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MEMORANDUM FOR THE DEPUTY UNDER SECRETARY OF THE AIR FORCE
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DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,
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SUBJECT: Updated Policy for Excess Defense Articles (EDA) Transfers on Letter of Offer and Acceptance (LOA) Documents; DSCA Policy 10-17; [SAMM E-Change 133]

Reference: FMS Transformation: Letters of Offer and Acceptance (LOA) Associated with Excess Defense Articles (EDA) Transfers, DSCA Policy 04-30, September 3, 2004

This memorandum updates Chapters 5, 9, and 11 of the Security Assistance Management Manual (SAMM) on procedures for preparing EDA LOA documents.

Referenced memorandum established temporary procedures for listing defense articles transferred by EDA grant authorities as line items on LOAs. These procedures were expected to cover an 18-month test period before being incorporated into the SAMM. This change was instituted to comply with U.S. Customs requirements and to provide Customs a standard means to identify and process EDA grant transfers in the same manner as EDA sales without introducing new forms or procedures.

The change at TAB A updates the SAMM to reflect current policies and procedures.

Grant EDA listed as line items improves management, reporting, and assists the MILDEPs in providing accurate data on EDA transfers. Finally, the addition of an LOA note for grant EDA items will ensure recipient military organizations are aware of, and comply with, terms and conditions for granted defense articles relating to end-use, retransfer, security, and return of net proceeds from sale or disposal.

This guidance reflects current practice and is effective immediately.

If you have any questions regarding this policy, please contact Mr. Michael Slack, DSCA/STR/POL, at (703) 601-3842; or email: michael.slack@dsc.mil or Ms. Michelle Davis, DSCA/STR/POL, at (703) 601-3843; or email michelle.davis@dsc.mil



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**Updated Policy for Excess Defense Articles (EDA) DSCA Policy 10-17
Security Assistance Management Manual [SAMM E-Change 133]**

- 1) In the note “**Excess Defense Articles (EDA) - Sales: Condition of Materiel,**” in Chapter 5, Table C5.T5., replace the Title and Note Usage section with the versions below:

Excess Defense Articles (EDA) - Sales or Grant: Condition of Materiel
<i>Note Usage</i>
Mandatory for LOAs that involve EDA. Mandatory for Amendments and Modifications that add EDA sale or grant items. See Chapter 11, section C11.5.

- 2) Replace the note “**Excess Defense Articles (EDA) - Sales**” in Chapter 5, Table C5.T5., with the version below:

Excess Defense Articles (EDA) – Sales or Grant
<i>Note Usage</i>
Mandatory on LOAs that involve EDA. This note should be included at the bottom of the item description for that line. Mandatory for Amendments and Modifications when an EDA sale or grant line item is added or changed. See Chapter 11, section C11.5.
<i>Note Text</i>
”Excess Defense Articles, Original Acquisition Value is \$ _____. Current Estimated Value is \$ _____.

- 3) Revise Chapter 5, Figure C5.F4., Letter of Offer and Acceptance (LOA) Information by inserting the following Type of Assistance Code:

A - FAA Excess Defense Articles - non-reimbursable, provided under the authority of Section 516 of the Foreign Assistance Act (FAA) of 1961, as amended.

- 4) Revise Chapter 9, C9. T8., by inserting at the end EDA Grant Term of Sale as follows:

Term of Sale	Application
EDA Grant	<ul style="list-style-type: none"> • Applies to Excess Defense Article – non-reimbursable grant transfers as provided in Section 516 of the FAA of 1961, as amended.

- 5) In Chapter 11, Table C11.T8., replace steps 11, 12, and 13 with the following revised text:

Step	Action
<p>11 Authorization to Offer EDA</p>	<p>For EDA sales or grant transfers, DSCA Programs sends a message to the MILDEP authorizing the offer and transfer of 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 Maritime Administration (MARAD). Each message contains a Record Control Number (RCN) associated with the grant transfer that is used for requisitions. MILDEPS should not submit LOAs for EDA grants, sales, or associated services to DSCA prior to their receipt of DSCA’s authorization message.</p>
<p>12 LOA Preparation and Processing</p>	<p>The MILDEPs prepare an LOA for the grant EDA items, any EDA items being sold, and/or any supporting services or non-EDA articles associated with the transfer. For cases in which EDA is not the primary item being transferred, normal case writing rules apply. For cases in which EDA is the primary item being transferred, the following three steps apply:</p> <ol style="list-style-type: none"> 1) Case nickname: “EDA Grant” or “EDA Sale.” 2) Term of Sale: If the EDA transfer is a grant item, the term of sale should reflect “EDA Grant.” If there are non-EDA grant items on the LOA, the LOA must include a dollar breakout for each term of sale used. 3) Case Description: <ol style="list-style-type: none"> a) For an EDA grant transfer the case description should include the statement “is for the EDA grant transfer of [quantity] of [material nomenclature] under Section 516 of the Foreign Assistance Act of 1961 as amended...” b) For an EDA sale, the case description should include the statement, “is for the EDA sale of [quantity] of [material nomenclature] under Section 21 of the Arms Export Control Act as amended...” <p>The following additional rules apply for any line of any case in which EDA is being transferred by grant or sale:</p> <ol style="list-style-type: none"> 4) Line Item Description: For both EDA grants and sales, including amendments or modifications when an EDA grant or sales line item is added or changed, the line item description must include the EDA original acquisition value. 5) Source Code: “E” for “Excess.” 6) Type of Assistance Code: <ol style="list-style-type: none"> a) For an EDA grant transfer: “A – FAA Excess Defense Articles - non-reimbursable” b) For an EDA sale: “3 – Cash Sale from Stock-payment in advance” or appropriate code for corresponding Term of Sale. 7) If the EDA transfer is a grant, offer release code and delivery term code may remain blank if special shipping instructions apply. 8) If the EDA transfer is a grant, unit and total price should reflect \$0 value. EDA sales follow normal LOA writing rules for inclusion of unit and total price. 9) Line item description note: Each line for an EDA grant or sale item must include a line item description note that includes the equipment being transferred, item nomenclature, quantity, original acquisition value, and current estimated value at the time of transfer, location, condition code and Record Control Number (RCN). If the EDA transfer is a grant, include the phrase “Grant Value is \$0” to correspond with the \$0 value in the line. 10) Special EDA notes must be included as standalone notes on the LOA. See Chapter 5, Table C5.T5., for exact wording.
<p>13 Related Shipping Documentation</p>	<p>The Implementing Agency is required to complete a DD 1348-1a, “Issue Release/Receipt Document;” DD 1149, “Requisition and Invoice/Shipping Document;” or other equivalent form, such as a DD 250 “Material Inspection and Receiving Report,” as official documentation of delivery.</p>