above, DFAS Indianapolis, at the time it approves requests for advances (disbursements) of funds pursuant to Annex II, also will require from the Grant Recipient invoices properly executed by the commercial supplier, and bills-of-lading and statements, as may be applicable, substantially in

the formats described in paragraph 4 of Exhibit B (DSCA Requirements for Documentation to Support Requests for Advances).

- d. For each commercial purchase agreement for which financing is approved, the DSCA (Business Operations/Comptroller Directorate) will assign a case identifier and will provide to the Grant Recipient a Grant Financing Approval letter in the form of the Attachment to this Exhibit. This letter will provide the case identifier assigned to the case. For each case it approves for grant financing, the DSCA (Business Operations/Comptroller Directorate) will reserve grant funds in the amount requested. The grant funds so reserved will then be available only for payments on that case, unless the Grant Recipient directs otherwise. Payments for deliveries, progress, or advance payments, will be processed by the DSCA (Business Operations/Comptroller Directorate) against the amount reserved for the approved purchase agreement.
- e. The DSCA (Business Operations/Comptroller Directorate) will also provide letters to the commercial firm informing it of conditions of grant financing and certifications required as prerequisites to the DSCA approving grant financing for the purchase agreement, and indicating the DSCA approval of financing of the purchase agreement.

Figure AP3.F14. FMF Grant Agreement - Attachment To Exhibit A
Grant Financing Approval

Grant Financing Approval			
Dear Sir:			
Pursuant to the provisions of Section 1.2 of the Grant Agreement between your Government and the U.S. Government, and in response to your request for grant financing of a purchase directly from a commercial firm, financing for the following purchase agreement is hereby approved:			
Supplier:			
Contract or Proforma Invoice number and date:			
Case Identifier Assigned to This Purchase	Funds Previously Reserved for This Purchase	Funding Revision	Funds Reserved for <u>This Purchase</u>
Sincerely,			

Figure AP3.F15. FMF Grant Agreement - Exhibit B
DSCA Requirements for Documentation to Support Requests for Advances

DSCA Requirements for Documentation to Support Requests for Advances

1. This Exhibit describes the documents which the Grant Recipient must furnish to the DSCA (Business Operations/Comptroller Directorate) in support of requests for advances.
2. Whenever the Grant Recipient desires a disbursement of grant funds, its authorized representatives(s), as designated pursuant to provisions of the Grant Agreement, shall forward the written request, prepared in accordance with Annex II of the Agreement, to the Defense Finance and Accounting Service-IN, ATTN: Security Assistance Accounting/JAX, 8899East 56th Street, Indianapolis, IN 46249-6300, not less than 15 business days before the desired disbursement date.
3. With each request for an advance, the Grant Recipient will provide a letter addressed to the Defense Finance and Accounting Service, substantially in the format as follows:

Dear Sir:

In accordance with the provisions of Section 1.3 of our Grant Agreement with the Government of the United States of America dated (date), the Government of _____ hereby requests the DFAS Indianapolis approval and disbursement of an advance of (amount) from that grant.

The Government of _____ acknowledges that advances hereunder may be used to pay ocean and air freight costs only for transportation of Defense Items being carried on vessels or aircraft of United States registry, and that all materiel financed from this grant which is to be shipped by ocean surface transportation must be transported in privately owned vessels of United States registry unless a waiver is obtained in accordance with Section 6 of the Grant Agreement. In furtherance of this requirement, the suppliers of the materiel being financed with this advance were so notified and given appropriate shipping instructions.

In connection with this request, the Government of _____ confirms that, as appropriate: the defense articles and services for which payment is requested have been satisfactorily delivered; or the advance payment requested is in accordance with requirements of the contract; or the progress payment requested is based on the contractor's satisfactory progress and in accordance with requirements of the contract; and that payment is therefore due and unpaid under the Purchase Agreement (Case Identifier) with the (Supplier).

Sincerely,

GOVERNMENT OF _____

By _____
(Name and Title)

4. Whenever funds from this grant are to be used to pay a Commercial Supplier, the Grant Recipient shall also provide invoices and bills-of-lading in support of each request for an advance, as follows:

- a. A copy of the Supplier's invoice, which has been prepared in accordance with the relevant provisions of the Purchase Agreement. As a minimum, the invoice must: (1) reflect the amount due and payment due date; (2) specify whether the amount billed is an advance, progress, or delivery payment; (3) list the items and services delivered for which payment is requested; (4) indicate by a separate entry the amount included in the invoice for transportation and related costs; (5) designate the FOB point and "ship to" address; (6) designate the address to where the payment should be sent; (7) if the billed amount consists of "cost, insurance and freight" for delivery of materiel to a destination point outside the United States, provide the name of the carrier(s) of the materiel from the U.S. Port of Embarkation; and, (8) be supported by a copy of freight bills, air waybills, or rated on-board bills-of-

lading, fully accounting for the cost of inland and export transportation of the items covered by the invoice for which payment is requested. If the Commercial Supplier pays for the transportation, whether the transportation cost is included in the price of the item or billed separately to the Grant Recipient, bills-of-lading or air waybills must be submitted with the invoice for which payment is requested. A copy of the invoice for the cost of any insurance coverage on the shipment must also be submitted along with the shipping documents.

b. The request for an advance must include a copy of the Supplier's invoice as specified in paragraph 4.a above and a certification from the Supplier as follows:

The (Commercial Supplier) acknowledges U.S. Government funds are being used by the Government of _____ to finance this purchase and certifies that the invoice(s) submitted with respect thereto are free misrepresentation and do not omit any material facts.

(Signed)
(Commercial Supplier)

c. If the Grant Recipient is paying the export transportation cost with other than funds granted under the Arms Export Control Act or FMS loan funds, and therefore the Commercial Supplier is not paying for the export transportation cost, the supplier will be required to submit a certification with the invoice as follows:

The (Commercial Supplier) acknowledges U.S. Government funds are being used by the Government of _____ to finance this purchase, and certifies that no shipping cost has been incurred by this firm for exporting this materiel from the United States, and therefore no cost is included in the sales price or otherwise included in the invoiced amount for which payment is requested.

(Signed)
(Commercial Supplier)

d. Before the DSCA authorizes the use of grant funds to finance any purchase from a Commercial Supplier, the Grant Recipient must ensure that the Commercial Supplier completes and submits to the DSCA the "Contractor's Certification and Agreement with the Defense Security Cooperation Agency." See Chapter 9, paragraph C9.7.4. and http://www.dsc.osd.mil/DSCA_memoranda/fmf_dcc_2001/2001_cert.pdf

5. Whenever funds from this grant are to be used to pay an amount owed on an FMS case, the Grant Recipient shall also provide a listing of the FMS cases for which payment is requested and the amounts applicable to each.

Figure AP3.F16. FMF Grant Agreement - Exhibit C
Marine Transportation Waiver Procedures

Marine Transportation Waiver Procedures

1. The following procedures and conditions shall be adhered to concerning marine transportation of defense articles, the purchase of which is to be financed under this agreement. All defense articles, which are transported by ocean vessel, shall be transported in privately owned vessels of United States registry unless a waiver of this requirement is obtained from the Director, Defense Security Cooperation Agency, Department of Defense. Requests for waiver are categorized as general, non-availability or security as outlined below.

A. General Waivers

Consideration will be given to a waiver application to authorize vessels flying the flag of the country to whom this agreement applies to participate in the transportation of cargo generated under this agreement provided the recipient country does not discriminate against United States flag vessels in the carriage of the exports or imports of the recipient nation. Approval may be granted for recipient country's vessels to carry up to, but not in excess of 50 percent of the cargo under this agreement. Ocean freight revenue is the main criterion for determining flag participation but cargo valuation shall also be taken into consideration. Accordingly, throughout the life of this agreement, U.S. flag vessels shall not receive less than 50 percent of the cargo valuation and ocean freight revenue insofar as practicable.

Applications for general waiver should be submitted as soon as practicable after determination has been made to use recipient country flag vessels but at least twenty-one (21) days in advance of intended shipping dates to enable verification of the treatment accorded vessels of U.S. registry and to process the application.

Subsequent to the granting of a general waiver, if it occurs that neither United States flag vessels nor recipient country flag vessels are available, consideration will be given to specific waiver applications to authorize, on a shipment-by-shipment basis, the use of third flag vessels. Applications for the use of a third flag vessel under an approved general waiver should be submitted at least 21 days prior to the intended shipping date to allow time to process the application. If a waiver is granted to allow the use of a third flag vessel for a particular shipment under an existing general waiver, the cargo carried by the third flag vessel shall be recorded against the recipient country flag vessels' portion of the cargo available under the general waiver.

The application for a general waiver and subsequent waivers for the use of third flag vessels should be submitted by the recipient country directing the shipment (or the recipient's freight forwarder) to the Director, Defense Security Cooperation Agency, Director, Defense Security Cooperation Agency, 201 12th St South, Suite 203, Arlington VA 22203-5408, with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590.

B. Non-Availability Waivers

Consideration will be given to waiver applications to authorize use of foreign flag vessels in those cases of non-availability of United States flag vessels or in instances of non-availability of United States flag vessels at reasonable rates.

Applications for non-availability waivers to permit use of recipient country flag vessels need not be submitted if a general waiver has been approved and the recipient country will use U.S. flag vessels to carry over 50 percent of the cargo under this agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, U.S. flag vessels are not available or not available at reasonable rates and shipments on non-U.S. flag vessels will exceed 50 percent of the cargo under this agreement. If a general waiver has been approved, every effort should be made to ship defense articles and equipment, where U.S. flag vessels are not available or not available at reasonable rates, under the recipient country's portion of the cargo available under the general waiver. Therefore, applications for non-availability waivers, where a general waiver has been approved, should be submitted only

under unusual circumstances.

Applications on the basis of non-availability of vessels of United States registry must establish and document that the recipient country has made a reasonable, timely, and bona fide effort to arrange shipment on vessels of United States registry and that such vessels are not available. Such applications must be submitted at least 21 days in advance of the intended shipping date to enable verification of non-availability of vessels of United States registry and to process the application.

Applications on the basis of non-availability of vessels of United States registry at reasonable rates must establish and document all applicable comparative rates and should be submitted at least 21 days in advance of the intended shipping date to enable verification of non-availability of vessels of United States registry at reasonable rates and to process the application.

Applications for non-availability waivers must be submitted on a shipment-by-shipment basis. Applications should be submitted to the Director, Defense Security Cooperation Agency, 201 12th St South, Suite 203, Arlington VA 22203-5408 with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590.

Each application for a non-availability waiver should contain the following information:

1. Identification and address of the applicant
2. Recipient country
3. Date of grant
4. Manufacturer and/or exporter
5. List and description of commodities to be shipped
6. FAS value of commodities
7. Shipping date
8. Loading port
9. Discharge port
10. Estimated ocean freight cost
11. Proposed vessel(s) to be used
12. Weight of shipment
13. Cube measurement of shipment
14. Original point of production

C. Security Waivers

Consideration will be given to waiver applications to authorize vessels flying the flag of the country to whom the agreement applies on the basis of reasonable security needs in regards to the cargo and the arrival of such cargo at its destination. A security waiver may be requested for a specific shipment or series of shipments under this agreement where sabotage may reasonably be expected or a state of emergency exists.

Application for security waivers need not be submitted if a general waiver has been approved and the recipient country will use U.S. flag vessels to carry over 50 percent of the cargo under this agreement. Applications are required where a general waiver (1) has not been applied for, (2) has not been approved, or (3) has been approved but, on a shipment-by-shipment basis, use of recipient country flag vessels will exceed 50 percent of the cargo under this agreement. If a general waiver has been approved, every effort should be made to ship those defense articles and equipment involving special security or safety requirements under the recipient country's portion of the cargo available under the general waiver. Therefore, waiver applications for security or safety reasons where a general waiver has been approved should be submitted only under unusual circumstances.

Applications on the basis of security must provide the specific security or safety requirements and information involved in the shipment(s) to be made at least 21 days in advance of the intended shipment(s) dates to enable verification of the security or safety requirements and to process the application.

The application should be provided by the recipient country to the Director, Defense Security Cooperation Agency, 201 12th St South, Suite 203, Arlington VA 22203-5408 with a copy to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590.

2. In order to monitor the use of marine transportation under this agreement, pertinent information should be forwarded as early as possible but not later than 90 days after shipment to the Director, Office of Market Development, Maritime Administration, U.S. Department of Transportation, Washington, D.C. 20590, for all shipments of goods financed in whole or in part with grant funds. The following information must be reported:

- (A) Date of Grant
- (B) FAS Value of Cargo
- (C) Manufacturer
- (D) Freight Forwarder
- (E) Ocean Freight Cost
- (F) Name of Vessel
- (G) Vessel Flag of Registry
- (H) Date of Loading
- (I) Port of Loading
- (J) Port of Final Discharge
- (K) Cargo Description
- (L) Gross Weight of Cargo
- (M) Cubic Measurement of Cargo

A properly rated and legible copy of the ocean bill of lading in English will suffice so long as all the above information is contained thereon.

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AP4. APPENDIX 4GENERIC CODESAP4.1. GENERIC CODES

The Generic Code is a three-character code assigned to each item in the Military Articles and Services List (MASL) to categorize articles, services, and training for reporting and management purposes. The first character is an alpha character identifying the budget activity. The second character is a numeric assigned each Budget Project (BP). The third character is an alpha character assigned to identify groupings of articles, services, and training.

Budget Activity Code	Activity
A	Aircraft
B	Missiles
C	Ships
D	Combat Vehicles
E	Tactical and Support Vehicles
F	Weapons
G	Ammunition
H	Communications Equipment
J	Support Equipment
K	Supplies
L	Supply Operations
M	Maintenance of Equipment
N	Training (FMS 1200 System Only)
N	Training (MAP 1000 System Only)
P	Research & Development
Q	Construction
R	Special Activities
T	Administrative Expenses
U	Foreign Military Sales Order (FMSO) (FMS 1200 System Only)

TABLE AP4.T1. A - AIRCRAFT

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
A		Aircraft				
	1	<u>Combat Aircraft</u>				
		A Attack	FSC 1510	X		
		B Bomber	FSC 1510	X		
		F Fighter	FSC 1510	X		
		S Anti-Submarine	FSC 1510	X		
		V VTOL & VSTOL.	FSC 1510	X		
	2	<u>Airlift Aircraft</u>				
		C Cargo Transport	FSC 1510	X		
	3	<u>Trainer Aircraft</u>				
		T Trainer	FSC 1510	X		
	4	<u>Helicopters</u>				
		A Attack	FSC 1520	X		
		C Cargo Transport	FSC 1520	X		
		H General Purpose	FSC 1520	X		
		L Observation	FSC 1520	X		
		S Anti-Submarine	FSC 1520	X		
		T Trainer	FSC 1520	X		
		U Utility	FSC 1520	X		
	5	<u>Other Aircraft</u>				
		E Special Electronic Installation	FSC 1500, 1510	X		
		G Glider	FSC 1540	X		
		K Tanker	FSC 1510	X		
		L Observation	FSC 1510	X		
		P Patrol	FSC 1510	X		
		R Reconnaissance	FSC 1510	X		
		U Utility	FSC 1510	X		
		V Unmanned Aerial Vehicles	FSC 1550	X		
		X Research	FSC 1510	X		
		Z Airship	FSC 155Z	X		
	6	<u>Modification of Aircraft</u>				
		A Minor Modification/Class IV			X	
		B Major Modification/Class V			X	
	7	<u>Aircraft Support Equipment</u>		X		
		A* Ground Handling Equipment	FSC 1730, 4920	X	X	*One-dollar line provided for initial stockage and for follow-on.
		B* Arresting Barrier & Barricade Equipment	FSC 1710	X	X	
		C* Launching Equipment	FSC 1720	X	X	
		D* Specialized Trucks & Trailers (including modifications)	FSC 1740	X	X	
		E Contractor-Provided Support Equipment		X	X	Program F-16 Avionics Intermediate Shop as major item.
	9	<u>Aircraft Components & Spare Parts</u>				
		A Gasoline Reciprocating Engines, Complete	FSC 2810	X		

Generic Code			Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
		B	Gas Turbines & Jet Engines, Complete	FSC 2840	X		
		C	Aircraft Components, Parts & Accessories	FSG 16XX (Except 1670), FSC 1270, 1280, 1290, 1377, 1550, 1560, 2620, 2810 (Components), 2840 (Components), 2915, 2925, 2935, 2945, 2950, 2995, 6340, 6605, 6610, 6615, 6620.		X	May include other FSG when supplied for aircraft.
		D	Contractor-Provided Aircraft Components, Spares & Accessories			X	

TABLE AP4.T2. B - MISSILES

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
B		Missiles				
	1	Ground Launched Missiles				
		Missiles, Major Components, Class V Mods		X		
		Missile Shop Sets, Test Equipment, Trailers, Vans, Mod Kits, Other Components & Support Equipment			X	
		A Nike				
		B Redeye				
		C Hawk				
		D Mauler				
		E Jupiter				
		F Sergeant				
		G Pershing				
		H Entac				
		J Tow				
		K Dragon				
		L Lacrosse				
		M Thor				
		N Lance				
		P Stinger				
		Q Javelin				
		R Chaparral				
		S Shillelagh				
		T Rapier (UK)				
		V Viper				
		W Roland				
		X Patriot				
		Y ATACMS				
	2	Air Launched Missiles				
		Missiles, Major Components, Class V Mods		X		
		Missile Shop Sets, Test Equipment, Trailers, Vans, Mod Kits, Other Components & Support Equipment			X	
		A Shrike				
		B Harm				
		C Standard Arm				
		D Standard				
		E Walleye				
		F Aerial Target Missiles				
		G Maverick				
		H Hellfire				
		J Air-Launched TOW				
		K AGM-130				
		L Have Nap				
		M AGM-84				
		N Falcon				
		P ATAS (Stinger)				

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
	R	Sidewinder				
	S	Bullpup				
	T	Phoenix				
	U	JASSM				
	V	Corporal				
	W	Sparrow				
	Y	Matador				
	Z	AMRAAM				
3		Sea Launched Missiles				
		Missiles, Major Components, Class V Mods		X		
		Missile Shop Sets, Test Equipment, Trailers, Vans, Mod Kits, Other Components & Support Equipment			X	
	K	Polaris				
	L	Trident				
	M	UK Fleet Ballistic Missile				
	N	Rolling Airframe Missile (RAM)				
	P	Terrier				
	Q	Tartar				
	R	Harpoon				
	S	Tomahawk				
	W	Seasparrow				
4	Q	Drones	FSC 1520, 1550	X		
6	A	Modification of Missiles		X		
8		<u>Multipurpose Missile Equipment:</u>				
	A	Multipurpose Missile Equipment (includes FAAR)	FSC 1410, 1425, 1430, 1440, 4935	X		
	B	Multipurpose Missile Equipment Parts (includes FAAR)			X	
9		<u>Missile Spares & Spare Parts</u>				
	A	Guided Missile Parts	FSG 14XX, FSC 1190, 1195, 4935		X	
	B	Guided Missile Warhead	FSC 1336, 1337, 1338,		X	
	C	Free Missile Parts	FSC 1055, 1190, 1195, 1340		X	
	D	Contractor-Provided Guided Missile Parts, Components & Parts for Guided Missile Support Equipment			X	

TABLE AP4.T3. C - SHIPS

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
C		Ships				
	1	<u>Warships</u>				
		A Destroyer (DD)	FSC 1905	X		
		B Submarine (SS)	FSC 1905	X		
		C Ocean Escort (DE)	FSC 1905	X		
		D Light Aircraft Carrier (CVL)	FSC 1905	X		
		E Light Cruiser (CL)	FSC 1905	X		
		F Guided Missile Frigate	FSC 1905	X		
	2	<u>Amphibious Ships</u>				
		A Tank Landing Ship	FSC 1905	X		
		B Medium landing Ship (LSM/LSSL)	FSC 1905	X		
		C Medium Landing Ship, Rocket (LSMR)	FSC 1905	X		
		D Utility Landing Craft (LCU)	FSC 1905	X		
		E Transport (AKA/AP/APA/APC/APD)	FSC 1910	X		
	3	<u>Mine Warfare Ships</u>				
		A Coastal Minelayer (MMC)	FSC 1905	X		
		B Ocean Minesweeper (MSO)	FSC 1905	X		
		C Coastal Minesweeper (MCS)	FSC 1905	X		
		D Inshore Minesweeper (MSI/MSB)	FSC 1905	X		
		E Fleet Minesweeper (MSF)	FSC 1905	X		
		G Mine Countermeasure Support (MCS)	FSC 1905	X		
		H Auxiliary Mineplanter (YMP)	FSC 1905	X		
	4	<u>Patrol Ships:</u>				
		A Patrol Frigate (PF)	FSC 1905	X		
		B Patrol Craft (PC)	FSC 1905	X		
		C Patrol Craft Escort	FSC 1905	X		
		D Patrol Gunboat (PGM)	FSC 1905	X		
		E Seaward Defense Craft (SDC)	FSC 1905	X		
		F Fast Patrol Boat	FSC 1905	X		
		G Patrol Torpedo Boat (PI)	FSC 1905	X		
	5	<u>Auxiliaries and Craft</u>				
		A Net Laying Ship (AN)	FSC 1925	X		
		B Oiler (AO)	FSC 1915	X		
		C Gasoline Tanker (AOG)	FSC 1915	X		
		D Fuel Oil Barge (YO/YSR)	FSC 1915	X		
		E Gasoline Barge (YOG)	FSC 1915	X		
		F Water Barge (YW)	FSC 1915, 1935	X		
		G Light Cargo Ship (AKL)	FSC 1925	X		
		H Auxiliary Ocean Tug (ATA/ATR)	FSC 1925	X		
		K Submarine Rescue Ship (ASF)	FSC 1925	X		
		L Seaplane Tender (AVP)	FSC 1925	X		
		M Small Harbor Tug (YTL)	FSC 1925	X		
		N Rescue Boat (AVR)	FSC 1940	X		
		P Medium Landing Craft (LCM)	FSC 1905	X		
		Q Vehicle/Personnel Landing Craft (LCVP)	FSC 1905	X		

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
	R	Surveying Ship (AGS)	FSC 1990	X		
	S	Landing Craft Repair Ship (ARL)	FSC 1925	X		
	T	Large Harbor Tug (YTB)	FSC 1990	X		
	V	Repair Ship (ARB)	FSC 1925	X		
	W	Submarine Tender (AS)	FSC 1925	X		
	X	Floating Drydock (AFDL/SRD)	FSC 1925	X		
	Z	Miscellaneous Boats & Craft	FSG 19XX	X		
6		<u>Ships Support Equipment:</u>				
	A	Ship Overhaul/Modernization/ Construction (In Country)			X	
	B	Shipbuilding Cost Sharing			X	
9		<u>Ships Spares & Spare Parts</u>				
	A	Ship Spare Parts, Components, & Accessories	FSG 20XX (except 2050), 30XX, FSC 6320		X	May include other FSG when supplied for ships and craft
	B	Gas Turbine Engines, Complete	FSC 2835	X		

TABLE AP4.T4. D - COMBAT VEHICLES

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
D		Combat Vehicles				All spare parts for Combat Vehicles should be programmed under Generic Code K8A.
	1	<u>Armored Carriers:</u>				
		A Personnel Carriers, Full Track	FSC 2350	X		
		B Personnel Carriers, Half Track	FSC 2350	X		
		C Armored Card	FSC 2320, 2350	X		
		D Cargo Carriers	FSC 2320, 2350	X		
		E Weapons Carriers	FSC 2320, 2350	X		
	2	<u>Self-Propeller Artillery:</u>				
		A Anti-Aircraft	FSC 2350	X		
		B Anti-Tank	FSC 2350	X		
		C 105mm Howitzer	FSC 2350	X		
		D 155mm Howitzer	FSC 2350	X		
		E 4.2 Inch Mortar	FSC 2350	X		
		F 8 Inch Howitzer	FSC 2350	X		
		G 175mm Gun	FSC 2350	X		
		Z Other Self-Propeller Artillery	FSC 2350	X		
	3	<u>Tanks:</u>				
		A Light Tank	FSC 2350	X		
		B Medium Tank	FSC 2350	X		
	4	<u>Tank Recovery Vehicles:</u>				
		A Tank Recovery Vehicles	FSC 2350	X		
	5	<u>Other Combat Vehicles:</u>				
		A High Speed Tractors	FSC 2430	X		
		B Amphibious landing Vehicles	FSC 2320, 2350	X		
		C Tank Mounted Bulldozers	FSC 2590			

TABLE AP4.T5. E - TACTICAL AND SUPPORT VEHICLES

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
E		Tactical and Support Vehicles				All spare parts for Tactical & Support Vehicles should be programmed under Generic Code K8A.
	1	<u>Semi-Trailers</u>				
		A Tank	FSC 2330	X		
		B Stake	FSC 2330	X		
		C Van	FSC 2330	X		
		D Low Bed	FSC 2330	X		
		E Transporter	FSC 2330	X		
		Z Other Semi-Trailers	FSC 2330	X		
	2	<u>Trailers</u>				
		A Cargo	FSC 2330	X		
		B Tank	FSC 2330	X		
		C Ammunition	FSC 2330	X		
		D Fuel Service	FSC 2330	X		
		E Low Bed	FSC 2330	X		
		F Flat Bed	FSC 2330	X		
		G Bolster	FSC 2330	X		
		H Dolly	FSC 2330	X		
		Z Other Trailers	FSC 2330	X		
	3	<u>Trucks</u>				
		A 1/4 Ton Cargo	FSC 2320	X		
		B 1/4 Ton Ambulance	FSC 2310	X		
		D 3/4 Ton Cargo	FSC 2320	X		
		E 3/4 Ton Ambulance	FSC 2310	X		
		G 1 Ton Cargo	FSC 2320	X		
		K 2 1/2 Ton Cargo	FSC 2320	X		
		L 2 1/2 Ton Dump	FSC 2320	X		
		M 2 1/2 Ton Special Purpose	FSC 2320	X		
		N 2 1/2 Ton Tank	FSC 2320	X		
		Q 2 1/2 Ton Tractor-Trailer	FSC 2320	X		
		R 2 1/2 Ton Wrecker	FSC 2320	X		
		T 5 Ton Cargo	FSC 2320	X		
		U 5 Ton Dump	FSC 2320	X		
		W 5 Ton Truck-Tractor	FSC 2320	X		
		X 5 Ton Wrecker	FSC 2320	X		
		Z Other Trucks	FSC 2320	X		
	4	<u>Support Vehicles</u>				
		A Station Wagons	FSC 2310	X		
		B Sedans	FSC 2310	X		
		C Buses	FSC 2310	X		
		D Motorcycles & Motor Scooters	FSC 2340	X		
		E Ambulances	FSC 2310	X		
		F Commercial Trucks	FSC 2320	X		
		Z Other Support Vehicles	FSC 2310, 2320	X		

Generic Code			Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks

TABLE AP4.T6. F - WEAPONS

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
F		Weapons				
	1	<u>Weapons, up to 75mm</u>				
		A Pistols	FSC 1005	X		
		B Carbines	FSC 1005	X		
		C Rifles	FSC 1005	X		
		E Sub-Machine Guns	FSC 1005	X		
		F Machine Guns	FSC 1005	X		
		G Mounts	FSC 1005, 1015, 1090	X		
		H Shotguns	FSC 1005	X		
		J Sub-Caliber Weapons	FSC 1005, 1010	X		
		K Anti-Aircraft Guns	FSC 1005, 1010	X		
		L Launchers	FSC 1005, 1010, 1055	X		
		M Mortars	FSC 1010	X		
		Z Other Weapons (up to 75mm)	FSC 1005, 1010, 1090	X		
	2	<u>Artillery, 75mm & over:</u>				
		A 75mm Guns	FSC 1015	X		
		B 76mm Guns	FSC 1015	X		
		C 90mm Guns	FSC 1015	X		
		D 105mm Guns	FSC 1015	X		
		E 155mm Guns	FSC 1025	X		
		F 175mm Guns	FSC 1025	X		
		G 75mm Howitzer	FSC 1015	X		
		H 105mm Howitzer	FSC 1015	X		
		J 155mm Howitzer	FSC 1015	X		
		K 8 Inch Howitzer	FSC 1030	X		
		L 75mm Recoilless Rifles	FSC 1015	X		
		M 90mm Recoilless Rifles	FSC 1015	X		
		N 105mm Recoilless Rifles	FSC 1015	X		
		P 106mm Recoilless Rifles	FSC 1015	X		
		Q 120 mm Recoilless Rifles	FSC 1015	X		
		R 155 Recoilless Rifles	FSC 1025	X		
		S 81mm Mortar	FSC 1015	X		
		T 107mm/4.2 Inch Mortar	FSC 1015	X		
		U 120mm Mortar	FSC 1015	X		
		Z Other Weapons (75mm & over)	FSC 1015, 1020, 1030, 1035	X		
	3	<u>Naval Ordnance Weapons</u>				
		A 20mm Mounts	FSC 1005	X		
		B 40mm Mounts	FSC 1010	X		
		C 3 Inch/25 Mounts	FSC 1015	X		
		D 5 Inch/25 Mounts	FSC 1020	X		
		E 5 Inch/38 Mounts	FSC 1020	X		
		F 5 Inch/54 Mounts	FSC 1020	X		
		G Loading machines (all calibers)	FSC 1010, 1015, 1020	X		
		H Torpedo Launchers	FSC 1045	X		

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
	J	Depth Charge Launchers	FSC 1045	X		
	K	ASW Rocket launchers	FSC 1055	X		
	L	Harbor Nets, Booms, & Buoys	FSC 1070, 2050		X	
	M	Degaussing & Minesweeping Equipment	FSC 1075		X	
	N	Naval Fire Control Directors	FSC 1210	X		
	P	Naval Fire Control Computing Sights	FSC 1220	X		
	Q	ASW Fire Control Systems	FSC 1230	X		
	R	Gunfire Control Systems	FSC 1230	X		
	S	Torpedo Fire Control Systems	FSC 1210, 1220, 1230	X		
	T	Submarine Fire Control Systems	FSC 1230	X		
	U	Target Designating Systems	FSC 1260, 1265	X		
	V	Fire Control Radar	FSC 1285	X		
	W	Close-in Weapon Systems	FSC 1230	X		
	X	Multi-Weapon Defense Systems	FSC 1230	X		
	Y	Missile Fire Control Systems	FSC 1230	X		
	Z	Other Naval Ordnance Weapons	FSG 10 (except 1070, 1075), FSC 1240, 1250, 1260, 1265, 1270, 1280, 1287, 1290	X	X	
4		<u>Other Weapons</u>				
	A	Chemical Weapons & Equipment	FSC 1040	X	X	
	B	Camouflage & Deception Equipment	FSC 1080		X	
	D	Fire Control Equipment (other than Naval Ordnance)	FSG 12	X	X	
	Y	Non-Standard Weapons			X	
	Z	Miscellaneous Other Weapons & Interchangeable Assemblies	FSC 1020, 1055, 1090, 1095	X	X	
9		<u>Weapon Spare Parts, Components, & Accessories</u>				
	A	Weapons	FSG 11XX, 12XX, FSC 1005, 1010 1015, 1020, 1025, 1030, 1035, 1055, 1090, 1095, 2845 (other than Naval Ordnance)		X	
	B	Naval Ordnance Weapons	FSG 10XX, 12XX, FSC 2845		X	
	C	Non-Standard Weapon Spare Parts, Components, & Accessories			X	

TABLE AP4.T7. G - AMMUNITION

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
G		Ammunition				
	1	<u>Ammunition (up to 75 mm) & Grenades:</u>				
		A 5.56mm/22 caliber	FSC 1305	X		
		B 30 caliber	FSC 1305	X		
		C 7.62mm	FSC 1305	X		
		D 38 Caliber	FSC 1305	X		
		E 45 caliber	FSC 1305	X		
		F 50 caliber	FSC 1305	X		
		G 60 caliber	FSC 1305	X		
		H 20mm	FSC 1305	X		
		I 22mm	FSC 1305	X		
		J 37mm	FSC 1310	X		
		K 40mm	FSC 1310	X		
		L 57mm	FSC 1310	X		
		M 60mm Mortar	FSC 1310	X		
		N Shotgun Ammunition	FSC 1305	X		
		P Grenades	FSC 1330	X		
		Z Other Ammunition	FSC 1305, 1310, 1330	X	X	
	2	<u>Ammunition, 75mm & Over:</u>				
		A 75mm	FSC 1315	X		
		B 76mm	FSC 1315	X		
		C 81mm Mortar	FSC 1315	X		
		D 90mm	FSC 1315	X		
		E 105mm	FSC 1315	X		
		F 106mm	FSC 1315	X		
		G 4.1 Inch Mortar	FSC 1315	X		
		H 3 Inch/50	FSC 1315	X		
		J 5 Inch/25	FSC 1320	X		
		K 5 Inch/38	FSC 1320	X		
		L 5 Inch/54	FSC 1320	X		
		M 155mm	FSC 1320	X		
		N 8 Inch	FSC 1320	X		
		P 175mm	FSC 1320	X		
		Z Other Ammunition	FSC 1315, 1320	X	X	
	3	<u>Land Mines & Explosives:</u>				
		A Anti-personnel Mines	FSC 1345	X		
		B Anti-tank Mines	FSC 1345	X		
		C Demolition Kits	FSC 1375	X		
		D Charges	FSC 1375	X		
		Z Other Explosives & Land Mine Components	FSC 1345, 1375, 1376, 1377	X	X	
	4	<u>Naval Ordnance Ammunition:</u>				
		A Service Mines, complete	FSC 1361	X		
		B Drill Mines, complete	FSC 1350, 1351	X		
		C Mine Components	FSC 1350, 1351		X	
		D Torpedo Exercise Heads	FSC 1355, 1356	X		
		E Anti-surface Torpedoes	FSC 1356	X		

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
	F	ASW Torpedoes	FSC 1356	X		
	G	Torpedo Components	FSC 1355, 1356		X	
	H	Depth Charges	FSC 1361	X		
	J	Depth Charge Components	FSC 1360, 1361		X	
5		<u>Bombs & Rockets:</u>				
	A	Practice Bombs & Shapes	FSC 1105, 1325	X		
	B	Armor Piercing Bombs	FSC 1325	X		
	C	Depth Bombs	FSC 1325	X		
	D	Fire & Incendiary Bombs	FSC 1325	X		
	E	Fragmentation Bombs	FSC 1325	X		
	F	General Purpose Bombs	FSC 1325	X		
	G	Electronic Operated Guided Bombs	FSG 13	X		
	M	Bomb Components	FSC 1325		X	
	N	Other Bombs	FSC 1325	X		
	P	2.25 Inch Rockets	FSC 1340	X		
	Q	2.36 Inch Rockets	FSC 1340	X		
	R	2.75 Inch Rockets	FSC 1340	X		
	S	3.5 Inch Rockets	FSC 1340	X		
	T	5 Inch Rockets	FSC 1340	X		
	U	7.2 Inch Rockets	FSC 1340	X		
	V	Asroc Rockets	FSC 1356	X		
	W	Honest John Rockets	FSG 10, 11 & 13	X	X	
	Y	Rocket Components	FSC 1340	X	X	
	Z	Other rockets	FSC 1340			
6		<u>Pyrotechnic & Chemical Munitions</u>				
	A	Chemical Munitions	FSC 1365	X	X	Program agents as major items; program articles other than agents in FSC 1365 as dollar lines.
	B	Pyrotechnics	FSC 1370	X	X	
7		<u>Other Ammunition</u>				
	A	Ammunition raw Materials	FSC 9999		X	
	B	Fuzes and Primers	FSC 1390	X	X	
	C	Ammunition Containers	FSC 8140		X	
	D	Miscellaneous Ammunition, Tools & Specialized Equipment	FSC 1385, 1386, 1395, 1398, 4927		X	
	E	Non-Standard Ammunition			X	

TABLE AP4.T8. H - COMMUNICATIONS EQUIPMENT

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
H		Communication, Detection, and Coherent Radiation Equipment				
	1	Telephone & Telegraph Equipment	FSC 5805	X	X	The alpha in the third position identifies the type of installation.
		A Airborne				
		B Fixed				
		G Ground, General Ground Use				
		K Amphibious				
		P Pack or Portable				
		V Ground Vehicular				
		W Water, Surface and Underwater				
		Z Other Communications Equipment (Including Modifications)				
	2	Radio & Television Communications Equipment	FSC 5820, 5821, 5895, 5985	X	X	The alpha in the third position identifies the type of installation. Installation units will be programmed under dollar lines provided by DSCA.
		A Airborne				
		B Fixed				
		G Ground, General Ground Use				
		K Amphibious				
		P Pack or Portable				
		V Ground Vehicular				
		W Water, Surface and Underwater				
		Z Other Communications Equipment (Including Modifications)				
	3	Radio Navigation Equipment	FSC 5825, 5826, 5827	X	X	The alpha in the third position identifies the type of installation.
		A Airborne				
		B Fixed				
		G Ground, General Ground Use				
		K Amphibious				
		P Pack or Portable				
		V Ground Vehicular				
		W Water, Surface and Underwater				
		Z Other Communications Equipment (Including Modifications)				
	4	Radar Equipment	FSC 5840, 5841, 5895	X	X	The alpha in the third position identifies the type of installation.
		A Airborne				
		B Fixed				
		G Ground, General Ground Use				
		K Amphibious				

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
	P	Pack or Portable				
	V	Ground Vehicular				
	W	Water, Surface and Underwater				
	Z	Other Communications Equipment (Including Modifications)				
5		Underwater Sound Equipment	FSC 5845	X	X	The alpha in the third position identifies the type of installation.
	A	Airborne				
	B	Fixed				
	G	Ground, General Ground Use				
	K	Amphibious				
	P	Pack or Portable				
	V	Ground Vehicular				
	W	Water, Surface and Underwater				
	Z	Other Communications Equipment (Including Modifications)				
6		Other Communications Equipment (Including Modifications)	FSG 58XX, 59XX, 60XX	X	X	The alpha in the third position identifies the type of installation. Installation units for equipment in FSG 58XX (other than 5820, 5821) will be programmed under appropriate dollar line provided by DSCA.
	A	Airborne				
	B	Fixed				
	G	Ground, General Ground Use				
	K	Amphibious				
	P	Pack or Portable				
	V	Ground Vehicular				
	W	Water, Surface and Underwater				
	Z	Other Communications Equipment (Including Modifications)				
7	Z	Non-Standard Communications & Electronic Equipment			X	
9		<u>Communications Equipment Spare Parts and Electronic Supplies:</u>				
	A	Communications Equipment Spare Parts and Electronic supplies	FSG 58XX, 59XX		X	
	B	Non-Standard Communications Equipment Spare Parts and Electronic Supplies			X	

TABLE AP4.T9. J - SUPPORT EQUIPMENT

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
J		Support Equipment				
	1	<u>Chemical Equipment:</u>				
		Decontaminating & Impregnating Equipment	FSC 4230		X	
	2	<u>Construction Equipment:</u>				
		A Full Track Tractors	FSC 2410		X	
		B Wheeled Tractors	FSC 2420		X	
		C Earthmoving & Excavating Equipment	FSC 3805		X	
		D Cranes & Crane Shovels	FSC 3810		X	
		E Road Clearing Equipment	FSC 3825		X	
		F Military Bridging	FSC 5420		X	
		Z Miscellaneous Construction Equipment	FSC 3815, 3830, 3895		X	
	3	<u>Materials Handling Equipment:</u>				
		A Conveyors, Cranes & Derricks	FSC 3910, 3950		X	
		Z Other Materials Handling Equipment	FSG 39XX (except 3910, 3950)		X	
	4	<u>Photographic Equipment:</u>				
		A Cameras	FSC 6720		X	
		B Projection Equipment	FSC 6730		X	
		C Developing & Finishing Equipment	FSC 6740		X	
		D Digitally Enhanced Photographic Imaging Equipment/Systems	FSG 67XX (except 6720, 6730 and 6740)		X	
		Z Other Photographic Equipment, Supplies, & Spare Parts	FSG 67XX (except 6720, 6730, and 6740)		X	
	6	<u>Other Equipment:</u>				
		A Parachutes & Aerial Delivery Equipment	FSC 1670		X	
		D Other Power Transmission Equipment	FSG 30XX		X	
		E Woodworking Machinery & Equipment	FSG 32XX		X	
		F Metal Working Machinery	FSG 34XX		X	
		G Special Industrial Machinery	FSG 36XX		X	
		N Safety & Rescue Equipment	FSG 42XX		X	
		P Steam Plant & Drying Equipment	FSG 44XX		X	
		Q Maintenance & Repair Shop Equipment	FSC 4910, 4925, 4930, 4931, 4933, 4940		X	
		R Power & Distribution Equipment	FSG 61XX, 62XX		X	
		S Non-Standard Power & Distribution Equipment			X	
		T Instruments & Laboratory Equipment	FSG 66XX (except 6610, 6630, 6640)		X	
		U Non-Standard Test Equipment		X		
		Z Other Support Equipment	FSG 22XX, FSC		X	

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
			3835, 6310, 6330, 6350, 6650, 6665			
	7	<u>Other Support Equipment</u>				
		A Medical/Surgical Equipment	FSC 6515		X	
		B Dental Equipment	FSC 6520		X	
		C X-Ray Equipment	FSC 6525		X	
		D Hospital Equipment	FSC 6530		X	
		E Chemistry/Laboratory Equipment	FSC 6630, 6640		X	
		F Laundry & Dry Cleaning Equipment	FSC 3510		X	
		G Shoe Repair Equipment	FSC 3520		X	
		H Service & Trade Equipment	FSG 35XX, (except 3510, 3520)		X	
		J General Purpose ADP Equipment	FSG 70XX		X	
		K Office Machines	FSG 74XX		X	
		L Pumps & Compressors	FSG 43XX		X	
		M Plumbing & Heating Equipment	FSG 45XX		X	
		N Engines	FSG 28XX (except 2810, 2840, 2845)		X	
		P Prefab & Portable Structures	FSG 54XX (except 5420)		X	
		Q Mine Drilling Equipment	FSC 3820		X	
		R Refrigeration & Air Conditioning Equipment	FSG 41XX		X	
		S Firefighting Equipment	FSC 4210	X	X	
		Y Support Equipment Royal Saudi Land Forces (RSLF)			X	
		Z Other Support Equipment	FSG 37XX, 46XX, 47XX, 48XX, 71XX, 72XX, 73XX		X	
	8	<u>Books, Publications, and Maps and Charts</u>				
		A Technical, Non-Technical Books, Publications, Maps and Charts	FSG 76XX		X	
	9	<u>Contractor-Provided Technical Order Data</u>				
		A Contractor-Provided Technical Order Data			X	

TABLE AP4.T10. K - SUPPLIES

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
K		Supplies				
	1	<u>Clothing & Textile Supplies</u>				
		Clothing/Textiles & Individual Equipment	FSG 83XX, 84XX		X	
	2	<u>Medical Supplies</u>				
	A	Drugs & Surgical Dressings	FSC 6505, 6510		X	
	Z	Dental & Medical Supplies	FSG 65XX (except 6505, 6510)		X	
		<u>Subsistence:</u>				
	3	A Human Subsistence	FSG 89XX		X	
		B Human Subsistence (Offshore Procurement)	FSG 89XX		X	
	4	<u>General Supplies</u>				
	A	Hand & Measuring Tools	FSG 51XX, 52XX		X	
	Z	Other General Supplies	FSG 40XX, 75XX, 77XX, 78XX, 79XX, 80XX, 81XX, (except 8140), 85XX, 93XX, FSC 8710, 8820, 9905, 9920, 9925, 9930, 9999		X	
	5	<u>Industrial Supplies:</u>				
	A	Industrial supplies	FSG 31XX, 53XX, 94XX, 95XX, 96XX		X	
	6	<u>Fuels, Oils, & Chemicals:</u>				
	A	Jet Fuel	FSC 9130		X	
	B	Aviation gasoline	FSC 9130		X	
	C	Automotive Gasoline	FSC 9130		X	
	D	Diesel Fuel	FSC 9140		X	
	E	Navy Special Fuel Oil	FSC 9140		X	
	F	Chemicals	FSG 68XX		X	
	G	Solid Fuel	FSC 9110		X	
	Z	Other Petroleum, Oil & Lubricants	FSG 91XX (except 9110, 9130, 9140)		X	
	7	<u>Construction Supplies:</u>				
	Z	Construction Supplies	FSG 55XX, 56XX		X	
	8	<u>Automotive Supplies:</u>				
		Automotive Supplies & Spare Parts	FSG 23XX, 24XX, 25XX, 26XX, (except 2620), 28XX (except 2810, 2840, 2845), FSC 2910, 2920, 2930, 2940, 2990, & other spare parts		X	Automotive supplies and spare parts for equipment in Generics D, E, J, & K

TABLE AP4.T11. L - SUPPLY OPERATIONS

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
L		Supply Operations				
	1	<u>Transportation Costs:</u>				
		A Inland Transportation -- CONUS	01		X	
		B Ocean Transportation	01		X	
		C Air Transportation	01		X	
		D Parcel Post	01		X	
		E Commercial Carrier	01		X	
		F Inland Transportation Overseas	01		X	
	2	<u>Packing, Crating, Handling, Port Loading & Port Unloading Costs:</u>				
		A Packing, Crating & Handling	01		X	
		B Port Loading	01		X	
		C Port Unloading	01		X	
	3	<u>Operation & Maintenance of MAP Installations:</u>				
		A Operation & Maintenance Costs	01		X	
		F MAAG Housing	01		X	
		G Maintenance & Repair of Real Property -- Map Installations	01		X	
	4	<u>Storage & Maintenance of Stockpiles:</u>				
		A Storage & Maintenance of Stockpiles	01		X	
	5	<u>Offshore Procurement Expenses:</u>				
		A Offshore Procurement Expenses	01		X	
	6	<u>Logistics Management Expense:</u>				
		A Logistics Management Expense (Not for MILDEP Use)	01		X	
	7	<u>Travel Expenses:</u>				
		A Travel Expenses	01		X	
	8	<u>Case Management:</u>				
		A Case Management Including Travel	01		X	
	9	<u>Special Activities:</u>				
		A Special Activities Including Incidental Travel	01		X	
		B Staging and Consolidation of FMS Shipments	01		X	Include staging and consolidation of incoming articles into a single shipment at DoD activity in CONUS or contractor facility, at request of customer.
		C Assemblage of FMS Shipments	01		X	Includes assemblage of articles by FMS case or project code at DoD activity or contractor facility for forwarding to in-country destination, at request of

Generic Code	Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
					customer.

TABLE AP4.T12. M - MAINTENANCE OF EQUIPMENT

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
M		Maintenance of Equipment				
	1	<u>Technicians & Allied Services:</u>				
		A Aircraft Technical Assistance	02		X	
		B Missile Technical Assistance	02		X	
		C Communications Technical Assistance	02		X	
		D EAM Services	02		X	
		E Other Technical Assistance	02		X	
		F Technical Data Package (TDP)	02		X	
		G Engineering Technical Assistance	02		X	
		H Technical Coordination Program (TCP)	02		X	
		J Aircraft Structural Integrity Program (ASIP)	02		X	
		K Non-Standard Item Support	02		X	
		L PMEL Calibration	02		X	
		M Engine CIP	02		X	
		P Contractor Engineering Tech Services (CETS)	02		X	
		Q Ship Maintenance Technical Assistance	02		X	
		R Logistics Technical Assistance	02		X	
		S Training Devices, Simulators, and Targets Technical Assistance	02		X	
	2	<u>Repair/Rehabilitation/Replacement of Equipment:</u>				
		A Repair/Rehab/Replacement of Aircraft & Aircraft Engine Overhauls (Include a/c Iran)	02	X	X	
		B Overhaul of Ships	02	X	X	
		C Repair/Rehab/Replacement, Other	02	X	X	
		D Combat Vehicles	02	X	X	
		E Tactical/Support Vehicles	02	X	X	
		F Weapons	02	X	X	
		G Ammunition	02		X	
		H Communications/Electronics, & Meteorological Equipment	02		X	
		J Support Equipment	02		X	
		K Missiles	02	X	X	
		L Training Devices, Simulators & Targets	02		X	
	3	<u>Repair & Rehabilitation (R&R) of Excess Material (FY 63 and Prior Year Only):</u>				
		A Repair & Rehab of Aircraft & Aircraft Engine Overhauls (Including IRAN)	01	X		
		B Overhaul of Ships	01	X		
		C Repair & Rehabilitation, Other	01	X		

Generic Code			Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
	4	A	<u>Contractor-Provided Overhaul/Repair & Rehabilitation of Non-Standard Equipment</u>		X		

TABLE AP4.T13. N - TRAINING (FMS 1200 SYSTEM ONLY)

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
N		Training (FMS 1200 System Only)				
	0	<u>Training:</u>				
	O	Training	00	X		
	7	<u>Training-Medical Services:</u>				
	E	Medical Services	00	X		
	9	<u>Training:</u>				
	A	Aids, Devices, Spare Parts	00	X		
	B	Books, Publications, Other	00	X		
	X	PCH&T Costs	00	X		

TABLE AP4.T14. N - TRAINING (MAP 1000 SYSTEM ONLY)

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
N		Training (MAP 1000 System Only)				
	1	<u>Formal Training -- United States</u>				
		A <u>Flying Training, U.S.</u>	0110000			
		Pilot, Jet Fixed Wing	0111000	X		
		Pilot, Conventional, Fixed wing	0112000	X		
		Pilot, Helicopter	0113000	X		
		Non-Pilot	0114000	X		
		Instructor	0115000	X		
		Special Techniques	0116000	X		
		Crew/Transition	0117000	X		
		Flight Test	0118000	X		
		Other	0119000	X		
		B <u>Operations Training, U.S.</u>	0120000			
		Combat Operations	0121000	X		
		Weapons/Tactics/FAM	0122000	X		
		Mine Warfare/ASW	0123000	X		
		Amphibious Operations	0124000	X		
		Reconnaissance, Mapping/Photo	0125000	X		
		Counterinsurgency/Psychological Warfare	0126000	X		
		CBR	0127000	X		
		Training Devices/Simulators	0128000	X		
		Other	0129000	X		
		C <u>Communications/Electronics Training, U.S.:</u>	0130000			
		Electronic Fundamentals	0131000	X		
		Ground Comm/Signal	0132000	X		
		Air Comm/Signal	0133000	X		
		Fire Control Sys/Surface-to-Air	0134000	X		
		ASW System/Surface-to-Air	0135000	X		
		EMC Systems/Surface-to-Air	0136000	X		
		Other Radar Systems/Surface-to-Air	0137000	X		
		(Unassigned)	0138000	X		
		Other	0139000	X		
		D <u>Maintenance Training, U.S.</u>	0140000			
		Aviation	0141000	X		
		Armament/Ammunition	0142000	X		
		Auto/Ground support	0143000	X		
		Combat/special Vehicle	0144000	X		
		Ships/Boats	0145000	X		
		Weather/Meteorology	0146000	X		
		Training Equipment/Devices	0147000	X		
		Support Technical Skills	0148000	X		
		Other	0149000	X		
		E <u>Logistics training, U.S.</u>	0150000			
		Logistics Management	0151000	X		
		Supply/Warehousing	0152000	X		
		Transport/Distribution	0153000	X		

Generic Code	Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
	Procurement	0154000	X		
	Comptroller/Stat/ADPS	0155000	X		
	Finance	0156000	X		
	(Unassigned)	0157000	X		
	(Unassigned)	0158000	X		
	Other	0159000	X		
F	<u>Administrative Training, U.S.</u>	0160000			
	Personnel	0161000	X		
	Manpower/Management	0162000	X		
	Food Handling/Admin.	0163000	X		
	Info/Education	0164000	X		
	Clerical	0165000	X		
	Instructor/Supervisor	0166000	X		
	(Unassigned)	0167000	X		
	Women's Military	0168000	X		
	Other	0169000	X		
G	<u>Professional/Special Training, U.S.</u>	0170000			
	Command/Staff	0171000	X		
	Intelligence	0172000	X		
	Military Police/Civil Affairs	0173000	X		
	Engineering/Construction	0174000	X		
	Medical/health Hygiene	0175000	X		
	Legal	0176000	X		
	English Language	0177000	X		
	Civilian Institution	0178000	X		
	Other	0179000	X		
H	<u>Orientation training, U.S.</u>	0180000			
	Orientation Tours/DV	0181000	X		
	Orientation Tours/Non-DV	0182000	X		
	Observer	0183000	X		
	Exchange Student	0184000	X		
	Informational Program	0185000	X		
	(Unassigned)	0186000	X		
	(Unassigned)	0187000	X		
	(Unassigned)	0188000	X		
	Other	0189000	X		
J	<u>Missile training, U.S.</u>	0190000			
	IRBM	0191000	X		
	NIKE	0192000	X		
	HAWK	0193000	X		
	Other/Surface-to-Surface	0194000	X		
	Other/Surface-to-Air	0195000	X		
	Air-to-Air	0196000	X		
	Air-to-Surface	0197000	X		
	Target Drone	0198000	X		
	Other	0199000	X		
	Formal Training -- Overseas				
N	<u>Flying Training, O/S</u>	0210000			
	Pilot, Jet, Fixed Wing	0211000	X		
	Pilot, Conventional, Fixed Wing	0212000	X		

Generic Code	Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
	Pilot, Helicopter	0213000	X		
	Non-Pilot	0214000	X		
	Instructor	0215000	X		
	Special Techniques	0216000	X		
	Crew/Transition	0217000	X		
	(Unassigned)	0218000	X		
	Other	0219000	X		
P	<u>Operations training, O/S</u>	0220000			
	Combat Operations	0221000	X		
	Weapons/Tactics/FAM	0222000	X		
	Mine Warfare/ASW	0223000	X		
	Survival/Jungle/Arctic	0224000	X		
	Reconnaissance, Mapping/Photo	0225000	X		
	Counterinsurgency/Psychological Warfare	0226000	X		
	CBR	0227000	X		
	Training Devices/Simulators	0228000	X		
	Other	0229000	X		
Q	<u>Communications/Electronics Training, O/S</u>	0230000			
	Electronic Fundamentals	0231000	X		
	Ground Comm/Signal	0232000	X		
	Air Comm/Signal	0233000	X		
	Fire Control Sys/Surface-to-Air	0234000	X		
	ASW Systems/Surface-to-Air	0235000	X		
	ECM Systems/Surface-to-Air	0236000	X		
	Other Radar Systems/Surface-to-Air	0237000	X		
	(Unassigned)	0238000	X		
	Other	0239000	X		
R	<u>Maintenance Training, O/S:</u>	0240000			
	Aviation	0241000	X		
	Armament/Ammunition	0242000	X		
	Auto/Ground Support	0243000	X		
	Combat/Special Vehicle	0244000	X		
	Ships/Boats	0245000	X		
	Other Support Equipment	0246000	X		
	Training Aids/Devices	0247000	X		
	Support Technical Skills	0248000	X		
	Other	0249000	X		
S	<u>Logistics Training, O/S:</u>	0250000			
	Logistics Management	0251000	X		
	Supply/Warehousing	0252000	X		
	Transport/Distribution	0253000	X		
	Procurement	0254000	X		
	Comptroller/Stat/ADPS	0255000	X		
	Finance	0256000	X		
	(Unassigned)	0257000	X		
	(Unassigned)	0258000	X		
	Other	0259000	X		

Generic Code	Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
	T	<u>Administrative Training, O/S:</u>			
		Personnel	0260000		
		Manpower/Management	0261000	X	
		Food Handling/Admin.	0262000	X	
		Info/Education	0263000	X	
		Clerical	0264000	X	
		(Unassigned)	0265000	X	
		(Unassigned)	0266000	X	
		(Unassigned)	0267000	X	
		(Unassigned)	0268000	X	
		Other	0269000	X	
	U	<u>Professional/Special Training, O/S:</u>	0270000		
		Command/Staff	0271000	X	
		Intelligence/Counterintelligence	0272000	X	
		Military Police/Civil Affairs	0273000	X	
		Engineering/Construction	0274000	X	
		Medical/Health Hygiene	0275000	X	
		Cadet	0276000	X	
		English Language	0277000	X	
		(Unassigned)	0278000	X	
		Other	0279000	X	
	V	<u>Orientation Training, U.S.:</u>	0280000		
		Orientation Tours/DV	0281000	X	
		Orientation Tours/Non-DV	0282000	X	
		Observer	0283000	X	
		Exchange Student	0284000	X	
		(Unassigned)	0285000	X	
		(Unassigned)	0286000	X	
		(Unassigned)	0287000	X	
		(Unassigned)	0288000	X	
		Other	0289000	X	
	W	<u>Missile Training, O/S:</u>	0290000		
		(Unassigned)	0291000	X	
		(Unassigned)	0292000	X	
		(Unassigned)	0293000	X	
		(Unassigned)	0294000	X	
		(Unassigned)	0295000	X	
		(Unassigned)	0296000	X	
		(Unassigned)	0297000	X	
		(Unassigned)	0298000	X	
		Other	0299000	X	
	Z	<u>Panama Canal School Training</u>			Not included in Combatant Command ceiling.
		Training at USARSA	BUSARSA	X	Programmed under Non-Regional Command.
		Training at IAFFA	DO1AAFA	X	
		Training at SCIATT	PSC1ATT	X	
		Training at IANTN	PO1ANTN	X	
2		<u>Mobile Training</u>			

Generic Code	Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
	<u>Teams/Detachments</u>				
	<u>Mobile Training Teams/Detachments -- CONUS</u>	0300000			
	A Aviation	0301000	X		
	B Combat Operation/Intel	0302000	X		
	C Communications/Electronic	0303000	X		
	D Supply/Maintenance	0304000	X		
	E Personnel/Maintenance	0305000	X		
	F Counterinsurgency	0306000	X		
	G English Language	0307000	X		
	H Missiles	0308000	X		
	J Other	0309000	X		
	<u>Mobile Training Teams/Detachments -- Overseas</u>	0310000			
	M Aviation	0311000	X		
	N Combat Operation/Intel	0312000	X		
	P Communications/Electronic	0313000	X		
	Q Supply/Maintenance	0314000	X		
	R Personnel/Maintenance	0315000	X		
	S Counterinsurgency	0316000	X		
	T English Language	0317000	X		
	U Missiles	0318000	X		
	V Other	0319000	X		
3	<u>Field Training Services</u>	0320000			
	A Aircraft Engine/Aiframe	0321000	X		
	B Communications/Electronics	0322000	X		
	C Radar Systems	0323000	X		
	D Armament	0324000	X		
	E Maintenance	0325000	X		
	F Training/Aids/Devices	0326000	X		
	G English Language	0327000	X		
	H Missiles	0328000	X		
	J Other	0329000	X		
5	<u>Training of U.S. MAP Personnel</u>	0380000			
	A Contract Costs	0381000		X	
	B Training of U.S. MAP Personnel	0382000		X	Phase I and Phase II. Not included as part of Combatant Command ceiling but programmed worldwide by MILDEPs.
	C Language	0383000		X	Not included in Combatant Command ceiling. Worldwide program prepared by DSCA.
	E Other Training Costs	038500		X	Not included in Combatant Command ceiling. Worldwide program budgeted for by MILDEPs for training of U.S. personnel in skill

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
						peculiar to MAP assignments.
	6	Extraordinary Expenses	0390000			
		A Extraordinary Expenses	0390000		X	Not included in Combatant Command ceiling. Worldwide program budgeted for by MILDEPs.
	7	Other Training Support				
		A Training Exercises	0361000			
		B Escort Officers	0362000	X		
		C Supplies & Materials	0363000			
		D Facilities/Rehabilitation	0364000			
		E Services	0365000	X	X	
		F Other	0366000	X	X	
		G Shipment of Instructional Material	0367000			Not required for FY84 and future programs.
		Z Abbreviated Training Plan Requirement	0399000			To be used only when training items are unknown at time of programming.
	9	Training Aids				
		A Training Aids & Devices	0TNGDEV		X	
		) Army Books/Publications/Other	BBKPUB0		X	
		B) Air Force Books/Publications/Other	DBKPUB0		X	
		) Navy Books/Publications/Other	PBKPUB0		X	
		) Army PCH&T	B00PCHT		X	
		X) Air Force PHC&T	D00PCHT		X	
		) Navy PCH&T	P00PCHT		X	

TABLE AP4.T15. P - RESEARCH & DEVELOPMENT

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
P		Research & Development				
	1	<u>Development of Advance Design Weapons:</u>				
		A Development of Advance Design Weapons		X		
		B Aircraft Weapons Certification		X		
	2	<u>Other Development Costs:</u>				
		A Non-Recurring R&D Costs	00		X	
		B First Article Testing	00		X	

TABLE AP4.T16. Q - CONSTRUCTION

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
Q		Construction				
	1	<u>Infrastructure (MAP 1000 System Only):</u>				
		A Infrastructure	06		X	
	2	<u>Other Construction:</u>				
		A Contract Construction	06		X	
		B A&E Services	06		X	
		C U.S. Government Costs	06		X	
		D Construction, A&E Services & Administrative Costs - SCO Facilities	06		X	
		E Other Construction	06		X	

TABLE AP4.T17. R - SPECIAL ACTIVITIES

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
R		Special Activities				
	1	<u>International Military Headquarters:</u>				
	A	International Military Headquarters	07		X	
	2	<u>International Forces Support:</u>				
	A	U.N. Forces Support in Korea	07		X	
	B	IAF Support in Dominican Republic	07		X	
	D	OAS Peacekeeping Forces	07		X	
	3	<u>Expenses, Inspector General Foreign Assistance, State (MAP 1000 System Only):</u>				
	A	Expenses, Inspector General Foreign Assistance, State	07		X	
	4	<u>Studies & Surveys:</u>				
	A	Studies & Surveys	07		X	
	B	Audit Services	07		X	
	C	Quality Assurance Services	07		X	
	5	<u>Weapons Production Projects (MAP 1000 System Only):</u>				
	A	Weapons Production	07		X	
	6	<u>Extraordinary Expenses:</u>				
	A	Extraordinary Expenses	07		X	
	B	Program Management	07		X	
	7	<u>Ship Transfer Costs:</u>				
	A	Ship Transfer Costs	07		X	
	8	<u>Special Insurance:</u>				
	A	Special Insurance	07		X	
	9	<u>Other Special Activities:</u>				
	A	Special Activities	07		X	
	B	Non-Specific Requirements	07		X	
	C	Foreign Currency SCO Support	07		X	
	D	Royalty Payments	07		X	
	E	Loan Fees	07		X	
	F	Contract Termination Costs	07		X	
	G	Technical Assistance Field Team (TAFT)	07		X	
	H	Asset Use Charge	07		X	
	Z	Other Services	07		X	

TABLE AP4.T18. T - ADMINISTRATIVE EXPENSES

Generic Code		Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
T		Administrative Expenses				
	1	<u>Administrative Expenses, Departmental & Headquarters:</u>				
	A	Administrative Expenses, Departmental & Headquarters	09		X	
	2	<u>SCO Administrative Expenses:</u>				
	A	SCO Administrative Expenses	09		X	
	B	Security Assistance Support Expenses	09		X	
	3	<u>Contractor Expenses:</u>				
	A	Contractor Expenses	09		X	
	4	<u>Administrative Surcharge:</u>				
	A	Administrative surcharges	09		X	

TABLE AP4.T19. U - FOREIGN MILITARY SALES ORDER (FMSO) (FMS 1200 SYSTEM ONLY)

Generic Code			Category/Description	Federal Supply Classification/Item Identification	Major Item	Dollar Line	Remarks
U			Foreign Military Sales Order (FMSO) (FMS 1200 System Only)				
	0	O	Foreign Military Sales Order (FMSO 1)	00		X	
	1	O	Inventory Loss (FMSO 2)	00		X	

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AP5. APPENDIX 5

CONGRESSIONAL REPORTS AND DSCA REPORTS CONTROL SYSTEM

AP5.1. PURPOSE

This appendix lists the statutory reports on Security Assistance submitted to Congress by the Department of Defense (DoD). It does not include Security Assistance reports submitted to Congress by the Department of State (DoS). A list of reports required under the Defense Security Cooperation Agency (DSCA) Reports Control System is also included. The inclusion of a report in either of these listings does not in any way imply its availability to a Security Assistance Management Manual (SAMM) user or its releasability to a non-Government requestor. Some reporting requirements are identified elsewhere in this Manual in the related subject area. This appendix also includes reporting instructions on selected reports, not covered elsewhere in this Manual, requiring feeder information from the DoD Components.

AP5.2. CONGRESSIONAL REPORTS

Table AP5.T1. lists the statutory reports on Security Assistance submitted to Congress by the Department of Defense.

AP5.3. DSCA REPORTS CONTROL SYSTEM

The DSCA Reports Control System is a database of reports required within DSCA that is managed by the DSCA (Business Operations Directorate). Requests for new reporting requirements are directed to that office. A Reports Control Symbol (RCS) is assigned according to the nature of the reporting requirement (e.g., Military Assistance Program (MAP), Foreign Military Sales (FMS), a combination of programs, or a one-time report). Figure AP5.F1. contains the DSCA Reports Control System request with preparation instructions. Table AP5.T2. lists the current reports in the DSCA Reports Control System.

AP5.4. EXCESS DEFENSE ARTICLES (EDA) SOLD UNDER FMS (RCS: DSCA(Q)1118)

AP5.4.1. House Report No. 96-70 on the International Security Assistance Act of 1979 requires a quarterly report of all accepted and outstanding Letters of Offer and Acceptance (LOAs) to sell EDA through FMS to foreign Governments or international organizations, which specifies Implementing Agency; country; case number; acquisition cost to the U.S. Government (USG); and sales value. The report includes spare parts supplied from defense stocks at inventory price if they are specifically identified as EDA in the LOA, and excludes grants or sales of: MAP redistributable and MAP-Owned Materiel (MAPOM) property, ships, scrap, and demilitarized EDA. Implementing Agencies are encouraged to initiate separate cases for EDA; however, if separate cases are not used, each case will identify the EDA item(s) therein.

AP5.4.2. The report is prepared quarterly as of the last day of the last month of the quarter and is due to the DSCA (Business Operations Directorate) by the 15th of the following month. DSCA (Programs Directorate) is designated as the coordinating office for all EDA sold under FMS in addition to prevailing coordination currently required in this Manual for FMS cases. See Figure AP5.F2. for the sample report format.

Table AP5.T1. Security Assistance Statutory Reports Submitted to Congress
By the Department of Defense

Report Item		Authorizing Legislation	Recipient*	Trigger	Responsible DoD Component
1	Notification to Congress of defense articles, services, education & training provided under unforeseen emergency or national interest drawdown authority	Sec. 506(b)(2), Foreign Assistance Act (FAA) of 1961 (codified as amended at 22 U.S.C. 2318(b)(2))	SHR, Pres. of Senate, HFAC, SFRC, HAC, SAC	Any provision of aid under Sec.506, FAA of 1961; at least monthly	DSCA (Business Operations Directorate/ Administration and Management Division)
2	U.S. Armed Services Personnel Assigned to SCOs:				
	(a) Presidential waiver of Congressional limitation of six armed forces personnel in country	Sec. 515(c)(1), FAA of 1961 (codified as amended at 22 U.S.C. 2321i(c)(1))	HFAC, SFRC	30 days prior to introduction of additional personnel	DSCA (Business Operations Directorate/ Comptroller Division)
	(b) Notification of increase in U.S. armed forces personnel over levels indicated in the Congressional Budget Justification (CBJ) for the fiscal year in which the increase occurs	Sec. 515(c)(2), FAA of 1961 (codified as amended at 22 U.S.C. 2321i(c)(2))	HFAC, SFRC	30 days prior to introduction of additional personnel	DSCA (Business Operations Directorate/ Comptroller Division)
3	Notification of grant transfer of excess defense articles (EDA) (See also Item #11)	Sec. 516(f), FAA of 1961 (codified as amended and restated at 10 U.S.C. 2321j(f))	HAC, SAC, SFRC, HFAC	30 days prior to transfer of defense articles that are significant military equipment (SME) or EDA valued at \$7 million or more in original acquisition value	DSCA (Programs Directorate/ Weapons Division)
4	Notification of program changes (dollar levels)	Sec. 634A, FAA of 1961 (codified as amended at 22 U.S.C. 2394-1) Sec. 515, Annual Foreign Operations, Export Financing and Related Appropriations Act (codified as amended at 22 U.S.C. 2321i)	HFAC, SFRC, HAC, SAC	15 days in advance of obligation of funds not justified, or in excess of amounts justified to the Congress for obligation under the FAA and the Arms Export Control Act (AECA)	DSCA (Operations Directorate) Country Desk Officers, DSCA (Legislative and Public Affairs Office (LPA))

Report Item		Authorizing Legislation	Recipient*	Trigger	Responsible DoD Component
5	Annual Military Assistance Report: Aggregate dollar value and quantity of defense articles (including excess defense articles), defense services, and International Military Education and Training (IMET) authorized or furnished to foreign countries	Sec. 655(b), FAA of 1961 (codified as amended at 22 U.S.C. 2414)	SHR, Pres. of Senate	NLT 1 February each year	DSCA (Business Operations Directorate/ Administration and Management Division) for items under FAA, Chapters 2, 5, and 6 and AECA, Chapter 2
6	Availability of funds for Non-North Atlantic Treaty Organization (NATO) countries participating in Partnership for Peace	Annual Foreign Operations, Export Financing and Related Programs Appropriations Act, Title III, Foreign Military Financing (FMF) Heading	HAC, SAC	15 days in advance of making funds available	DSCA (Operations Directorate) Country Desk Officers
7	FMF Loan Subsidy/FMF Grant Funds used to supplement each other.	Annual Foreign Operations, Export Financing and Related Programs Appropriations Act, Tide III, FMF Heading	HAC, SAC	15 days in advance	DSCA (Business Operations Directorate/ Administration and Management Division)
8	FMS Administrative Fund Obligation Ceiling Cap	Annual Foreign Operations, Export Financing and Related Programs Appropriations Act, Tide III, FMF Heading	HAC, SAC	15-day prior notification required to exceed cap	DSCA (Business Operations Directorate/ Comptroller Division)
9	Program Content Notification	Annual Foreign Operations, Export Financing and Related Programs Appropriations Act, (Sec.515, first proviso)	HAC, SAC	15 days in advance of commitment of loan or grant funds appropriated for purposes of Sec.23 of the AECA for provision of MDE or major defense items not previously justified, or at 20% in excess of quantity previously justified	DSCA (Operations Directorate) Country Desk Officers

Report Item		Authorizing Legislation	Recipient*	Trigger	Responsible DoD Component
10	Special notification required for Colombia, Haiti, Honduras, Liberia, Pakistan, Serbia, Democratic Republic of Congo, and Sudan	Annual Foreign Operations, Export Financing and Related Programs Appropriations Act, (Sec.520, first proviso)	HAC, SAC	15 days in advance of obligation or expenditure of FY 1999 funds	DSCA (Operations Directorate) Country Desk Officers
11	Sales of Excess Defense Articles	Annual Foreign Operations, Export Financing and Related Programs Appropriations Act	HAC, SAC	15-day advance notification	DSCA (Programs Directorate/ Weapons Division)
12	Foreign Military Sales to Haiti	Annual Foreign Operations, Export Financing and Related Programs Appropriations Act, (Sec.562)	HAC, SAC	15 days prior notification	DSCA (Operations Directorate) Country Desk Officers
13	Sale of U.S. Prepositioned War Reserve Stocks, POMCUS, or Prepositioned Material Configured to Unit Sets, as decrement stock to non-NATO purchasers	10 U.S.C. 2390	SHR, Pres. of Senate, [HASC, SASC] 1/	No later than (NLT) 60 days after Presidential determination of an "international crisis", a report on plan to replenish stocks	DSCA (Operations Directorate) Country Desk Officers in conjunction with USD(AT&L)
14	Report on NATO acquisition of non-interoperable major weapons systems to be used by U.S. forces in Europe under the terms of the North Atlantic Treaty	10 U.S.C. 2457(d)	SHR, Pres. of Senate, [HASC, SASC] 1/	NLT February 1st biennially	USD(AT&L)
15	Report on Significant Hostilities or Terrorist Acts	Sec. 21(c)(2), AECA (codified as amended at 22 U.S.C. 2761(c)(2))	SHR, Pres. Pro Tern of Senate	Within 48 hours of existence or change in status of significant hostilities or terrorist acts which may endanger American lives or property	DSCA (Business Operations Directorate/ Comptroller Division) in conjunction with General Counsel, DoD
16	Billing upon delivery from stock with 120-day interest-free period after delivery	Sec. 21(d) (last sentence), AECA (codified at 22 U.S.C. 2761(d))	SHR, Pres. of Senate, [HAC, SAC] 1/	Presidential determination and budget request for emergency funds	DSCA (Operations Directorate) Country Desk Officers
17	Report on FMS Training Standardization Agreements with NATO, Australia, Japan, New Zealand, Israel, and with other countries that are major non-NATO allies	Sec. 21(g), AECA (codified as amended at 22 U.S.C. 2761(g))	SHR, HAC, SAC, HASC, SASC, HFAC, SFRC	U.S. conclusion of any standardization agreement on training for identified purchaser	DSCA (Legislative and Public Affairs Office and Programs Directorate)

Report Item		Authorizing Legislation	Recipient*	Trigger	Responsible DoD Component
18	Report on sales from stocks having an adverse impact on the readiness of U.S. Armed Forces	Sec. 21(i), AECA (codified as amended at 22 U.S.C. 2761 (i))	SHR, SASC, SFRC, [HFAC, HASC] 1/	In the event a proposed sale from stocks could have significant adverse impact on combat readiness of U.S. forces	DSCA (Operations Directorate) Country Desk Officers
19	Billing upon delivery for defense articles and services or for payment 120 days after delivery	Sec. 22(b), AECA (codified as amended at 22 U.S.C. 2763(g))	SHR, Pres. of Senate, [HAC, SAC] 1/	Presidential determination and budget request for emergency funds	DSCA (Operations Directorate) Country Desk Officers
20	Notification of cash flow financing arrangements for procurements in excess of \$100 million	Sec. 23(g), AECA (codified as amended at 22 U.S.C.2765)	SFRC, HFAC, HAC, SAC	15 days in advance	DSCA (Operations Directorate) Country Desk Officers
21	Annual Estimate & Justification for Sales Program (CBJ - Foreign Operations)	Sec. 25(a), AECA	SHR, Pres. of Senate, HAC, SAC, [HFAC, SFRC, HASC, SASC, HBC, SBC, CBO] 1/	NLT February 1st of each year	
	(a) The "Javits" Report; covering all sales of major weapons or weapons related equipment for \$7M or more, or of any other weapons or weapons related equipment for \$25M or more, which are considered eligible for approval during the current calendar year. Also an indication of which sales are most likely to result in issuance of an LOA during such year	Sec. 25(a)(1), AECA		Reported separately to DoS (PM) and not part of the CBJ	DSCA (Programs Directorate/ Weapons Division)
	(b) Estimate of total sales and licensed commercial exports	Sec. 25(a)(2), AECA			DSCA (Business Operations Directorate/ Administration and Management Division)
	(c) Estimate of aggregate dollar value and quantity of defense articles and defense services, IMET, MAP, credits and guaranties to be furnished in the next fiscal year	Sec. 25(a)(5)(A), AECA			DSCA (Business Operations Directorate/ Administration and Management Division)
	(d) Report on Cash Flow Financing	Sec. 25(a)(5)(B), AECA		Reported separately and not part of CBJ	DSCA (Business Operations Directorate/ Administration and Management Division)

Report Item		Authorizing Legislation	Recipient*	Trigger	Responsible DoD Component
	(e) Analysis and description of USG services for which reimbursement is provided under Sec. 43(b) or 21(a) of the AECA	Sec. 25(a)(6), AECA		Reported separately and not part of CBJ	DSCA (Business Operations Directorate/ Administration and Management Division)
	(f) Amount of funds in reserve for guaranties	Sec. 25(a)(7), AECA			DSCA (Business Operations Directorate/ Comptroller Division)
	(g) Progress made in the Korean Force Modernization Program	Sec. 25(a)(9), AECA		Reported separately and not part of CBJ	ASD(ISA)
	(h) Status of each loan and contract of guaranty or insurance	Sec. 25(a)(11), AECA		Reported separately and not part of CBJ	DSCA (Business Operations Directorate/ Comptroller Division)
	(i) Accounting of all forms of assistance furnished and activities undertaken for detection and clearance of landmines	Sec. 25(a)(12), AECA		Reported separately and not part of CBJ	ASD(SOLIC/PK/HA)
22	Quarterly Report of Security Assistance Surveys	Sec. 26(b), AECA (codified as amended at 22 U.S.C. 2766)	SHR, SFRC	NLT 60 days after end of each quarter. This is included in reports required by Sec.36(a), AECA. See Report Item #26.	DSCA (Business Operations Directorate/ Administration and Management Division)
23	Copies of Security Assistance Surveys	Sec. 26(c), AECA (codified as amended at 22 U.S.C. 2766)	HFAC, SFRC, [SHR] 1/	On request of Chairman, HFAC, or Chairman, SFRC	DSCA (Business Operations Directorate/ Administration and Management Division)
24	Proposed Agreements for Cooperative Projects with Friendly Foreign Countries	Sec. 27(f), AECA (codified as amended at 22 U.S.C. 2767)	SHR, SFRC, SASC, [HFAC, HASC] 1/	NLT 30 days prior to signature of agreement on behalf of USG	DSCA (Operations Directorate) Country Desk Officers
25	Waivers of non-recurring recoupment charges	HGOC Report No. 97-214, 31 July 1981	SHR, SFRC	Included in reports required by Sec. 36(a), AECA. See Report Item #26.	DSCA (Programs and Strategy Directorate)
26	Quarterly Reports on Commercial and Governmental Military Exports:	Sec. 36(a), AECA (codified as amended at 22 U.S.C.2776)	SHR, SFRC	NLT 60 days after end of each quarter	

Report Item	Authorizing Legislation	Recipient*	Trigger	Responsible DoD Component
(a) List of unaccepted LOAs valued at \$1M or more for MDE	Sec. 36(a)(1), AECA			DSCA (Business Operations Directorate/ Administration and Management Division)
(b) List of all accepted LOAs valued at \$1M or more for MDE; total value of all defense articles and services sold during year	Sec. 36(a)(2), AECA			DSCA (Business Operations Directorate/ Administration and Management Division)
(c) Cumulative dollar amounts of FMS direct credit and guaranty agreements made during the fiscal year	Sec. 36(a)(3), AECA			DSCA (Business Operations Directorate/ Administration and Management Division)
(d) Dollar amounts of export licenses and approvals for commercially sold defense articles and services sold during the quarter	Sec. 36(a)(4), AECA			DSCA (Business Operations Directorate/ Administration and Management Division) in conjunction with DoS (PM/DDTC)
(e) Dollar amounts of Foreign Military & Construction Sales Agreements concluded during the quarter, projections for remaining quarters (FMCS stated separately)	Sec. 36(a)(5) & (6), AECA			DSCA (Business Operations Directorate/ Administration and Management Division)
(f) Estimate of the number of officers and employees of the U.S. Government and of U.S. civilian contract personnel present in each country during the quarter	Sec. 36(a)(7), AECA			DSCA (Business Operations Directorate/ Administration and Management Division) in conjunction with DoS (PM/RSAT)
(g) Payment of political contributions and fees or commissions in connection with sales during the quarter	Sec. 36(a)(8), AECA			DSCA (Business Operations Directorate/ Administration and Management Division) in conjunction with DoS (PM/ODTC)

	Report Item	Authorizing Legislation	Recipient*	Trigger	Responsible DoD Component
	(h) Foreign Military Construction Sales (Sec. 29, AECA) made during the quarter	Sec. 36(a)(9), AECA			DSCA (Business Operations Directorate/ Administration and Management Division)
	(i) Third-party transfer of defense articles or services whose value (in terms of original acquisition cost) is \$1,000,000 or more	Sec. 36(a)(10), AECA			DSCA (Business Operations Directorate/ Administration and Management Division) in conjunction with DoS (PM/RSAT)
	(j) Transfers to non-DoD USG agencies of munitions list items worth \$250,000 or more	Sec. 36(a)(11), AECA			DSCA (Business Operations Directorate/ Administration and Management Division)
	(k) Report on FMS and DCS Co-production agreements	Sec. 36(a)(12), AECA			DSCA (Business Operations Directorate/ Administration and Management Division) in conjunction with DoS (PM/ODTC)
	(l) See Report Items #22 & 25				
27	Reports of proposed FMS which are: (a) For defense articles or services valued at \$50M or more (\$100M or more for NATO members, Australia, the Republic of Korea, and Japan), or (b) For design and construction services valued at \$200M or more (\$300M or more for NATO members, Australia, the Republic of Korea, and Japan), or (c) MDE valued at \$14M or more (\$25M or more for NATO members, Australia, the Republic of Korea, and Japan)	Sec. 36(b)(1), AECA (codified as amended at 22 U.S.C.2776)	SHR, SFRC, HFAC, HAC, SAC, [HASC, SASC] 1/	15 days before issuance of an LOA to NATO, NATO members, Japan, Australia, the Republic of Korea, or New Zealand, or 30 days before issuance of an LOA to other purchasers	DSCA (Business Operations Directorate/ Administration and Management Division)
28	Report of enhancement or upgrade or sensitivity of technology of items previously notified under Sec. 36(b)(1), AECA	Sec. 36(b)(5)(A), AECA (codified as amended at 22 U.S.C. 2776)	SHR, HFAC, SFRC, SAC, [HASC, SASC, HAC] 1/	45 days before delivery of previously notified item(s)	DSCA (Business Operations Directorate/ Administration and Management Division)

Report Item		Authorizing Legislation	Recipient*	Trigger	Responsible DoD Component
29	Notification of enhancement or upgrade of capability or sensitivity of technology	Sec. 36(b)(5)(C), AECA, (codified as amended at 22 U.S.C. 2776)	SHR, SFRC, [HFAC, HASC, SASC, HAC, SAC] 1/	15/30 days prior to a proposed enhancement or upgrade which meets 36(b)(1) thresholds	DSCA (Business Operations Directorate/ Administration and Management Division)
30	Report on reciprocal no-rent leases	Sec. 61(a), AECA, (codified as amended at 22 U.S.C. 2796)	SAC, HAC, SFRC, HFAC	Two-week notification before entering into or renewing any lease agreement for one year or longer; 15 days for NATO, Australia, Japan, the Republic of Korea, and New Zealand	DSCA (Programs Directorate/ Weapons Division)
31	Report on proposed leases of defense articles	Sec.62, AECA, (codified as amended at 22 U.S.C. 2796a.)	SHR, SFRC, SASC, [HFAC, HASC] 1/	NLT 30 days before entering into or renewing any lease agreement for one year or longer; 15 days for NATO, Australia, Japan, the Republic of Korea, and New Zealand	DSCA (Programs Directorate/ Weapons Division)
32	National security interest determination for DoD direct participation in air shows or trade exhibitions held outside the U.S.	Sec.1082, National Defense Authorization Act, FY 1993, (Public Law 102-484) (10 U.S.C. 113 note)	HASC, SASC, HAC, SAC	45 days prior to the opening of the air show or trade exhibition	DSCA (Programs Directorate/ Weapons Division)

1/ Recipients in brackets are not required by law.

*Abbreviations:

SHR -- Speaker of the House of Representatives

HBC -- House Budget Committee

SBC -- Senate Budget Committee

CBO -- Congressional Budget Office

HAC -- House Appropriations Committee

SAC -- Senate Appropriations Committee

HGOC -- House Government Operations Committee

HASC -- House Armed Services Committee

HFAC -- House International Relations Committee

SASC -- Senate Armed Services Committee

SFRC -- Senate Foreign Relations Committee

Figure AP5.F1. DSCA Reports Control System Request and Instructions (Page 1 of 2)

DSCA REPORTS CONTROL

1.			
NEW REPORT	REVISED REPORT		REPORT SURVEY
2. EXACT TITLE OF REPORT			3. SECURITY CLASSIFICATION
3. REPORTING AGENCIES OR ACTIVITIES			
5. FREQUENCY			6. AS OF DATE
7. DUE DATE			8. PERIOD COVERED BY INITIAL REPORT
9. RECIPIENTS			
10. DESCRIPTION			
11. JUSTIFICATION			
12. IMPLEMENTING DIRECTIVE OR INSTRUCTION (COPY ATTACHED)			
13. ARE FORMS INCLUDED?	YES	NO	IF SO, HOW ARE THEY PROCURED?
14. METHOD OF TRANSMISSION			
15. UNDER WHAT CONDITIONS IS REPORT AUTOMATICALLY CANCELLED?			
16. DIRECTORATE APPROVAL			
17. REQUESTING OFFICE			
18. RESPONSIBLE INDIVIDUAL			
19. REPORTS CONTROL SYMBOL ASSIGNED			
20. APPROVED			21. DATE

Figure AP5.F1. DSCA Reports Control System Request and Instructions (Page 2 of 2)

Block	Instruction
1	Indicate if this is a new report, an update of an old report, or the result of a survey.
2	<u>Exact Title of Report.</u> A brief, descriptive of the report subject, not in conflict with titles of other reports.
3	<u>Security Classification.</u> The highest classification that the data is expected to contain.
4	<u>Reporting Agencies or Activities.</u> Agencies/activities required to report under this RCS.
5	<u>Frequency.</u> Indicate annual, semiannual, quarterly, monthly, etc.; however, do not use bi-weekly, bi-monthly, or bi-annually as these terms tend to be misinterpreted; rather use twice a week, every two weeks, every two months, etc.
6	<u>As of Date.</u> Last day of the reporting period (e.g., the 15th of each month, every Saturday, the last day of each quarter, etc.).
7	<u>Due Date.</u> Date the report is due to recipient by number of days following "as of" date (e.g., 7 days, 30 days, etc.).
8	<u>Period Covered by Initial Report.</u> Indicate the beginning and final date of period covered by first report. This entry is blank when this form is used in connection with a survey of reports.
9	<u>Recipients.</u> Indicate a complete list of recipients of the report.
10	<u>Description.</u> A clear and concise summary of the data to be reported.
11	<u>Justification.</u> A full justification for the report. Sufficient information to permit the reviewer to analyze and understand the need for and specific use to be made of the data and what action can be taken based on the data received.
12	<u>Implementing Directive or Instruction.</u> Indicate the specific reference to the DoD directive/instruction that implements the proposed reporting procedures. If there is no official DoD directive/instruction for the proposed report, indicate the applicable reference number (I number). Include two copies of implementing directive, instruction, and/or implementing memorandum with application.
13	<u>Are forms included?</u> Indicate if specific forms/formats are used in submitting the report. If so, indicate if they are to be supplied, procured, or prepared on an "ad hoc" basis by the reporting agency.
14	<u>Method of Transmission.</u> Indicate method of transmitting report, (e.g., mail, pouch, electronic means, etc.). If transmitted electronically, indicate whether data can be forwarded by other than electronic means during crisis situations when "Minimize" is in effect. Extreme discretion should be used when determining the need for electronic transmission during "Minimize."
15	<u>Under what conditions is report automatically cancelled?</u> Are there any conditions under which the proposed report would be automatically cancelled (i.e., specific period of time, national emergency, etc.).
16	<u>Directorate Approval.</u> Directorate requesting the report and Director's signature.
17	<u>Requesting Office.</u> Indicate office requesting the Reports Control Symbol.
18	<u>Responsible Individual.</u> Indicate the name, room number, and telephone number of the official most knowledgeable in the field of the subject report.
19	<u>Reports Control Symbol Assigned.</u> For new reports, the Reports Control Officer makes this entry; for revised reports and report surveys, please include previously assigned reports control symbol.
20	<u>Approved.</u> Reports Control Officer will fill this in.

Table AP5.T2. Reporting Requirements Under DSCA Reports Control System

Reports Control Symbol (RCS)	Report Title	Reporting Frequency	Reporting Components	Responsible Office
Grant Aid Reports:				
DSCA(AR)1000	Grant Aid (MAP/IMET) Reporting System	As required	All Implementing Agencies	DSCA (Business Operations Directorate/ Administration and Management Division)
DSCA(M)1004	Identification of Reimbursement for Disposal of MAP Property	Monthly	All Implementing Agencies	DFAS Denver
DSCA(AR)1016	Country and Amount of Increase Over CPD Levels (Section 634(A) of the Foreign Assistance Act of 1961, as amended, and as specified in annual Foreign Operations Appropriations Acts.)	As required	DSCA (Business Operations and Operations Directorates)	DSCA (Business Operations Directorate/ Comptroller Division) & DSCA (Operations Directorate)
Foreign Military Sales Reports:				
DSCA(M)1101	Financial Procedures Applicable to Military Procurement Agreement Between U.S. and Federal Republic of Germany	Monthly	All Implementing Agencies, DFAS Denver	DFAS Denver
DSCA(M)1111	Monthly Report of Disbursements/ Collections Transactions for DSCA	Monthly	DFAS Denver	DFAS Denver
DSCA(Q)1112	Recoupment of Nonrecurring Costs on Sales of USG Products and Technology (DoDD 2140.2)	Quarterly	All Implementing Agencies, DFAS Denver	DSCA (Business Operations Directorate/ Administration and Management Division)
DSCA(Q)1113	FMS Case Listings of Major Defense Equipment (MDE) Valued at \$1 Million or More and Supporting Tables Showing Current Year Activity (Feeder for Section 36(a), Arms Export Control Act (AECA))	Quarterly	All Implementing Agencies	DSCA (Business Operations Directorate/ Administration and Management Division)
DSCA(AR)1114	FMS Letters of Offer to Sell Defense Articles or Services for \$14 Million of MDE or \$50 Million of Other (Feeder for Section 36(b), AECA)	As Required	All Implementing Agencies	DSCA (Business Operations Directorate/ Administration and Management Division)
DSCA(Q)1118	Excess Defense Articles Sold to Foreign Governments-or International Organizations at Acquisition Cost (Feeder for Section 36(a), AECA; required by H.R. 96-70, March 24, 1979)	Quarterly	All Implementing Agencies	DSCA (Business Operations Directorate/ Administration and Management Division and Programs Directorate/Weapons Division)

Reports Control Symbol (RCS)	Report Title	Reporting Frequency	Reporting Components	Responsible Office
DSCA(A)1121	Number of U.S. Officers and Employees Engaged in Services to Foreign Governments under FMS (Feeder for Section 25(a)(6), AECA)	Annually	All Implementing Agencies	DSCA (Business Operations Directorate/ Administration and Management Division)
DSCA(A)1128	Consolidated Budget Call -- Foreign Military Sales (FMS) Administrative/ Logistics Support Expenses (LSE) Budget Estimates	Annually	All Implementing Agencies	DSCA (Business Operations Directorate/ Comptroller Division)
DSCA(W)1129	FMS Credit Reporting System	Weekly	DSCA (Business Operations Directorate/Country Financial Management (CFM) Division)	DSCA (Business Operations Directorate/ Country Financial Management Division)
DSCA(Q)1137	Security Assistance Surveys (Feeder for Section 36(a), Arms Export Control Act; required by Section 26(b), AECA)	Quarterly	All Implementing Agencies	DSCA (Business Operations Directorate/ Administration and Management Division)
DSCA(M)1141	FMS Selected Constructive (Physical) Deliveries	Monthly	All Implementing Agencies	DFAS Denver
DSCA(Q)1146	Unexpired Leases of DoD Property of Any Value (SAMM)	Quarterly	All Implementing Agencies	DSCA(Programs Directorate/Weapons Division)
DSCA(AR)1150	Intensive Financial Management Report	As Required	Army, Navy, Air Force, DFAS Denver, Others as Directed	DSCA (Business Operations Directorate/ Administration and Management Division)
DSCA(Q)1152	Foreign Military Financing (FMF) Overhead Support Activities and SCO Budget Execution Reporting	Quarterly	Army, Navy, Air Force, Combatant Commands	DSCA (Business Operations Directorate/ Comptroller Division)
DSCA(A)1154	Report of FMS Administrative Fund Representational Expenditures	Annually	Army, Navy, Air Force, DFAS Denver	DSCA (Business Operations Directorate/ Comptroller Division)
DSCA(A)1155	Report on Cash Flow Financing (Section 25(a)(5)(B), AECA)	Annually	DSCA (Business Operations Directorate/ Administration and Management Division)	DSCA (Business Operations Directorate/ Administration and Management Division)

Reports Control Symbol (RCS)	Report Title	Reporting Frequency	Reporting Components	Responsible Office
DSCA(Q)1156	Quarterly Report on Third-Party Transfers of Defense Articles or Defense Services Valued at \$1 Million or More (Section 36(a)(10), AECA)	Quarterly	Department of State	DSCA (Business Operations Directorate/ Administration and Management Division)
DSCA(Q)1157	Quarterly Report of Munitions Items Sold, Leased or Transferred by the Department of Defense to Other Federal Agencies Valued at \$250,000 or More (Section 36(a)(11), AECA)	Quarterly	Army, Navy, Air Force, Defense Agencies	DSCA (Business Operations Directorate/ Administration and Management Division)
Other Reports:				
DSCA(AR) 1200 (Formerly DSAA (AR)1100)	Foreign Military Sales Reporting System	As Required	All Implementing Agencies, DFAS Denver	DSCA (Business Operations Directorate/ Administration and Management Division)
DSCA(Q)1204	Export Licenses and Approvals of Commercially Sold Major Defense Equipment	Quarterly	Office of Export Control & Nonproliferation Policy, Department of State	DSCA (Business Operations Directorate/ Administration and Management Division)
DSCA(A)1215	Congressional Budget Justification (Section 25(a), AECA)	Annually	DSCA (Business Operations and Operations Directorates)	DSCA (Business Operations Directorate/ Administration and Management Division)
DSCA(Q)1218	Military Manpower for SCOs	Quarterly	Combatant Commands	DSCA (Business Operations Directorate/ Comptroller Division)
DSCA(Q)1221	FMS Arrearages	Quarterly	Army, Navy, Air Force, DFAS Denver	DFAS Denver
DSCA(Q)1226	Status of Coproduction Programs Approved Under Security Assistance Program (DoDD 2000.9)	Quarterly	Army, Navy, Air Force	DSCA (Business Operations Directorate/ Administration and Management Division)
DSCA(Q)1228	Special Defense Acquisition Fund (SDAF) Inventory Report	Quarterly	Army, Navy, Air Force, DLA, NSA	DSCA (Business Operations Directorate/ Comptroller Division)
DSCA(SA)1235	Report of SCO Expenditures for Physical Security	Semi-Annually	Combatant Commands	DSCA (Business Operations Directorate/ Comptroller Division)

Reports Control Symbol (RCS)	Report Title	Reporting Frequency	Reporting Components	Responsible Office
DSCA(A)1236	Annual Report of Motor Vehicle Data (SF 82)	Annually	Combatant Commands	DSCA (Business Operations Directorate/ Comptroller Division)
DSCA(Q)1238	Case Closure Status Report	Quarterly	Army, Navy, Air Force, DLA, DFAS Denver	DSCA (Business Operations Directorate/ Administration and Management Division)
DSCA(P)1239 (Formerly DD ISA(P)1226)	Roster of Key Security Assistance Personnel Worldwide	Periodically	Army, Navy, Air Force, Marine Corps, Coast Guard, Other Defense Agencies, SCOs, Combatant Commands	DSCA (Business Operations Directorate/ Administration and Management Division)
DSCA(SA)1240	The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies	Semi-Annually	DTRA, JCS, Army, Navy, and Air Force	DSCA (Business Operations Directorate/ Administration and Management Division and Programs Directorate/Weapons Division)
DSCA(A)1241	United Nations Transparency In Armaments (TIA) Registry	Annually	DTRA, JCS, Army, Navy, and Air Force	DSCA (Business Operations Directorate/ Administration and Management Division and Programs Directorate/Weapons Division)
DSCA(A)1242	Drug Interdiction and Counter Drug Activities Report Pursuant to Section 506 of the Foreign Assistance Act, National Defense Authorization Act for Fiscal Year 1999	Annually	Army, Navy, and Air Force	DSCA (Business Operations Directorate/ Administration and Management Division)
DSCA(A)1243	Foreign Military Financing Loans Receivables	Annually	DFAS Denver	DSCA (Business Operations Directorate/ Comptroller Division)

Figure AP5.F2. Report of EDA Sold Under FMS

		(Date - Last Day of Reporting Quarter)			
Report of EDA Sold Under Foreign Military Sales (RCS: DSCA(Q) 1118) (See Notes)		<u>FMS Offers Outstanding</u>		<u>Cases Accepted</u>	
		Sales Value	Acquisition Cost to USG	Sales Value	Acquisition Cost to USG
1	Country				
	Case Number				
	Case Number				
	Case Number				
	Case Number				
2	Country				
	Case Number				
	Case Number				
	Case Number				
	Case Number				
	Total (Current Quarter)				
	Cumulative Total (Current FY to Date)				

Note 1: In the FMS Offers Outstanding column include all FMS LOAs issues for EDA that have been neither accepted nor cancelled even if issued prior to the reporting period.

Note 2: When a case moves from the cases offered column to the cases accepted column, record the sales value and acquisition cost only in the cases accepted column.

Note 3: Delete cancelled cases from cumulative totals of subsequent reports and provide countries and case numbers in footnotes of each report immediately following each cancellation.